

Public Document Pack



RUSHMOOR BOROUGH COUNCIL

CABINET

*at the Council Offices, Farnborough on
Tuesday, 21st September, 2021 at 7.00 pm*

To:

Cllr D.E. Clifford, Leader of the Council
Cllr K.H. Muschamp, Deputy Leader and Customer Experience and Improvement
Portfolio Holder

Cllr Marina Munro, Planning and Economy Portfolio Holder
Cllr A.R. Newell, Democracy, Strategy and Partnerships Portfolio Holder
Cllr M.L. Sheehan, Operational Services Portfolio Holder
Cllr P.G. Taylor, Corporate Services Portfolio Holder
Cllr M.J. Tennant, Major Projects and Property Portfolio Holder

Enquiries regarding this agenda should be referred to Chris Todd, Democracy and
Community, on 01252 398825 or e-mail: chris.todd@rushmoor.gov.uk

A G E N D A

1. DECLARATIONS OF INTEREST –

Under the Council's Code of Conduct for Councillors, all Members are required to disclose relevant Interests in any matter to be considered at the meeting. Where the matter directly relates to a Member's Disclosable Pecuniary Interests or Other Registrable Interest, that Member must not participate in any discussion or vote on the matter and must not remain in the room unless they have been granted a dispensation (see note below). If the matter directly relates to 'Non-Registrable Interests', the Member's participation in the meeting will depend on the nature of the matter and whether it directly relates or affects their financial interest or well-being or that of a relative, friend or close associate, applying the tests set out in the Code.

NOTE:

On 27th May, 2021, the Council's Corporate Governance, Audit and Standards Committee granted dispensations to Members appointed by the Council to the Board of the Rushmoor Development Partnership and as Directors of Rushmoor Homes Limited.

2. **MINUTES** – (Pages 1 - 4)

To confirm the Minutes of the meeting held on 10th August, 2021 (copy attached).

3. **GENERAL FUND REVENUE BUDGET OUTTURN 2020/21** – (Pages 5 - 20)
(Cllr Paul Taylor, Corporate Services Portfolio Holder)

To consider Report No. FIN2113 (copy attached), which sets out the outturn position on the General Fund revenue budget for 2020/21.

4. **CAPITAL BUDGET OUTTURN 2020/21** – (Pages 21 - 28)
(Cllr Paul Taylor, Corporate Services Portfolio Holder)

To consider Report No. FIN2114 (copy attached), which sets out the Council's capital outturn position for 2020/21.

5. **MOBILE HOMES FIT AND PROPER PERSON FEES POLICY** – (Pages 29 - 42)
(Cllr Maurice Sheehan, Operational Services Portfolio Holder)

To consider Report No. OS2111 (copy attached), which sets out a proposed fees policy in relation to the Council's duty to introduce a fit and property person test for mobile home site owners or managers.

6. **ADOPTION OF NORTH HAMPSHIRE NARRATIVE** – (Pages 43 - 66)
(Cllr Marina Munro, Planning and Economy Portfolio Holder)

To consider Report No. EPSH2118 (copy attached), which sets out a proposed North Hampshire Narrative document for adoption.

7. **ALDERSHOT CREMATORIUM - PROPOSAL TO UNDERTAKE FEASIBILITY STUDY TO INFORM FUTURE INVESTMENT OPTIONS** – (Pages 67 - 96)
(Cllr Maurice Sheehan, Operational Services Portfolio Holder)

To consider Report No. OS2110 (copy attached), which sets out a proposal to undertake a feasibility study to inform future investment options in respect of the Aldershot Crematorium.

8. **ALDERSHOT TOWN FOOTBALL CLUB - FINANCIAL SUPPORT** – (Pages 97 - 100)
(Cllr Martin Tennant, Major Projects and Property Portfolio Holder)

To consider Report No. RP2108 (copy attached), which sets out a proposal to provide financial support to Aldershot Town Football Club.

9. **REVENUE BUDGET MONITORING REPORT P1 2021/22** – (Pages 101 - 118)
(Cllr Paul Taylor, Corporate Services Portfolio Holder)

To consider Report No. FIN2115 (copy attached), which sets out the Council's anticipated financial position for 2021/22, based on the monitoring exercise carried out during July and August, 2021.

10. **CAPITAL PROGRAMME MONITORING AND FORECASTING REPORT P1 2021/22** – (Pages 119 - 130)
(Cllr Paul Taylor, Corporate Services Portfolio Holder)

To consider Report No. FIN2116 (copy attached), which sets out the latest forecast of the Council's Capital Programme for 2021/22, based on the monitoring exercise carried out during August, 2021.

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CABINET

Meeting held on Tuesday, 10th August, 2021 at the Council Offices, Farnborough at 7.00 pm.

Voting Members

Cllr D.E. Clifford, Leader of the Council

Cllr Marina Munro, Planning and Economy Portfolio Holder
 Cllr A.R. Newell, Democracy, Strategy and Partnerships Portfolio Holder
 Cllr M.L. Sheehan, Operational Services Portfolio Holder
 Cllr P.G. Taylor, Corporate Services Portfolio Holder
 Cllr M.J. Tennant, Major Projects and Property Portfolio Holder

An apology for absence was submitted on behalf of Cllr K.H. Muschamp.

The Cabinet considered the following matters at the above-mentioned meeting. All executive decisions of the Cabinet shall become effective, subject to the call-in procedure, from **23rd August, 2021**.

20. **DECLARATIONS OF INTEREST –**

Having regard to the Council's Code of Conduct for Councillors, Cllr P.G. Taylor notified the Cabinet that he would be making a declaration in respect of Minute No. 25.

21. **MINUTES –**

The Minutes of the meeting of the Cabinet held on 28th July, 2021 were confirmed and signed by the Chairman.

22. **BUSINESS RATES - DISCRETIONARY RATE RELIEF APPLICATIONS –** (Cllr Paul Taylor, Corporate Services Portfolio Holder)

The Cabinet considered Report No. FIN2112, which set out details of applications for rate relief from nDreams Limited (Spectrum Point, No. 279 Farnborough Road, Farnborough) and Mr Hardik Sorathiya (Aldershot Post Office, Nos. 63-68 Wellington Street, Aldershot).

The Cabinet RESOLVED that

- (i) 50% discretionary relief be awarded to nDreams Limited for a period of one year; and
- (ii) 34% discretionary relief be awarded to Mr Hardik Sorathiya from 21st July, 2021 to 31st March, 2022.

23. **COUNCIL BUSINESS PLAN QUARTERLY UPDATE APRIL - JUNE 2021/22 –**
(Cllr Adrian Newell, Democracy, Strategy and Partnerships Portfolio Holder)

The Cabinet received Report No. ACE2105, which set out progress in delivering the Council Business Plan projects during the first quarter of 2021/22. Members were informed that progress against eighteen key projects was included in the Report, along with the Council's business performance monitoring information and the Council's Corporate Risk Register. It was reported that good progress was being made against an ambitious programme of work, taking account of the impact of the current pandemic and ongoing resource constraints.

The Cabinet NOTED the progress made towards delivering the Council Business Plan, as set out in Report No. ACE2105, and the risks identified within the Corporate Risk Register in July, 2021.

24. **EXCLUSION OF THE PUBLIC –**

RESOLVED: That, taking into account the public interest test, the public be excluded from the meeting during the discussion of the under mentioned item to avoid the disclosure of exempt information within the paragraph of Schedule 12A to the Local Government Act, 1972 indicated against the item:

Minute No.	Schedule 12A Para. No.	Category
25	3	Information relating to financial or business affairs

**THE FOLLOWING ITEM WAS CONSIDERED
IN THE ABSENCE OF THE PUBLIC**

25. **REGENERATION PROGRAMME - POTENTIAL ACQUISITIONS IN FARNBOROUGH TOWN CENTRE –**
(Cllr Martin Tennant, Major Projects and Property Portfolio Holder)

The Cabinet considered Exempt Report No. RP2107, which set out a proposal to progress negotiations to acquire land and property to enable the progression of regeneration in part of Farnborough town centre.

Members were informed that an opportunity had arisen to acquire land and buildings that were considered to be important in providing a joined-up approach to the regeneration and development of the town centre and Civic Quarter areas. Details of the potential acquisitions were set out in the Report. It was reported that, at this stage, the proposal was to provide funding to progress the necessary due diligence, legal work and options assessment and to commence work on a detailed business case to enable the progression of the regeneration of this part of the town centre. Members were informed that the suggested approach carried a range of potential risks to the Council and that a summary of these was contained within the Report. It was reported that, if agreed, the Council would continue to use Lambert Smith Hampton Investment Management as its property advisors for the

acquisition.

In discussing the proposals, the Cabinet expressed strong support for the suggested approach and the continued involvement of Lambert Smith Hampton Investment Management. Members noted the risks associated with the scheme but, overall, felt that this represented an excellent opportunity for the Council to intervene directly in the regeneration of Farnborough town centre. This would allow the Council to ensure that any future development in this area and the Civic Quarter site was both complementary and of a sufficient quality to provide the best outcome for local residents and other users of the town.

The Cabinet

- (i) **RESOLVED** that the undertaking of further negotiations with the vendor to secure the best price and commercial offer for the land interests, as set out in Exempt Report No. RP2107, be approved, with appropriate work being undertaken to progress the associated due diligence, legal assessment, feasibility study, development options and business case; and
- (ii) **RECOMMENDED TO THE COUNCIL** that an initial budget of up to £250,000 be allocated to enable the progression of the steps set out at Resolution (i) above.

NOTE: Whilst not a declarable interest under the Code of Conduct, as this decision did not directly relate to his registered disclosable pecuniary interest, nor directly relate to or affect his financial interests or well being, Cllr P.G. Taylor advised, in the interests of transparency in respect of this item, that he was currently a tenant of one of the properties within the site under discussion.

The Meeting closed at 7.34 pm.

CLLR D.E. CLIFFORD, LEADER OF THE COUNCIL

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CABINET
21 SEPTEMBER 2021

COUNCILLOR PAUL TAYLOR
CORPORATE SERVICES PORTFOLIO HOLDER
REPORT NO. FIN2113

KEY DECISION: YES/NO

GENERAL FUND REVENUE BUDGET OUTTURN 2020/21

SUMMARY:

This report sets out the General Fund Revenue budget outturn position for 2020/21.

RECOMMENDATIONS:

CABINET is recommended to

- (i) note the General Fund Revenue budget outturn position for 2020/21
- (ii) To note the position on Business Rates outlined in paragraphs 4.8 to 4.11 and to note the opportunity to review the accounting treatment as set out in paragraph 4.12. Financial implications of any change in treatment will be reported to Cabinet in the regular financial reports.
- (iii) approve the budget carry forward requests from 2020/21 to 2021/22 (as set out in Table 3)
- (iv) approve the transfers to earmarked reserves outlined in the report (as set out in Table 6)

1 INTRODUCTION

- 1.1 This report provides members with the updated General Fund revenue outturn position for the 2020/21 financial year. Members received regular updates on the financial impact on the Council through the budget monitoring reports to Cabinet. The final budget monitoring report for 2020/21 was considered by Cabinet at their meeting on 20 April 2021.
- 1.2 The outturn position set out in this report may still be subject following completion of the audit of the financial statements. Therefore, members should treat the draft outturn position included in this report as draft at this stage.
- 1.3 Given the timing of this report, a detailed analysis of the outturn position has not been included. The report focuses on the material variations across the General Fund revenue budget with consideration of the impact on the Council's financial position in future years.

- 1.4 Due to the volume of information contained in the report, it would be helpful where members have questions on matters of detail if they could be referred to the report author or the appropriate Head of Service before the meeting.

2. 2020/21 GENERAL FUND REVENUE BUDGET OUTTURN

- 2.1 The revised General Fund Revenue budget for 2020/21 was approved by Council at their meeting in February 2021 of £13.261m

Table 1: General Fund Revenue Budget Reconciliation

General Fund Revenue Budget	(£'000)
Original Budget, Council Feb 2020	11,290
Add: Additional Reserve Transfers	347
Add: Carry Forwards from 2019/20	547
Funded from Reserves	(547)
Add: Supplementary Estimates	16
Add: Revised Estimate changes	1,608
Final Budget 2020/21	13,261

- 2.2 The draft outturn forecast report to Cabinet in July 2021 anticipated the budget remained on target with a projected positive variation of £0.193m although considerable uncertainty remained on a number of key areas including business rates and earmarked reserve transfers.
- 2.3 The final outturn position takes into account significant non-service expenditure and income – primarily the discretionary Business Rates Grants schemes and Council Tax Hardship Fund that the Council administered during the year.
- 2.4 The Council has also had to account for the changes made to Business Rates with significant additional reliefs provided to Retail, Leisure and Hospitality sectors. The Council has been compensated for these additional reliefs through Section 31 Grant but the accounting treatment for these differs. As such, the table below shows several cash inflows and outflows but also recognises the timing difference around the accounting treatment for business rates income and the compensation received through Section 31 Grant.
- 2.5 The outturn position shows that a net deficit of £1.293m on the General Fund has arisen during the year and is financed by the Stability and Resilience Reserve.

Table 2: General Fund Revenue Budget Outturn

	2020/21 Original Budget (£'000)	2020/21 Latest Budget (£'000)	2020/21 Outturn (£'000)	2020/21 Variation (£'000)
General Fund Revenue Budget				
Corporate Services	5,289	5,470	5,047	(423)
Customer Experience & Improvement	19	88	9	(79)
Major Projects & Property	(4,928)	(4,473)	(4,174)	299
Operational Services	7,847	10,768	10,026	(742)
Planning & Economy	2,548	2,470	2,234	(237)
ICE Programme	496	556	585	29
SUBTOTAL	11,272	14,880	13,726	(1,154)
Less: Reversal of Accounting entries	(2,519)	(2,954)	(2,633)	320
Net Service Revenue Expenditure	8,753	11,926	11,092	(834)
Corporate Income & Expenditure	3,227	2,243	2,264	21
Covid-19 Business Rates Grants	0	0	(108)	(108)
Movement in Reserves	746	(463)	227	690
Savings Plan	(1,436)	(446)	0	446
Net General Fund Revenue Budget	11,290	13,260	13,475	215
Funded by:				
Council Tax	6,705	6,705	6,705	0
Net Business Rates/s31 Compensation	3,767	3,767	2,596	(1,171)
New Homes Bonus	1,169	1,169	1,169	0
Covid-19 Emergency Funding	0	1,478	1,392	(86)
Covid-19 Income Loss	0	684	1,009	325
New Burdens/Other Funding	0	0	245	245
Prior Year Collection Fund Surplus/(Deficit)	(3)	(270)	(270)	0
TOTAL Funding	11,637	13,533	12,845	(688)
Core (Surplus) or Deficit	(347)	(273)	630	903
Proposed Carry Forwards to 2021/22			390	390
Core (Surplus) or Deficit (after c/f)		(273)	1,020	1,293
Balanced by:				
General Fund Balance				0
Stability & Resilience Reserve				(1,293)
Final Core Surplus or Deficit				0

Note: Table contains roundings

2.6 A number of budgets have been requested to be carried forward from 2020/21 to 2021/22. These will need to be considered alongside the final outturn position and carry forward requests need to be balanced against the wider financial position of the Council.

Table 3: Carry Forwards

Portfolio	Carry Forward	Amount (£'000)
MPP	Belle Vue repairs and Maint	50
MPP	Frimley 4 Business Park – Repairs & Maintenance	20
MPP	Rushmoor Properties – Responsive Repairs & Maintenance	50
P&E	Aerospace Heritage Study - Exp	5
P&E	Aldershot Town Centre Transition Budget	51
CE&I	Community and Ward grants awarded to 55 community groups	45
OPS	CCYV Fees (Consultancy and Maintenance)	18
P&E	Economic Promotions Budget	14
MPP	Games Hub	11
P&E	Economic Development: Gulfstream grant	100
CS	Corporate Training Budget	8
OPS	Rushmoor Indoor Bowls Feasibility Study	10
ICE	ICE Programme	9
		390

Table 4: Reserve Movement Summary

	Balance as at 31/03/2020 (£'000)	Transfers Out 2020/21 (£'000)	Transfers In 2020/21 (£'000)	Balance as at 31/03/2021 (£'000)
Earmarked Reserve				
COVID BRR Earmarked Reserve	-	-	10,812	10,812
Stability and Resilience Reserve	5,870	(1,293)	-	4,577
Commercial Reserve	2,000	(250)	-	1,750
Treasury Earmarked Reserve	-	(180)	580	400
Pension Reserve	-	-	669	669
Covid-19/Recovery Grant reserve	-	-	393	393
All Other Earmarked Reserves (excluding SANG/s106)	4,536	(1,597)	1,547	4,486
Commutated Sums/Amenity Areas	4,443	(480)	10	3,973
TAG Environmental Fund	110	(14)	-	96
Total of all Earmarked General Fund Reserves	16,959	(3,814)	14,011	27,156

2.7 Table 6 in Section 5 of the report sets out in detail all the reserve movements and the balance at the end of the financial year.

Key Service variations narrative received (to be finalised)

Corporate Services

- £175k underspend on External Audit fees – this is a timing difference around the agreement of additional fees in relation to the 2018/19 audit. A significant accrual was made in 2018/19 over and above the resultant additional fee. Budget for 2020/21 was increased as a result of the accrual but not required in full.
- £96k Grants to Voluntary Organisations (carry forward requested) and is Covid response related
- £105k income received to support Test and Trace (carry forward requested)

Customer Experience and Improvement

- £115k additional staffing cost across IT service including additional temporary staff and £17k recruitment advertising costs (more narrative available)

Major Projects and Property

- £121k of budgeted income not received was transferred to an earmarked reserve in accordance with the Cabinet decision in April 2021.
- Transfer of £250k from Commercial Property Reserve to mitigate lower rental income received in-year to mitigate against payment plans that have been agreed not being adhered to.
- Significant underspend on Property R&M due to delay in projects commencing following change in the PWLB Lending Terms in November 2020. £100k of budget carry forward has been requested with an additional transfer of £150k to earmarked reserves to provide some headroom across Property and Regeneration projects.

Operational Services

- Significant reduction in income streams for Car Parks and On-Street Parking over the course of the financial year. Budgets were revised downwards to reflect the impact from Covid-19 with income loss claims made under MHCLG's Sales, Fees & Charges scheme. The outturn variation on Car Parks was a net income shortfall of £73k with the net income shortfall for On-Street Parking of £63k transferred to the CPE Account held on the balance sheet as an earmarked reserve.
- Crematorium and Cemeteries outturn position not as positive as had been assumed when budgets were revised. There was a reduced level of both cremations and burials which has resulted in an income shortfall against the revised budget, although income was broadly in-line with the original budget.

The net income shortfall for the Crematorium was £155k (after transfer of the CAMEO Levy) and Cemeteries £31k

Planning and Economy

- £150k underspend on Economic Development (carry forward requested): Due to the pandemic work planned on economic impacts of airport and the Aerospace Heritage Project were delayed. Gulfstream were later moving to Farnborough and then unable to implement the planned large-scale training activities due to the pandemic leading to the carry forwards. The underspend arose primarily from the time it took to recruit the new members of the economic development team which was being created and an internal transfer which has not been actioned in year for reasons relating to changes in property usage.
- £80k additional income variation on Planning (Development Management Fees): As the economy recovered 3 substantial applications for two sites on Wellesley and the Sound Stages at FIA were received. The former had been expected in 2021/22 and the latter could not have been anticipated. These meant that income was considerably higher than expected allowing for the Pandemic.
- £50k Town Centre Management underspend (carry forward requested): The Town Centre was significantly impacted by the Pandemic which prevented or slowed a number of activities. In particular the events programme while adapted to deliver what was possible was very substantially reduced. This has resulted in a both an underspend and a substantial carry forward for work commissioned in 2020/21 but which will be completed and paid for in 2021/22 including the Cultural Compact. This was offset by the Government providing funding to support the Town Centre which supported a substantial number of recovery activities undertaken in year which otherwise the Council would have had to fund. So activity to support the Town centre was substantial and delivered as far as feasibility and constraints permitted

2.7 The table below shows the breakdown on the Corporate Income and Expenditure. Variations on the Council's Treasury Management activities are covered in Section 3 of this report.

Table 5: Non-Service Budget Summary

	2020/21 Original Budget (£'000)	2020/21 Latest Budget (£'000)	2020/21 Outturn Forecast (£'000)	2020/21 Variation (£'000)
Corporate Income & Expenditure				
Minimum Revenue Provision (MRP)	2,180	2,180	1,844	(335)
Interest Receivable	(1,600)	(1,090)	(1,071)	19
Interest Payable	1,370	785	870	85
Other CI&E	342	342	595	253
Additional Items/Growth	935	26	26	0
TOTAL CI&E	3,227	2,243	2,264	21

- 2.8 Other Corporate Income and Expenditure – Bad Debt Provision required of £442k, restatement of FIL income from prior year (£235k), Revenue receipts from surrender of a lease in Victoria Aldershot (£122k).

3. TREASURY MANAGEMENT

- 3.1 As previously reported to members, Treasury management income was adversely impacted in 2020/21 reflecting the uncertainty in global financial markets. As outlined in the Treasury Management Strategy, the Council invests its surplus balances generating an income return of over £1m per annum. The Strategy sets out that the Council aims to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.
- 3.2 The Council has two broad classes of investments – Money Markey Funds (where balances are held for short periods until required) and Pooled Funds.
- 3.3 Despite the market volatility as a result of Covid-19, the Council treasury management investments performed in-line with the revised budget expectations with £1.071m of investment income against the budgeted £1.090m. Performance in the current year may still be impacted by Covid-19 and the wider global economy.
- 3.4 Interest payable on external borrowing that supports the capital programme, was above the revised budget of £0.785m, with additional costs of borrowing giving rise to a £85k adverse variation. This was due to a higher level of

borrowing in the year than assumed when the revised budget was set (impact of the timing of Union Street capital expenditure and Voyager House).

- 3.5 When taken together, the net variation on the Council's Investment and Borrowing activity was a net overspend of £104k.
- 3.6 The level of MRP required in the year was £335k below the budgeted level as a result of lower capital expenditure in 2020/21.

4. GOVERNMENT FUNDING, COUNCIL TAX AND BUSINESS RATES

- 4.1 The Government provided £4.6bn of emergency funding in four tranches to Local Government recognising the cost and income pressures facing Councils. The first tranche of funding (£1.6bn) was announced on 19 March 2020, with the second tranche (£1.594bn) announced on 18 April 2020, the third tranche (£0.494bn) announced on 02 July 2020, and the fourth tranche was announced in late October 2020. Rushmoor received £1.434m of funding (of which £1.392m was received in 2020/21).
- 4.2 In addition to the Emergency funding, the government reimbursed Councils for lost income. Where losses are more than 5% of a Council's planned income from sales, fees and charges, the Government will cover 75% of these losses.
- 4.3 The Government have confirmed payments to Rushmoor under this scheme of £0.456m (for the period April to July), £0.215m (for the period August to December), and £0.337m (for the period December 2020 to March 2021).
- 4.4 A number of Council services that were reliant on income from sales or fee income were adversely impacted by the restrictions in place during the coronavirus pandemic. The Council reviewed opportunities for staff to be redeployed to areas that were supporting the Council's frontline services to the community. Whilst the Council was able to redeploy a number of staff over the course of the year, the Council did make use of the Government's furlough scheme with £101k of funding received in 2020/21.
- 4.5 The Government provided funding to support individuals who struggled to meet council tax payments due to fluctuations in household incomes. Through the Covid-19 Hardship Fund allocation (£0.542m), the Council provided additional support to recipients of working age local council tax support by way of a credit to their council tax account. The unspent balance of £0.108m has been

transferred to an earmarked reserve in-line with year end guidance from CIPFA and MHCLG. This will be available to support Council Tax Support cases in 2021/22.

- 4.6 The Council Tax collection rate to the end of year was 96.8%, with the equivalent figure from 2019/20 being 97.8%. The collection rate improved significantly during the second half of the year as the Revenues team worked proactively with council taxpayers to ensure payments were reprofiled and affordable.
- 4.7 The impact of reduced collection rates is dealt with through the Collection Fund. If the level of Council Tax collected in the year is lower than budgeted, this gives rise to a deficit on the collection fund and will impact on the following year's budget. Any deficit is shared between Rushmoor and the precepting authorities (Hampshire County Council, Police and Crime Commissioner for Hampshire, and Hampshire Fire and Rescue Authority). An estimate of the deficit was included in the 2021/22 budget and MTFs approved by Council in February 2021.
- 4.8 The position on Business Rates is far more complex given changes that were made to reliefs and the way in which the Council is compensated for these reliefs through Section 31 Grants.
- 4.9 Additional business rates reliefs were announced by the Government in the Budget in March 2020, which were extended in response to Covid-19. The Retail and Hospitality and Leisure reliefs awarded to local businesses total £23.525m, with the Government fully funding the reduction in business rates income through section 31 grant. It has been more difficult to predict the likely impact on business rates income over the medium-term due to the relief changes, with the collection rate to the end of year being 95.8% (97.4% in 2019/20). The level of business rates forecast for 2020/21 already assumed a reduction in the business rates base in part due to the regeneration of Aldershot and Farnborough town centres.
- 4.10 The end of year position on business rates clearly illustrates the complexity and scale of the impact from Covid. When the level of business rates income was estimated in January 2020 (in the NNDR1 Return) it was assumed that around £49.985m of business rates income would be collected, with around £3.767m of this retained locally under the Business Rates Retention Scheme.

- 4.11 The outturn position on business rates (in the NNDR3 return) showed that £25.824m of business rates income had been collected. Whilst the Council received Section 31 Grant to compensate for the reduced level of income (£11.3m), the accounting treatment for the different elements of business rates income means that the Council must account for a significant deficit on the business rates collection fund of £26.027m. Whilst 50% of this deficit is shared with Central Government, Rushmoor's share is in excess of £10m. This deficit is transferred to an earmarked reserve in accordance with proper accounting practice and guidance from CIPFA to fund Rushmoor's share of the deficit which will need to be budgeted for over the next 3 years.
- 4.12 It is likely that it will take some time for the impact from Covid on business rates income to unwind. At the time of writing this report, the relevant accounting treatment has been applied to ensure the General Fund revenue budget is protected in the current year. Further work will be undertaken over the coming weeks to work through the implications on the Council's MTFs.

5. EARMARKED RESERVES

- 5.1 As highlighted in Section 2 of the report, the outturn position includes significant transfers to and from earmarked reserves. A number of these relate to funding received for Business Rates and other Covid Grants or support and reflect the accounting treatment as advised by CIPFA.
- 5.2 All transfers to and from earmarked reserves are shown in the Table below for completeness and agree with those reported in the unaudited 2020/21 Statement of Accounts. The level of earmarked reserves at the end of the financial year stands at £27.156m – an increase of £10.197m since 2019/20. However, a significant part of the increase is due to the transfer of £10.812m in recognition of the deficit on the Business Rates collection fund.

Table 6: Earmarked Reserves

Earmarked Reserve	Balance as at 31/03/2020 (£'000)	Transfers Out 2020/21 (£'000)	Transfers In 2020/21 (£'000)	Balance as at 31/03/2021 (£'000)
COVID BRR Earmarked Reserve	-	-	10,812	10,812
Stability and Resilience Reserve	5,870	(1,293)	-	4,577
Commuted Sums/Amenity Areas	4,443	(480)	10	3,973
Commercial Reserve	2,000	(250)	-	1,750
Pension Reserve	-	-	669	669
Flexible Housing Grant	510	(128)	252	634
Mercury Abatement	617	(251)	42	408
Treasury Earmarked Reserve	-	(180)	580	400
Affordable Housing Reserve	400	-	-	400
Budget Carry Forwards	301	(301)	390	390
Regeneration Reserve	450	(93)	-	357
Civil Parking Enforcement Surplus	345	(71)	7	281
Insurance Reserve	253	-	-	253
A331 Air Quality Project	256	(10)	-	246
Climate Emergency Reserve	-	(11)	250	239
Other Grants (Individually below £45k)	211	(48)	62	225
Workforce Reserve	200	-	-	200
Service Improvement Fund	129	-	-	129
Commercial Property Reserve	-	-	121	121
Feasibility for Victoria Road	-	-	110	110
COVID C/Tax Hardship Earmarked Reserve	-	-	108	108
Cyber Security Reserve	-	-	100	100
TAG Environmental Fund	110	(14)	-	96
Deprivation Reserve	-	(6)	100	94
COVID19 Test & Trace Reserve	-	-	89	89
Local Election Reserve	-	-	87	87
Control Outbreak Management Fund Reserve	-	-	85	85
Custom Build Reserve	75	-	-	75
Cohesion/Migration Impact/Gurkha Settlement	70	(4)	-	66
Emergency Assistance Grant	-	-	64	64
Cultural Recovery Earmarked Reserve	-	-	47	47
Land Charges	45	-	-	45
Ward Reserve	-	-	26	26
ICE Programme	297	(297)	-	-
Due Diligence Reserve	250	(250)	-	-
Planning Delivery Fund	127	(127)	-	-
Planning Service Improvement	-	-	-	-
Total of all Earmarked General Fund Reserves	16,959	(3,814)	14,011	27,156
Excluding SANG & BRR	12,516	(3,334)	3,189	12,371

5.3 Reserves held to mitigate risks and in-year fluctuations have been deployed during the year to mitigate the impact from Covid on the Council's revenue budget:

- £1.293m from the Stability and Resilience Reserve
- £250k from the Commercial Reserve
- £180k from the Treasury Reserve

- £250k from the Regeneration Due Diligence Reserve
- 5.4 Funding received for specific Covid support and recovery activities are proposed to be transferred to the following earmarked reserves to satisfy grant funding conditions and to enable further support activities in 2021/22
- £108k Council Tax Hardship Funding
 - £89k Covid-19 Test and Trace
 - £85k Control Outbreak Management Fund
 - £64k Emergency Assistance Grant
 - £47k Cultural Recovery Fund
- 5.5 Other reserve movements are shown in the table above and include those agreed as part of the General Fund revenue budget for 2020/21 and timing difference between funding being received and applied against eligible expenditure.

6 IMPACT OF OUTTURN POSITION ON 2021/22 AND SUBSEQUENT YEARS

- 6.1 The overall impact of the outturn position on the Council's finances can be categorised as follows:
- 6.2 General Fund deficit of £1.293m means that the Stability and Resilience Reserve has been deployed to a much greater extent than forecast. When the current version of the MTFS was approved by Council in February 2021, the latest forecasts for 2020/21 indicated that the reserve would have a closing balance of £5.563m on 31/03/2021 reducing to £4.550m by 31/03/2022.
- 6.3 The balance held on the reserve is £4.577m although the closing balance at the end of the 2020/21 financial year is £0.986m lower than previously forecast. Whilst this level is adequate for the current financial year, members will recall that the funding gap forecast over the MTFS period was significant. In the absence of further savings and cost reductions being identified in the February 2021 MTFS, the Stability and Resilience reserve was forecast to be depleted during 2023/24.
- 6.4 The Council will need to consider the level of the Stability and Resilience reserve as part of the budget setting process for 2022/23 and determine whether the current level is adequate to mitigate risks and the funding gap identified.

- 6.5 As stated in the MTFS report, the Council was developing a revised approach to its Savings Programme that sought to address the funding gap identified in the MTFS. The programme has progressed during the first half of 2021/22 with a revised process for how savings are identified, evaluated and approved, with clearer reporting and monitoring and governance arrangements. A number of cost reduction and efficiency proposals are being reviewed and will need to be agreed and implemented to mitigate the funding gap over the new MTFS period
- 6.6 As set out in this report, a number of reserve balances have been utilised to support expenditure of reduced levels of income in the General Fund. These reserves will also need to be reviewed as part of the budget setting process to ensure they remain adequate and support the Council's priorities.
- 6.7 Finally, the impact on the Council core funding streams needs to be considered over the new MTFS period. Council Tax and Business Rates revenue was lower in 2020/21 with a level of uncertainty remaining for future years. Whilst the Government has provided some support to Council's through Section 31 Grants and the ability to spread collection fund deficits over a 3-year period, the longer-term impact on both the Council Tax and Business Rates rating lists should be reviewed over the coming months. Income from fees and charges will also need to be reviewed. The current assumptions in the MTFS is for income from fees and charges to return to pre-pandemic levels from 2022/23. It is likely there will be differential impacts across fees and charges and will need further consideration as part of the budget setting process.

7. RISKS AND UNCERTAINTIES

- 7.1 The most significant financial risk facing the Council is the impact of Covid-19 on the Council's 2021/22 budget and Medium-Term Financial Strategy. Risk remains around the draft outturn position being based on incomplete financial information.

8. LEGAL IMPLICATIONS

- 8.1 No additional legal implications arise from this report.

9. FINANCE AND RESOURCE IMPLICATIONS

- 9.1 The finance and resource implications from the 2020/21 outturn have led to an increased use of the Stability and Resilience Reserve. The immediate impact of this is considered within Section 6 of this report.
- 9.2 Any additional financial implications will be addressed through normal Council procedures and processes. The Budget Strategy report to Cabinet in October 2021 and will set out any further resource implications.
- 9.3 The Council will also need to carefully consider the financial impact of spending decisions and ensure that any unnecessary expenditure is avoided where possible given the funding gap identified in the MTFS and the utilisation of the Stability and Resilience Reserve in particular.

10. CONCLUSIONS

- 10.1 The figures contained within this report are provisional and subject to revision following external audit's review of the Council's financial statements. Members will be updated on the final outturn position should there be any material change.
- 10.2 Section 6 of the report outlines the impact of the outturn position over the medium-term, with Section 5 of the report outlining the position on earmarked reserves.
- 10.3 There will always be variances against budgets due to the Council adapting its priorities to manage inevitable changes in demand pressures and having a flexible approach to changing circumstances. The degree of variation on service revenue expenditure will be considered in the final outturn report and should be reviewed as part of the budget setting process to ensure that budgets are set against realistic expectations of affordability, delivery and performance.
- 10.4 Over the MTFS period, declines in Council Tax and Business Rates income may put additional pressure on the Council's financial position. The achievement of the Savings Plan is integral to the MTFS forecast and will need to be reviewed in terms of savings profile and whether the savings can be delivered in the current economic climate. It is likely that further savings will be required over the MTFS period in order to balance the budget.

BACKGROUND DOCUMENTS:

None

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CABINET
21 SEPTEMBER 2021

COUNCILLOR PAUL TAYLOR
CORPORATE SERVICES PORTFOLIO HOLDER
REPORT NO. FIN2114

KEY DECISION: YES/NO

CAPITAL BUDGET OUTTURN 2020/21

SUMMARY AND RECOMMENDATIONS:

SUMMARY:

This report sets out the capital outturn position for 2020/21.

RECOMMENDATION:

Cabinet is recommended to:

- i) Note the capital outturn position, as set out in Table 1 and Appendix A.
- ii) Approve the budget slippage/pre-spend to/from 2021/22

1 INTRODUCTION

- 1.1 Capital draft outturn report FIN2111 was taken to Cabinet on 6 July 2021. This report informs members of the final capital outturn position for 2020/21.

2 OUTTURN POSITION

- 2.1 The capital outturn is broadly in-line with previously reports issued to members in April and July 2021. As shown in the table below, the outturn on the capital programme is £22.257m, with slippage of £2.176m. This compares with £21.479m and slippage of £2.256m previously reported.

Table 1: Capital programme outturn 2020/21

Portfolio	2020/21 Total Approved Budget (£'000)	2020/21 Outturn Forecast (£'000)	2020/21 Outturn Variance (£'000)	Slippage to/(from) 2021/22 (£'000)
Corporate and Democratic Services	86	11	(74)	74
Customer Experience and Improvement	38	38	0	0
Major Projects and Property	21,131	20,572	(560)	166
Operational Services	3,376	1,481	(1,895)	1,858
Planning and Economy	0	0	0	0
ICE Programme	233	155	(78)	78
TOTAL Capital Programme	24,864	22,257	(2,607)	2,176

3 RISK AND UNCERTAINTIES

- 3.1 The most significant financial risk facing the Council is the impact of Covid-19 on the Council's 2021/22 budget and Medium-Term Financial Strategy.

4 LEGAL IMPLICATIONS

- 4.1 No legal implications

5 FINANCE AND RECOURSE IMPLICATIONS

- 5.1 The capital programme is a significant undertaking. Variation in the capital programme influences interest cost of borrowing and Minimum Revenue Provision cost in the year in which budget is allocated.

6 CONCLUSIONS

- 6.1 The Capital Programme Outturn for 2020/21 of £22.257m represents an underspend of £2.607m against the approved budget. Slippage of £2.176m is required to enable key capital schemes to be delivered in 2021/22.

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CAPITAL PROGRAMME MONITORING SUMMARY 2020/21

Expenditure	REVISED BUDGET 2020/21	ADDITIONAL BUDGET APPROVALS 2020/21	TOTAL APPROVED BUDGET 2020/21	ACTUAL AS AT 30.03.2021	COMMITMENTS AS AT 30.03.2021	ACTUALS PLUS COMMITMENTS	VARIANCE	FORECAST SPEND 2020/21	FORECAST SPEND LESS APPROVED BUDGET	SLIPPAGE TO 2021/22
PORTFOLIO	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
MAJOR PROJECTS AND PROPERTY	21,131	0	21,131	20,572	0	20,572	(559)	20,572	(560)	166
CORPORATE AND DEMOCRATIC SERVICES	86	0	86	11	0	11	(75)	11	(74)	74
CUSTOMER EXPERIENCE AND IMPROVEMENT	38	0	38	38	0	38	0	38	0	0
OPERATIONAL SERVICES	3,233	143	3,376	1,481	0	1,481	(1,895)	1,481	(1,895)	1,858
PLANNING AND ECONOMY	0	0	0	0	0	0	0	0	0	0
ICE PROGRAMME	233	0	233	155	0	155	(78)	155	(78)	78
TOTAL	24,721	143	24,864	22,257	0	22,257	(2,607)	22,257	(2,607)	2,176

Variations to Programme Approved 2020/21

	Approved By	Date	£
Revised Budget 2019/20 - Various Projects	Full Council	25.02.21	24,720,557
IMPROVEMENT GRANTS - Disabled Facilities Grants (Mandato Cabinet)		20.04.21	142800

Total Approved Budget 24,863,357

S106 and Grants & Contributions	REVISED BUDGET 2020/21	ADDITIONAL BUDGET APPROVALS 2020/21	TOTAL APPROVED BUDGET 2020/21	FORECAST S106 AND GRANTS & CONT'S AS AT 30.03.2021	VARIANCE
PORTFOLIO	£'000	£'000	£'000	£'000	£'000
MAJOR PROJECTS AND PROPERTY	(1,560)	0	(1,560)	(1,097)	463
CORPORATE AND DEMOCRATIC SERVICES	0	0	0	0	0
CUSTOMER EXPERIENCE AND IMPROVEMENT	0	0	0	0	0
OPERATIONAL SERVICES	(2,635)	(143)	(2,778)	(1,331)	1,447
PLANNING AND ECONOMY	0	0	0	0	0
ICE PROGRAMME	0	0	0	0	0
TOTAL	(4,195)	(143)	(4,338)	(2,428)	1,910

APPENDIX B

Over/Underspends, slippage and material variances in relation to schemes financed by grants/contributions.

1 The significant over/(under) spend variations to date are as follows:

Scheme	Explanation	Over / (Under) Spend £000s
MAJOR PROJECTS AND PROPERTY		
36-62 UNION STREET Site assembly	Site assembly is completed within budget	(44)
INVESTMENT PROPERTIES Voyager House Fit Out	Project substantially completed within budget. Small amount of expenditure still to be incurred in 2021/22.	(437)
CORPORATE AND DEMOCRATIC SERVICES		
No variances		
CUSTOMER EXPERIENCE AND IMPROVEMENT		
No variances		
OPERATIONAL SERVICES		
IMPROVEMENT GRANT Housing Renewal Grant	Reduction in spend is due to COVID restrictions	(37)
PARKS AND OPEN SPACES Moor Road Recreation Ground Development	Unanticipated overspend of project.	18
PLANNING AND ECONOMY		
No variances		
ICE PROGRAMME		
No variances		

- 2 The major areas of slippage/(Pre-spend) identified to date which are included within the (Appendix A) net slippage of £2.176m against the approved revised Capital Programme are provided in the table that follows:

Scheme	Explanation	Slippage /(Pre-spend) to 2019/20 £000s
MAJOR PROJECTS AND PROPERTY		
INVESTMENT PROPERTIES Frimley4 Unit 4.3 Enhancement	No expenditure expected during 2020/21 as project delayed	117
INVESTMENT PROPERTIES Frimley4 Unit 4.4 Enhancement	No expenditure expected during 2020/21 as project delayed	107
INVESTMENT PROPERTIES Voyager House Fit Out	Project substantially completed within budget. Small amount of expenditure still to be incurred in 2021/22	100
REGENERATION Union Street East	Spending aligned with anticipated demolition and site remediation costs	(131)
REGENERATION Housing PRS Delivery	Spending aligned with anticipated costs	(27)
CUSTOMER EXPERIENCE AND IMPROVEMENT		
No budget slippage		
OPERATIONAL SERVICES		
IMPROVEMENT GRANT Disabled Facilities Grant	Slippage due to COVID and VIVID not allowing works	553
KING GEORGE V Café Conversions	Project has been delayed	50
PARKS AND OPEN SPACES Southwood Golf Course SANG initial set up	Project has been delayed and budget required to support in 2021/22	129
PARKS AND OPEN SPACES Southwood Golf Course SANG Wetland	Project has been delayed and budget required to support in 2021/22	30
PARKS AND OPEN SPACES Park Improvements	Project part completed in 2020-21 with projects ongoing and funding required in 2021/22	45

PLAYGROUNDS Blunden Road Recreational Ground	Project not completed in 20/21. Works planned for 2021/22	104
CREMATORIUM Replacement Cremators	Project not completed in 20/21. Works planned for 2021/22	949
CORPORATE AND DEMOCRATIC SERVICES		
FLEXIBLE USE OF CAPITAL RECEIPTS	Remaining balance slipped to 2021/22	75
PLANNING AND ECONOMY		
No budget slippage		
ICE PROGRAMME		
Modernising Corporate and Service Systems	There are some outstanding upgrades (regulatory services) and some more mobile working hardware	38
CRM System	Project has been delayed	10
Flexible & Mobile Working	Project has been delayed	30

- 3 The material variances in relation to schemes financed by grants/contributions are as follows:

Scheme	Explanation	Grant funding £000s
MAJOR PROJECTS AND PROPERTY		
INVESTMENT PROPERTIES Voyager House Purchase	Purchase completed in 2019/20. Contribution linked to Voyager House Fit Out that is substantial complete in 2019/20, with small expenditure is outstanding, therefore funding is to slip accordingly.	422
REGENERATION The Games HUB	Project cost	42
OPERATIONAL SERVICES		
IMPROVEMENT GRANT Disabled Facilities Grant	Referrals equivalent to the 2020/21 budget are expected to be agreed but not necessarily paid out and therefore the funding is to slip accordingly.	553
PARKS AND OPEN SPACES Moor Road Recreation Ground Development	Unanticipated overspend of project funded from S106 contributions	(18)
PARKS AND OPEN SPACES Park Improvements	Project part completed in 2020-21 with projects ongoing and funding required in 2021/22	45
PARKS AND OPEN SPACES Southwood Golf Course SANG initial set up	S106 funding linked to the setup of SANG. Works are still in progress.	422

CABINET

COUNCILLOR MAURICE SHEEHAN
OPERATIONAL SERVICES PORTFOLIO HOLDER
REPORT NO. OS2111

21st SEPTEMBER 2021

KEY DECISION? NO

**MOBILE HOMES FIT AND PROPER PERSON
FEES POLICY**

SUMMARY AND RECOMMENDATIONS:

The Mobile Homes (Requirement for Manager of Site to be Fit and Proper Person) (England) Regulations 2020, require the local authority to introduce a fit and proper person test for mobile home site owners, or the person appointed to manage the site.

The Mobile Homes Fit and Proper Person Fees Policy has been developed in response to this legislation as we are required to have a fees policy in place before the application deadline of 1 October 2021. The policy sets out the matters which are taken into account when setting the fees payable for administering this function.

A Mobile Homes Fit and Proper Person Determination Policy is also being developed, which will set out the arrangements the local authority will normally apply and consider in carrying out its responsibilities for the fit and proper person test.

Cabinet is recommended to:

1. Approve the adoption of the Mobile Homes Fit and Proper Person Fees Policy (Appendix 1).
2. Approve the proposed fees for 2021-2022 for the mobile homes fit and proper person function (Appendix 2).
3. Delegate authority to the Head of Operational Services to approve the Mobile Homes Fit and Proper Person Determination Policy, in consultation with the Operational Services Portfolio Holder.

1. INTRODUCTION

- 1.1. The Mobile Homes (Requirement for Manager of Site to be Fit and Proper Person) (England) Regulations 2020 (hereafter “the Regulations”), introduce the requirement that the owner or manager of a residential mobile homes site must be a fit and proper person.

- 1.2. This report provides an overview of the new requirements placed on the local authority by these Regulations and seeks approval for the fees policy for mobile homes fit and proper person, together with approval of the proposed fees for 2021-2022. Approval is also sought for the authorisation of the Head of Operational Services, in consultation with the Operational Services Portfolio Holder to approve the fit and proper person determination policy which is being developed.

2. BACKGROUND

- 2.1. In July 2019, the Government launched a consultation to seek views on proposals to introduce a fit and proper test for mobile site owners and managers in England following a review of park (mobile) homes legislation. The purpose of the test was to improve the standards of park home management. In response to the consultation, the Government committed to implementing the fit and proper test and introduced the new Regulations.

3. FIT AND PROPER PERSON TEST

- 3.1. The fees policy to be approved, sets out the matters taken into account when setting the fees payable for administering this function.
- 3.2. In preparing this policy, consideration has been given to the relevant legislation and the non-statutory guidance for local authorities produced by Ministry of Housing, Communities and Local Government regarding the fit and proper person test and setting fees for the fit and proper person test.
- 3.3. The fit and proper person test applies to a “relevant protected site”. This is a site, which requires a licence and which is not solely for holiday purposes or is otherwise not capable of being used all year round. The fit and proper person requirement will ensure that site owners, or their managers, have integrity and follow best practice. Additionally, it provides the safeguard that such individuals will not pose a risk to the welfare or safety of persons occupying mobile homes on the site i.e. park homeowners.
- 3.4. The Regulations require the local authority to introduce a fit and proper person test for mobile home site owners, or the person appointed to manage the site, unless they are eligible for an exemption under the Regulations. An exempt site would include a non-commercial, family occupied site.
- 3.5. There are currently four relevant protected mobile home sites in the borough that the fit and proper person provisions will apply to.
- 3.6. All site owners must submit an application for a relevant person to be assessed as a fit and proper person by 1 October 2021. The local authority will consider the application to satisfy itself that the relevant person is a fit and proper person to manage the site.

- 3.7. When carrying out the fit and proper person assessment, the local authority must consider:
- Whether the relevant person has a sufficient level of competence to manage the site
 - The management structure and funding arrangements for the site
 - Information regarding relevant person and responsible person
 - Conduct of any person associated or formerly associated with the relevant person
 - Any other relevant matters
- 3.8. The local authority is required to establish and maintain a public register of persons who they are satisfied are fit and proper persons to manage a relevant protected site. Following the assessment, a decision will be made as to whether to place the relevant person on the register for up to 5 years, with or without conditions, or to not place them on the register where they do not meet the requirements.
- 3.9. A site owner can make a representation to the local authority against a preliminary decision or condition, which must be considered before making a final decision. There is a right of appeal to a First Tier Tribunal against any decision to reject an application, place the relevant person on the register for less than 5 years or to include conditions on the register entry.

4. FEES

- 4.1. The local authority has discretion to charge for their functions under the Regulations and if they decide to charge fees, they must prepare and publish a fees policy. There is no requirement in the Regulations to consult with site owners or homeowners on setting fees.
- 4.2. The Council does not currently charge for other functions associated with the licensing of mobile homes sites. However, it is entitled to do so, and these licensing fees will be reviewed as part of the mobile homes licensing policy which is also being developed. As the fit and proper person regulations give new responsibilities to the local authority, it is considered appropriate to introduce fees for this function now to cover the costs of undertaking this function, in advance of the review of licensing fees for mobile home sites.
- 4.3. The fit and proper person fees policy sets out the matters which are taken into account when setting the fee for an application for an entry on the fit and proper person register. The fee is set to cover the cost of processing the applications and will be reviewed annually.
- 4.4. An annual fee will also be set to monitor entries on the fit and proper person register, including a review of attached conditions. This fee will also be reviewed annually.

- 4.5. Where the relevant person fails an assessment and the site owner is unable to identify and appoint a suitable alternative manager to undergo the fit and proper person assessment, the local authority could appoint a person to manage the site, with the consent of the site owner. The local authority can recover reasonable expenses incurred in making this appointment.
- 4.6. **Proposed fees for 2021-2022 (to be added to the Council's Fees and Charges)**

Fee Type	Fee
Application for entry on the Fit and Proper Person Register	£339
Annual fee for existing entry on the Fit Proper Person Register	£0 standard condition only £37 per specific condition
Local Authority appointed site manager	Recovery from the site owner of reasonable costs incurred in making the appointment

- 4.7. These fees have been calculated in accordance with the fees policy. Further information regarding these calculations are in the fee schedule In Appendix 2.
- 4.8. The proposed fees are considered to be fair and sufficient only to cover the costs associated with the application process and monitoring of conditions.

5. DETERMINATION POLICY

- 5.1. A mobile homes fit and proper person determination policy is currently being developed, which will set out the arrangements the local authority will normally apply and consider in carrying out its responsibilities for the mobile homes fit and proper person test. This document will be used to inform and direct the local authority's decision making, particularly when making decisions on relevant applications and enforcement action.
- 5.2. As this is a minor and relatively straightforward policy, it is considered appropriate that the Head of Operational Services is authorised to approve the policy, in consultation with the Operational Services Portfolio Holder.

6. IMPLICATIONS

Risks

- 6.1. As this is new legislation, the processing time of applications is unknown, these are currently based on the intended process. Once applications are received, it may be that it is appropriate to reconsider the fees for the future based on actual data.

Legal Implications

- 6.2. The fees policy meets the Council's duty to provide a fees policy in order to enable us to charge fees, to recover the costs of this function.

Financial and Resource Implications

- 6.3. There will be an increase on staff resource required to implement these Regulations. The fees proposed are intended to cover the costs associated with this additional statutory function, however as this is a new function the fees proposed are based on the intended process, as the processing time of applications is not currently known.

Equalities Impact Implications

- 6.4. It is considered that the proposed policy presents no specific impact on those with protected characteristics.

7. CONCLUSIONS

- 7.1. The Fit and Proper Person Fees Policy has been developed in response to the new Regulations which have been implemented by the Government following consultation on proposals to introduce a fit and proper person test for site owners or managers.
- 7.2. The fees policy seeks to provide transparency and consistency in respect of how the fees are set in accordance with the regulations.
- 7.3. The Head of Operational Services will be authorised to approve the determination policy which is currently being developed for the fit and proper person function.

BACKGROUND DOCUMENTS:

The Mobile Homes (Requirement for Manager of Site to be Fit and Proper Person) (England) Regulations 2020

MHCLG Guidance – Mobile Homes: a guide for local authorities on the fit and proper person test

MHCLG Guidance – Mobile Homes: a guide for local authorities on setting fees for the fit and proper person test

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MOBILE HOMES FIT AND PROPER PERSON FEES POLICY

**The Mobile Homes (Requirement for Manager of Site to be Fit and
Proper Person) (England) Regulations 2020**

September 2021

1.0. SUMMARY

This document sets out Rushmoor Borough Council's fees policy for mobile home site fit and proper person applications and registration in recognition of its role and functions as the relevant local authority in this regard.

In preparing this document, consideration has been given to the relevant legislation and the non-statutory guidance for local authorities produced by Ministry of Housing, Communities and Local Government regarding the fit and proper person test and setting fees for the fit and proper person test.

This policy document was approved and adopted by the executive (Cabinet) meeting on the 21 September 2021. While subject to review, this document shall constitute RBC's mobile homes fit and proper person fees policy.

2.0 INTRODUCTION

Background

The [Mobile Homes \(Requirement for Manager of Site to be Fit and Proper Person\) \(England\) Regulations 2020](#) (hereafter "the Regulations") prohibit the use of land as a residential mobile home site unless the local authority is satisfied that the occupier and anyone appointed to manage the site is a fit and proper person to do so.

Under this legislation, all site owners must submit an application for a relevant person to be assessed as a fit and proper person by the local authority.

The Regulations allow the local authority to charge fees to cover its costs of assessing applications to be included on the fit and proper person register and for an annual fee to cover the costs of monitoring the scheme or condition's attached to the register entries. All fees must be set in accordance with the local authority's published fees policy and be transparent and reasonable. In circumstances where the local authority appoints a person to manage the site, then the local authority is able to recover the costs incurred in making this appointment from the site owner.

The Council does not currently charge application or inspection fees for licensing of mobile homes sites. However, it is entitled to do so, and these fees will be reviewed as part of the mobile homes licensing policy which is also being developed. As the fit and proper person regulations give new responsibilities to the local authority, it is considered appropriate to introduce fees for this function now in advance of a review of licensing fees for mobile home sites.

Status

This policy sets out the arrangements the local authority will normally apply and consider in setting the fees for carrying out its responsibilities for the mobile homes fit and proper person test. This document will be used to inform and direct the local authority's decision making in respect of fee setting.

The document is not intended to be a full and/or authoritative statement of the law or its associated guidance and does not in any way constitute legal advice. The relevant statutory provisions together with any subordinate legislation will take precedence.

A mobile homes fit and proper person determination policy is also currently being developed, which will set out the arrangements the local authority will normally apply and consider in carrying out its responsibilities for the mobile homes fit and proper person test. The determination policy will be used to inform and direct the local authority's decision making, particularly when making decisions on relevant applications and enforcement action.

Applicability

This document applies to the fees related to the functions of the Council as the authority responsible for administering the fit and proper person requirements for relevant mobile homes sites within the Borough.

3.0 FEES FOR FIT AND PROPER PERSON APPLICATIONS AND REGISTRATIONS

Initial application fee

The local authority operates a fixed initial application fee which must be paid when the application is submitted. The application will not be considered until the fee has been paid.

To calculate the application fee, the local authority will in the first instance, (given that there is no actual data as this is a new regime), estimate the average time to process an application, and will apply the hourly rates based on the officer posts that will be involved in the process.

The following matters will normally be considered as costs incurred, or likely to be incurred when setting the fee for consideration of applications for entry on a fit and proper person register:

- (a) initial enquiries;
- (b) correspondence with site owner, relevant persons or any third party in connection with the fit and proper process;
- (c) updating files / computer systems and websites;
- (d) processing the application fee;
- (e) checks, searches and reports to determine applications;
- (f) reviewing documents and certificates;
- (g) preparing decision notices;
- (h) determination and review by manager and legal advisors;
- (i) updating the public register; and
- (j) reviews of decisions and/or defending appeals.

Charges will be limited to recovering the costs of exercising the fit and proper person test function only and not other costs that have already been charged for by other service areas.

Annual fee for an existing entry on the register

There will be no annual fee for simple inclusion on the register. In the event that specific conditions are added to a fit and proper person determination, then the local authority will charge an annual fee due to the additional work relating to these matters.

The following matters will be included when calculating the annual fee:

- (a) correspondence with site owner, relevant persons or any third party in connection with the requirements of the condition(s);
- (b) updating files / computer systems and website if appropriate;
- (c) processing the annual fee;
- (d) reviewing documents and certificates; and
- (f) any other action required to ensure compliance with specific conditions

Where applicable, the annual fee is to be paid on the anniversary of inclusion on the register each year.

Appointed Manager Fee

Where the local authority is provided with the site owner's consent to appoint an individual to manage a site. The costs associated with this will be calculated based on the actual costs and officer time of identifying and administering the appointment of a suitable individual, on a case by case basis. These and any ongoing related costs will be payable by the site owner.

Revising Fees

The local authority will normally revise its fees annually and implement new fees to take effect from 1 April each year. The revised fees will be published online. Any changes will be calculated in accordance with the fees policy and based on actual data of average processing time/costs. The purpose of publishing the fees policy is to show that the fees imposed by the local authority are reasonable and transparent, so that anyone required to pay a fee can understand the charges.

Amending conditions attached to an entry on a register (annual fees)

The local authority may alter the conditions attached to an entry on a register (by adding new conditions or changing or deleting existing ones), following a review. Where the number of conditions is amended, the annual fee will be amended in accordance with the published fees from the date that it is next due. Annual fees already paid will not be partially or fully reimbursed, or additional fees charged.

Payment of fees

The local authority is not required to consider an application for entry on the register unless that application is accompanied by the correct fee. If the correct fee is not paid, the application will not be valid and the site owner could be in breach of the Regulations.

APPENDIX 1

If a local authority decides not to approve an application, the applicant is not entitled to a refund of the fee paid.

The annual fee, where applicable will be set as a condition to any entry being added to the register. The condition will state the amount and date by which the annual fee payment is due, also stating that failure to make such payment will be a breach of the condition and may lead to legal proceedings being issued. No fee will be payable for the inclusion of the condition relating to annual fees.

FEES SCHEDULE – MOBILE HOMES FIT AND PROPER PERSON

Proposed fees for 2021-2022 to be added to the Council’s Fees and Charges

Application Activity	Time (hrs)	Rate	Total
Pre-application discussion and send form	0.5	£36.55	£18.28
Generate and send acknowledgement letter	0.5	£36.55	£18:28
Check application valid and correct fee received	0.5	£36.55	£18:28
Review application and associated documents	2	£36.55	£73.10
Conduct F&PP assessment	2	£36.55	£73.10
Update computer system with details	0.5	£36.55	£18:28
Time for meetings/discussion/advice	1	£36.55	£36.55
Preparing and issuing acceptance/refusal documentation and conditions	1	£36.55	£36.55
Manager review and authorisation	0.5	£56.35	£28.18
Registry entry	0.25	£36.55	£9.14
Review and maintain register	0.25	£36.55	£9.14
TOTAL	9		£338.88

Annual fee – monitoring of conditions	Time (hrs)	Rate	Total
Per specific condition	1	£36.55	£36.55

Fee Type	Fee
Application for entry on the Fit and Proper Person Register	£339
Annual fee for existing entry on the Fit Proper Person Register	£0 standard condition only £37 per specific condition added
Local Authority appointed site manager	Recovery from the site owner of reasonable costs incurred in making the appointment

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CABINET

21 SEPTEMBER 2021

COUNCILLOR MARINA MUNRO
PLANNING AND ECONOMY PORTFOLIO HOLDER
REPORT NO. EPSH2118

KEY DECISION? NO

ADOPTION OF NORTH HAMPSHIRE NARRATIVE**SUMMARY**

The Council along with three other Hampshire local authorities have produced a North Hampshire Narrative document (Appendix 1) to provide a combined narrative for north Hampshire, which includes the north of Test Valley (Andover), Basingstoke and Deane, Hart and Rushmoor council areas.

The document articulates what North Hampshire has to offer, its aspirations for development, what is needed to address housing, economic and infrastructure challenges and how to put each authority in a stronger position to deliver the growth required.

The document will also be used to help inform conversations with key stakeholders such as Homes England, Enterprise M3 Local Enterprise Partnership, Hampshire County Council and infrastructure providers and as a supporting document for funding bids demonstrating the opportunities in the Boroughs in a wider strategic context. The document will help the north Hampshire authorities articulate the strategic case for the area in the context of any potential "County Deal". It is not intended as a strategy document and has no statutory status.

RECOMMENDATIONS:

It is recommended that Cabinet adopts the North Hampshire Narrative Document (Appendix 1).

INTRODUCTION

- 1.1. The Council along with three other Hampshire local authorities have produced a North Hampshire Narrative (Appendix 1) to provide a combined narrative for north Hampshire, which includes the north of Test Valley (Andover), Basingstoke and Deane, Hart and Rushmoor Council areas.
- 1.2. The document articulates what North Hampshire has to offer, its aspirations for development, what is needed to address housing, economic and infrastructure challenges and how to put each authority in a stronger position to deliver the growth required.
- 1.3. The document is split into five chapters, with Chapter 2 providing context on the growth across North Hampshire including the level of housing growth planned in addition to some shared opportunities and constraints.
- 1.4. Chapter 3 details the 'Spatial context and potential of North Hampshire' and identifies:
 - That the area acts as a gateway between the south coast and London, the Midlands and the North and also between London, Surrey and the Thames Valley and the South West.
 - There is a need to address educational and skills attainment within Andover and Rushmoor.
 - The strengths and opportunities for each of the main settlements with Aldershot and Farnborough being considered as one.
- 1.5. Chapter 4 explores what is needed to unlock growth in North Hampshire. It explores the challenges and opportunities that will impact on whether the growth that is delivered is of high quality and can be considered as 'good growth' or even 'green growth'. The following opportunities are identified:
 - Diversifying the offer in town centres;
 - Encouraging more active travel and use of public transport; including specific advice for Rushmoor;
 - Quality of design and placemaking in new developments are key to their success and contribution towards sustainability.
- 1.6. Chapter 5 identifies the main themes for achieving good growth:
 - Place Making and Design: including the opportunity to collaborate on the preparation of design codes;
 - Town Centre Regeneration;
 - Economic Initiatives including investment in skills;
 - Transport;
 - Green Infrastructure;
 - Diversification of the Housing Market
- 1.7. The document could also be used to help inform conversations with key stakeholders such as Homes England, Highways England, Enterprise M3

Local Enterprise Partnership, Hampshire County Council and infrastructure providers. It is not intended as a strategy document and has no status as a statutory document.

2. BACKGROUND

- 2.1 Funding and investment opportunities particularly for infrastructure improvement are essential to the successful realisation of the growth ambitions of the four authorities in the north of Hampshire. In order to promote the opportunities and needs of the Boroughs/Districts and secure funding it is important to be securing these being able to articulate the wider strategic context. Being able to articulate the case for the area often at short notice and on a competitive basis is vital. Assessment criteria frequently consider the wider strategic context and demonstrating a joined up understanding and partnership is often a key element. The four authorities recognised that the production of a high level narrative identifying the shared opportunities of this wider geography would be beneficial to promote their areas to key stakeholders and in some cases businesses as well as when bidding for available funding streams, such as initiatives managed by Homes England.
- 2.2 Joint working between local authorities within County areas is nothing new, with the established Partnership for South Hampshire (PUSH) operating in the South of Hampshire in a more formalised structure. The ongoing focus of central government on devolution continues to evolve and the emerging Devolution White Paper is expected to provide some clarity on this topic moving forward. In the meantime following the PM's recent speech on growth and devolution and the Secretary of State's subsequent letter to local authorities further work across the County is required both with the County Council and with other Districts. Whilst specific levelling up funding may not be easily available to many councils in the South East there may be future funding available where the levelling up agenda will come in to play particularly in the areas of skills, health inequalities and worklessness. The County Council has expressed an interest in taking part in the pilot scheme for County Deals. Should that not be possible it is envisaged that a County Deal beyond the publication of the Devolution and Local growth White Paper will still be developed. The ability for the northern part of Hampshire to articulate the strategic case for development and investment can only be positive in that context.
- 2.3 It is important to note that the adoption of the North Hampshire Narrative and any future joint working between the partner authorities will not impact our existing relationships with other adjoining planning authorities or partners. For example, we will continue to engage with:
- Surrey local authorities and their strategic partners that have agreed 'Surrey's 2050 Place Ambition' which identifies a strategic opportunity area for the Blackwater Valley (which includes Aldershot and Farnborough). This is also important in relation to the development of proposals by Transport for the South East.
 - The Farnham Optimised Infrastructure Programme

- Planning for the Strategic Housing Market Area and joint work on SPA/SANGs with Hart and Surrey Heath.

3. DETAILS OF THE PROPOSALS

- 3.1 The proposal is that the Council adopts the North Hampshire Narrative (Appendix 1) which will also be adopted by the partner local authorities through their processes.

Alternative Option

- 3.2 The alternative option would be not to adopt the North Hampshire Narrative Document. However, this would damage working relationships with the partner authorities and potentially put the council at a disadvantage when submitting funding bids to deliver essential infrastructure.

Consultation to Date

- 3.3 The document is a narrative relying on the authorities existing strategies and plans and therefore has not been subject to public consultation.

4. IMPLICATIONS

Risks

- 4.1. There are not considered to be any risks associated with the implementation of the recommendations of this report.

Legal Implications

- 4.2. There are not considered to be any legal issues to consider in adopting the North Hampshire Narrative.

Financial and Resource Implications

- 4.3. There are not considered to be any financial implications arising from the decision.

Equalities Impact Implications

- 4.4. The adoption of the documents is unlikely to lead to equalities implications.

CONCLUSIONS

- 4.5. The document, once adopted, will assist the Council and its partner authorities in promoting North Hampshire as an area for growth and investment and in bidding for external funding to deliver the priorities

detailed in paragraph 1.6, including town centre regeneration, sustainable transport infrastructure and the delivery of green infrastructure all of which are crucial to deliver green growth.

BACKGROUND DOCUMENTS:

Appendix 1 – North Hampshire Narrative 2021

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Basingstoke
and Deane

Hart
DISTRICT COUNCIL

RUSHMOOR
BOROUGH COUNCIL

Test Valley
Borough Council 

NORTH HAMPSHIRE NARRATIVE

NORTH HAMPSHIRE NARRATIVE

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1.

INTRODUCTION

1.1 This narrative articulates what North Hampshire has to offer, its aspirations for development, what is needed to address housing, economic and infrastructure challenges and how to put each authority in a stronger position to deliver the growth required. This shared narrative by Basingstoke and Deane Borough Council, Hart District Council, Rushmoor Borough Council and Test Valley Borough Council provides a framework for considering cross boundary issues which are central to the growth objectives of the boroughs.

1.2 This narrative provides the context for joint working for North Hampshire that builds upon a history of considering cross border issues through the duty to co-operate and other mechanisms. This approach strengthens the position, improving sub regional governance and establishing a shared planning framework. The mutual benefits of setting out a North

Hampshire Narrative are recognised by the authorities who have their own aspirations for growth to meet the needs of their communities. By reconfirming the willingness to co-operate, each authority believes it can help unlock complex challenges and strengthen opportunities for future joint working resulting in delivering greater benefits for our communities.

1.3 This document does not stand on its own. It draws from, and works in combination with, each authority's Corporate Plan, Local Plan and other strategies. It places those documents in the wider strategic context of the Local Industrial Strategy; Hampshire Vision 2050 and the Government's commitment to growth. The document could also be used to help inform conversations with key stakeholders such as Homes England, Enterprise M3 LEP, Hampshire County Council and infrastructure providers. It is not intended to influence future strategy for growth. This is the responsibility of each authority through the planning process.



Bombay Sapphire Laverstoke

THE NORTH HAMPSHIRE CONTEXT

1.4 The authorities all fall within Hampshire County Council's administrative area and are all part of the same Local Enterprise Partnership area. The authorities are located on and linked by the key transport corridors between London and the Southwest, in particular the London Waterloo to Southampton/Salisbury railway and the M3/A303 motorway and trunk road.

1.5 The combined area is elongated and whilst the towns of Andover and Aldershot may not have many functional links, the residents of North Hampshire's towns and villages look across boundaries to adjacent towns in their day to day lives, creating a relationship or synergy which covers all four of the authorities. With respect to the Test Valley Borough Council area, this narrative is focused on Andover, rather than southern or rural Test Valley.

The North Hampshire area experiences many similar issues that affect growth and development. The proximity to and economic relationship with London has

Fig 2.2 of Transport Strategy For The South East



1.7 One of the most significant social issues is the cost and availability of housing to meet the needs of local residents. Accessibility to the London job market significantly increases house prices, beyond the reach of many reliant on the local economy.

significant economic benefits for residents in the area, both in terms of the positive impact on the local economy, but also the benefits of easy access to London for the economic opportunities available in the capital.

1.8 North Hampshire benefits from an outstanding natural environment. The main towns are set within attractive countryside with a rural settlement pattern of villages and notable larger settlements, such as Tadley and Hook. In terms of nationally designated landscapes, Andover and Basingstoke are in close proximity to the North Wessex Downs Area of Outstanding Natural Beauty (AONB) and Aldershot, Farnborough and Fleet are close to the South Downs National Park and the Surrey Hills AONB. There are a number of sites protected for

their nature conservation characteristics. The Thames Basin Heaths Special Protection Area (SPA) has required the affected local authorities to develop an innovative bespoke scheme of mitigation to allow development to continue.

1.9 North Hampshire was an almost entirely rural area until the 20th century. Significant growth has occurred from Aldershot and Farnborough, through to Fleet, Basingstoke and Andover. Basingstoke and Andover have latterly become locations where overspill from London has been accommodated. This growth has taken place through the expansion of urban areas into countryside, where there are sensitivities in terms of protected landscapes and habitats.

1.10 There is also pressure for growth in locations close to North Hampshire with notable growth planned in West Berkshire and Wokingham to meet their needs. Other proposed growth is for 2,800 dwellings at Farnham (in Waverley Borough Council area) close to the border with Hart and Rushmoor.

1.11 The Surrey local authorities and their strategic partners have agreed 'Surrey's 2050 Place Ambition' which sets out their approach to place leadership, infrastructure and good growth. Whilst this document is relatively general, it

is notable that it identifies a strategic opportunity area for the Blackwater Valley. This includes Camberley and Farnham, but also extends beyond the Surrey border to encompass Farnborough and Aldershot and land to the west. The document has no status outside of Surrey but is an indication of how neighbouring authorities perceive the direction of future growth in this area.

1.12 The North Hampshire authorities all currently have up to date local plans, setting out the strategy and detailed site allocations for growth in their areas. The Basingstoke and Test Valley local plans run to 2029 (reviews have been commenced) and the Hart and Rushmoor local plans run to 2032. However, the need to accommodate and plan for growth continues and the pressure for development is likely to increase as a result of government proposals for a revised standard method to calculate local housing need and the potential for this to be further revised and become a binding housing requirement to be delivered through the Local Plan.

1.13 Furthermore, the need to provide for growth whilst protecting the environment has now gone beyond traditional considerations of the impact on the built and natural environment with the national declaration of a climate emergency in May

2019 and subsequent local declarations or agreement of the need for climate change strategies. The challenges to provide for further growth whilst meeting increasing environmental standards mean that the North Hampshire authorities will need to consider how the approach to planning for new development, both strategically and within major development sites, will ensure that the standards can be met. Development that meets zero net carbon and a biodiversity net gain of 10% targets will be particularly challenging. Development is also currently constrained in the catchments of the River Test and Itchen, where the associated release of nitrates is affecting protected European wildlife sites in the Solent.

1.14 In addition to the need to address climate change, the implications of the Coronavirus pandemic, alongside the deregulation of some traditional areas of planning control (retail and employment uses), will require authorities to consider new and innovative approaches to ensure that growth creates high quality development to meet local needs. There will be a need to ensure that town centres are rejuvenated, and new development contains attractive open spaces and sustainable transport options.

GROWTH IN NORTH HAMPSHIRE



Hartland Village, Fleet

2.1 The North Hampshire Authorities' local plans make provision for residential development of nearly 2,100 dwellings per annum. This is a significant quantum of development that will need supporting infrastructure and mitigation of potential environmental impacts. Housing delivery has been good in recent years with local plan targets exceeded over North Hampshire as a whole. However, the rate of growth has increased, which makes ensuring adequate infrastructure provision more difficult.

2.2 There is less pressure to identify land for employment development, although there are pressures to secure good quality office space and for storage and distribution uses. There are some older employment sites where investment to enable them to meet occupier requirements is needed. The impact of the loss of employment uses to residential through permitted development rights is still uncertain, given the recent extension of those rights. The impact of the recent changes to the Use Classes Order is also uncertain and may lead to the loss of employment uses to other uses within new Use Class E.

2.3 A significant element of the growth in housing is planned to take place in large new urban extensions or renewal areas. In particular, there are proposals for major new communities at Manydown (Basingstoke), sites southwest of Basingstoke, Hartland Village (east of Fleet), Wellesley (Aldershot) and Picket Piece and Picket Twenty (Andover). The development at Wellesley is well underway with a number of phases now complete.

2.4 Basingstoke and Deane Borough Council has adopted a Vision for Land north of the M3 at Junction 7. The Vision sets out the council's ambitions for the area and forms the basis for discussions with key infrastructure providers. It will also form a building block in setting out key principles for the area and help shape the review of the Local Plan.



2.5 The main towns of Aldershot, Andover, Basingstoke, Farnborough and Fleet all have plans or programmes for town centre renewal and regeneration. Expansion of those town centres during the 1960s and 70s has resulted in dated layouts and buildings that now need updating to meet modern requirements. Whilst there are challenges in retaining economic uses in buildings with permitted development rights for conversion or redevelopment for residential uses, the creation of high quality public spaces and buildings can help these centres to provide for a mix of uses to attract residents to spend time and money in those centres, rather than further afield.

2.6 The North Hampshire Authorities have all developed green infrastructure policies or strategies to help deliver growth that protects the environment and where possible provides positive enhancement. These cover the multifunctional uses of green infrastructure which range from providing connectivity between sites for wildlife and promoting opportunities for walking and cycling, whether for leisure or more functional journeys. Given the outstanding natural environment surrounding the main towns, green links within and between the towns and connecting to the countryside can provide significant quality of life benefits

for the residential population. Proposals for the Hart Green Grid will substantially improve connections between Fleet and Farnborough.

2.7 Environmental mitigation is a fundamental requirement of new development. The North Hampshire authorities (other than Test Valley) have been at the forefront of developing a coordinated strategic approach to address the issue of recreational disturbance of ground nesting birds in the protected Thames Basin Heaths. The issue of declining water quality in rivers in relation to both ecological and chemical deterioration (including the impact of nitrates on the Solent), linked to new development, is a shared challenge with wide impact. The North Hampshire authorities will need to address this issue to ensure that protected habitats are not harmed and development is not constrained.

2.8 Infrastructure Delivery Plans supporting the adopted Local Plans show that mitigation of highways impacts will be required as new development comes forward. Whilst high level costs have been estimated, the detailed schemes will need to be established as part of the planning application process and funded by the developer. There has been some recent investment by Hampshire County Council to improve capacity at various junctions in North Hampshire, particularly in Basingstoke.



Watership Down near Kingsclere

2.9 Car ownership and use is generally very high within North Hampshire and modal shift towards more sustainable methods of travel (walking, cycling and public transport) is relatively low. It is likely that, even without development, the background growth in traffic will mean that further investment is needed in local roads and junctions if congestion is not to increase. The capacity improvements on the M3 resulting from the recent smart motorway improvements may increase pressure on local roads accessing the M3. The heavy reliance on car-based commuting will require investment in public transport, walking and cycling to bring about a modal shift in transport as climate change considerations become more important in planning for new development.

2.10 Hampshire County Council has produced 'Planning for Broadband' guides for local planning authorities and developers. Councils are encouraged to include policies in local plans that support the provision of broadband but the policy position in the National Planning Policy Framework means that authorities cannot compel developers to install high speed broadband to new development. However, given the scale of new development in major new communities, local planning authorities can ensure

the provision of suitable infrastructure within the sites through development management processes.

2.11 Electronic communications investment is generally reliant on decisions by the private sector companies that provide the service. LEPs and local authorities can influence these decisions with contributions to investment and prioritisation of schemes. The planned 5G Living Lab in the Basing View Enterprise Zone, to be connected to the University of Surrey in Guildford, is a local example. A multi-million pound programme to deploy gigabit-capable fibre between Guildford and Basingstoke will enable a step change in the area's digital connectivity. It is notable that the highest maximum speeds for broadband in the EM3 LEP area are found in Aldershot, Andover and Basingstoke. Whilst these urban areas benefit from excellent connections, there are some issues with the speed of connection in rural areas.

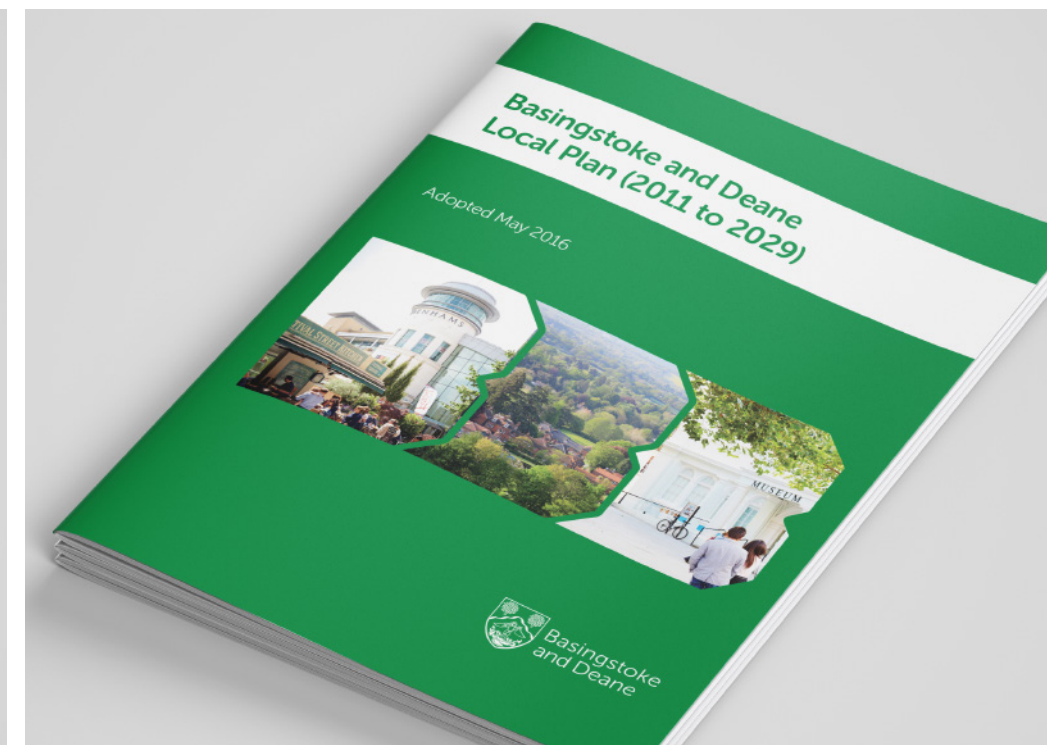
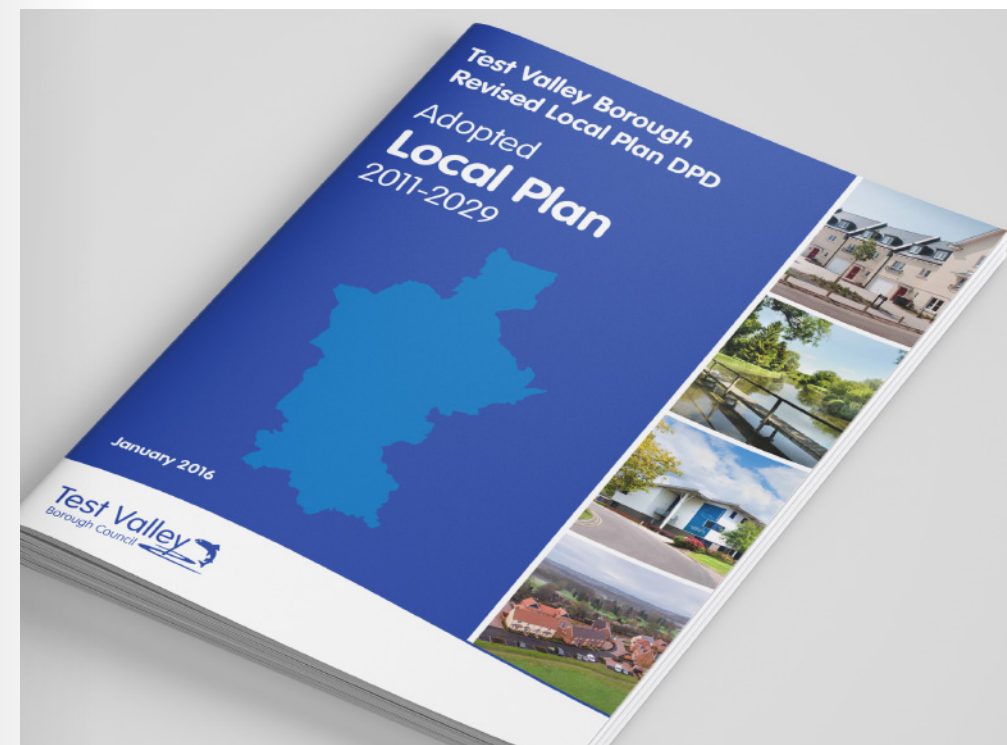
SPATIAL CONTEXT AND POTENTIAL OF NORTH HAMPSHIRE



Picket Twenty housing development, Andover

3.1 The North Hampshire Authorities all have relatively up to date local plans, adopted between 2016 and 2020. However, pressure for development is continuing and likely to increase. Government has published proposals to revise the standard method for calculating local housing need. Whilst this is still a consultation and likely to change, the current proposals would increase housing need by approximately 20% in North Hampshire. Basingstoke and Test Valley have commenced work to review and update their local plans.

3.2 North Hampshire is accessible and very well connected to buoyant local economies, notably London, the Thames Valley and the South Coast. Rail connections between North Hampshire and London and the South Coast are excellent, albeit there are congestion and capacity issues on routes accessing London. North Hampshire has relatively good rail connections to the Midlands and the North from Basingstoke via Reading. North Hampshire is joined together by the M3/A303 which, along with the A34 running north/south through the area, provide connections to the national Strategic Road Network. In terms of rail and road networks, North Hampshire acts as a gateway between the south coast and London, the Midlands and the North and also between London, Surrey and the Thames Valley and the South West.



3.3 Investment in rail and the strategic road network relies on funding decisions outside of the control of the North Hampshire Authorities. At present, one of the key rail constraints is associated with capacity at Woking, where the Portsmouth line meets the Wessex mainline, and where there are proposals to introduce a flyover, allowing an additional two train paths per hour towards London. This is currently subject to funding bids via Network Rail and the Department for Transport. Other improvements beyond North Hampshire will provide significant benefits to easing congestion and connectivity issues that impact on the North Hampshire towns. This includes a southern access to Heathrow, in addition to more advanced proposals for a western access from the Great Western mainline.

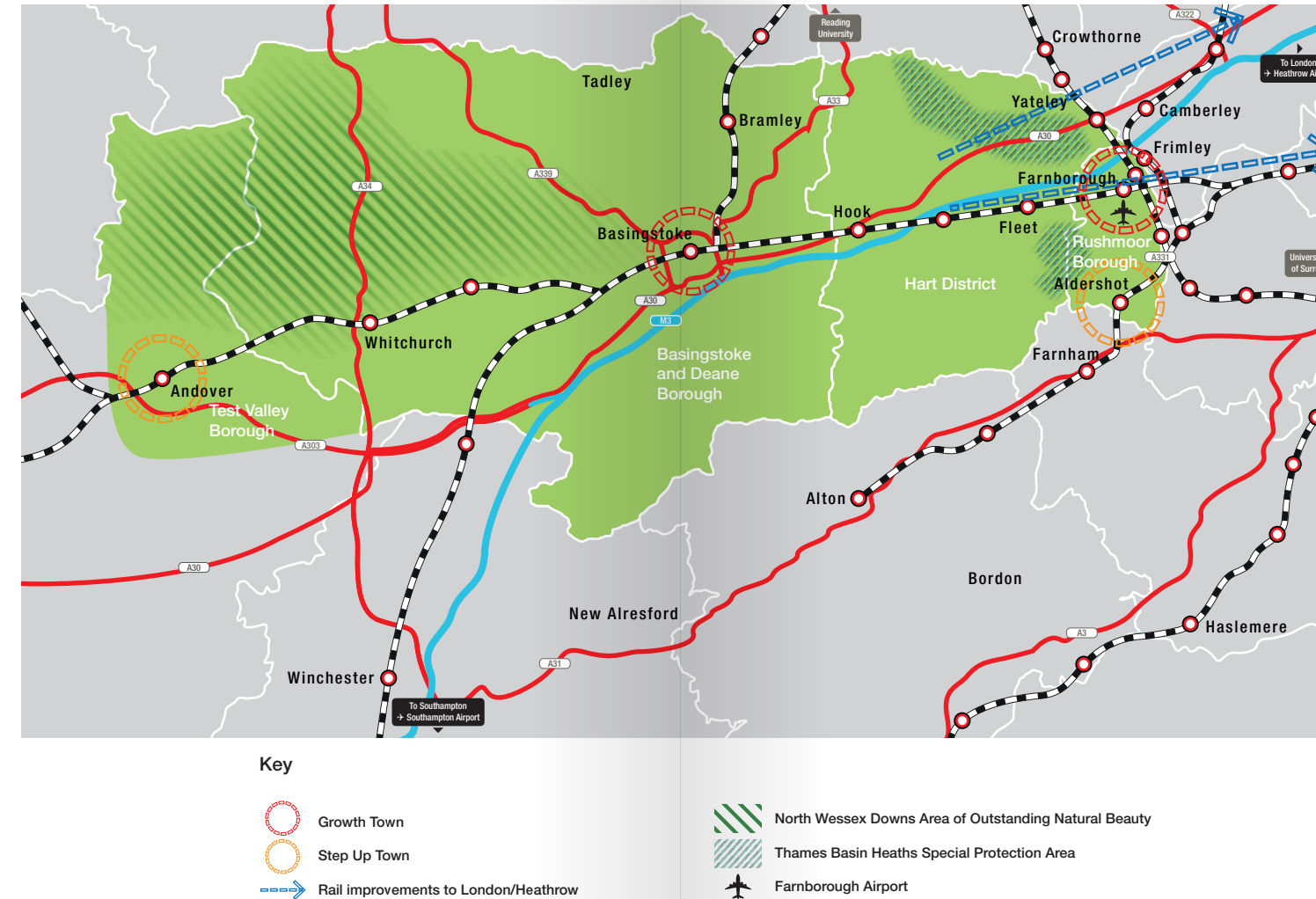
3.4 North Hampshire generally benefits from a thriving economy and has access to a highly skilled and qualified workforce. However, within the area, notably Andover and Rushmoor, there are areas with where skills/qualification levels are lower than the average for the Southeast. The local authorities should prioritise interventions to improve the educational and skills attainment within these areas, with a focus on those required in forecast growth sectors. Reduced out commuting

could help alleviate any skills shortages through the retention of some highly skilled residents working within the area.

3.5 It is notable that there is no university within North Hampshire. However, the area benefits from being in close proximity to major universities in Reading, Guildford, Southampton, Winchester and Portsmouth, all within easy commuting distance and accessible by public transport and there is an on-going local aspiration for a branch of an established university to locate in Basingstoke. The University for the Creative Arts is located just outside the area in Farnham and within North Hampshire the Farnborough College of Technology offers degrees supported by the University of Surrey at Guildford.

3.6 There has been considerable discussion and promotion of a green recovery to lead the economic recovery from the Coronavirus pandemic. Concerns over reliance on public transport for commuting to work have led to calls for increases in walking and cycling to avoid significant increases in highway congestion if trips that were made by public transport are subsequently made by private car. Furthermore, people have become more aware of the facilities available to them locally through the

North Hampshire Narrative Map



3.7 Government has been keen to promote laying the foundations for a green economic recovery through its 'Getting Building Fund'. It has provided £1.3 billion investment to combined authorities and LEPs to deliver upgrades to local infrastructure and boost skills to help fuel a green economic recovery.

3.8 The need to address climate change, both through adaptation and mitigation, is one of the most significant and influential policy changes that will need to be reflected in development that takes place at the local level. The location of development and the uses within an area can have a huge influence on the need to travel and the mode of transport used.

3.9 Health and wellbeing has risen up the agenda as an issue to be taken into account in planning new development. Active transport opportunities that do not rely on the use of the private car can have a significant impact on improving health outcomes. The way development is planned can influence how successful communities can be created. The experience of the Coronavirus pandemic lockdown has heightened appreciation

of close-knit communities where mutual support amongst residents can help reduce adverse outcomes for mental health in particular. Similarly, there is a greater appreciation of the benefits of accessible green spaces for improved physical and mental health outcomes.

3.10 The implications of the Coronavirus pandemic have introduced a new factor to considerations of where businesses wish to locate. A reliance on workers accessing offices in central London that generally require the use of one or more modes of public transport is now perceived as less attractive than before the pandemic. Opportunities may exist to attract firms relocating from London to North Hampshire.



Hart District Council's Leisure Centre



3.11 Transport for the South East has produced a draft Transport Strategy for the South East which was the subject of public consultation from October 2019 to January 2020. Whilst the consultation responses may result in changes to the strategy, unless there are radical changes, the strategy is clear that catering for forecast road traffic growth in the long term is not sustainable and that the focus will be on large-scale investment in public transport. The draft Transport Strategy presents a shift away from traditional approaches of transport planning (based on planning for a future based on recent trends and forecasts) to an approach of actively choosing a preferred future and setting out a plan of how to get there.

3.12 The draft strategy includes a clear distinction of where fast movement will be the priority and where the priority will be to ensure that 'places' are protected and even enhanced. The strategy states that areas with high 'place' functions, such as town and city centres, should prioritise 'active' modes, such as walking and cycling, over faster modes of transport. It further states that this should help preserve the environmental quality of these places, ultimately ensuring that they fulfil their role as the focus of their communities.

3.13 The Enterprise M3 Local Enterprise Partnership (LEP) has published its Strategic Economic Plan (SEP) for 2018 – 2030. This provides a locally specific response to the government's National Industrial Strategy, published in November 2017, provides the foundations for the emerging Local Industrial Strategy (LIS) and sets an ambitious target for growth of 4% gross value added (GVA) per annum up to 2030. The SEP identifies Basingstoke and Farnborough as 'growth towns' and Aldershot and Andover as a 'step up town', amongst others in the LEP area. As part of the development of its Local Industrial Strategy, the LEP recognises the importance of towns not only as engines of growth but also as essential components of a diverse offer to enhance the profile of the region as attractive and vibrant places to live and visit.

3.14 As part of the evidence base for the emerging LIS, the LEP has published a report on the Enterprise M3 Towns Analysis; Part 1 provides the data analysis and town classification and Part 2 sets out the future growth opportunities. The conclusions of the report are set out in the table below.

Table 1 – Summary of Enterprise M3 LEP Towns Analysis for the North Hampshire towns

	CONTRIBUTION TO FUTURE GROWTH	CONTRIBUTION TO SEP & LIS	INFRASTRUCTURE NEEDED TO ACHIEVE GROWTH POTENTIAL
ALDERSHOT	Major regeneration of town centre. Potential growth in digital and gaming sector and development of football ground including hotel development.	Potential growth in digital and gaming sector. Potential redevelopment of Aldershot FC including hotel which will support Borough conference offer.	M3 junctions. Walking and cycling links from Hart to Rushmoor.
ANDOVER	Potential regeneration of town centre, and cultural quarter and housing/employment growth.	Vision for growth of a cultural quarter as part of the master planning and regeneration of the town centre. Longer term growth of housing/population and employment.	Water supply and wastewater treatment. Highways improvement. Improvements to public realm, especially around the railway station.
BASINGSTOKE	Employment in high value sectors. Enterprise and innovation in digital and 5G.	Employment growth in high value sectors targeted in SEP. Supporting enterprise and innovation in digital and 5G. Training to deliver high skills. Improved connectivity. Regeneration of the town centre, leisure park and Enterprise Zone.	Road improvements including the strategic highway network, Mass Rapid Transit, rail to Heathrow, health infrastructure, digital connectivity, enhanced public realm.
BLACKWATER/YATELEY	Potential benefit from Crossrail 2. Potential regeneration of town centre.	Blackwater is located on the Reading-Guildford line, which will be improved under Crossrail Two. Potential for significant positive impact on the desirability of the Blackwater/Yateley area both in terms of living (and commuting) and working. There is therefore an opportunity to regenerate the centre.	Enhanced pedestrian and cycle access from the station to the two centres. Enhanced public realm along London Road, Blackwater.
FARNBOROUGH	Major regeneration of town centre. Potential growth in aerospace, digital, ICT and conferences.	High quality office-based activities, aerospace, digital, ICT, potential for conferences.	M3 junctions. Walking and cycling links from Hart to Rushmoor. Town centre infrastructure. A331 connection to Guildford. Hotels: additional hotel capacity at 3*/+ is important to the growth of Farnborough International Conference Centre.
FLEET	Opportunity to regenerate parts of the town centre, but no major change in the town. New garden settlement will look to Fleet for services.	Opportunity to regenerate parts of the town centre. New Garden Village settlement which will look to Fleet for services.	Enhanced pedestrian and cycle access from the station to the town centre and the leisure centre. Enhanced public realm along the high street.

3.15 Further analysis of the growth planned for the settlements of Andover, Aldershot/Farnborough, Basingstoke and Fleet is set out below.

ANDOVER

3.16 Andover has seen significant growth and expansion in recent decades, having been previously identified as one of the towns to accommodate development from London in 1960. Rapid population growth saw the development of housing, industry and shopping facilities, beyond the historic town centre.

3.17 A distinctive feature is its high degree of self-containment, with 70% of its residents living and working in the town. In sustainability terms, this is very positive and it will be important to ensure that retail and cultural facilities continue to attract expenditure from within the town and its wider catchment area and where possible to retain more expenditure in the town.

3.18 The town benefits from several major employers including the Headquarters of Army Land Command but there is a legacy of lower skilled employment in manufacturing and warehousing operations. There is a need to improve education and skills attainment in Andover, focussing on those required in forecast growth sectors. However, the presence of significant employment opportunities for those with lower skills is a positive benefit for the town.

3.19 Andover will continue to grow at a rate of approximately 358 dwellings per annum, notably through the development of the new communities at, East Anton, Picket Piece and Picket Twenty to the east of the town. The employment allocation at Walworth has planning permission but remains to be developed and there is a rejuvenation project for the Walworth Business Park in partnership with Kier.

3.20 Whilst a large number of trips are made by walking, only a small proportion are made by public transport and cycling. Cycle routes exist from residential development on the east of the town, linking though the town centre to employment sites to the west of the town. There is a mobility scooter route from Enham Alamein to the town centre. Test Valley Borough Council has adopted the Andover Town Access Plan (2015) as a supplementary planning document. This strategy sets out a shared vision for how access to facilities and services in the town, particularly the town centre, will be improved. It also develops a schedule of transport schemes that can be used to direct funding from developer contributions from either planning obligations or the community infrastructure levy. Test Valley Borough Council and Hampshire County Council have recently commenced work on a Local Cycling and Walking Infrastructure Plan for Andover.



Andover Masterplan

3.21 A key priority for Test Valley Borough Council is the redevelopment of Andover town centre. The Council has made significant land purchases to aid delivery and is working with other landowners including Andover College to realise that vision. A Masterplan for Andover town centre has also recently been adopted to stimulate investment and guide development in terms of locations, designs and uses. The Masterplan will help create a better-connected town centre, a riverside walk in a new well-being quarter and a new home for The Lights theatre and complement plans for bringing town centre living into Andover.

3.22 Test Valley has an adopted Green Infrastructure Strategy (2014) which draws together a range of initiatives which aim to retain and enhance existing provision and promote new provision and public access to it. Significant environmental concerns affect future wastewater treatment provision. The Fullerton WWTW drains to the River Test and ultimately the Solent, where the current condition of protected habitats means that all new development must be nutrient neutral. This is likely to be a constraint on future development until improvements can be made to the wastewater treatment works, or schemes to achieve nutrient neutrality can be delivered.



Andover Masterplan



Wellesley, Aldershot



Farnborough Airport

ALDERSHOT AND FARNBOROUGH

3.23 Aldershot and Farnborough are located in close proximity to each other and combined with the settlements of Fleet and Sandhurst, Camberley and Farnham in Surrey form a significant centre of population, known as the Blackwater Valley. The area forms a natural economic geography and shares a housing market area. Aldershot and Farnborough have both experienced rapid growth and make an important contribution to the wider North Hampshire economy. Historically employment has been linked to aerospace and defence and more recently Rushmoor has also seen growth in digital, gaming and advanced engineering sectors which are priority growth areas for the borough's economy.

3.24 In addition to these sectors the Army is the major employer in Aldershot and Farnborough is home to a number of significant employers across these sectors including Farnborough Airport, Fluor, BMW, nDreams and more recently Gulfstream.

3.25 Despite having two excellent colleges Rushmoor needs to drive up the proportion of residents with the highest level qualifications and improve the level of secondary attainment in our schools to make sure we can better meet the current and future needs of our employers from local talent and help ensure sustainable business growth.

3.26 The borough's population will continue to expand and housing is planned increase by around 436 dwellings per annum. Wellesley, a major expansion to Aldershot is creating a new neighbourhood to the north of the town centre through the redevelopment of land previously occupied by the military. This is complemented by substantial regeneration of the town centre including around 600 new homes. The main focus for development in Farnborough is the mixed use site at the Civic Quarter. This development of over 1000 homes sits alongside the wider town centre regeneration and employment development on strategic employment sites adjoining Farnborough Airport. Ensuring that this place shaping is both well connected and delivered in line with the Council's environmental and carbon reduction commitments will be key. usage until the Coronavirus pandemic.

3.27 The towns in the Blackwater Valley are well connected by bus routes combining to form the 'Blackwater Valley Gold Grid' which has a 24 hour service operating at 10 minute intervals in peak times and has seen substantial growth in usage until the Coronavirus pandemic. The continuation and development of this and similar services is important particularly for Aldershot which is on a different railway line and connects less well with the rest of North Hampshire. In Aldershot walking and bus use are higher than average, although cycle facilities are poor and a priority for investment and support for behaviour change. Much of the employment development around Farnborough Airport is poorly served by public transport and, though close by, has poor links to the town centre driving reliance on the car. To address some of these issues Rushmoor Borough Council and Hampshire County Council have recently commenced work on a Local Cycling and Walking Infrastructure Plan for Aldershot and Farnborough and Rushmoor Borough Council will prepare a green infrastructure strategy to support the wider implementation of its local plan policies.





Aerial view of Basingstoke

BASINGSTOKE

3.28 Basingstoke town is the largest settlement in North Hampshire and developed rapidly from the 1960s to accommodate part of London's overspill as an 'expanded town'. The regeneration of post-1960s housing stock is now an important issue in some parts of the borough.

3.29 Basingstoke has a strong and diverse economy with a good balance of business across a range of centres. It also benefits from a highly skilled workforce with access to an even wider pool of highly qualified people within its travel to work area. Employment floorspace is concentrated in Basingstoke town centre and a number of designated strategic employment areas. The town centre is a regional shopping centre. The neighbouring Basing View is a prime business location benefitting from Enterprise Zone status and current regeneration proposals. It is likely to be the focus for the provision of new grade A office space.



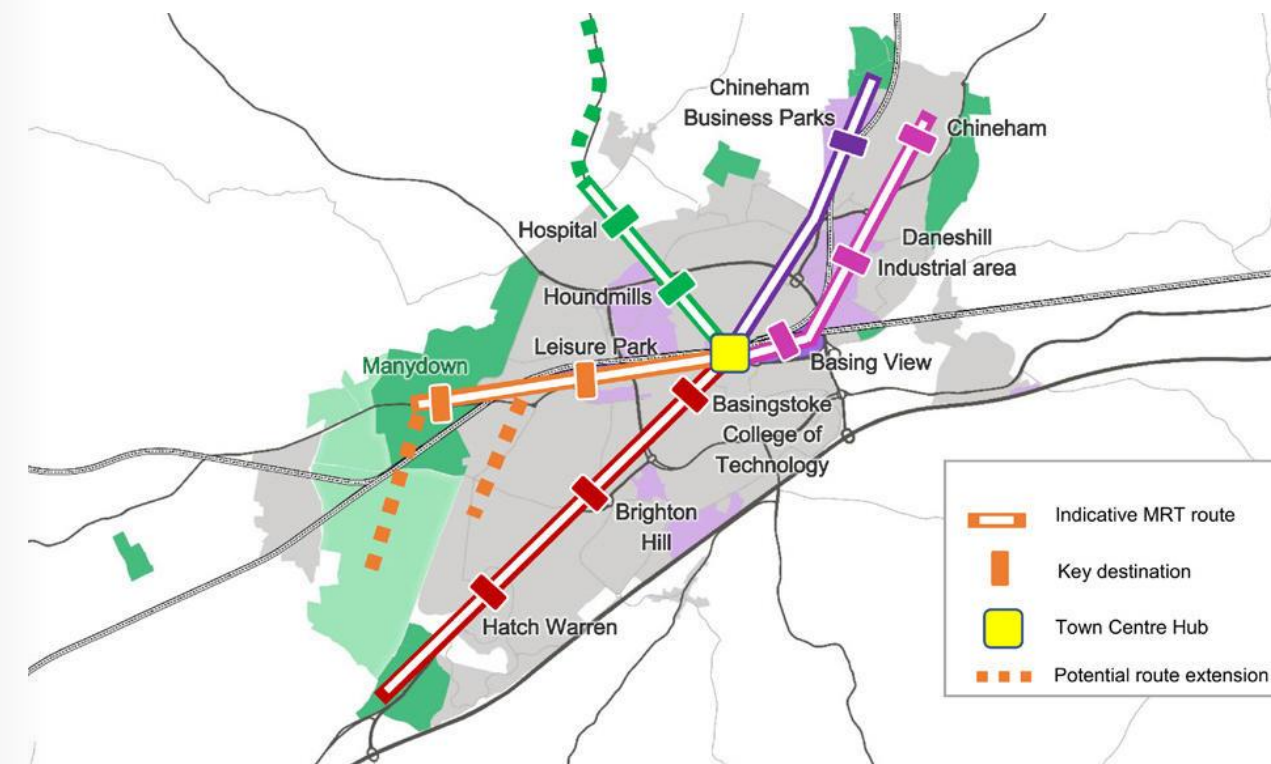
Florence Building, Basingstoke

3.30 The borough will continue to grow at a rate of approximately 850 dwellings and 450-750 jobs per annum. Basingstoke will expand with significant allocations for development to the southwest and west of the town. In particular, the Manydown development will provide a new neighbourhood and Garden Community of approximately 3,400 dwellings.

3.31 The Borough Council has developed a long term vision for major development to the west of the town, north of junction 7 of the M3. This sets out principles for growth which would ensure any development links well with existing uses including through the provision of suitable infrastructure, whilst the assets of the area are protected and enhanced. Growth could include a new hospital and health campus, in addition to new logistics and distribution floorspace. Development in this location would need to be well coordinated bringing with it the necessary investment in infrastructure to meet needs.

3.32 The development of Basingstoke town has relied on high capacity road systems and extensive parking provision and public transport use is relatively low. There is pressure on the capacity of the highway network through background traffic growth and as a result of new development.

Fig 10 of Basingstoke Transport Strategy – indicative mass rapid transit network



3.33 Basingstoke has an adopted Transport Strategy which aims to provide a step change in the quality of local public transport through the development of a bus-based Mass Rapid Transit system for the town. This will enable improved public transport opportunities for existing residents, as well as linking directly into the new communities being developed.

3.34 There are proposals to improve walking and cycling access to Basingstoke town centre through a Local Cycling and Walking Infrastructure Plan and also, to improve links to the wider countryside access network. The Transport Strategy includes the proposed development of priority strategic walking and cycling corridors, which will also link directly into the new communities.

3.35 Basingstoke also has an adopted Green Infrastructure Strategy which sets out that development should proceed on a 'net gain' principle and that development can contribute to the continuing management of existing assets as well as the creation of new assets. The development of new communities allows the Council to secure the provision of green infrastructure, both on and off site, that will enable future residents to benefit from a quality of environment that meets current expectations. There is the potential in Basingstoke to reinstate more of the Basingstoke Canal and to reinforce the borough's green infrastructure through potentially extending the North Wessex Downs AONB.



Willis Museum, Basingstoke

FLEET

Aldershot, Farnborough and Fleet are located in close proximity to each other and combined with the settlements of Sandhurst, Camberley and Farnham in Surrey form a significant centre of population, known as the Blackwater Valley. Fleet has experienced rapid growth in recent decades (in combination with Aldershot and Farnborough at a comparable scale to Basingstoke). The Blackwater Valley towns are within the same housing market area and functional economic area (except for Farnham).

3.37 Fleet is the focus for employment in Hart District, although it is also significant residential area with out-commuting to surroundings areas and London. Hart District has a highly skilled and qualified workforce.

3.38 Hart will continue to grow by approximately 423 dwellings per annum with a new settlement at Hartland Village to the east of Fleet providing approximately 1,500 dwellings. Hart will look to explore all options for delivering future growth including seeking efficient use of underused land along with the opportunities created by the appropriate intensification of growth within the urban areas.

3.39 Hart experiences very high levels of car ownership. There are three main line stations providing direct access into London as well as the North Downs line at Blackwater providing direct access to Reading, Guildford and Gatwick, but there is no formal cycle network and bus use is very limited. The towns in the Blackwater Valley are connected by bus routes combining to form the 'Blackwater Valley

Blackwater Valley and Fleet Stagecoach network

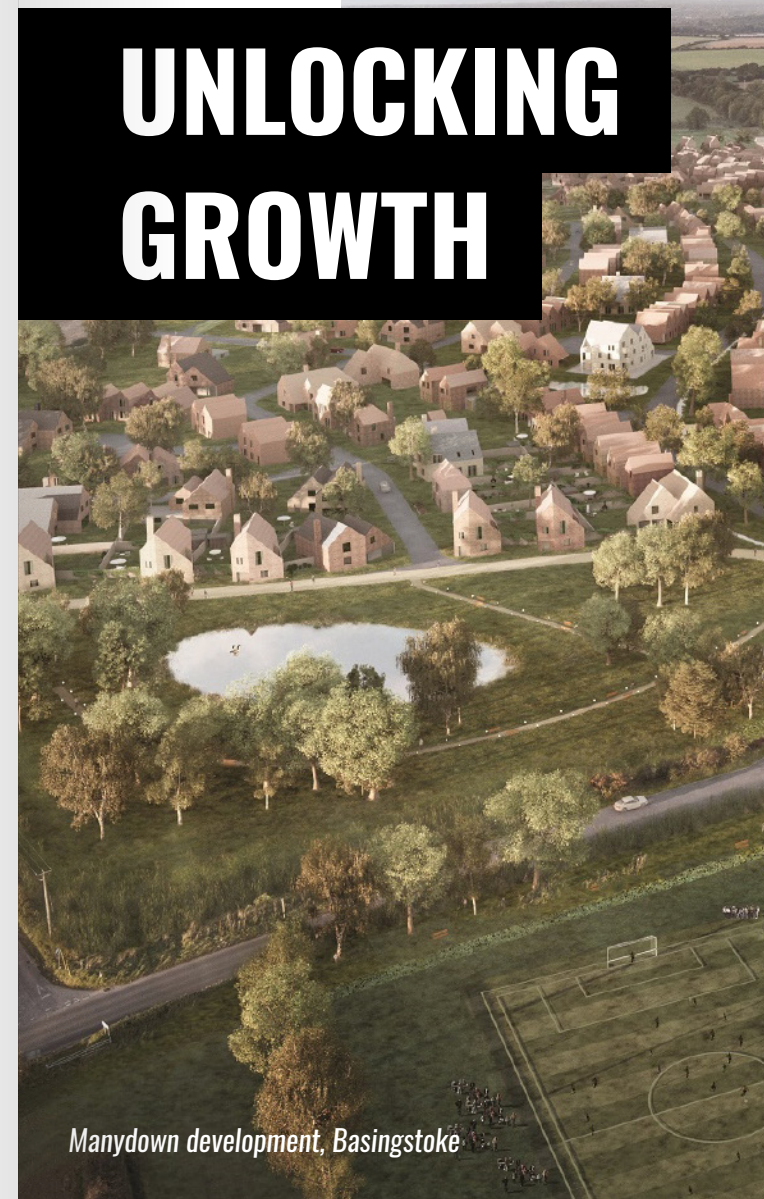


Gold Grid', which has a 24 hour service operating at 10 minute intervals in peak times and has seen substantial growth in usage until the Corona virus pandemic

3.40 Hart District Council is preparing a strategy to deliver the Hart Green Grid, which will encourage cycling and walking as well as creating wider opportunities for active recreation and leisure.

4.

UNLOCKING GROWTH



4.1 This section of the report explores what is needed to unlock growth in North Hampshire. It explores the challenges and opportunities that will impact on whether the growth that is delivered is of high quality and can be considered as 'good growth' or even 'green growth'.

4.2 The scale of growth in North Hampshire and the use of urban extensions and new communities can provide opportunities to address the policy challenges presented by climate change and a changing society. Some of the trends, such as on-line shopping and increased remote working using digital technology, have accelerated rapidly and it is not certain whether they will revert to previous levels or whether there has been a permanent step change in how people live.

4.3 Trends for increased home working and the use of digital technology to reduce the need for a physical presence in the office have been accelerated by the Coronavirus pandemic. Whilst the extreme situation encountered through full lockdown is expected to ease during 2021, it remains unclear whether the demand for city centre office space may have reduced on a long term basis and is perhaps unlikely to return to the pre-pandemic levels. However, there will be local variations to how this affects demand and the area may

benefit from increased demand for office space from companies wanting to move out of London. North Hampshire benefits from an exceptionally high quality of environment and could be in prime position to attract companies who wish to relocate but want quick and direct access to London when needed.

4.4 The North Hampshire Authorities have a critical role to ensure that their town centres remain attractive and economically sustainable commercial areas that can provide for the needs of the population without requiring travel to other centres to meet their basic needs. Whilst the introduction of permitted development rights for office and retail uses to convert or redevelop for residential uses will remove the ability for authorities to resist the loss of commercial uses, clear guidance on the strategy for town centres and investment in the public realm can help reinforce their commercial and community hub roles.

4.5 The pandemic appears to have resulted in some expenditure being clawed back into local areas, that would have been previously spent further afield, through a reduction in commuting and appetite to travel further to larger centres. Moving forward, an attractive commercial and cultural environment will be important to encourage employers

to relocate into the area. The North Hampshire towns contain existing arts and cultural facilities and it will be important to ensure that they not only survive the initial loss of business due to the pandemic but are able to enhance the local offer to take advantage of local residents potentially working closer to home in the future. Diversifying the offer in town centres, making them places where people want to spend time and socialise and creating experiential environments will be key to their long-term resilience and sustainability.

4.6 Similarly, the quality of design and placemaking in the urban extensions and new communities will be essential to their success as places and their contribution to improving the sustainability of the area. The design of major residential development should ensure that clear and easy to use walking, cycling and public transport opportunities are all available to reduce reliance on the private car. The Coronavirus pandemic has given fresh impetus to the concept of the '15 or 20-minute neighbourhood', where everyone can meet their basic needs without having to use a car. Given the influence that design and layout can have on health and wellbeing, connections to nearby centres by active travel modes can be as important as the provision of sufficient attractive and functional open space.

4.7 North Hampshire experiences high rates of private car ownership and use which will make mode shift to sustainable modes challenging. However, it is clear in the Transport for the South East Regional Transport Strategy that investment in transport will become increasingly focused on sustainable modes and demand will be accommodated through these rather than increasing highway capacity. Notwithstanding the potential for zero emission vehicles and new technologies, this will require changes to people's behaviours, including encouraging more active travel and the use of public transport, which need to be made more attractive options.

4.8 In order to ensure that congestion levels do not increase, the North Hampshire authorities will need to ensure that the design and layout of new development facilitates an increasing mode share for sustainable modes of transport. Whilst internal layouts and masterplanning are important to facilitate sustainable travel, equally important are walking and cycling routes beyond the development site and connections to the public transport network, providing access to other centres within North Hampshire and beyond.



Basingstoke bus station

4.9 Given the different characteristics of the North Hampshire towns, there will be differing priorities for sustainable transport improvements.

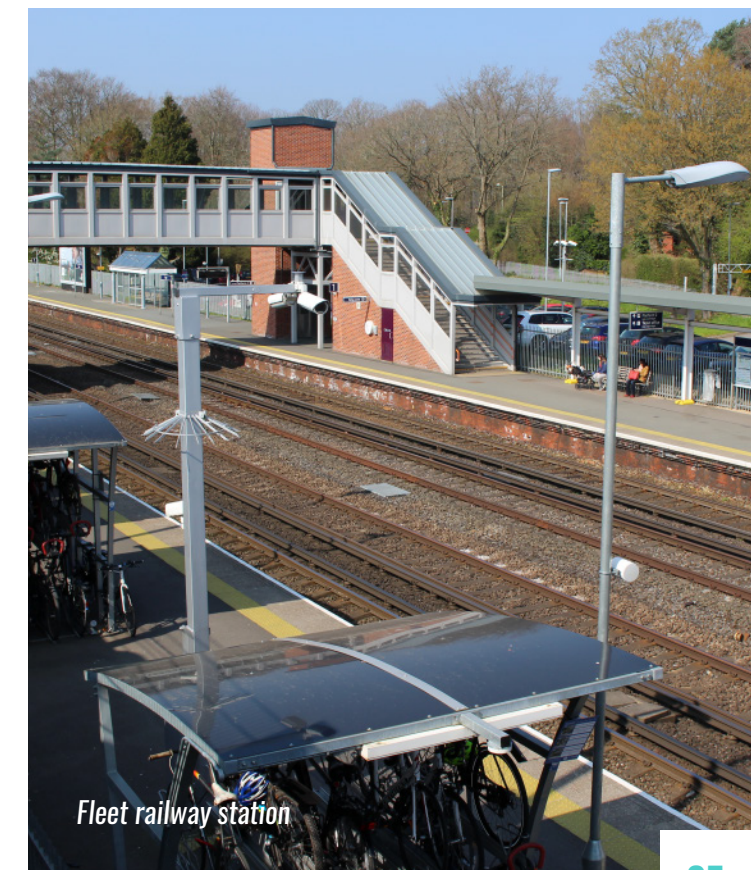
- **Andover** – focus on walking and cycling – in particular to connect the new communities to the east of the town with the town centre.
- **Aldershot/Farnborough** – focus on buses, in particular to enhance the existing Blackwater Valley Gold Grid network, and improving walking and cycling infrastructure.
- **Basingstoke** – focus on implementation of Mass Rapid Transport proposals through the provision of dedicated routes and, in particular, to connect new communities being developed to the town centre. Cycling and walking connections to the new communities will also be important. Exploring how micromobility can support a modal shift will also be part of the town's considerations.
- **Fleet** – focus on improving cycling and walking access to and within the town centre as well as between the town and neighbouring towns/villages. There is the potential to increase bus use through the new development at Hartland Village, which can enhance service provision between Fleet and Farnborough.

4.10 In North Hampshire there are opportunities to improve bus, cycle and pedestrian access to railway stations. The North Hampshire rail network will benefit from investment in the network beyond North Hampshire. In particular, the North Hampshire authorities strongly support proposals to reduce congestion on the line to London Waterloo and provide a new link from the south to Heathrow Airport..

4.11 Whilst the main North Hampshire towns are well connected to each other by the rail network, there are opportunities to better connect residential areas to the rail network by bus. However, the frequency and reliability of services will be fundamental to influencing travel behaviour and encouraging a modal shift from the private car.

4.12 Given the privatised rail and bus services and their regulatory context, local authorities can find it difficult to encourage and prioritise investment in appropriate infrastructure improvements. They can ensure that when new development is planned, accessibility by sustainable modes is prioritised. However, significant improvements to mass rapid transit, rail or bus, infrastructure are likely to rely on funding decisions by other bodies where the local authorities are more likely to have a lobbying or influencing role.

4.13 Given the rural nature of North Hampshire, there will be a need to continue to make provision for the private car as a mode of transport. Technological advances in electric and autonomous vehicles will potentially reduce emissions and enhance the ability to better manage limited highway capacity. However, infrastructure will be needed to deliver these new technologies, in particular electricity transmission and 5G coverage.



Fleet railway station

IDENTIFICATION OF KEY THEMES WITH PROJECTS FOR FUTURE FUNDING STREAMS



5.1 The North Hampshire authorities have considered some of the priorities for achieving good growth through the implementation of their local plans. The main themes are set out below.

PLACE MAKING AND DESIGN

5.2 The design and layout of new development will be imperative to ensure high quality development that meets a broad definition of 'good growth'. Similarly, some of the mechanisms that planning can employ to deliver 'green growth' will be through the design and layout of large development sites. Depending on the outcome of government consultation on changes to the planning system, the North Hampshire Authorities, together with neighbouring districts, may wish to collaborate on producing design codes to guide and improve the quality of development locally. Whilst the precise detail of these are likely to differ, given the local context of major development sites, the principles to be addressed and structure of design guides could benefit from a common approach amongst the North Hampshire Authorities.

5.3 As referenced earlier in this document there are a range of planning and infrastructure interventions that relate to climate change considerations and could be categorised as contributing to a green recovery or green growth. The North Hampshire Authorities should be prepared for opportunities to bid for funding streams that could help to deliver these.

TOWN CENTRE REGENERATION

5.4 The continued regeneration and renewal of town centres to ensure that they meet the changing needs of residents is an important theme for new development in North Hampshire. Given the threats to high street retailing, consideration of measures to improve the public realm and secure commercially viable uses will be important to ensure that the town centres can evolve and remain as focal points for local communities. Leading on town centre regeneration is an important role for local authorities. The North Hampshire authorities should ensure that they have schemes and proposals ready to bid for any available public funding for public realm and sustainable transport improvements that may become available, e.g. Future High Streets Fund.

ECONOMIC INITIATIVES

5.5 The North Hampshire authorities all promote employment and skills plans for major development, through the planning process. Specific initiatives to enhance employment and skills are promoted by the LEP, but the North Hampshire authorities will influence the direction of these schemes and provide links to local employers.

5.6 Digital connectivity will be essential to the future economic success of the area. Whilst there is welcome investment to deploy gigabit capable fibre between Guildford and Basingstoke, it is suggested that the potential to extend this to Andover and to enhance the core scheme with additional spurs should be explored.

5.7 The local authorities could encourage local firms to generate links with the universities surrounding North Hampshire in Reading, Guildford, Southampton, Winchester and Portsmouth for both research and development and training. Whilst the absence of a university may seem to be a disadvantage, encouraging

identity with the wide range of surrounding universities could be seen as a distinct economic advantage given the variety of specialisms and the lack of reliance on a single institution. Access to a wide range of universities could be used in any promotional material used to attract external investment by the North Hampshire authorities.

5.8 With the current growth in the logistics sector, North Hampshire has the potential to become an important distribution location due to its good connectivity, including proximity to ports and the M3, A303 and A34 which connect it to the rest of the South East, the South West and the Midlands.

5.9 North Hampshire has some key sector strengths such as aerospace and defence, life sciences, professional and financial services, advanced manufacturing and digital tech. It is home to global companies and a growing start up community. To ensure the longer-term economic resilience of the area it will be important to support the establishment of a robust supply chain and create thriving ecosystems where businesses of all sizes can collaborate and innovate. Investment in skills to ensure businesses have access to a suitably qualified workforce will also be key.



TRANSPORT

5.10 Transport is perhaps the most significant issue when considering how to address issues such as climate change and health and wellbeing. It will be critical to ensure attractive residential environments that facilitate walking, cycling and public transport as the mode of choice. However, this needs to be coordinated with action to ensure that the routes to access destinations, particularly town centres and employment locations, are safe and easy to use, particularly for more vulnerable children and the elderly.

5.11 The North Hampshire authorities are considering a range of improvements to the wider transport system, although their influence on spending decisions is relatively limited. The authorities could perhaps consider coordinating their responses to consultations on rail franchises, Highways England's Road Investment Strategies, or investment plans by Transport for the South East or Hampshire County Council as a cross-boundary agreed approach can be more persuasive to those considering responses.

5.12 The North Hampshire authorities, along with Hampshire County Council, should

be prepared to bid for funding that may become available for small scale schemes that can help facilitate sustainable transport. There may be opportunities to provide new bus links from Aldershot, Farnborough and/or Fleet to Reading which will generate a significant demand for public transport. The North Hampshire authorities may wish to explore this with Wokingham Borough Council.

5.13 The single biggest proposed public transport improvement in North Hampshire is the development of bus-based Mass Rapid Transit (MRT) in Basingstoke. The development of significant new communities can contribute to the necessary infrastructure being provided alongside. There will be a transition before the full MRT can be implemented. A significant increase in other sustainable forms of transport such as electric cars, car sharing through car clubs, will be encouraged.

5.14 The North Hampshire Authorities should lobby for the improvement of transport connections to London which are needed to enhance the area's competitiveness. Key infrastructure improvements include:

- Ensuring a rail connection between North Hampshire to Heathrow airport.
- Unlocking the Woking rail bottle neck so that frequency and capacity

of rail services can bring about economic uplift to North Hampshire's towns through service and speed of connection

5.15 Alongside this, there may be opportunities for improvements in transport through the provision of new stations in the longer-term to serve new communities.

GREEN INFRASTRUCTURE

5.16 The North Hampshire authorities all have emerging or adopted green infrastructure plans or strategies. These contain detailed proposals to improve links between urban areas and the countryside. Green infrastructure provision within large development sites can be secured by the authorities as part of the planning process. However, whilst some off-site improvements may be secured through planning obligations, the authorities should have schemes, costed and prepared, ready to bid for any public funds that become available or that may need to be funded from community infrastructure levy receipts. For example, green infrastructure projects that help protect and enhance the physical environment, as well as facilitate safe and attractive active travel opportunities, e.g. Hart's green grid,

could be well placed to secure funding. Hart District Council is developing a strategy to deliver a green grid which will encourage cycling and walking, as well as creating wider opportunities for active recreation and leisure, and provide links to adjoining towns and countryside.

WASTEWATER TREATMENT

5.17 The impact of wastewater treatment on protected habitats due to increased nutrient deposition is becoming a significant planning issue that can block development. In North Hampshire capacity issues and the lack of nitrogen stripping at the Fullerton WTW mean that the impact of nitrates on the environment has become a significant constraint to development in Basingstoke and Test Valley. Nitrogen levels in wastewater from Basingstoke and Andover are therefore not reduced as part of the sewage treatment process and nitrate levels are some 3.3 times higher than wastewater treatment works elsewhere. This can act as a constraint on development that can be difficult to resolve as part of the development process and investment in nitrogen stripping by Southern Water is strongly advocated.





DIVERSIFICATION OF THE HOUSING MARKET

5.18 The North Hampshire authorities share challenges around the housing market, needing to ensure that it is diversified and able to facilitate small and medium enterprise (SME) house builders to help deliver the high housing numbers across the area through smaller sites. Challenges around being attractive to SME operators include supply of labour and training, development and apprenticeships in the construction sector and adoption of modern methods of construction and green technologies. Through a collective approach the authorities provide an attractive offer to this market sector.

FUNDING STREAMS

5.19 Funding opportunities are often available at short notice and on a competitive basis. The themes identified in this report give an indication of the areas where the North Hampshire authorities should be in a position to bid for funding, should it become available.

5.20 One of the most significant funding pots that has been available in recent years is the Housing Infrastructure Fund. Substantial funds were made available to unlock the provision of new housing through the provision of infrastructure that could not be made available through another route. Whilst this programme closed in 2017, the North Hampshire should remain alive to any future similar programmes, particularly in relation to major housing developments.

5.21 The recent 'Getting Building Fund' allocated funds to the EM3 LEP has helped to fund infrastructure in North Hampshire, notably through funding for the gigabit capable fibre between Basingstoke and Guildford. There may be further funding opportunities that could expand on this initial provision and extend connections to other parts of North Hampshire.

5.22 The North Hampshire authorities will continue to secure on and off-site infrastructure through S106 planning obligations, unless the proposals in the Planning for the Future White Paper are implemented. Furthermore, funds secured

through the community infrastructure levy are available to the North Hampshire authorities to spend on infrastructure that facilitates the growth of the area. The local authorities can prioritise the type of infrastructure through the allocation of funds to specific projects.

5.23 The Future High Streets Fund and Towns Fund are examples of recent competitive funding opportunities. The Future High Streets Fund is seeking to apply expertise to deliver the rejuvenation of town centres. Allowing them to adapt and evolve while remaining vibrant places for the community. The Towns Fund looked to achieve investment priorities and project proposals set out in a Town Investment Plan, governed through the establishment of a Town Deal Board.

5.24 The North Hampshire authorities will continue to influence the priorities for transport funding streams, largely as a consultee for programmes, plans and strategies produced by Hampshire County Council, South East England Regional Transport Board and Highways England. Where possible the local authorities will seek to influence improvements to the rail network as consultees.

5.25 The North Hampshire authorities will remain alive to potential funding opportunities to ensure that the infrastructure needed to support development can be provided. Given recent experience of the implications of the Coronavirus pandemic the priorities to achieve 'green growth' are for:

- Green infrastructure
- Sustainable transport infrastructure
- Town centre regeneration.

NORTH HAMPSHIRE NARRATIVE

5.26 This narrative demonstrates the shared themes across the authorities of North Hampshire. Occupying a key location between London, the Thames Valley and the South Coast, the area benefits from excellent transport connections, an outstanding natural environment and a strong and diverse economy with a good balance of businesses across a range of sectors. This narrative provides the context within which the Authorities can present their aspirations for the future of the area to enable them to deliver the growth required.





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**HART DISTRICT
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**RUSHMOOR
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GU14 7JU

**TEST VALLEY
BOROUGH COUNCIL**

Beech Hurst
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Andover
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CABINET

COUNCILLOR MAURICE SHEEHAN
OPERATIONAL SERVICES PORTFOLIO HOLDER21ST SEPTEMBER 2021

REPORT No. OS2110

KEY DECISION: No

**ALDERSHOT CREMATORIUM -
PROPOSAL TO UNDERTAKE FEASIBILITY STUDY TO INFORM FUTURE
INVESTMENT OPTIONS****SUMMARY:**

Due to the age of the facility and the heavy operational demands placed on the Aldershot Crematorium, regular extensive maintenance is required. The Council's most recent condition surveys of the crematorium have indicated that significant repair and refurbishment works are also now required in addition to the regular maintenance regime. Given the scale of identified repairs and refurbishment requirements, it is appropriate that the Council considers the best approach to the continuous provision of Crematorium services. This report sets out the case for a comprehensive feasibility study to be undertaken to evaluate the best long-term solution for the Aldershot Crematorium given the current circumstances.

Investment in the asset is required not only to protect existing income levels, but to generate additional income for the Council.

With an increasing population and mortality rate predicted over the coming years, the facility needs to respond accordingly, and provide the high-quality offer expected by residents.

The operation of the crematorium generates a surplus for the Council, (£500k to £700k pa). With nearby local facilities in Guildford and Easthampstead Park having invested heavily in recent years, demand for the older Aldershot facility has started to decline.

High-level figures in the Outline Business Case, (Appendix 1), compare the costs of providing an entirely new building located elsewhere on the current site, with those of refurbishing the existing facility. It is estimated that an extensive refurbishment of the existing building may cost in the region of £1.5m to £2.5m, with a new build likely to cost between £6m and £10m, dependent on the scale and range of facilities provided. A feasibility study is required to establish the optimum size of facility and more accurate cost estimates.

This report recommends the commissioning of a detailed feasibility study to scope the options and consider the economic and financial case for each. It will also consider the opportunities to improve the customer experience, create additional space for additional services, harness heat from the cremation filtration process, and high level options to improve vehicular access to the site. It will also consider where on the existing site a new facility could be located, the potential social value

of the project, the likely development of the market, and how the scheme should be funded.

RECOMMENDATIONS:

Cabinet is recommended to:

- Approve the commissioning of a full feasibility study and business case assessing the investment options.
- Recommend to Council that a budget of £75,000 is approved to deliver the study.

1. BACKGROUND AND CONTEXT

- 1.1 The Park Crematorium is located in the south-east corner of the borough, adjacent to Aldershot Park. It was opened in the Summer of 1960, and sits on 16 acres of land. The site contains a single large building, an 80-space car park, and grounds housing gardens of remembrance. The building contains a chapel that can accommodate up to 140 mourners, (80 seated), an area housing three cremators, a memorial room, waiting room, offices, toilets and a number of small ancillary rooms.
- 1.2 The venue is open five days a week, (Monday to Friday), and holds around 1,600 cremations a year. The building was last fully refurbished in 1996/97. Since this time, whilst regular maintenance has taken place, no major investment in refurbishment has happened.
- 1.3 The operation of the crematorium generates a surplus on operational activities and consequently a considerable contribution to the Council's annual revenue budget position. Income for the 2020/21 financial year totalled around £1.54m, against expenditure of £1m, generating a surplus on activities of over £500,000.

2. RATIONALE

- 2.1 There are a number of factors to take into account when considering the rationale for investing in the crematorium:
- 'Improving facilities at Aldershot Crematorium' is a priority identified in the Rushmoor Council Business Plan, 2021 to 2024.
 - A recent condition survey has identified a range of essential works that will need to be undertaken in the forthcoming 24 months, totalling over £380,000. These works are classified as 'essential' to keeping the building operating at the existing level, and do not include 'desirable' works designed to improve the current offer.

- Demand for cremations at the Aldershot Crematorium has plateaued, and then fallen since 2017, (although last year's figures were affected by the Covid pandemic). Whilst no market research has been undertaken to understand the reasons, anecdotal evidence from both the bereaved and funeral directors suggests the recent investment in other local crematoria is having an impact on demand for the Aldershot facility.
- The Office of National Statistics predicts the UK's death rate to increase significantly over the next 50 years, placing additional demand on crematoria nationally for the foreseeable future.
- The population in Rushmoor is forecast to increase steeply over the next few years, with the percentage of over 65's rising considerably quicker than the UK average.
- The borough's nearest facilities – Woking, Guildford and Easthampstead Park – are all more modern than Aldershot's existing offer, with Easthampstead Park having built a second chapel three years ago, and Guildford having invested over £10m in brand new facilities in 2019.

3. IMPLICATIONS

Financial

- 3.1 High-level costs for a major refurbishment of the crematorium are considered in the attached Outline Business Case, and it is estimated that work will total between £1.5m and £2.5m. The commissioning of a feasibility study will enable more accurate costs to be established.
- 3.2 An industry standard estimate of the cost of building a new single-chapel crematorium with one cremator is between £4.5m and £6.5m, (*Cremation Society of Great Britain*). The building itself usually accounts for around half of this cost, with fees, surveys, groundworks, utilities, fixtures & fittings and cremation equipment accounting for the rest.
- 3.3 Whilst the cost of both the new Guildford crematorium (£11m), and the new West Hertfordshire crematorium due to open next year (£9m), are higher than the industry standard, a number of private sector crematoria have been built over recent years, all at a cost of between £3m and £5m.
- 3.4 Given the wide range of indicative capital costs published for the building of a new crematorium, the commissioning of a feasibility study is required to establish a more accurate budget.
- 3.6 A budget of £75,000 is required to deliver a feasibility study to consider the options – new build and refurbishment.

Legal

- 3.7 The crematorium is owned and managed by Rushmoor Borough Council. The proposed building of a new facility will be delivered by the Council, on Council owned land. Much of the land surrounding the site is also owned by the Council. No other direct stakeholders have been identified at this stage.
- 3.8 No further legal implications have been identified at this stage.

Risks

- 3.9 There are a number of risks associated with delivering a new facility on the existing site, or indeed a major refurbishment, including interruption to the existing service during the build period, return on investment and payback period, and costs not accounted for at the outset.
- 3.10 However, there are also significant risks associated with *not* going ahead with either scheme, including:
- Reputational risks, as the Council is unable to provide a fit-for-purpose bereavement service for residents.
 - Competitor risks, as alternative providers located within adjacent boroughs become the 'crematorium of choice' for Rushmoor residents. There is also the risk of private operators looking to enter the local market.
 - Financial risks, as expenditure on the repair and maintenance of the building and equipment increases, and income reduces as business is lost.
- 3.11 A detailed analysis of the key risks will be undertaken as part of the feasibility study.

4. CONCLUSION

- 4.1 The Aldershot Crematorium is in need of significant investment, with large-scale repair and maintenance works required.
- 4.2 With demand for cremation facilities in the borough predicted to increase in the coming years, a major refurbishment of the facility is needed to protect existing income, control costs and provide a quality service to the borough's residents. An alternative to a full refurbishment is the building of a brand-new facility elsewhere within the grounds of the existing site.
- 4.3 The benefits and financial implications of both these options will be considered as part of a feasibility study, for which a budget of £75,000 is sought.

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ALDRSHOT CREMATORIUM REDEVELOPMENT

Outline Business Case
July 2021

RUSHMOOR
BOROUGH COUNCIL

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1. Introduction

Purpose and Approach

This Outline Business Case (OBC) provides a rationale for undertaking a detailed feasibility study to consider the potential redevelopment of the Park Crematorium, Aldershot.

Following years of under investment in the fabric of the building, the facility is now in need of extensive refurbishment, with significant repair and maintenance works required. With alternative local crematoriums having invested heavily in their offer in recent years, the Aldershot facility has fallen behind in a competitive market.

With an increasing population and mortality rate predicted over the coming years, and an increasingly diverse society, the facility needs to respond accordingly.

Investment in the asset is required not only to protect existing income levels, but to bring additional financial return for the Council, which will help to address the budget gap predicted in the medium-term financial plan. It will also provide the high-quality offer expected by our residents - a facility fit for the next thirty years.

With such significant levels of repair and maintenance work required to the existing building, the provision of an entirely new facility located elsewhere on the current site may provide a more cost-effective option.

This OBC considers two options:

- Refurbishment of the existing facility
- Provision of a new facility located elsewhere on the existing site

The OBC seeks a decision to approve the commissioning of a detailed feasibility study to explore these options in more detail, and to scope the projects.

Subject to approval of this Outline Business Case, a budget will be assigned for delivery of the feasibility study.

Scope

The Outline Business Case considers the high-level evidence to justify the progression of a new-build, rather than refurbishment of the existing facility. Subject to financial analysis, this may prove the favoured option as it provides the opportunity to completely redesign and expand the service to drive additional income generation.

The proposals and indicative costs in the OBC are based on a 'like-for-like' offer. However, the feasibility study will consider options for expanding the current service and, subject to approval to proceed, will identify the wider scope of the project, (including a detailed business case), and will include consideration of:

- *Site location* – where on the existing site the new facility should be located, and how the provision of service can be continued throughout the build.
- *Market penetration* – how the existing products and services offer by the crematorium can be improved to attract greater uptake and usage by residents.
- *Market extension* – how the improved offer can be used to attract more customers living further afield who may currently be inclined to use competing facilities.
- *Product development* – whether there is an opportunity to provide additional services of value to those people attending the facility, for example function rooms for wakes, a coffee shop, or other Council services. Whilst the OBC has costed a 'like-for-like' facility, the feasibility work will consider options for enhancement of the offer.
- *Social value* - how a new facility can contribute to social value, for example, improving the well-being of residents, reducing carbon emissions, etc.

The feasibility study will inform a detailed business case which will make a clear recommendation for project delivery for Member decision.

2. Background and Project Context

The Park Crematorium is located in the south-east corner of the borough, adjacent to Aldershot Park. It was opened in the summer of 1960, and sits on 16 acres of land.

The site contains a single large building, an 80-space car park, and grounds housing gardens of remembrance. The building contains a chapel that can accommodate up to 140 mourners, an area housing three cremators, a memorial room, waiting room, offices, toilets and a number of small ancillary rooms.

The venue is open five days a week, (Monday to Friday), and holds around 1,600 cremations a year.

The building was last fully refurbished in 1996/97, and since this time has suffered from a lack of investment. Whilst the crematorium has a knowledgeable and experienced team of staff and an excellent reputation for customer service, the building itself is cold and uninviting.

The operation of the crematorium generates a healthy profit. Income for the 2020/21 financial year totalled around £1.54m, against expenditure of £1m, generating a profit of over £500,000.



3. Rationale

There are a number of factors to take into account when considering the rationale for redeveloping the crematorium:

Council Priorities

The proposed building of a new crematorium aligns with a number of key targets set in the Council's Business Plan, April 2020 to March 2023:

- We will maintain and develop excellent indoor and outdoor facilities.
- We will agree sustainable, (climate friendly/carbon neutral), approaches to the design and delivery of all Council led developments.
- We will improve and modernise the Council's core business and create a consistently excellent customer service.

Condition of the existing building

A recent condition survey has identified a range of essential works that will need to be undertaken in the forthcoming 24 months. These works total over £380k and are classified as 'essential' to keeping the building operating at the existing level. They do not include 'desirable' works designed to improve the current offer.

A summary of the imminent spending requirement is provided, below:

£130,000	re-roofing
£50,000	refurbishment of the chapel
£20,000	replacement of cracked glass dome roof lights
£20,000	installation of cavity trays in glazed entrance
£15,000	refurbishment of toilets
£15,000	redcoration of public areas
£10,000	reconfiguration of accessible toilet
£10,000	convert chapel window bay to seating area.
£10,000	make good paviours, slabs and tarmac
£9,000	staff areas repair, redecoration and replacement flooring.
£8,000	replace boiler fans and external ducts
£5,000	replacement boilers
£84,000	miscellaneous
£386,000	

A major component of the works is associated with the building's roof. The roof coverings have moved beyond their life expectancy and require full replacement, complete with repairs to the parapet walls, and replacement of the coping stones and cavity closers. This is major works and involves significant cost.

For a number of years, the repairs and maintenance programme has been responsive, rather than planned, and much of the plant and equipment is inefficient and needs replacing.

A number of health and safety concerns have been addressed in recent months – crumbling fascia, loose paving slabs, etc – and these issues will continue to worsen and become more regular.

The facility's three cremators were installed in 2001. In need of substantial repair, a few years ago cremator 3 became a donor-cremator supplying, (mostly now obsolete), parts to the other two. Following an incident during a cremation in June last year, cremator 2 was declared non-operational on health and safety grounds. An order for a replacement containerised cremator was made in October 2020, with the new cremator installed in January and operational from 1 February 2021. Procurement for a second cremator is likely to commence in due course. These new cremators will be significantly more efficient and environmentally friendly than their predecessors.

Major refurbishment works to a crematorium site will always prove difficult as, by its very nature, the setting requires the maintenance of a tranquil, respectful environment. Intrusive works may require the facility to shut for a period, resulting in a loss of income.

National Demand for Cremation

Whilst the country's first public crematorium was opened in Woking in 1885, it was only after the second World War that the number of cremations began to rise rapidly. Currently, cremations account for around 80% of all funerals in the UK, and there are just over 300 crematoria nationwide.

The most important factor affecting demand for cremations is clearly the death rate. The number of deaths in the UK has fallen steadily since a peak in the 1980's but despite this, the Office of National Statistics predicts the number of deaths to increase significantly over the next 50 years.

Demand for cremation in Rushmoor

There are various factors that can influence where a bereaved family choose to hold a funeral service, but in the majority of cases, the single biggest factor is the travel time for people attending the funeral. As a rule of thumb, the industry works on the basis that the funeral party should not have to drive more than thirty minutes to a crematorium.

A detailed feasibility study will enable the catchment population of the Aldershot Crematorium to be identified based on this drive time, calculating the number of cremations the facility should *expect* to host each year, compared to the actual

number, with any variance analysed. The impact of neighbouring crematoria at Guildford, Bracknell, Woking and Basingstoke can also be assessed.

Over the past three years, around 30% of the Park Crematorium's customers have been residents of Rushmoor i.e. the deceased was residing in the borough.

As well as travel time and demographic considerations, a number of service level factors influence demand, including availability, service interval times, facilities offered, environment and pricing.

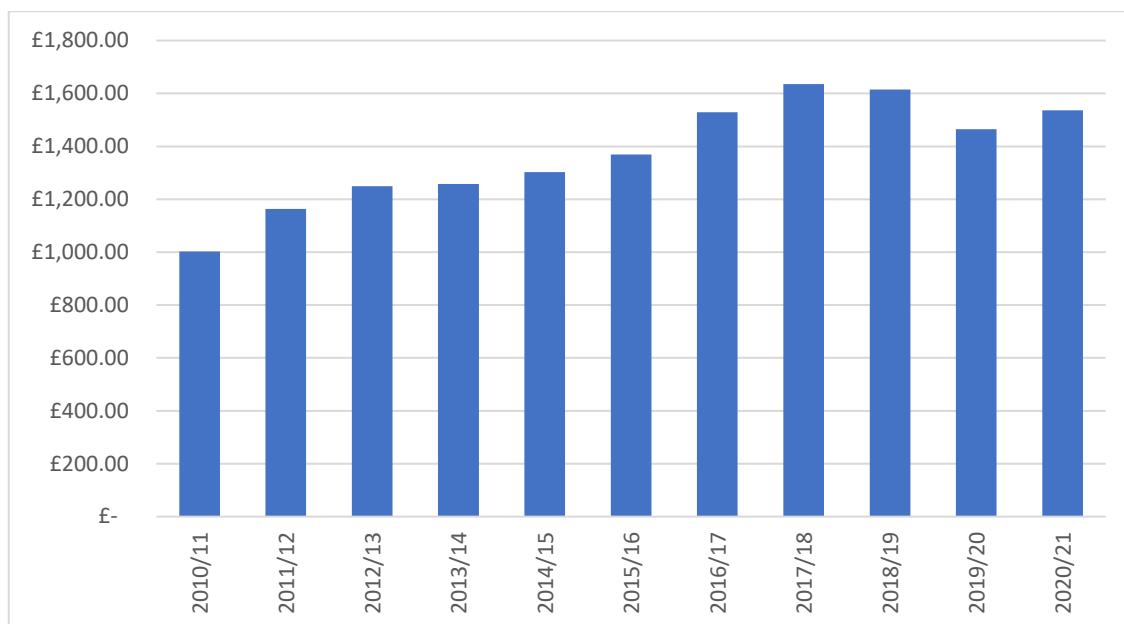
- *Availability of services* – the Aldershot Crematorium currently operates a maximum of 43 services a week (9 each day Monday to Thursday, and 5 on a Friday). Whilst waiting times occasionally exceeded 3 or 4 weeks at the height of the Covid pandemic, capacity is currently thought to be sufficient.
- *Service interval time* - over the past decade, the average length of standard booking slots at UK crematoria has increased from 30 to 45 minutes, as people's attitude to bereavements has changed. Now, most crematoria offer either 45 or 60 minute slots. The current practice at Aldershot is 45 minutes.
- *Facilities and Environment* – whilst the chapel sits within well maintained and tranquil grounds, existing facilities offered at Aldershot are basic, especially when compared to the recently opened Guildford crematorium. As well as improving the existing standard offer, there are opportunities for additional facilities, as detailed in the following sections.
- *Pricing* – each year The Cremation Society of Great Britain publishes a Cremation Fee League Table. In January 2020, fees of the 308 UK crematoria ranged from £392 to £1,070. Aldershot's fee of £926 was in the top quartile, (number 61), identical to that of Woking and Guildford, £50 more than Bracknell, and £100 below Basingstoke.

If a family is undecided at which crematorium to hold their service, funeral directors may well make a recommendation. The Aldershot facility has benefitted from a number of these recommendations in the past due to their excellent customer service standards. However, it is understood that these referrals may have reduced of late due to the poor state of the building. An engagement exercise with local Funeral Directors is planned.

During the 2020/21 financial year, the Aldershot Crematorium hosted just over 1,500 cremations, (an average of 6 a day), charging £870 (+ a £56 Cameo Levy) for each one. This total of £1.31m makes up over 85% of the facility's total budgeted income of £1.54m, the remainder coming primarily from memorials sales.

The table below demonstrates that, having steadily increased for a number of years, income at the crematorium has slowed, and then fallen since 2017. Last year's income figure of £1.54m was affected both by increased demand during certain

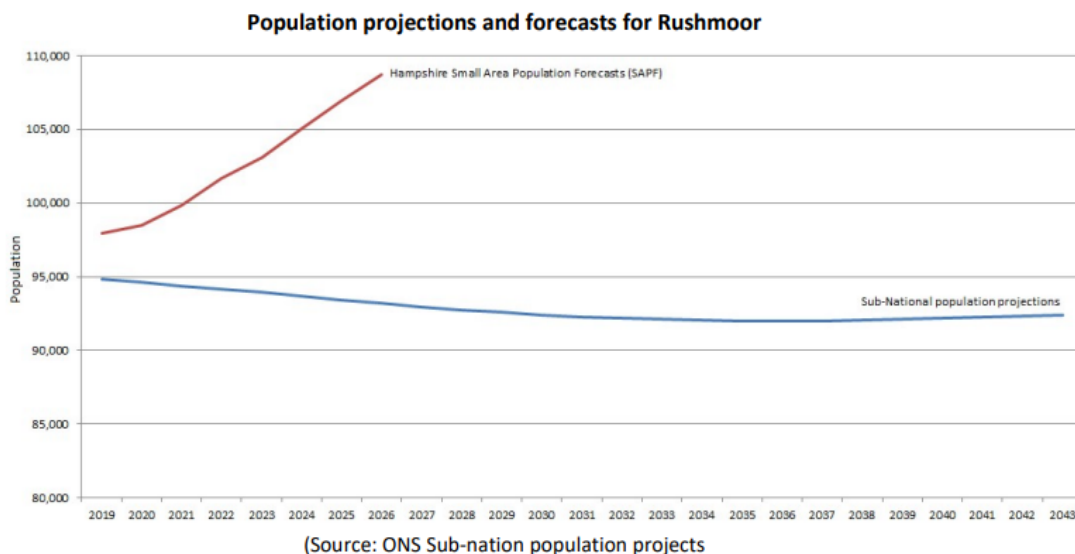
months due to the Covid pandemic, and a reduction in capacity during others due to the loss of a cremator.



This trend is a concern and, whilst no market research has been undertaken to understand the reasons, anecdotal evidence from both the bereaved and funeral directors suggests the decline in the physical state of the building is becoming an issue, and likely to affect business going forward.

Population Demographics

The Office for National Statistics produces Sub-National Population Projections (SNPP), which predicts Rushmoor's population to fall slightly by 2043. However, Hampshire County Council produces the Small Area Population Forecasts (SAPF), which is based on future dwellings supply, including all large and small sites with planning permission or allocated in local plans as at 1 April 2019. This projection forecasts the population in Rushmoor to rise steeply to 108,725 by 2026.



According to the population estimates produced by the Office of National Statistics, Rushmoor has a younger age profile than the average for both Hampshire & England. However, the borough does have a rapidly ageing population.

Projections for the 25 years from 2018 to 2043 shows the number of Rushmoor's over 65's rising from 14.5% of the total population (13,830) to 21.7% (20,050). This rise of 50% is considerably higher than both the average for Hampshire (33%) and England (31%).

A growing and ageing population - both inside the borough and in the surrounding districts – accompanied by an increased mortality rate nationally, suggests a likely increase in demand for bereavement services over the coming years.

Competing Facilities

Aldershot Crematorium has three main competitors for local business – Woking, Guildford and East Hampstead crematoria, which are all located within a 13-mile radius. The facilities at all three are significantly superior to Aldershot's existing offer, with East Hampstead having built a second chapel three years ago, and Guildford having invested £10m in brand new facilities in 2019.

Religious Beliefs

Religious beliefs can play a role in people's choice between cremation and burial. Most Muslims and Orthodox Jews for example choose burial rather than cremation, whilst most Christians, Hindus, Buddhists and Sikhs choose cremation.

Rushmoor has a large Nepali population, making up around 10% of the borough's residents. Nepali's are predominantly Hindu (81%) and Buddhist (9%), with only 5% of

their population Muslim and consequently forbidding cremation. It therefore appears that religious beliefs are unlikely to significantly impact the demand for cremations in the borough.



4. Opportunity

A new build on the existing site may present a number of additional opportunities to a major refurbishment. These can be explored as part of the feasibility study, and include the chance to:

- Design and build a bespoke facility fit for purpose. A refurbished facility is likely to continue to compromise the service delivered, whereas a redesigned building will improve the customer service experience. For example, the current booking office is unwelcoming, and the mourners waiting area and lobby is cramped.
- Provide additional space to increase secondary spend, either by the cremation booker or mourners attending. This could potentially include the provision of refreshments, function rooms to accommodate a wake, or alternative memorialisation options such as rockeries and water gardens.
- Consider providing additional Council services, (or those of partners) to the bereaved, for example Council Tax, Housing, Electoral Register.
- Save on running costs through the efficiencies provided by a new building.

- Explore the potential to harness heat from the cremation filtration process to heat the new crematorium building and chapel. According to statistics provided by the Cremation Society, over half of UK crematoria now use heat exchangers to heat their building. Redditch, in fact, use the energy to heat their lido and, with the Aldershot lido located so close to the crematorium, this option can be explored. Use of a heat exchanger would reduce carbon emissions and heating costs, and reduce the Council's carbon footprint.
- Minimise disruption to the service whilst improvements take place, as the new facility can be built whilst keeping the existing one open. Refurbishment would require closure for a significant period.
- Consider options for the re-provision of on-site parking. Separate provision for the Aldershot Pools & Lido and Aldershot Park is close by, and there may be options to combine / share facilities.
- Consider providing new road access to the facility direct from the A331. The crematorium, pools & lido and Aldershot Park are not particularly accessible by road, and visitors are required to navigate through a number of residential streets. However, the recently opened Tongham Services, (Shell Garage & Starbucks), is less than 100 metres from the southern boundary of the crematorium grounds, and direct road access from this major roundabout where the A331 meets the A31 would benefit access to all facilities and reduce residential traffic. New access would involve crossing the narrow Blackwater River and the strip of land known as Tongham Pools, (owned by Guildford Borough Council), but is worthy of exploration. Consideration within the feasibility study would be at high level only.



5. Cost

High-level costs for both options – refurbishment of the existing facility, and provision of a new facility built elsewhere on the site – are outlined, below:

Refurbishment of the existing facility

In October 2020, the Council's Buildings Surveyor undertook a condition survey to identify the essential repairs and maintenance work required to the crematorium building. A summary of these 'essential' works – totalling £386,000, and required over the next 24 months - is provided in section 3 above.

In addition to these essential works, the surveyor provided an estimate of additional basic refurbishment works that would be required to bring the building up to a standard closer to that provided by competing neighbouring facilities. These 'desirable' improvements include replacement of the existing porte cochere, new external doors, and cladding of the building to improve its appearance. These works are estimated to total circa £520,000.

Should a major refurbishment of the existing building be undertaken, the service will need to close throughout the period of works. On average, the existing facility accommodates over 30 cremations a week, generating a weekly income of circa £30,000. A likely four-month refurbishment period would therefore result in circa £480,000 lost income, as well as inconvenience to residents.

However, an alternative solution would be to continue providing a service using a 'temporary facility'. Guildford Borough Council are in ownership of such a facility, which was used during the recent building of a new crematorium. An informal approach has suggested that GBC would be willing to sell this temporary facility for around £100,000, with the addition of ancillary costs, (relocation of cremators, enabling works), taking this figure to circa £250,000.

These estimated costs of basic refurbishment works total circa £1,156,000, before allowances for professional fees (15%), survey costs (2%) and a 10% risk allowance, bring the total to circa £1.5m.

However, the budget required for a more generous refurbishment that allows for additional improvements to the existing service could be nearer the **£2.5m mark**. The commissioning of a feasibility study will enable more accurate costs to be established.

New Build

An industry standard estimate of the cost of building a new single-chapel crematorium with one cremator is between **£4.5m** and **£6.5m**, (*Cremation Society of Great Britain*). The building itself usually accounts for around half of this cost, with fees, surveys, groundworks, utilities, fixtures & fittings and cremation equipment accounting for the rest.

The table below illustrates the cost of a number of Local Authority crematorium built in the past ten years:

Location	Year built	Approx. Cost
West Hertfordshire	2022	£9,000,000
Guildford	2019	£11,000,000
Wellingborough	2016	£6,500,000
Rugby	2014	£5,000,000

The cost of both the new Guildford crematorium, and the new West Hertfordshire crematorium due to open next year, are higher than the industry standard. Both are major, high-end builds, with the West Herts project built from scratch on green belt land, and the Guildford scheme re-provided on the existing footprint and incurring the costs of a temporary facility.



New Guildford Crematorium opened 2019



Proposed West Herts crematorium to open in 2022

A number of private sector crematoria have been built over recent years, all at a cost of between £3m and £5m.

In November 2020, Project Cost and Asset Management company, *Artelia UK*, were commissioned by Rushmoor to undertake a cost estimate for a new Aldershot building based on a like-for-like facility. The information provided is based on an approximate cost per square metre basis only at this stage.

Their estimates are based on the existing spaces:

- Crematorium with a gross internal area of 608m²
- Covered open spaces, (cloister, covered way, porte cochere) totalling 148m²
- External service yard – 84m²

A baseline cost for re-provision of the existing area on an alternative site within the grounds is estimated to be circa £2.2m. An additional £440k is allocated for risk allowance and contingency.

The estimate cost of the same new build area of a like-for-like facility is therefore estimated to be circa £2,640,000.

A full breakdown of costs is shown in the appendix.

Assumptions

The cost ranges outlined above are based on the following assumptions and exclusions:

- The new facility is built on a new site within the existing grounds.
- The existing facility will remain operational through the build process, and demolition will only commence once the new facility is fully operational.
- The ground conditions are normal. No allowances have been made for ground contamination or ground remediation measures.
- The works will be undertaken as a single project on a competitively tendered basis, and demolition and construction works are carried out sequentially.
- The costs allow for fixed fittings. There are no cost allowances for loose furniture and equipment.
- There is no allowance for data cabling and containment to server rooms and sockets. There is no allowance for servers or loose IT equipment.
- There is no allowance for VAT.

Note: These costs are high-level only and may change depending on a number of variables such as planning requirements, ground conditions and building specifications. These matters will be identified and costed during the feasibility study.

With the building itself generally accounting for around half of the total project costs, this would suggest a total project cost for the re-provision of a like-for-like facility in Aldershot to be around the £5m to £6m mark.

Given the wide range of indicative capital costs compiled for the building of a new crematorium – from £4m private sector facilities in Waveney, Countesthorpe and Abingdon, to Guildford Borough Council's recent £11m build – the commissioning of a feasibility study is required to establish a more accurate budget.

Scheme Funding

Any scheme is likely to be funded through prudential borrowing (PWLB loan). However, grant availability and any alternative funding options will be considered as part of the feasibility study.

Revenue Implications

A summary of the revenue implications should prudential borrowing be used to finance a refurbishment (£2.5m) or new build (£6m) is provided in *Appendix 2*. For both scenarios, a 25 year useful asset life has been assumed.

6. Project Delivery Dependencies

The crematorium is owned and managed by Rushmoor Borough Council. The proposed building of a new facility will be delivered by the Council, on Council owned land. Much of the land surrounding the site – including Aldershot Park – is also owned by the Council. No other stakeholders are known at this stage.

Delivery of the project is dependent on the identification of a suitable location for the new facility on the existing site.

The phasing of the building will also have implications for the continued operation of the existing facility whilst construction is taking place.

Both identification of a suitable new location and continued operation of the existing facility can potentially be mitigated by installation of a ‘temporary crematorium’ if required. This is a model recently undertaken by Guildford Borough Council whilst their new facility was constructed. Options and costs will be considered as part of the feasibility work.

7. Risks

There are a number of risks associated with delivering a new facility on the existing site, or indeed a major refurbishment, including:

- Interruption to the existing service during the build period.
- Return on investment and payback period.
- Costs not accounted for e.g. alternative parking or access provision, unexpected works below ground, additional landscaping, etc.

However, there are also significant risks associated with *not* going ahead with either scheme, including:

- Reputational issues as the Council is unable to provide a fit-for-purpose bereavement service for residents.
- Competitor risks, as alternative providers located within adjacent boroughs become the ‘crematorium of choice’ for Rushmoor residents. There is also the risk of private operators looking to enter the local market.
- Financial risks, as expenditure on the repair and maintenance of the building and equipment increases, and income reduces as business is lost.

A detailed analysis of the key risks will be undertaken as part of the feasibility study.

8. Delivery

Proposed approach

A proposed high-level approach to delivery of a new building with timescales is provided below:

- **Outline Business Case signed off** – July 2021
- **OBC and Feasibility Budget approved to proceed** – September 2021
- **Appointment of technical team to undertake Feasibility work** – October 2021
- **Detailed Feasibility Study and Business Case completed** – end February 2022
- **Final Business Case approval** – March 2022
- **Cabinet approval to proceed** – May 2022
- **Appoint design and build contractor** – July 2022
- **Design development** – August - November 2022
- **Planning** – December 2022 - February 2023
- **Contract Award** – March 2023
- **Start on site** – April 2023
- **Construction** – April 2024 (12 months)
- **Handover and practical completion** – May 2024

Technical Resources required

The services of a multi-disciplinary technical advisor will be required to lead the feasibility work, with support provided by the Council's Property & Estates team, (survey commissioning, etc).

The project will also require the engagement of an experienced Project Manager, and there will be a cost involved if these services are procured from outside the organisation.

Feasibility Budget

A budget of **£75,000** is required to deliver a feasibility study to consider both options – new build and refurbishment. The budget requirement would be reduced to **£50,000** if only the new build option was pursued.

		NEW-BUILD ONLY	BOTH OPTIONS
	Item	Budget	Budget
1	Surveys	£15,000	£30,000
2	Technical advisory	£20,000	£30,000
3	Design and control option development	£10,000	£10,000
4	Contingency	£5,000	£5,000
	Total	£50,000	£75,000

Project Governance

The Project Board will consist of the following staff:

- Project Sponsor – Ian Harrison
- Project Executive - David Phillips
- Project Manager – Gemma Kirk (tbc)
- Project Assistant – Edward Haversham
- Crematorium Manager – Kelly Chambers
- Principal Maintenance & Building Surveyor – Graham King (tbc)
- Principal Construction Surveyor – Simon Ross (tbc)

Procurement

On completion and agreement of the feasibility study, any new-build project would be undertaken by a design and build delivery contractor appointed via an appropriate framework.



9. Recommendations and Next Steps

Summary

Following years of under-investment, the Aldershot Crematorium is in need of extensive refurbishment, with significant repair and maintenance works required.

Investment in the asset is required not only to protect existing income levels, but to bring additional financial return for the Council, which will help to address the budget gap predicted in the medium-term financial plan.

With an increasing population and mortality rate predicted over the coming years, the facility needs to respond accordingly, and provide the high-quality offer expected by residents.

The operation of the crematorium generates a healthy profit for the Council, (circa £500,000 in 2020/21). With competing local facilities in Guildford and East Hampstead having invested heavily in recent years, Aldershot's share of the market is under threat.

High-level figures outlined in the OBC compare the costs of providing an entirely new building located elsewhere on the current site, with those of refurbishing the existing facility.

Conservative cost estimates for an extensive refurbishment of the existing building come in at around £1.5m, with £2.5m thought to be a more realistic figure.

Like-for-like internal area provision of a new facility is estimated by Asset Management company, *Artelia UK* to cost circa £2.6m. This figure does not include a number of additional costs, and the building itself is generally estimated to account for around half of the total project costs. The industry standard average build cost of crematoria is generally between £4.5m & £6.5m. However, Guildford's recent, and West Herts ongoing, builds are costing £11m and £9m respectively.

With such wide-ranging estimates of the costs involved for both a major-refurbishment and a new build, a feasibility study is required to establish more accurate budgets.

Despite the significantly higher cost, a new build may prove to be the favoured option following analysis in a full feasibility study, as the efficiencies are likely to generate significant savings on running costs over the life of the facility. A new build will also provide the opportunity to reconfigure and improve the design of the crematorium, develop the service and drive income generation. It would also enable the existing facility to continue to operate whilst the work is undertaken.

The OBC seeks a decision to approve the commissioning of a detailed feasibility study to scope the two projects.

The feasibility study will consider both the economic and financial case for the projects. It will also consider the opportunities provided by a new build to improve the customer experience, create additional space to increase secondary spend, (including the viability of a coffee shop and function room), and harness heat from the cremation filtration process. It will also look at high level options to improve vehicular access to the site.

The study will also look at where on the existing site the new facility should be located, the potential social value of the project, the likely development of the market, and how the scheme should be funded.

Whilst there are a number of risks associated with delivering a project of this nature, the risks of *not* going ahead with a scheme – reputational, financial and competitor related – are arguably far greater.

A proposed high-level approach to delivery suggests a new facility could be delivered and operational by mid-2024.

Recommendations

The project is recommended to ensure that the Council is able to provide an excellent bereavement service for residents, and generate additional income to help address the budget gap predicted in the medium-term financial plan.

The following decisions are required to enable the project to proceed:

- Agree a budget of £75,000 to commission a full feasibility study and business case assessing both options - major refurbishment of the existing facility, and the reprovision of a new facility at another location on the existing site. Should only the new build option be pursued, the budget requirement will be reduced to £50,000.
- Note the recommended outline project approach for delivery of the feasibility study, (and potential subsequent new-build scheme), outlined in section 8.
- Note the cost estimates outlined in section 5.

CONTACT DETAILS:

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- **Head of Service:** James Duggin, Head of Operational Services
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Appendix 1

Rushmoor Borough Council - Aldershot Crematorium
Order of Cost Estimate 01

OCE Summary

Order of Cost Estimate 01		Total £	
WORKS COST ESTIMATE			
1	Facilitating works estimate		100,000
2	Building works estimate		1,552,000
3	External works and services (service yard, hard and soft landscaping in immediate vicinity of building, external services, and drainage)	12.00%	186,000
Total Works Cost Estimate			1,838,000
ADJUSTMENT FOR THE EFFECT OF COVID-19			
4	Adjustment for the effect of Covid-19		50,000
Adjusted Works Cost Estimate			1,888,000
PROJECT/DESIGN TEAM FEES ESTIMATE (if required)			
5	Professional Fees	15.0%	283,000
Sub-total			2,171,000
OTHER DEVELOPMENT/PROJECT COSTS ESTIMATE (if required)			
6	Survey Costs (incl OHP) and Statutory Fees	1.5%	28,000
7	Equipment		Excluded
8	ICT Equipment		Excluded
9	Other Client Direct Costs		Excluded
Base Cost Estimate			2,199,000
RISK ALLOWANCE AND CONTINGENCY			
10	Design development risk estimate	10.0%	219,900
11	Construction risk estimate	10.0%	219,900
12	Employer change risk estimate		Excluded
13	Employer other risk estimate		Excluded
Cost Limit (excluding inflation) @4Q20			2,638,800
INFLATION			
14	Tender Inflation estimate		Excluded
15	Construction Inflation estimate		Excluded
Cost Limit @ 4Q20			2,639,000
VAT assessment - Excluded			
Additional Cost Item - Cremator delivery and installation (excludes supply cost):			
Allowance for cremator delivery, to move the cremator into the building, connect and commission			55,000

Appendix 2

Revenue implications

Refurbishment				
	Capital Spend	Revenue Implications		
2021/22		£75,000	Feasibility	
2022/23	£2,500,000	£22,750	Interest	
2023/24		£45,500	Interest	
		£100,000	MRP	
		£145,500		
2024/25		£45,500	Interest	
		£100,000	MRP	
		£145,500		
2025/26		£45,500	Interest	
		£100,000	MRP	
		£145,500		
Future Years		£45,500	Interest	
		£100,000	MRP	
		£145,500		

New Build				
	Capital Spend	Revenue Implications		
2021/22		£75,000	Feasibility	
2022/23	£3,000,000	£27,300	Interest	
2023/24	£3,000,000	£81,900	Interest	
		£120,000	MRP	
		£201,900		
2024/25		£109,200	Interest	
		£240,000	MRP	
		£349,200		
2025/26		£109,200	Interest	
		£240,000	MRP	
		£349,200		
Future Yrs		£109,200	Interest	
		£240,000	MRP	
		£349,200		

Summary of effect on Crematorium revenue budget

Refurbishment							
	Current 2021/22	Revised 2021/22	2022/23	2023/24	20204/25	2025/26	Future Years
Expenditure	£1,000,520	£1,075,520	£1,023,270	£1,146,020	£1,146,020	£1,146,020	£1,146,020
Income	-£1,712,730	-£1,712,730	-£1,712,730	-£1,712,730	-£1,712,730	-£1,712,730	-£1,712,730
Net Cost / (Contribution) to GF	-£712,210	-£637,210	-£689,460	-£566,710	-£566,710	-£566,710	-£566,710
Shortfall / Requirement for additional income	0	£75,000	£22,750	£145,500	£145,500	£145,500	£145,500
New Build							
	Current 2021/22	Revised 2021/22	2022/23	2023/24	2024/25	2025/26	Future Years
Expenditure	£1,000,520	£1,075,520	£1,027,820	£1,202,420	£1,349,720	£1,349,720	£1,349,720
Income	-£1,712,730	-£1,712,730	-£1,712,730	-£1,712,730	-£1,712,730	-£1,712,730	-£1,712,730
Net Cost / (Contribution) to GF	-£712,210	-£637,210	-£684,910	-£510,310	-£363,010	-£363,010	-£363,010
Shortfall / Requirement for additional income	0	£75,000	£27,300	£201,900	£349,200	£349,200	£349,200

CABINET
21ST SEPTEMBER 2021

COUNCILLOR MARTIN TENNANT
MAJOR PROJECTS AND PROPERTY
PORTFOLIO HOLDER

Key Decision: No

REPORT NO. RP2108

ALDERSHOT TOWN FOOTBALL CLUB – FINANCIAL SUPPORT

Summary:

This report recommends that Cabinet grants Aldershot Town Football Club (ATFC), trading as Aldershot Town Football Club Limited, further relief from rental payments due to the Club's current reduced levels of income compared to pre-pandemic levels.

Recommendation:

That, subject to ATFC recommencing their payment plan for rent arrears accrued prior to the pandemic, a rent reduction be agreed on the basis of post covid recovery for 2021/22 financial year.

1. INTRODUCTION

- 1.1 The Chairman of Aldershot Town Football Club has approached the Council on the basis that the Club remains in a difficult financial position as a result of the Pandemic and a slower than anticipated recovery in income.
- 1.2 The Club is an important part of the social fabric of the town and the Council has on several occasions taken reasonable steps to support its continued existence.
- 1.3 Previous concessions on rent payments have been made to the Club based on the value to Aldershot and difficult trading circumstances. In 2019 the Council agreed to renew the Club's lease on a long-term basis, with rent concessions linked to the Club investing in the redevelopment of the ground. Negotiations are continuing on the new lease and initial discussions have been held with the Council's development management service, but to date, no application has been submitted or agreement reached.

2. CURRENT LEASE ARRANGEMENTS

- 2.1 The Club took an assignment in 2013 of a lease from 2008 to 2023 at an initial rent in 2008 of £5,000 per annum rising to £25,000 by the 10th year. This is the current rent (£6,250 per quarter). The tenant is responsible for keeping the premises in repair. The Club has a history of rent arrears and as at 31st August 2021, the outstanding debt owed by the Club to the Council is £19,705.48p.

- 2.2 In December 2020, Cabinet agreed to grant rent relief to the Club for the financial year 2020/21 or until such time as the Club would be able to operate and raise income through gate receipts.
- 2.3 As of Monday 19th July 2021, with Step 4 of the Government Roadmap, whereby there were no limits on social contact; removal of the “one metre-plus” rule and there was to be no capacity caps on large-scale events - such as sports matches. The capacity of the ground is 7,100 and the Club’s average gate was in the order of 1,800 so there are currently no restrictions in place limiting the number of attendees at matches. Therefore, the Council was planning to ‘re-start’ the requirement for rent payments from the Club from 1st September 2021.
- 2.6 A request has now been received from the Chairman of ATFC requesting the Council grant further temporary rent relief. He believes it will be a while before spectators have the confidence to return to the ground and the Club sees a return to pre-pandemic numbers. The Chairman advises that if the Council is unable to support this request it will put the Club in further financial difficulty and prevent resources being invested in the re-development scheme.

3. IMPLICATIONS

Risk Review

- 3.1 The risk of the Council not granting relief is that the debt will continue to be held as an outstanding debt with there being a good chance the debt will not be paid. This could involve the Council taking action in the courts for the recovery of the debt.
- 3.2 The granting of relief does not guarantee that the Club will remain viable but will limit the increase in arrears.
- 3.3 The back rent owed is subject to a separate payment plan with the grant of the new lease being conditional on the payments being made. The Club has committed to continuing with the payment plan for the arrears from 1st September 2021.

Legal Implications

- 3.4 There are no additional legal implications.

Financial and Resource Implications

- 3.5 The granting of rent relief will reduce the amount of income due to the Council from the lease by £25,000 for this financial year and put additional pressure on the General Fund revenue budget.
- 3.6 As any relief should be linked to post pandemic recovery it is proposed that the rent reduction be calculated in line with the actual income position for ATFC when compared to its pre pandemic position. A condition of the rent relief is that the Club will be required to provide financial and gate information

to the Council throughout the season and as such evidence financial need. Should the financial position of the Club return to pre pandemic levels then the rent relief for the remainder of the financial year will be reviewed.

4. CONCLUSION AND RECOMMENDATION

- 4.1 The granting of relief provides considerable assistance for the Club and will ensure that it is able to operate at least for the short term. The Club is important to the town and this particular issue is as a direct result of the pandemic and its impact on the Club and its inability to attract sufficient paying spectators during the post pandemic recovery period.

CONTACT DETAILS:

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BACKGROUND DOCUMENTS:

Cabinet reports: CD1704 - 25/7/17; RP1912 - 28/5/19; RP1925 - 12/11/19; RP2017 - 8/12/20

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CABINET
21 SEPTEMBER 2021

COUNCILLOR PAUL TAYLOR
CORPORATE SERVICES PORTFOLIO HOLDER
REPORT NO. FIN2115

KEY DECISION: YES/NO

REVENUE BUDGET MONITORING REPORT P1 2021/22

SUMMARY:

This report sets out the anticipated financial position for 2021/22, based on monitoring exercise carried out with budget officers during July and August.

RECOMMENDATIONS:

CABINET is recommended to:

- i. note the latest revenue forecasts and financial impact on reserve balances
- ii. note the additional expenditure on IT salaries as set out in Section 2 of the report.
- iii. Approve the additional transfers from earmarked reserves as set out in Table 8 of the report.

1 INTRODUCTION

- 1.1 Covid-19 continues to have an impact on local authority budgets nationally and has been particularly significant for district and borough councils with a significant loss of income from services in 2020/21 and an uncertain income recovery this financial year.
- 1.2 This report provides members with an update on the likely impact on the Council's finances and incorporates the first monitoring position statement for the financial year 2021/22. The purpose of this report is to notify members of any known significant variations to budgets for the current financial year, highlight any key issues, and to inform members of any action to be taken if required.
- 1.3 The forecast focuses on the immediate financial pressures as they have been identified. Further analysis will be undertaken in the coming weeks on the

Medium-Term Financial Strategy and Savings Plan to inform the budget setting process for 2022/23.

- 1.4 Due to the volume of information contained in the report, it would be helpful where members have questions on matters of detail if they could be referred to the report author or the appropriate Head of Service before the meeting.

2 REVENUE BUDGET FORECAST

- 2.1 The original net General Fund Revenue budget for 2021/22 was approved by Council at their meeting in February 2021 of £12.869m.
- 2.2 Changes have been made to the budget to allocate additional revenue items to service budgets and supplementary estimates agreed by Cabinet and Council. Therefore, the current budget is now £13.105m. A reconciliation between the original budget and latest budget is shown in the table below.

Table 1: General Fund Revenue Budget reconciliation

General Fund Revenue Budget	2021/22 (£'000)
Original Budget, Council Feb 2021	12,869
Add: Aldershot Lido (Cabinet 20/04/2021)	0
Add: Food Waste (Council, 24/06/2021)	90
Add: FLC Demolition (Cabinet, 08/06/2021)	20
Add: Southwood Visitor Centre (Council, 29/07/2021)	126
Latest Budget 2020/21	13,105

- 2.3 The reconciliation of the budget only includes items that have been approved. Members are advised that further changes to the budget are due to be considered at the Council Meeting on 07 October 2021 and will include the following items discussed by Cabinet:
- £250k further feasibility budget for Regeneration Programme – Potential Acquisitions in Farnborough Town Centre (Cabinet, 10 August 2021)
 - £75k feasibility budget for Aldershot Crematorium – Proposal to undertake feasibility study to inform future investment options (Cabinet, 21 September 2021)

- 2.5 The updated forecast for the General Fund is a net adverse variation of £0.314m (2.40% of the Net Revenue budget) as shown in Table 2.
- 2.6 This report provides members with details of major variations on the revenue budget. Section 8 of the report highlights the risks and uncertainties on the forecast variation.

Table 2: General Fund Revenue Budget Forecast (P1 2021/22)

	2021/22 Original Budget (£'000)	2021/22 Latest Budget (£'000)	2021/22 Outturn Forecast (£'000)	2021/22 Variation (£'000)
General Fund Revenue Budget				
Corporate Services	5,184	5,189	5,249	60
Customer Experience & Improvement	55	310	425	115
Major Projects & Property	(5,434)	(5,289)	(5,166)	123
Operational Services	9,869	10,069	10,307	238
Planning & Economy	2,303	2,303	2,303	0
ICE Programme	536	536	536	0
SUBTOTAL	12,513	13,118	13,654	536
Less: Reversal of Accounting entries	(2,901)	(2,901)	(2,901)	0
Net Service Revenue Expenditure	9,612	10,217	10,752	536
Corporate Income & Expenditure	3,616	3,247	3,247	0
C19 Expenditure Pressures	0	0	0	0
C19 Risk	0	0	0	0
Movement in Reserves	(103)	(103)	(225)	(123)
Savings Plan	(256)	(256)	(256)	0
Net General Fund Revenue Budget	12,869	13,105	13,518	413
Funded by:				
Council Tax	6,928	6,928	6,928	0
Business Rates	3,574	3,574	3,574	0
New Homes Bonus	863	863	863	0
Covid-19 Emergency Funding	589	589	589	0
Covid-19 Income Loss	101	101	200	99
Other Funding	(200)	(200)	(200)	0
TOTAL Funding	11,855	11,855	11,954	99
Core (Surplus) or Deficit	1,014	1,250	1,564	314
Balanced by:				
General Fund Balance				0
Service Improvement Fund				0
Workforce Reserve				0
Stability & Resilience Reserve	(1,014)	(1,250)	(1,564)	(314)
Core Surplus or Deficit after Transfers	0	0	0	0

Note 1: The Original budget, as approved by Council in February 2021, included Additional Items which have now been included with Service budgets.

- 2.7 The key variations within Services are summarised in the table below. Service budgets that are considered 'high-risk' have been identified within the table.

Table 3: Key Service variations

Significant Budget Variations	Portfolio	P1 Variation (£'000)
Legal Service	CDS	0
Land Charges	CDS	0
Finance Service	CDS	0
Housing Benefit/Rent Allowances	CDS	0
Audit Fees	CDS	60
Elections	CDS	0
Grants to Voluntary Organisations	CDS	0
Climate Change	CDS	0
Deprivation Strategy	CDS	0
IT	CE&I	125
Council Offices/Facilities	CE&I	(10)
Commercial Property	MP&P	0
Victoria Road	MP&P	73
Markets & Car Boot Sales	MP&P	0
Regeneraion Due Diligence	MP&P	50
Car Parks	OPS	95
On-Street Parking	OPS	0
Leisure (inc. Lido)	OPS	0
Crematorium	OPS	200
Princes Hall	OPS	0
Waste & Recycling	OPS	(57)
Housing/Homelessness	OPS	0
Building Control	P&E	0
Development Control	P&E	0
Economic Development	P&E	0
Subtotal Service Revenue Expenditure		536

- 2.8 The main variations on the revenue budget relate to reduced income expectations for the Crematorium (£200k) and Car Parks (£95k). Additional expenditure variations across the IT service (£125k), spend in relation to the Victoria Road site (£73k funded from the earmarked reserve), and an anticipated overspend on external audit fees of £60k.

Corporate Services (£60k additional expenditure)

It is anticipated that additional external audit fees will be charged by the Council's external auditors, EY, upon completion of the 2019/20 audit of the Council's financial statements. For the purposes of budget monitoring, it has been assumed that the level of additional fees charged for the 2018/19 audit of £60k can be viewed as representative.

Customer Experience and Improvement (£115k net overspend)

IT Service (£125k overspend): A significant overspend across the IT service is forecast for the financial year. The most significant element of the overspend (£103k) relates to staff costs with additional expenditure on contractors and agency staff in the first few months on the year. The level of expenditure and activity has been reviewed by the Head of Service and Service Manager with plans in place to mitigate cost pressures over the remainder of the year.

The IT Service faces several challenges in terms of Service Desk support, Applications support and IT input into Council projects. A longer-term resourcing plan will be brought forward to address the staffing requirements required to stabilise the service and address the financial pressures. In the short-term, the outturn forecast assumes the service will transition from higher-cost contractor arrangements to recruitment of additional staff on fixed-term contracts.

Council Offices/Facilities (£10k underspend): Following a review of the Council's facilities as part of the response to Covid and New Ways of Working, provision of on-site canteen facilities was withdrawn. A net saving of £10k is forecast for the year.

Major Projects & Property (£123k additional expenditure, reserve funded)

Victoria Road (£73k additional expenditure, reserve funded): As highlighted in the Revenue Budget Monitoring Report 2020/21 in April (Report No. FIN2108), payment was received in 2020/21 following the surrender of the lease for 14-40 Victoria Road, Aldershot. The net income was transferred to a specific earmarked reserve recognising that the Council would incur costs associated with holding and developing the site. To date, additional expenditure of £73k on Repairs and Maintenance, Empty Property rates and Security costs.

Markets & Car Boot Sales (No variation/on-budget): Whilst the Markets and Car Boot Sales are recovering well these are entirely dependent on the level of

Covid restrictions that have hampered income potential, through non-attendance and through capacity restrictions. Costs have also increased as part of compliance in terms of cleaning and staffing to monitor compliance. Long term, the viability of these areas will depend on their positioning within the newly regenerated town centre developments and the provision of services that support them such as trader parking and storage, including waste management.

Commercial Property (No variation/on-budget): The financial performance of the Council's Commercial Property investment portfolio is set out in Section 3 below. No material variation is forecast within this report although the General Fund budget approved in February 2021 did include a transfer of £250k from the Commercial Property reserve to mitigate for any reduction in rental income over the year.

Regeneration Projects (£50k additional expenditure, reserve funded): The forecast across the revenue budgets associated with the Council's regeneration programme is for additional expenditure of £50k covering further due diligence costs for the Union Yard scheme and associated project management costs. It is proposed this is funded from the Regeneration reserve.

Operational Services (£238k net income shortfall)

Princes Hall (No variation/on budget): It is assumed that there are no further interruptions to the business with pantomime performances able to go ahead without restrictions. Whilst there has been a reduced level of income due to delay in reopening of Princes Hall this has been covered by extension of vaccination centre usage and salary savings.

Crematorium (£200k income shortfall): As highlighted to Cabinet in the Council Business Plan Quarterly Update April-June 2021/22 Report in August (ACE2105), Crematorium income is down 20% against the budget since the start of the year with a to date variation of £125k on income. Should this trend continue for the remainder of the financial year there would be an income shortfall of £300k. However, it is likely that the level of activity will increase over the winter months as evidenced in previous years. Therefore, the projected adverse variation for the year is estimated at £200k although members will note that there is risk within this projection.

Car Parks (£95k income shortfall): The budget for 2021/22 assumed that around 66% of pre-Covid Car Park income would receive in the year. Car Park fines and charges income has been recovering slowly over the first part of the

year with around 55% of activity against pre-Covid levels. In terms of Car Park charges and fines, this gives rise to a £20k income shortfall but this is mitigated through staff salary savings.

The level of Fixed Penalty Notice income is more of a concern and the forecast for the year indicates an income shortfall of £95k adverse with little prospect of any significant recovery over the remaining months of the financial year.

On Street Parking (No variation/on-budget): On-Street parking charges are currently running at around 80% of pre-Covid levels. Whilst income from fines is forecast to be £25k below the budgeted level, this income shortfall is expected to be covered from staff salary savings. Therefore, no budget variation is forecast at this stage.

Waste and Recycling (£57k net additional income): Income from the Garden Waste service and from Bulky Waste collections has been resilient in the early part of the year. Garden Waste income is forecast to be £45k above budget, with an additional £10k of expenditure due under the contract reflecting the additional demand. The garden waste service is an entirely demand led service and the Council has seen around 1,000 additional subscribers over the course of the last year, increasing income from subscriptions and to a lesser extent increasing contractor cost to carry out the collections.

Bulky Waste is forecast to be £41k above budget, with an additional £14k of expenditure to meet demand. The bulky waste service is also a heavily demand led service with some seasonal variation in bookings. There is a forecast net favourable position with the bulky waste service of around £27k reflecting an increase in demand for bookings, possibly because of people spending more time in their homes, or changes to access arrangements at the County Council's household waste recycling centre.

Planning & Economy (No variation/on-budget)

No variation to report

ICE Programme (No variation/on-budget)

No variation to report

Table 4: Corporate Income & Expenditure

	2021/22 Original Budget (£'000)	2021/22 Latest Budget (£'000)	2021/22 Outturn Forecast (£'000)	2021/22 Variation (£'000)
Corporate Income & Expenditure				
Minimum Revenue Provision (MRP)	2,457	2,457	2,457	0
Interest Receivable	(1,090)	(1,090)	(1,090)	0
Interest Payable	795	795	795	0
Other CI&E	349	349	349	0
Cabinet/Council decisions	0	236	236	0
Additional Items/Growth	1,105	500	500	0
TOTAL CI&E	3,616	3,247	3,247	0

3. COMMERCIAL PROPERTY PORTFOLIO

- 3.1 The Council's asset management advisors, Lambert Smith Hampton Investment Management (LSHIM) have reported that property investment portfolio shows favourable rent collection rates under the current Covid rent collection restrictions that are in place until March 2022.
- 3.2 The risk to the portfolio, in terms vacancies, has been around the properties that are recommended for disposal or the office sector, where uncertainties around future levels of occupation have led tenants to serve notices to end or break tenancies. The mitigation work being carried out is to lower risk by actively managing and engaging with tenants and looking at the future options of assets to maintain or enhance income through site development.
- 3.3 Commercial Property income has remained robust, but challenges remain over the financial year. The next quarter day is September which may be a more challenging period given the unwinding of the Coronavirus Job Retention Scheme and fluctuating economic/trading conditions. Protections that have been in place around commercial tenants will remain in place until March 2022.
- 3.4 Should the financial performance of the Council's commercial property deteriorate, the in-year impact on income will be met from the Commercial Property reserve, with the budget setting process for 2022/23 considering the impact across the medium-term.

4. TREASURY MANAGEMENT – INVESTMENT INCOME AND BORROWING

- 4.1 As reported to members throughout 2020/21 Treasury management income from the Council's investments was adversely impacted by the uncertainty in global financial markets. As outlined in the Treasury Management Strategy, the Council invests its surplus balances generating an income return of over £1m per annum. The Strategy sets out that the Council aims to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.
- 4.2 The Council has two broad classes of investments – Money Market Funds (where balances are held for short periods until required) and Pooled Funds.
- 4.3 The Bank of England cut the base rate on 11 March 2020 from 0.75% to 0.25%, and again on 19 March 2020 from 0.25% to 0.10%. Whilst the base rate cut has reduced investment income from Money Market Funds, it is not considered to have a material impact on the Council's investment income.
- 4.4 The Council holds a more significant element of its surplus balances in Pooled Funds. At the time the budget was set in February 2021 the performance of the Council's Pooled Funds had recovered significantly from the initial downward assessment made in Q1 2020/21. Whilst the economic recovery from the coronavirus pandemic has continued. There does remain some economic uncertainty as support schemes such as furlough unwind, and inflationary pressures remain. At this early stage of the financial year the forecast is for Investment income to be in-line with the budgeted level.
- 4.5 The Council currently has £102m of external borrowing that has been utilised to support the Capital Programme. Whilst borrowing costs have remained low, the Council will need to assess its borrowing position over the coming months with particular reference to the profile of borrowing required for the Union Yard scheme that Council approved at their meeting on 29 July 2021.
- 4.6 Members will recall that the Council, along with the other funding consortium partners (Barclays, Hampshire County Council, Enterprise M3 LEP) agreed to defer interest payments on loans to provide cashflow support to by Farnborough International Limited (FIL) following the cancellation of the 2020 Air show.
- 4.7 Legal documents have been drafted and reviewed that formalise the changes following a renegotiation of inter-creditor agreement between Barclays, FIL, and the public sector partners.

- 4.8 As reported to members in April 2021, the revised terms of the inter-creditor delays the repayment dates of the capital sums to 2026 and 2028 (subject to covenant tests).

Capital repayment	Repayment Date	Revised Repayment Date
£2,105,000	30 June 2024	30 June 2026
£2,500,000	30 June 2026	30 June 2028

- 4.9 Interest that was due in the current financial year on the FIL loans has been rolled-up and will be repaid in line with the revised agreement. The Treasury reserve was established last year to offset the impact on the Council's revenue budget in 2020/21 and 2021/22 in this interest being delayed. The reserve will allocate an equivalent amount in year to offset for the delayed investment income. At the point the rolled-up interest is received this will be allocated to the Stability and Resilience reserve.
- 4.10 The budget monitoring outturn forecast indicates that there is no variation expected on Treasury Management activities.

5. SAVINGS PLAN

- 5.1 The outturn forecast has assumed savings included within the MTFS will be delivered in full during 2021/22.
- 5.2 There is some risk around the level of interest the Council will receive on the service loans provided to Rushmoor Homes. Assumptions were made around the timing and value of the drawdowns in the current financial year based on the Business Plan.
- 5.3 Given the delay in the initial drawdown in 2020/21, officers will need to review the interest profile which will be reported to Cabinet in the Budget Strategy report in October.

Table 6: Savings Plan Forecast

	2021/22 Original Budget (£'000)	2021/22 Latest Budget (£'000)	2021/22 Outturn Forecast (£'000)	2021/22 Variation (£'000)
Savings Plan				
Procurement Savings	(20)	(20)	(20)	0
Service Loans to Housing Company	(186)	(186)	(186)	0
Salaries monitoring	(50)	(50)	(50)	0
TOTAL Savings Plan	(256)	(256)	(256)	0

5.4. Members will be aware that the Council has been developing a revised approach to its Savings Programme that seeks to address the funding gap identified in the February 2021 MTFS. As a result, a Cost Reduction and Efficiencies Programme (CREP) has been to identify cost reductions and additional income for the new MTFS period.

5.5 A detailed design for the programme was agreed by Cabinet in March 2021 with significant work undertaken by Heads of Service and Service Managers to identify opportunities and lines of enquiry that will be validated and considered by members during 2021-22. Recommendations and outcomes from the CREP programme will need to be agreed by members and implemented over the coming weeks and months and will cover the new MTFS period with some initial cost reductions for 2021/22 possible.

5.6 The current Savings Plan will continue to be reviewed in the light of Covid-19 and is likely to result in a rephasing of savings. Any reduction in the level of savings planned for 2021/22 will increase the adverse variance currently forecast.

6. GOVERNMENT FUNDING, COUNCIL TAX AND BUSINESS RATES

6.1 As part of the 2021/22 Local Government Finance Settlement the Government has provided additional funding to support Councils with expenditure and income loss due to the coronavirus pandemic.

6.2 Rushmoor's allocation for 2021/22 is £0.589m of funding and this was included in the Revenue budget as approved by Council in February 2021.

6.3 In addition to the additional Covid expenditure funding the government extended the Sales, Fees and Charges income loss scheme into Q1 of 2021/22.

Where losses are more than 5% of a Council's planned income from sales, fees and charges, the Government will cover 75% of these losses. At the time of writing, the Government have yet to finalise the final design of the extended scheme, but guidance and the claim process is expected to be available in the coming weeks. For the purposes of this report, it has been assumed that the income loss claim will be higher than budgeted for given the adverse variation on Car Park income outlined in the report.

- 6.4 Covid-19 has several implications for the Council's Council Tax and Business Rate income.
- 6.5 At the time of writing this report, the Council Tax collection rate to the end of June was 95.38%, with the equivalent figure from 2020/21 being 94.29%. This position is likely to improve during the year as part of the reduced collection rate is due to impact from 2020/21 where a number of council taxpayers re-profiled their payments. However, there remains some risk to Council Tax collection rates as the support provided to vulnerable individuals and households through the Council Tax Hardship Fund is not available in 2021/22 as the Government did not continue the scheme.
- 6.6 Any reduced level of Council Tax collection is dealt with through the Collection Fund. If the level of Council Tax collected in the year is lower than budgeted, this gives rise to a deficit on the collection fund and will impact on the following year's budget. Any deficit is shared between Rushmoor and the precepting authorities (Hampshire County Council, Police and Crime Commissioner for Hampshire, and Hampshire Fire and Rescue Authority).
- 6.7 As highlighted in the 2020/21 General Fund Revenue Outturn report (FIN2113), It is likely that it will take some time for the impact from Covid on business rates income to unwind. At the time of writing the outturn report, the relevant accounting treatment has been applied to ensure the General Fund revenue budget is protected in the current year. Further work will be undertaken over the coming weeks to work through the implications on the Council's MTFS.
- 6.8 Whilst current collection rates for business rates have improved when compared to 2020/21, changes to the level of additional business rates reliefs and the unwinding of furlough support for businesses will have an impact on business rates collection over the remainder of the year.

7. RESERVES AND BALANCES

- 7.1 As highlighted in 2020/21 General Fund Revenue Outturn report, the level of reserves and balances held by the Council increased in 2020/21. A significant element of the increase can be attributed to timing differences on Business Rates Income and Grants provided by the Government to support the Council's response to Covid.
- 7.2 However, the level of the Stability and Resilience Reserve reduced at the end of 2020/21 and is forecast to reduce further in the current financial year. To set a balanced budget for 2021/22, there is a planned transfer of £1.014m from the Stability and Resilience Reserve. Taking into account additional budget agreed by Council and the current forecast for the financial year, the level of Stability and Resilience reserve transferred to the General Fund Revenue Budget will be £1.564m – an increase of £0.550m.
- 7.3 This is not a sustainable position going forward and the Council will need to review the level of Stability and Resilience Reserve forecast to be held over the MTFs period. The Budget Strategy and MTFs report to Cabinet in October 2021 will set out how reserves and balances will be reviewed as part of the budget setting process to ensure they remain adequate.
- 7.4 Further reserve movements are forecast in the year to mitigate the impact of adverse variations or to transfer funding that was set aside in previous years. These include:
- £73k transfer from the Victoria Road earmarked reserve to fund expenditure in relation to the development site.
 - £50k transfer from the Regeneration reserve is assumed to fund elements of the due diligence and project management of the Union Yard scheme.
- 7.5 The table below shows the forecast of the impact on the key reserves supporting the General Fund revenue budget.

Table 8: Reserves and Balances Forecast

Transfers To (From) Reserves	Balance 31/03/2021 (£'000)	Transfers To (£'000)	Transfers From (£'000)	Balance 31/03/2022 (£'000)
General Fund Balance	(2,000)	0	0	(2,000)
<u>Earmarked Reserves</u>				
Stability & Resilience	(4,577)	(121)	1,564	(3,134)
Service Improvement Fund	(129)	0	129	0
Commercial Property Reserve	(1,750)	121	250	(1,379)
Regeneration Reserve	(357)	0	150	(207)
ICE Reserve	0	0	0	0
Climate Emergency Reserve	(239)	0	0	(239)
Deprivation Reserve	(96)	0	0	(96)
Pension Reserve	(669)	(818)	0	(1,487)
Regeneration Due Diligence Reserve	0	0	0	0
Workforce Reserve	(200)	0	0	(200)
Treasury Reserve	(400)	0	180	(220)
CPE Rolling Fund	(281)	0	(98)	(379)
Budget Carry Forwards	0	0	0	0
Elections Reserve	(87)	0	87	0
Victoria Road	(110)	0	73	(37)
Commercial Property (168)	(121)	0	0	(121)
Covid BRR Reserve	(10,812)	0	0	(10,812)
Covid Grants (Various)	(393)	0	0	(393)
Cyber Security	(100)	0	0	(100)
SANG/s106	(3,973)	0	0	(3,973)
Other Earmarked Reserves/Prior yr grants	(2,474)	0	273	(2,201)
TOTAL Reserves and Balances	(28,768)	(818)	2,608	(26,978)

Note: Balance on 31 March 2021 subject to confirmation of the 2020/21 outturn position and audit of the financial statements.

8. RISKS AND UNCERTAINTIES

- 8.1 There is a degree of uncertainty in the outturn forecasts provided by budget holders particularly due to the impact of the economic and social recovery from Covid-19. There are a number of risks and uncertainties in the outturn forecasts, which are set out below.
- 8.2 The risks and uncertainties are highlighted in this section as the impact on the Council's financial position has not been included within the outturn forecast. Whilst the issues discussed below remain a risk or uncertainty, they could have a material impact on the Council's finances.

- 8.3 Changes to the Council's Waste and Recycling services are due to be implemented in the second half of 2021. These were agreed by Council at their meeting in July 2021 but the forecast of the net change to the cost of the service will be based on estimates and assumptions. Close monitoring of the contract and cost changes from the new service will be required to inform members of the financial impact of the change. The outturn forecast has assumed that these changes are cost neutral in revenue terms, although a reconciliation of income and expenditure of the changes on the contract will need to be undertaken in the near future.
- 8.4 The Council started a new contract with Places Leisure for a 3-year period covering the provision of leisure services at Aldershot Pools and the Lido. Under the terms of this contract, the Council is exposed to greater financial risk should the net cost of service provision exceed the estimates contained within the report to Cabinet and Council in February 2021 (Report No. OS2101)
- 8.5 As highlighted in this report, the forecasts are based on assumptions which will be subject to change and revision over the coming months. For clarity, the key assumptions are listed below:
- Social distancing restrictions remained largely in place until the end of July with easing thereafter. No further restrictions or impact has been assumed.
 - Commercial Property – any shortfall in 2021/22 funded from Commercial Reserve. Any longer-term impact dealt with through budget setting process
 - Council Tax & Business Rates collection shortfalls contained within the collection fund but will need to be incorporated into the 2021/22 budget
 - Cost of additional council tax support cases managed within the remaining balance of Hardship allocation (around £0.108m)
 - Recovery of income for the remainder of the year are in line with budget (with exception of Car Parking income and Crematorium income which has been included as a variation in this report)
- 8.6 The over-riding risk is that Rushmoor (as a Borough and/or as a Council) does not fully recover from the impact of Covid-19. This would lead to a weakening of the local economy longer-term impact on the financial sustainability of the Council reduce the ability for the Council to meet the needs of residents and businesses, and to fulfil the Council's statutory obligations.

9. LEGAL IMPLICATIONS

- 9.1 No additional legal implications arise from this report.

10. FINANCE AND RESOURCE IMPLICATIONS

- 10.1 The finance and resource implications from budget monitoring are set out within this report
- 10.2 Any additional financial implications will be addressed through normal Council procedures and processes. The Budget Strategy report to Cabinet in October 2021 and will set out any further resource implications.
- 10.3 The Council will also need to carefully consider the financial impact of spending decisions and ensure that any unnecessary expenditure is avoided where possible.

11. CONCLUSIONS

- 11.1 There will always be variances reported in-year against budgets due to the Council adapting its priorities to manage inevitable changes in demand pressures and having a flexible approach to changing circumstances. The Council will need to ensure budgets are monitored closely over the coming months and focus on high-risk income and expenditure service areas. Future updates to Cabinet must set out the management action that is available to address any adverse variation and any other action that can be taken to mitigate the impact on the Council's wider financial position.
- 11.2 It is important that the Council considers an appropriate range of options to ensure any shortfall is managed. Any utilisation of reserves in 2021/22 will need to be addressed in the budget strategy to ensure balances and reserves remain adequate.
- 11.2 The forecast variation of £0.314m and approved budget changes of £0.236m will be funded from reserves in the short term. The Council is committed to several significant projects such as Union Yard Regeneration scheme and needs to ensure the financial and resource impacts are identified, monitored, and reported to members. It is important that the Council considers an appropriate range of options to ensure any shortfall is managed. Any utilisation of reserves in 2021/22 will need to be addressed in the budget strategy to ensure balances and reserves remain adequate.

- 11.3 The Budget Strategy report will need to set out ways in which the Council can ensure financial sustainability is achieved over the medium-term. The 2020/21 Revenue outturn and the 2021/22 Revenue budget monitoring positions have resulted in an increased the utilisation of the Stability and Resilience reserve. The Council will need to consider options arising from the Cost Reduction and Efficiencies Programme and identify alternative capital financing options including a forecast of capital receipts of external funding streams.
- 11.4 Over the MTFS period, reduced levels of Council Tax and Business Rates income may put additional pressure on the Council's financial position. The achievement of the Savings Plan is integral to the MTFS forecast and will need to be reviewed in terms of savings profile and whether the savings can be delivered in the current economic climate. It is likely that further savings will be required over the MTFS period to balance the budget.

BACKGROUND DOCUMENTS:

None

CONTACT DETAILS:

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CABINET
20 SEPTEMBER 2021

COUNCILLOR PAUL TAYLOR
CORPORATE SERVICES PORTFOLIO HOLDER
REPORT NO. FIN2116

KEY DECISION: YES/NO

UPDATED CAPITAL PROGRAMME MONITORING AND FORECASTING REPORT P1 2021/22

SUMMARY AND RECOMMENDATIONS:

SUMMARY:

This report informs Members of the latest forecast of the Council's Capital Programme for 2021/22 based on the monitoring exercise carried out during August 2021.

RECOMMENDATIONS:

CABINET RECOMMENDS TO COUNCIL that £235,000 is added to the Capital Programme in 2021/22 to enable the Council to purchase the vehicles required for the Food Waste Service.

CABINET is RECOMMENDED to:

- i) Note the latest Capital Programme position, as set out in Tables 1 and 2.

1 INTRODUCTION

- 1.1 This report informs Members of the latest forecast regarding the Council's Capital Programme for 2021/22, based on the monitoring exercise carried out during August.
- 1.2 There are some projects of major financial significance included in the Council's approved Capital Programme for 2021/22. These projects are:
 - (a) Regeneration – Aldershot
 - (b) Regeneration - Civic Quarter
 - (c) Replacement cremators, and,
 - (d) Housing PRS

2 BACKGROUND

- 2.1 Financial Services, in consultation with relevant budget officers, carry out regular monitoring of the Capital Programme.
- 2.2 A summary of the overall position is shown in **Appendix A**.

3 CURRENT POSITION

- 3.1 The Council approved the Capital Programme of £38.510m on 20 February 2021. Based on the budget monitoring process Table 1 shows the reconciliation of budget changes together with the projected actual capital expenditure for the year 2021/22.

Table 1: Analysis of capital expenditure and approved budget 2021/22

	(£'000)
Total approved budget for the year 2021/22*	38,510
Plus: Additional budget approvals made for the year 2021/22 **	0
Slippage form 2020/21	2,176
Total approved budget for 2020/21	40,686
Actual plus commitments as at Period 1	2,941
Forecast capital expenditure for the year	39,943
Net favourable variance (against approved budget)	(743)
Projected Slippage/(Pre-spend) to 2022/23 ***	1,055

* As reported to Cabinet in the Revenue Budget, Capital Programme and Council Tax report FIN2106 (20/02/2021)

** Cabinet Reports RP21035 (08/06/2021)

*** Projected slippage based on the forecast at Period 1.

- 3.2 Table 2 shows the outturn forecast for each scheme with a Portfolio summary of all approved projects is shown at **Appendix A** to this report. This Appendix includes a list of all expenditure and grant/contribution variations that have been approved since Full Council approved the Estimate for 2021/22 on 20 February 2021.
- 3.3 The Capital Programme is a significant undertaking for the Council in terms of magnitude and complexity. The scale of the projected slippage into 2021/22 and variation in programme highlights the need for close monitoring and clear project management across the whole Council.
- 3.4 During the year to date actual expenditure including commitments is £2.9m. £40.0m is due to be spent by the year-end, predominantly as part of programmed regeneration.
- 3.5 Since budget approval a £1.135m drawdown from Civic Quarter capital budget has been made to enable demolition works to be undertaken at Farnborough

Leisure Centre.

3.6 **Appendix B** sets out the details in relation to:

1. The significant over/(under) spend variations to date;
2. The major areas of slippage;
3. Material variances in relation to schemes financed by grants/contributions.

3.7 Cabinet considered the changes to the Waste and Recycling service at their meeting on 08 June 2021 (Report No: OS2107). The report outlined the financial implications of the change in service provision and recommended to Council an additional revenue budget of £90,000 was required in the current financial year to deliver the new arrangements.

3.8 As part of the ongoing discussions with SERCO on the Contract Change Notice it has been proposed that the Council purchases the vehicles required for the delivery of the Food Waste Service. A number of options were reviewed by officers which included both purchase and lease options. The most cost effective option is for the Council to purchase the vehicles and to lease them to SERCO.

3.9 Therefore, members are requested to approve a capital budget of £235,000 to enable the acquisition of the vehicles. This would be funded from reserves or from capital receipts anticipated during the current financial year (depending on the timing of receipts and payments). It is likely that the additional revenue cost will be below the £90k estimated in the June Cabinet report as a result of the Council purchasing the vehicles directly. Members will be kept informed of the cost of the Food Waste service through the regular budget monitoring reports.

Table 2: Capital Programme Outturn Forecast

Portfolio/scheme	2021/22 Original Budget (£'000)	2021/22 Additional items (£'000)	Slippage from 2020/21 (£'000)	2021/22 Total Approved Budget (£'000)	Outturn Forecast (£'000)	Forecast Variance (£'000)	Slippage to/(from) 2022/23 (£'000)
Major Projects and Property							
Aldershot Town Centre Projects	3,951	-	-	3,951	3,951	-	-
Civic Quarter Farnborough	19,383	-	-	19,383	19,394	11	-
Housing Matters	5,436	-	27	5,409	5,409	-	-
Commercial Property	-	-	100	100	400	300	-
Property Enhancements	90	-	224	314	314	-	-
Union Street Aldershot	7,658	-	131	7,527	7,573	46	-
Subtotal MP&P	36,518	-	166	36,684	37,041	357	-
Corporate and Democratic							
Flexibel use of capital receipts	-	-	74	74	74	-	-
Subtotal C&DS	-	-	74	74	74	-	-
Customer Experience and							
Computer Systems	80	-	-	80	80	-	-
Council Offices	68	-	-	68	68	-	-
Subtotal CE&I	148	-	-	148	148	-	-
Operational Services							
CCTV	400	-	-	400	8	392	392
Crematorium	-	-	949	949	949	-	-
Depots	34	-	-	34	34	-	-
Manor Park	49	-	-	49	-	49	-
Parks and Open Spaces	20	-	253	273	232	41	50
Playground Works	-	-	104	104	104	-	-
Refuse/Recycling	100	-	-	100	120	20	-
Food waste containers and liners	131	-	-	131	131	-	-
Southwood Community Centre	-	-	-	-	-	-	-
Improvement Grants	1,111	-	553	1,663	1,025	638	613
Subtotal OS	1,844	-	1,858	3,702	2,602	1,100	1,055
Planning and Economy							
No capital budgets	-	-	-	-	-	-	-
Subtotal P&E	-	-	-	-	-	-	-
ICE Programme							
Subtotal ICE	-	-	78	78	78	-	-
TOTAL Capital Programme	38,510	-	2,176	40,686	39,943	743	1,055

4 REVENUE EFFECT OF CAPITAL PROGRAMME

4.1 Movement in the capital programme between years will have an effect on interest costs and MRP cost in the year in which budget was allocated.

5 CONCLUSIONS

5.1 The Council's 2021/22 Capital Programme is currently forecast to spend £40.0m, £0.7m below the approved capital budget of £40.7m. Variation from the approved budget and slippage is not significant as at quarter 1. However, the capital programme contains large and complex project that require proactive monitoring to ensure and delays or variation in cost are clearly understood and communicated to assess the implications on the Council.

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CAPITAL PROGRAMME MONITORING SUMMARY 2021/22

Expenditure	SLIPPAGE FROM 2021/22	ORIGINAL BUDGET 2021/22	ADDITIONAL BUDGET APPROVALS 2021/22	TOTAL APPROVED BUDGET 2021/22	ACTUAL AS AT 16.07.2021	COMMITMENTS AS AT 16.07.2021	ACTUALS PLUS COMMITMENTS	VARIANCE	FORECAST SPEND 2021/22	FORECAST SPEND LESS APPROVED BUDGET	SLIPPAGE TO 2022/23
PORTFOLIO	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
MAJOR PROJECTS AND PROPERTY	166	36,518	0	36,684	923	987	1,910	(34,774)	37,041	357	0
CORPORATE AND DEMOCRATIC SERVICES	74	0	0	74	0	0	0	(74)	74	0	0
CUSTOMER EXPERIENCE AND IMPROVEMENT	0	148	0	148	(4)	4	0	(148)	148	0	0
OPERATIONAL SERVICES	1,858	1,844	0	3,702	148	875	1,023	(2,679)	2,602	(1,100)	1,055
PLANNING AND ECONOMY	0	0	0	0	0	0	0	0	0	0	0
ICE PROGRAMME	78	0	0	78	1	7	8	(70)	78	0	0
TOTAL	2,176	38,510	0	40,686	1,068	1,873	2,941	(37,745)	39,943	(743)	1,055

Variations to Programme Approved 2021/22

Original Budget 2021/22 - Various Projects
Slippage from 2020/21

Approved By Full Council Date 16.02.2021

£
38,509,880
2,176,314

Total Approved Budget

40,686,194

S106 and Grants & Contributions	SLIPPAGE FROM 2021/22	ORIGINAL BUDGET 2021/22	ADDITIONAL BUDGET APPROVALS 2021/22	TOTAL APPROVED BUDGET 2021/22	FORECAST S106 AND GRANTS & CONT'S AS AT 16.07.2021	VARIANCE
PORTFOLIO	£'000	£'000	£'000	£'000	£'000	£'000
MAJOR PROJECTS AND PROPERTY	(464)	(9,200)	0	(9,664)	(9,664)	0
CORPORATE AND DEMOCRATIC SERVICES	0	0	0	0	0	0
CUSTOMER EXPERIENCE AND IMPROVEMENT	0	0	0	0	0	0
OPERATIONAL SERVICES	(1,504)	(1,147)	0	(2,651)	(1,958)	693
PLANNING AND ECONOMY	0	0	0	0	0	0
ICE PROGRAMME	0	0	0	0	0	0
TOTAL	(1,968)	(10,347)	0	(12,315)	(11,622)	693

Variations to Programme Approved 2021/22

Approved By Date

£

Total Approved Budget

0

APPENDIX B

Over/Underspends, slippage and material variances in relation to schemes financed by grants/contributions.

1 The significant over/(under) spend variations to date are as follows:

Scheme	Explanation	Over / (Under) Spend £000s
MAJOR PROJECTS AND PROPERTY		
36-62 UNION STREET Site assembly	No budget in financial year 2021/22. No explanation received.	46
CORPORATE AND DEMOCRATIC SERVICES		
No budget variances reported		
CUSTOMER EXPERIENCE AND IMPROVEMENT		
No budget variances reported		
OPERATIONAL SERVICES		
IMPROVEMENT GRANTS Housing Renewal Grant	Several cases pending but none yet approved.	(25)
REFUSE/RECYCLING Wheeled bins	Service did not take into consideration a large number of additional 1100L residual bins that we would need to purchase for flats, for the move to fortnightly collections.	20
MANOR PARK Lake Improvements	Project is waiting outstanding S106 contribution to provide sufficient budget to carry out works.	(49)
PLANNING AND ECONOMY		
No budget variances reported		
ICE PROGRAMME		
No budget variances reported		

- 2 The major areas of slippage/(Pre-spend) identified to date which are included within the (Appendix A) net slippage of £1,054,763 against the approved revised Capital Programme are provided in the table that follows:

Scheme	Explanation	Slippage /(Pre-spend) to 2022/23 £000s
MAJOR PROJECTS AND PROPERTY		
No budget slippage reported		
CUSTOMER EXPERIENCE AND IMPROVEMENT		
No budget slippage reported		
OPERATIONAL SERVICES		
IMPROVEMENT GRANT Disabled Facilities Grant	Referrals equivalent to £1m have been reported. Remaining budget is to slip accordingly.	613
CCTV Camera and Network	Drawdown to replace Princes Hall CCTV has been prioritised and rest of project likely to be within financial year 2022/23	392
KING GEORGE V Café conversion	Impact of C19 has resulted in significant downturn in hospitality sector. Further market engagement needed to establish viability of project post C19.	50
CORPORATE AND DEMOCRATIC SERVICES		
No budget slippage reported		
PLANNING AND ECONOMY		
No budget slippage reported		
ICE PROGRAMME		
No budget slippage reported		

- 3 The material variances in relation to schemes financed by grants/contributions are as follows:

Scheme	Explanation	Grant funding £000s
MAJOR PROJECTS AND PROPERTY		
No variation reported		
CUSTOMER EXPERIENCE AND IMPROVEMENT		
No variation reported		
OPERATIONAL SERVICES		
IMPROVEMENT GRANT Disabled Facilities Grant	Referrals equivalent to £1m have been reported. Remaining budget is to slip accordingly.	644
MANOR PARK Lake Improvements	Project is waiting outstanding S106 contribution to provide sufficient budget to carry out works.	49
CORPORATE AND DEMOCRATIC SERVICES		
No variation reported		
PLANNING AND ECONOMY		
No variation reported		
ICE PROGRAMME		
No variation to report		

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