

Public Document Pack



RUSHMOOR BOROUGH COUNCIL

CABINET

*at the Council Offices, Farnborough on
Tuesday, 8th February, 2022 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 - 8)

To confirm the Minutes of the meeting held on 18th January, 2022 (copy attached).

3. **REVENUE BUDGET, CAPITAL PROGRAMME AND COUNCIL TAX LEVEL** – (Pages 9 - 50)
(Cllr Paul Taylor, Corporate Services Portfolio Holder)

To consider Report No. FIN2210 (copy attached), which makes recommendations on the budget, Council Tax Requirement and proposals for budget savings for 2022/23, for submission to the Council on 24th February, 2022.

4. **DRAFT COUNCIL PLAN 2022 - 2025 AND UPDATE** – (Pages 51 - 72)
(Cllr Adrian Newell, Democracy, Strategy and Partnerships Portfolio Holder)

To consider Report No. ACE2202 (copy attached), which seeks approval of an update to the three year Council Plan, for submission to the Council on 24th February, 2022.

5. **COUNCIL BUSINESS PLAN AND RISK REGISTER QUARTERLY UPDATE OCTOBER - DECEMBER 2021/22** – (Pages 73 - 116)
(Cllr Adrian Newell, Democracy, Strategy and Partnerships Portfolio Holder)

To consider Report No. ACE2201 (copy attached), which sets out performance monitoring information in relation to the Council Business Plan and Risk Register for the third quarter of 2021/22.

6. **JOINT MUNICIPAL WASTE MANAGEMENT STRATEGY** – (Pages 117 - 148)
(Cllr Maurice Sheehan, Operational Services Portfolio Holder)

To consider Report No. OS2201 (copy attached), which sets out a proposed revised Hampshire Joint Municipal Waste Management Strategy.

7. **UNION YARD - DISPOSAL OF PRIVATE RESIDENTIAL STOCK TO RUSHMOOR HOMES LIMITED** – (Pages 149 - 172)
(Cllr Martin Tennant, Major Projects and Property Portfolio Holder)

To consider Report No. REG2201 (copy attached), which sets out a proposal to dispose of a leasehold interest for the private residential units contained within the Union Yard scheme.

8. **RUSHMOOR HOMES LIMITED - BUSINESS PLAN UPDATE 2022 - 2027** – (Pages 173 - 206)
(Mr Paul Shackley, Chief Executive)

To consider Report No. CEX2201 (copy attached), which sets out a five-year business plan for the Council's local housing company, Rushmoor Homes Limited, for approval.

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CABINET

Meeting held on Tuesday, 18th January, 2022 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 **31st January, 2022**.

52. **DECLARATIONS OF INTEREST –**

Having regard to the Council's Code of Conduct for Councillors, no declarations of interest were made.

53. **MINUTES –**

The Minutes of the meeting of the Cabinet held on 14th December, 2021 were confirmed and signed by the Chairman.

54. **COUNCIL TAX SUPPORT SCHEME 2022/23 –**

(Cllr Diane Bedford, Chairman of the Council Tax Support Task and Finish Group)

The Cabinet considered Report No. FIN2206, which set out the work carried out by the Council's Council Tax Support Task and Finish Group in respect of potential changes to the Council Tax Support Scheme. The Chairman welcomed Cllr Mrs. D.B. Bedford, Chairman of the Council Tax Support Task and Finish Group, who was attending to report on the Group's recommendations.

The Council Tax Support Task and Finish Group had met on 17th August, 2021, 6th October, 2021 and 25th November, 2021 to consider its recommendations to the Cabinet. The Group had considered the on-going impact of Covid-19 and had paid specific attention to a number of matters during its deliberations and these were set out in paragraph 2 of the Report. Having considered all relevant factors, the Group recommended that no changes should be made to the Council Tax Support Scheme for 2022/23, except for the usual alignment with Housing Benefit rates in the calculations. This would mean that the minimum contribution would remain at 12%. Additionally, it was recommended that a fundamental review of the Scheme should be carried out in early 2022/23.

The Cabinet expressed gratitude to the Council Tax Support Task and Finish Group for its work in producing these recommendations.

The Cabinet

- (i) **RECOMMENDED TO THE COUNCIL** that the current Council Tax Support Scheme for working age customers be retained for 2022/23, with the usual alignment to Housing Benefit Rates; and
- (ii) **RESOLVED** that:
 - (a) the Council Tax Support Task and Finish Group be authorised to undertake a detailed review of the Council Tax Support Scheme, to be carried out early in 2022/23 and to take into account the continuing impact of the Covid 19 pandemic and the increasing cost of the scheme and its local impact on scheme recipients and other local Council Tax payers; and
 - (b) the deliberations and considerations of the Council Tax Support Task and Finish Group in arriving at its recommendations, as set out in Report No. FIN2206, be noted.

55. **APPOINTMENT OF DIRECTORS - FRIMLEY4 BUSINESS PARK, FRIMLEY –**
(Cllr Martin Tennant, Major Projects and Property Portfolio Holder)

The Cabinet considered Report No. PETS2202, which set out a proposal to appoint new Directors for Frimley Business Park Management Limited.

Members were reminded that the Council had purchased part of the Frimley4 Business Park in April, 2019. Currently, the Council's Head of Property, Estates and Technical Services and the Council's Service Manager – Property and Estates were nominated Directors of the Business Park's management company. The current Head of Property, Estates and Technical Services postholder was about to leave the employment of the Council and, as the Service Manager – Property and Estates was responsible for the management of the asset, it was felt that both of the Council's Directors should be replaced.

The Cabinet RESOLVED that the appointment of the Council's Corporate Manager – Legal and the Council's Head of Service responsible for the Property and Estates function as Directors of the Frimley Business Park Management Limited company be approved.

56. **FIRST HOMES INTERIM POLICY STATEMENT –**
(Cllr Marina Munro, Planning and Economy Portfolio Holder)

The Cabinet considered Report No. EPSH2204, which set out a proposed new Rushmoor First Homes Interim Policy Statement.

Members were informed that the policy would help the Council to provide certainty to developers as to how the Council would implement first homes through the planning

system. The Report set out the details of the interim scheme and it was explained that this would be considered through the Local Plan process in due course.

The Cabinet expressed support for this policy, which would help first time buyers to get onto the housing ladder at a reduced price.

The Cabinet RESOLVED that

- (i) the adoption of the Rushmoor First Homes Interim Policy Statement, as set out in Report No. EPSH2204, be approved; and
- (ii) the Head of Economy, Planning and Strategic Housing, in consultation with the Planning and Economy Portfolio Holder, be authorised to make amendments to the Interim Policy Statement to reflect any relevant changes to national policy and guidance or case law.

57. REVENUE BUDGET MONITORING REPORT P2 2021/22 –
(Cllr Paul Taylor, Corporate Services Portfolio Holder)

The Cabinet considered Report No. FIN2201, which set out the anticipated financial position for 2021/22, based on the monitoring exercise carried out during October and November, 2021. Members were informed that the Covid-19 pandemic had continued to have a widespread impact on local authority budgets, particularly in relation to a significant loss of income from services and an uncertain income recovery during the current financial year. It was noted that the forecast focussed on the immediate financial pressures that had been identified and that further analysis would be undertaken on the Medium Term Financial Strategy and Savings Plan to inform the budget setting process for 2022/23. A summary of the general risks and uncertainties faced by the Council at this time was included in the Report.

The Cabinet RESOLVED that

- (iii) the latest revenue forecasts and financial impact on reserve balances, as set out in Report No. FIN2201, be noted; and
- (iv) the additional transfers from earmarked reserves, as set out in paragraph 7.4 of the Report, be approved.

58. CAPITAL PROGRAMME MONITORING AND FORECASTING REPORT P2 2021/22 –
(Cllr Paul Taylor, Corporate Services Portfolio Holder)

The Cabinet received Report No. FIN2202, which provided the latest forecast regarding the Council's Capital Programme for 2021/22, based on the monitoring exercise carried out during October and November, 2021. The Report advised that the original Capital Programme for 2021/22, which had been agreed by the Council on 25th February, 2021, had totalled £38.510 million. Table 1 of the Report set out the reconciliation of budget changes since then, along with the projected actual capital expenditure for 2021/22. It was noted that projects of major financial significance to the Council in the Capital Programme included the regeneration projects in Aldershot town centre and Farnborough Civic Quarter and the

replacement of cremators at the Aldershot Crematorium. Members were advised that, of the approved capital budget of £41.297 million, only £14.580 million was forecast to be spent by the end of 2021/22. In noting this variance, it was explained that the programme contained large and complex projects that required proactive monitoring to ensure any delays or variations in cost were clearly understood and communicated to assess the implications for the Council.

The Cabinet RESOLVED that the latest Capital Programme position, as set out in Tables 1 and 2 of Report No. FIN2202, including the proposed slippage of £26.893 million, be noted.

59. **RECOMMENDATIONS FROM BUDGET STRATEGY WORKING GROUP 2021/22–**
(Cllr Paul Taylor, Chairman of the Budget Strategy Working Group)

The Cabinet considered Report No. FIN2204, which set out recommendations from the Council's Budget Strategy Working Group in respect of the strategic financial issues that the Group had worked on throughout the year. The Chairman welcomed Cllr J.B. Canty, who had requested to address the Cabinet on this issue.

Members were reminded that the Corporate Services Portfolio Holder (Cllr P.G. Taylor) was the Chairman of the Group, which had met five times during the current financial year and had one further meeting for the year, scheduled for March, 2022. The Group had considered many matters during the year, including the strategic options around the Council's revenue and capital budget setting for the forthcoming financial year and ongoing impact of Covid-19 on the Council's financial position. The Group had formulated a number of recommendations to the Cabinet and details of these were set out in the Report.

The Cabinet heard from Cllr Canty, who had been a member of the Budget Strategy Working Group during the previous year. Cllr Canty expressed support for the recommendations from the Group, as set out, and went on to express some personal observations on how the Council might address the financial challenges it faced over the coming years. Cllr Canty was thanked for his input.

The Cabinet expressed gratitude to the members of the Budget Strategy Working Group for their work in producing these recommendations.

The Cabinet NOTED the following recommendations from the Budget Strategy Working Group, that

- (v) the Savings and Transformation Programme be continued to ensure a balanced portfolio of cost management and income generation opportunities to enable the Council to achieve financial sustainability over the medium-term strategy period, with the Budget Strategy Working Group acting as a consultee on the development of the programme, in line with the Group's Terms of Reference, as set out in Appendix A of Report No. FIN2204; and;
- (vi) whilst mindful of the impact on Rushmoor residents, the Council should increase Council Tax by the maximum permissible level of £5, given the inflationary and financial pressures faced by the Council.

60. **MEDIUM TERM FINANCIAL STRATEGY 2022/23 TO 2025/26 - UPDATE –**
(Cllr Paul Taylor, Corporate Services Portfolio Holder)

The Cabinet received Report No. FIN2203, which set out an update on the key factors influencing the preparation of the Council's 2022/23 budget. The Report also provided an update on the Provisional Local Government Finance Settlement.

Members were informed that the Council, along with many other local authorities, continued to face significant financial challenges over the medium term. Risks and uncertainties, particularly around Covid-19, Brexit and the global economy made it difficult for the Council to accurately predict its medium term financial position. The Report set out details of the Spending Review announced by the Government on 27th October, 2021. The Cabinet was informed that would need to ensure that adequate reserves were maintained over the medium term to mitigate the risks identified in the Report.

The Cabinet NOTED the contents of Report No. FIN2203, including the Provisional Local Government Finance Settlement and the financial planning process and associated risks and uncertainties, as set out in Section 7.

61. **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 items to avoid the disclosure of exempt information within the paragraph of Schedule 12A to the Local Government Act, 1972 indicated against the items:

Minute Nos.	Schedule 12A Para. No.	Category
62 and 63	3	Information relating to financial or business affairs

**THE FOLLOWING ITEMS WERE CONSIDERED
IN THE ABSENCE OF THE PUBLIC**

62. **INVESTMENT PROPERTY PORTFOLIO - AGREEMENT OF REVISED RENTAL OFFER –**

(Cllr Martin Tennant, Major Projects and Property Portfolio Holder)

The Cabinet considered Exempt Report No. PETS2201, which set out details of a revised rental offer in relation to a property owned by the Council.

Members were informed that, following a difficult trading period, discussions had taken place with the tenant of one of the Council's retail properties. The Tenant had built up rent arrears since the start of the pandemic. Officers had worked with Lambert Smith Hampton Investment Management (LSHIM), the Council's Asset Managers, and a specialist adviser and had negotiated a revised rental offer that represented a good solution for both the Tenant and the Council.

The Cabinet was supportive of the suggested approach and considered this to be the best available option.

The Cabinet RESOLVED that, having considered the options set out in Exempt Report No. PETS2201, the option agreed in principle with the Tenant, be approved as follows

- (i) a new ten-year lease from 1st September, 2021;
- (ii) a stepped rental basis per annum exclusive, as set out in the Report;
- (iii) a tenant only break option at the fifth year, subject to serving six months' notice and the tenant paying a penalty equivalent to one year's rent;
- (iv) a single upwards only rent review only at the fifth year, based off the stepped rent applicable at that time; and
- (v) a landlord's contribution of £10,000 towards costs, to be netted off against the first quarter's rent.

63. **APPLICATION FOR SECTION 49 REMISSION OF NON-DOMESTIC RATES –**
(Cllr Paul Taylor, Corporate Services Portfolio Holder)

The Cabinet considered Exempt Report No. FIN2205, which set out an application for the remission of non-domestic rates on the grounds of hardship.

Members assessed the application from Dhampus Limited, No. 4 Wellington Street, Aldershot, taking into account the evidence of financial hardship supplied and whether it was in the interests of local taxpayers to subsidise the business. The Cabinet took into account the nature and circumstances of the business and the availability of alternative facilities in the area. The Corporate Services Portfolio Holder and the Council's Principal Revenues and Benefits Officer had examined the application in detail, including subsequent information requested in relation to the company's up to date sales and a future forecast for the success of the business, which was set out in the Report.

The Cabinet RESOLVED that 100% hardship relief be granted to Dhampus Limited for the current outstanding balance for the period from 15th July, 2019 to 31st March, 2020 and for the period from 1st July, 2021 to 31st March, 2022.

NOTE: It was noted that one of the Directors of Dhampus Limited was a member of the Conservative Party but that this had not had a material effect on the decision to grant hardship relief in this case, for which the application had been judged on its merits.

The Meeting closed at 7.48 pm.

CLLR D.E. CLIFFORD, LEADER OF THE COUNCIL

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CABINET

COUNCILLOR PAUL TAYLOR
CORPORATE SERVICES
PORTFOLIO HOLDER
REPORT NO. FIN2210

08 FEBRUARY 2022

KEY DECISION: ~~YES~~/NO**REVENUE BUDGET, CAPITAL PROGRAMME AND COUNCIL TAX LEVEL****SUMMARY AND RECOMMENDATIONS:**

This report contains recommendations for the budget, Council Tax Requirement, and proposals for budget savings for 2022/23. The report includes:

Appendix 1: Medium Term Financial Strategy

Appendix 2: List of Savings and Transformation items for inclusion in the budget

Appendix 3: Capital Programme

Appendix 4: Strategy for the Flexible Use of Capital Receipts

Cabinet are requested to consider and approve for recommendation to Council:

- i) the Medium-Term Financial Strategy set out in Appendix 1
- ii) the Savings and Transformation items for inclusion in the budget, set out in Appendix 2
- iii) the Council Tax Requirement of £7,212,340 for this Council
- iv) the Council Tax level for Rushmoor Borough Council's purposes of £219.42 for a Band D property in 2022/23 (an increase of £5)
- v) the Capital Programme, set out in Appendix 3
- vi) the Strategy for the Flexible use of Capital Receipts set out in Appendix 4
- vii) the balances and reserves position including proposed reserve transfers for 2022/23 as set out in Section 5 of the report

Cabinet are recommended to approve delegation to the Council's Section 151 officer, in consultation with the Leader of the Council and the Portfolio Holder for Corporate Services:

- i) for any changes to the General Fund Summary stemming from the Local Government Finance Settlement and the Business Rates Retention Scheme estimates

1. INTRODUCTION

- 1.1 This report sets out the key factors taken into account in preparing the budget plans for Rushmoor Borough Council for 2022/23.

2. BACKGROUND

- 2.1 Cabinet approved the budget framework set out in the Budget Strategy 2022/23 report on 19 October 2021 ([FIN2122](#)). Cabinet considered the prospects for the Medium-Term Financial Strategy at their meeting on 18 January 2022 ([FIN2203](#)).

- 2.2 The budget and MTFFS have been prepared in the context of ongoing pressure on the Council's finances. The impact from Covid-19 on service expenditure and income, and the continuation of constraints in government funding (both in terms of the level of funding and duration) means the budget and medium-term are subject to considerable uncertainty.

Local Government Finance Settlement 2022/23

- 2.3 The provisional settlement for 2022/23 was announced on 16 December 2021 and given the impact from Covid-19 and the Government's focus on stability it should be seen as a 'roll-over' settlement from 2021/22. It is worth stressing that the settlement only covers the forthcoming financial year. Significant changes to local government finance have been delayed for at least further year with the Government indicating consultation will take place on their proposed change in the spring.

- 2.4 The government's consultation on the settlement closed on 13 January 2022 with the final settlement due to be confirmed shortly. This report has been prepared based on figures contained within the provisional local government finance settlement and are not expected to change.

- 2.5 The provisional settlement largely confirmed the funding expectations for local government outlined in the Budget and Spending Review 2021

- Confirmation of the Council Tax referendum principle of 2% or £5 (whichever is higher) for shire districts and boroughs
- New Homes Bonus scheme continues for a further year
- Rural Services Delivery Grant maintained
- Social Care Funding
- Lower Tier Services Grant
- New Services Grant allocations to provide additional funding for all tiers of local government
- Continuation of the approach to eliminating negative RSG and an uprating of the Settlement Funding Assessment (SFA)

- 2.6 The MTFFS continues to provide a risk-based General Fund balance of £2m being the minimum expected level for total working balances.

3. 2021/22 BUDGET

- 3.1 The original net revenue budget for 2021/22 was £12.869m. Cabinet have considered the forecast outturn position during the year with the last forecast outturn position of £13.465m reported in the Revenue Budget Monitoring P2 2021/21 report (FIN2201) – an adverse variation of £0.353m against the revised budget of £13.076m as reported at the time.
- 3.2 The main variations across service budgets (£0.831m) are due to a shortfall in income from Sales, Fees & Charges with the level of Crematorium income being around 20% lower during the year. Covid-19 has had an ongoing impact on the Council's car parking income with both on-street and off-street car parking income under pressure.
- 3.3 Non-Service variations (£0.395m) include a net variation on Treasury Management activities (£0.495m underspend on interest payable mitigating a forecast £0.100m shortfall in investment income). An estimated shortfall in the level of savings that will be achieved in year (£0.176m) due to the delayed drawdown of funding by Rushmoor Homes. These variations are in part offset by changes to earmarked reserve transfers to mitigate the impact on the revenue budget (£0.223m).
- 3.4 The Council has received £0.137m of Covid funding in respect of the MHCLG Sales, Fees and Charges scheme (income loss) that provided support to Council in Q1 2021/22.
- 3.5 The estimates for the current year have been revised but only include minor changes from the original budget arising from the monitoring position outlined above and a revised position regarding the level of earmarked reserves required to support expenditure in relation to the impact of Covid-19 on the community and the Council's Climate Change Strategy. The revised net budget for 2021/22 is £13.220m – an increase of £0.351m over the original budget. Included within the revised estimates are impact of budgets carried forward from 2020/21 and reserve-funded changes. The change across each portfolio is summarised below, although the gross change will in many cases be matched by reserve funding. The net change in service budgets is £2.801m.
- **Corporate Services:** £0.662m increase from 2021/22 OB
 - **Customer Experience & Improvement:** £0.496m increase from 2021/22 OB
 - **Major Projects & Property:** £1.048m increase from 2021/22 OB
 - **Operational Services:** £0.557m increase from 2021/22 OB
 - **Planning & Economy:** £0.038m increase from 2021/22 OB
- 3.6 The summary above excludes the impact of changes in Support Service charges, Capital Charges and Pension Accounting charges. A detailed analysis of the budget changes will be shown in the Council's 2022/23 Budget Book which will be available in early March 2022 following the Council's approval of the revenue and capital budgets for 2022/23.
- 3.7 Corporate Income and Expenditure budgets, including transfers from reserves and Treasury Management activities have been revised with a net reduction in budget requirement of £2.450m.

- 3.8 Whilst the revised budget indicates a reduced requirement to utilise the MTFS Equalisation reserve (previously referred to as the Stability and Resilience reserve) a degree of caution should be exercised. As reported in the P2 Budget Monitoring report, it is worth noting that a number of other reserves are utilised to support the General Fund Revenue budget. Total reserve deployment of other reserves to support the General Fund Revenue Budget is forecast to be £1.546m and will need to be kept under review over the remainder of the financial year.

4. MEDIUM TERM FINANCIAL STRATEGY 2022/23 TO 2025/26

- 4.1 As stated earlier in the report, budget and MTFS have been prepared in the context of ongoing pressure on the Council's finances. The impact from Covid-19 on service expenditure and income, and the continuation of constraints in government funding (both in terms of the level of funding and duration) means the budget and medium-term are subject to considerable uncertainty.
- 4.2 Portfolio budgets have been updated for 2021/22, along with forecasts of Corporate Items. Inflationary provision has been included as a separate item and assumes:
- Pay inflation of 2% and an assumption of the impact of pay increments
 - Price inflation on major contracts, utilities, and IT costs (in-line with the approach set out in the Budget Strategy). Additional inflationary provision has been made in the budget and across the MTFS period recognising energy price rises.
- 4.3 Fees and Charges have been reviewed in accordance with the approved methodology for the annual review of fees and charges made for Council services ([FIN1624](#)). An increase of 5.0% has been reflected in fees and charges that are increased in-line with the annual increase in the RPIX inflation rate. Budget holders are required to review the fees and charges as part of the budget setting process to ensure they are set at an appropriate level and that charges are transparent and show a clear methodology for their increase.
- 4.4 The estimates for 2022/23 includes changes to service income and expenditure budgets that are summarised below. Income and cost pressures have been reviewed given the financial pressures faced by the Council. In most cases, budget estimates have only been amended where the impact is unavoidable – either through inflationary pressure (pay and contractual) or where there is a projected income shortfall.
- 4.5 In addition there is an element of investment in support services to build capacity across the Council to deliver Regeneration schemes such as Union Yard. A summary of the key budget changes is set out below. The proposed net expenditure budget across the portfolios for 2022/23 is £11.620m, a net increase of £1.493m over the Original Budget (OB) for 2021/22 (£10.127m).
- **Corporate Services:** £0.385m increase from 2020/21 to 2022/23
 - **Customer Experience & Improvement:** £0.470m increase from 2020/21 to 2022/23
 - **Major Projects & Property:** Increase of £1.006m from 2020/21 to 2022/23

- **Operational Services:** Decrease of £0.283m from 2020/21 to 2022/23
- **Planning & Economy:** Increase of £0.163m from 2020/21 to 2022/23

4.6 As with the Revised Estimates for 2021/22, the summary above excludes the impact of changes in Support Service charges, Capital Charges and Pension Accounting charges. A detailed analysis of the budget changes will be shown in the Council's 2021/22 Budget Book which will be available in March 2022.

Budget Pressures

4.7 The table below provides an overview of the material service budget changes by portfolio and a brief outline of the reason for the budget change. For the purposes of this report, a material change is considered to be a change in the net budget of +/- £50,000. There are likely to be multiple factors behind a net change in each budget line – impact of inflation, changes in income projections, virements between different cost centres within a portfolio.

Table 1 – Material Service budget changes from 2021/22 to 2022/23

Budget Pressures by Portfolio	Original Budget (£'000)	2022/23 Original Budget (£'000)	Change from 2021/22 OB (£'000)	Reason for change
Corporate Services				
3106: DIR RES AUDIT SUPPORT SERVICE	104,510	157,290	52,780	Additional support from Interim Audit Manager to ensure handover to Audit Manager upon return from Maternity leave
2508: COMM COMMUNITY LEISURE	318,760	400,800	82,040	£61k of increase is funded from Deprivation Reserve with £20k being funded from COMF funds
3404: EXTERNAL AUDIT & INSPECTION	46,790	86,580	39,790	Expected increase in external audit fees due to additional work/delayed audit opinion
3402: FINANCE CORPORATE FINANCE	102,440	155,060	52,620	Additional staffing cost following restructure of finance team and finance improvement plan, increase in broker fees due to increased Treasury Management activity
3401: FINANCE SUPPORT SERVICES	517,260	615,180	97,920	
3403: FINANCE TREASURY MGT, CORP POL	159,780	119,920	(39,860)	
Customer Experience and Improvement				
1327: CUSTOMER SERVICES UNIT	608,840	690,660	81,820	Increase relates to staff moving from CSU/ICE to IT Digital Team
1328: DEM SERVS CLIMATE CHANGE	53,220	134,290	81,070	Activities associated with the Climate Emergency Action Plan - reserve funded
3302: IT APPLICATIONS SUPPORT	615,450	717,400	101,950	Overall increase in IT costs recognises the pressure on the service with a move away from short-term contracts to permanent appointments mitigating the overall cost impact. An element of the budget was previously shown on the MTFs as a growth item and has now been allocated to the service
3300: IT MANAGEMENT	15,160	48,850	33,690	
3303: IT SERVICE DESK	234,820	229,610	(5,210)	
3304: IT TECHNICAL SERVICES	744,650	808,080	63,430	
Major Projects and Property				
Commercial Property Portfolio (multiple CCtrs)	(7,460,572)	(6,668,330)	792,242	Impact of tenancy changes at Frimley Business Park and Ashbourne House leading to reduced income projection for 2022/23 and associated costs arising from vacant units (Business Rates, under recovery of service charges)
Regeneration (multiple CCtrs)	443,220	532,330	89,110	Increase due to revenue budgets associated with delivering Regeneration projects across Aldershot and Farnborough
Operational Services				
2518: COMM PRINCES HALL	245,900	93,540	(152,360)	Improved income expectations as impact of Covid unwinds
Planning and Economy				
1413: ECONOMIC DEVELOPMENT	299,250	375,480	76,230	Expected delay in payment of Economic Development grant from 2021/22 to 2022/23

4.8 Whilst the table below is not exhaustive, there are a couple of additional service budget changes worth highlighting.

4.9 Inflationary provision on the SERCO contract resulted in an overall cost increase on the contract of around 4.2% (£250k across all aspects of the contract). This is significantly higher than previous year's uplifts due to the higher inflation rate in

September 2021 which forms part of the calculation. However, with the reversal of one-off budgets (£150k) in respect of the roll-out of Food Waste and other cost changes between Waste collection and Recycling the net budget change across budgets with exposure to SERCO contract costs was mitigated down to £75k.

- 4.10 Members made the decision in February 2021 to bring forward the closure of Farnborough Leisure Centre and concentrate resources on Aldershot Indoor Pools and Leisure Centre and the Lido. The contract cost for 2022/23 remains within the overall cost envelope agreed by members in February 2021 with an expectation that the net subsidy for operating the Lido will reduce given changes made to the operation of the service over last season.
- 4.11 No allowance has been made in service budgets for increased energy costs. Provision has been made centrally of an additional £100k recognising the 20% to 30% increase in Gas and Electricity prices between November 2020 and November 2021. Further prices rises are expected during 2022/23 and members will be kept informed of any further cost pressures through the regular budget monitoring reports to Cabinet.
- 4.12 Other items of supplementary expenditure may be proposed during 2022/23 as the Council reacts to changing conditions or levels of demand, for example. Given the financial pressures facing the Council and the funding gap across the MTFS period, each item will be reviewed individually prior to any formal decision, in line with current financial regulations. Given the financial pressures it is anticipated that any such requests will be reviewed in the context of ongoing need for budgetary control and the need to deliver further cost reductions. Therefore, consideration will only be given to essential expenditure and agreed priority areas only.

Non-Service Expenditure and Income

- 4.13 Corporate Items covers the non-service revenue expenditure and income that is included in the Council's General Fund. Non-Service budgets for 2022/23 of £1.380m are proposed and increase to £3.975m, £5.667m and £6.378m over the MTFS period. Specific budgets covering the Council's Treasury Management activities, approach to the revenue implications of capital financing, and planned reserve transfers are set out below in more detail.

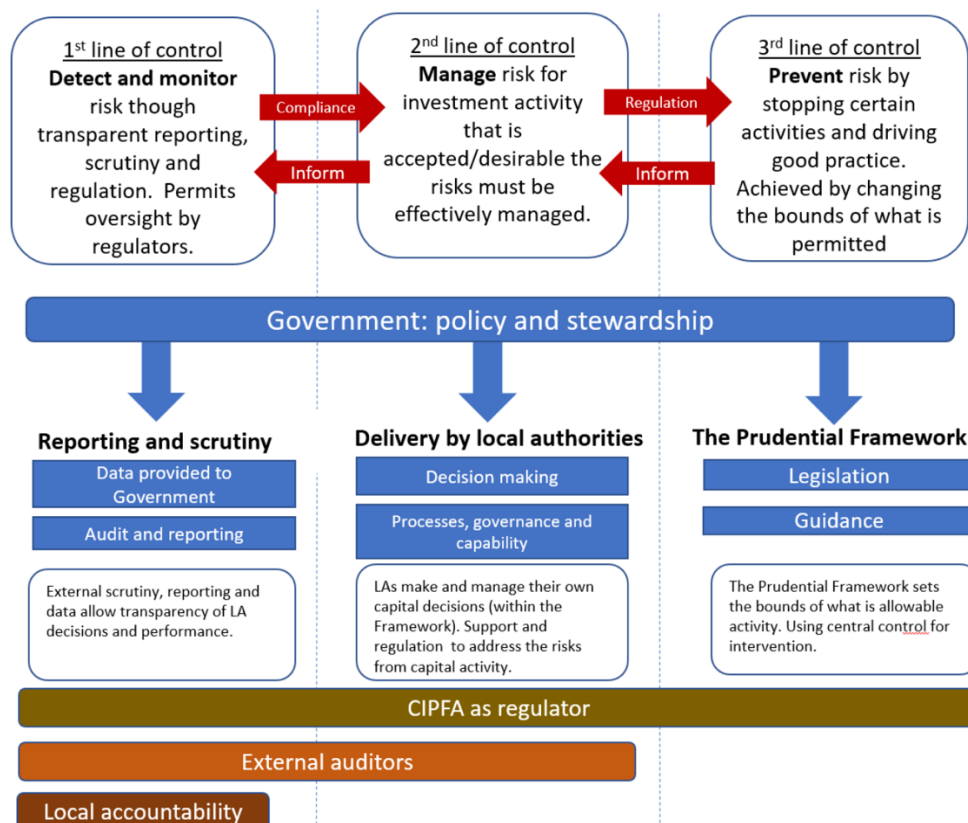
Treasury Management and PWLB Lending Terms

- 4.14 The MTFS includes an updated estimate of the additional cost of borrowing as interest rates increase. The Treasury Management Strategy for 2022/23 will be considered by Corporate Governance, Audit and Standards Committee at their meeting on 15 February 2022. This will indicate that external short-term borrowing has been taken to finance the capital programme to date. This takes advantage of current low interest rates, with a planned move to longer-term external borrowing as interest rate rises are expected over the medium term thereby providing a degree of mitigation against refinancing risk. Advice will be sought from the Council's Treasury Management advisors Arlingclose, in terms of timing, maturity profile and debt composition.
- 4.15 The Government provided further guidance and clarification on the revised PWLB Lending Terms in August 2021. The key points are set out below.

- Any investment asset acquired after 26th November 2020 would result in the authority not being able to access PWLB in that financial year or being able to use the PWLB to refinance the transaction at any point in the future
- authorities should provide details of capital plans, regardless of funding source, covering the whole current financial year and subsequent two financial years
- Individual projects and schemes may have characteristics of several different categories. In these cases, the section 151 officer or equivalent of the authority should use their professional judgment to assess the main objective of the investment and consider which category is the best fit.
- an asset that is held primarily to generate income which is used to support wider service spending, but serves no direct policy purpose, should not be categorised as service delivery
- authorities cannot use receipts from primarily for yield assets to buy further primarily for yield assets
- Capital expenditure to maintain existing properties or in order to increase their value where the local authority is planning to sell the property is permitted

4.16 The Government also set out their views on the local authority capital finance framework. Whilst the Government have recognised the importance of local government capital investment, they are concerned at the risks some local authorities have taken around investment in commercial property.

Figure 1: Three-lines of control model for strengthening the capital system



- 4.17 In December 2021 CIPFA confirmed changes to its Prudential Code on Capital Finance and Treasury Management Code of Practice following a consultation in the Autumn. The new codes will have a soft launch of its provisions for the 2022/23 financial year. Where possible, local authorities should make their best endeavours to adhere to their provisions and not undertake any new investments which would not be consistent with the changes. The codes will be fully implemented in the 2023/24 financial year. Authorities therefore do not have to amend or revise any treasury or capital strategies for 2022/23 to incorporate the additional disclosure requirements for investment categories and new indicators. The main changes to the Codes are summarised below.
- 4.18 **Prudential Code** – The updated code includes the following as the focus of the substantive changes:
- The provisions in the code, which present the approach to borrowing in advance of need in order to profit from additional sums borrowed, have been strengthened. The relevant parts of the code have augmented to be clear that borrowing for debt-for-yield investment is not permissible under the Prudential Code. This recognises that commercial activity is part of regeneration but underlines that such transactions do not include debt-for yield as the primary purpose of the investment or represent an unnecessary risk to public funds.
 - Proportionality has been included as an objective in the Prudential Code. New provisions have been added so that an authority incorporates an assessment of risk to levels of resources used for capital purposes.
 - A new requirement has been added so that capital strategies are required to report investments under the following headings: service, treasury management and commercial investments.
- 4.19 **Treasury Management Code** – The main changes to the Treasury Management code are as follows:
- Investment management practices and other recommendations relating to non-treasury investments are included within the Treasury Management Practices (TMPs) alongside existing TMPs.
 - The guidance will recommend the introduction of the Liability Benchmark as a treasury management indicator for local government bodies (note that CIPFA has issued a toolkit to assist local authorities with the production of this indicator).
 - Environmental, Social and Governance (ESG) risks are incorporated into TMP1 (Risk Management) rather than a separate TMP 13.
 - The purpose and objective of each category of investments should be described within the Treasury Management Strategy
- 4.20 As set out in the Annual Treasury Management Strategy, the Council's borrowing strategy is *“to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required”*.
- 4.21 The MTFs includes estimates of the borrowing costs arising from the financing of the capital programme.
- 4.22 Arlingclose expect the Bank base rate to increase in the short-term above the current 0.25% (as set in December 2021) with the next increase likely in February 2022.

Their projection in December 2021 shortly after the MPC decision to raise interest rates is for Bank Rate is for the bank base rate to increase to around 0.50% in the short-term.

- 4.23 The Treasury Management Strategy sets out the Council's policy on Minimum Revenue Provision (MRP) and is the minimum amount which a Council must charge to its revenue budget each year, to set aside a provision for repaying external borrowing (loans).
- 4.24 The level of MRP to be charged to the revenue budget has been reviewed in light of the updated capital programme. MRP of £2.657m is to be charged in 2022/23 and is forecast to increase to £3.000m by 2025/26.
- 4.25 It is worth noting that the Government issued a consultation in November 2021 on changes to regulations to better enforce the duty of local authorities to make prudent Minimum Revenue Provision (MRP) each year. Where authorities borrow to finance capital spend, they are required under regulations to set aside money each year from their revenue account. This is referred to as MRP and is to make sure they can afford to repay the principal of their debt.
- 4.26 The consultation is seeking to address concerns the Government have around compliance by some local authorities with the duty to make prudent provision, resulting in an underpayment of MRP. Specifically, the Government have highlighted two particular concerns:
 - 4.27 Local authorities using sales from assets (capital receipts) in place of a charge to revenue. Authorities may use capital receipts to reduce overall debt and thereby reduce MRP through the calculation. Capital receipts may not, however, be used in lieu of a prudent charge to revenue.
 - 4.28 Local authorities are not charging MRP on debt related to certain assets. The evidence is that while some authorities are making MRP for commercial investments funded by borrowing, some are still not paying MRP in relation to borrowing associated with investment assets or capital loans. The statutory guidance is clear that financing for investment assets and capital loans requires provision to be made.
 - 4.29 Whilst Rushmoor complies with the current guidance and makes prudent provision for the repayment of debt, the proposed changes may require the Council to consider the level of MRP in relation to capital loans made to Rushmoor Homes (the wholly owned housing company).
- 4.30 The consultation closes on 08 February 2022 and the Council will be submitting a response given the implications the current proposals would have to the Housing Company and the wider Regeneration programme
- 4.31 Estimates of interest receivable on other investments remain positive but with some uncertainty around the continued impact from Covid-19 on the Council's longer-term investment returns. The Council continues to hold up to £25m in Pooled Funds, which are performing well. Investment income of £1.1250m has been forecast for 2022/23 recognising a recovery in performance over the last 12 months whilst recognising that volatility remains a factor. The MTFs forecast assumes a return to

pre-Covid income levels from 2023/24. This will be kept under review in terms of the overall cash position of the authority and the impact of forecast interest rate rises.

5. BALANCED BUDGET REQUIREMENT

- 5.1 The Council is legally required to set a balanced budget for the following financial year and remains balanced. As can be seen in the MTFs, the Council's core financial position is a balanced budget next year (after utilisation of the MTFs Equalisation reserve and other transfers to reserves). However, there is a significant and increasing projected funding gap (prior to any further savings target) of £3.134m in 2022/23, rising to £4.056m in 2023/24 and is forecast to increase further to £4.177m in 2024/25.
- 5.2 An important part of the strategy for financial sustainability will be to continue to deliver efficiencies and savings over the coming years. The Council Business Plan and services must be delivered within the overall resource envelope available to the Council thereby reducing reliance on earmarked reserves to support the budget.
- 5.3 The level of savings set out in the MTFs does not meet the funding gap identified. The MTFs Equalisation reserve is being used to balance the budget in the short-term and will be depleted over the MTFs period leading to a deficit position during 2023/24. As illustrated in Table 5 in this report, the Council will need to address the scale of the funding gap to ensure a balanced budget can be set for 2023/24 and beyond. The position set out in this report is by no means complete and the funding gap may change due to assumptions being updated.
- 5.4 The CIPFA Financial Management Code (FM Code) was published in 2019 and is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. The FM Code applies to all local authorities with the first full year of compliance required in 2022/23.
- 5.5 The FM Code is based on a series of principles supported by specific standards which are considered necessary to provide the strong foundation to:
- financially manage the short, medium and long-term finances of a local authority
 - manage financial resilience to meet unforeseen demands on services
 - manage unexpected shocks in their financial circumstances
- 5.6 A key element of demonstrating financial sustainability and compliance with the FM Code is for the Council to ensure suitable mechanisms are in place around savings to that they are identified, agreed, planned, implemented and achieved. This will help to ensure the funding gap identified within the MTFs is addressed in a planned and managed way.

Savings and Transformation Programme (formerly CREP)

- 5.7 The Council adopted a revised approach to its Savings Programme to address the funding gap identified in the February 2021 MTFs. The programme set out a revised process for how savings are identified, evaluated, and approved, with clearer reporting and monitoring and governance arrangements. This approach was

approved by Cabinet during March 2021, with significant work being undertaken by officers and members over the course of the current financial year.

- 5.8 The Savings and Transformation programme has developed a number of workstreams that help the Council achieve a robust, balanced, and proportionate reduction in cost/additional income. The programme has considered and reviewed service delivery options, organisational redesign programmes such as ICE, improved procurement outcomes, and how to embed a commercial approach to service delivery and improved utilisation of property and income-generating assets.
- 5.9 As can be seen from Tables 4 and 5 in this report, the requirement to reduce costs and balance the budget are substantial. The Savings and Transformation Programme has been established to ensure sustained focus over the MTFS period. The programme is supported by a project team which reports to the Executive Leadership Team Board on a monthly basis to ensure identified opportunities are on target and can be delivered. Member oversight on the programme is through the Budget Strategy Working Group.
- 5.10 The aim of the programme is to achieve financial sustainability and enable service transformation within the MTFS period without significant impact on Council Plan priorities. There are 5 broad areas that the Savings and Transformation Programme will work through:
1. CREP
 - Ensure delivery of 'live' savings projects
 - Review remaining CREP lines of enquiry and feed into a 'savings project pipeline'
 - Review un-scoped ideas generated from 2021/22 CREP workshops, assess and feed into 'savings project pipeline'
 2. Efficiencies from New Ways of Working Projects (ICE)
 3. Asset management and redevelopment (incl. increasing income from existing assets)
 4. Fees and Charges – cost recovery principle
 5. Corporate workstreams
 - Procurement and spend analysis
 - Insurance and risk management – approach to self-insurance to reduce cost
 - Workforce planning
 - Approach to in-year expenditure to promote strong financial management
 - Review of joint working and shared service opportunities approach
 - Stronger Financial Management – Forecasting, budget management and accountability, approach to capital financing
- 5.11 The table below shows the outcomes to date that have been included in the MTFS. Interest income from the Housing Company (previously reported as a savings plan item from the February 2020 MTFS) is not included under CREP as this is now part of the Council's Treasury Management activities. Appendix 2 of this report provides more details on each individual item.

Table 2 – Savings and Transformation summary

Workstream	2021/22 Forecast (£'000)	2022/23 Forecast (£'000)	2023/24 Forecast (£'000)	2024/25 Forecast (£'000)	2025/26 Forecast (£'000)
Workstream 1					
Live Savings Projects (1.1)	44	49	150	150	150
Live Savings Projects (1.2)	160	244	398	398	398
Live Savings Projects (1.3)	0	106	315	315	315
Live Savings Projects (1.4)	20	57	151	151	151
Subtotal Workstream 1	224	456	1,014	1,014	1,014
Workstream 2					
Live Savings Projects (2.1)	4	41	41	41	41
Live Savings Projects (2.2)	0	82	112	112	112
Subtotal Workstream 2	4	123	153	153	153
Regeneration	218	0	0	0	0
Property Assets	0	400	957	1,215	1,215
TOTAL Savings & Transformation Savings	446	978	2,124	2,382	2,382
As recognised in MTFS	278	578	1,567	2,124	2,382
Difference	(168)	(400)	(557)	(258)	0

Note

The difference between the Workstream savings and those recognised in the MTFS is due to a the MTFS assuming a delay in the delivery of property asset savings by one year and 2021/22 savings subject to a further review as part of budget monitoring and year end processes.

Balances and Reserves

- 5.12 The Council's financial position is supported by its balances and reserves.
- 5.13 The Budget Strategy set a target for the General Fund balance to be maintained at a minimum of £2m, with the Stability and Resilience Reserve balance held at a level that would allow the Council to mitigate short-term fluctuations in income and expenditure (e.g., Business Rates, Government funding changes). Given the funding gap identified over the MTFS period, the Council must identify and deliver additional cost reductions and new income to ensure an adequate reserve balance is maintained.
- 5.14 However, these reserves should not be utilised to fund normal, on-going service provision. It is important to review the level of reserves regularly.
- 5.15 Members will recall that as part of the 2019/20 budget setting process a Commercial Reserve was established to provide a source of funding to mitigate potential fluctuations commercial property income. The level of the reserve will need to reflect the financial risks associated with the commercial property portfolio and the impact from Covid-19 on income. The MTFS forecast assumes that £0.267m of the reserve will be utilised in 2021/22 to mitigate the impact of reduced rental income expectations.

- 5.16 A more significant drawdown from the commercial property reserve is required in 2022/23 to mitigate the impact of expected tenancy changes at Ashbourne House Guildford and Frimley Business Park. The Council will be undertaking capital expenditure on these properties to ensure vacant units can be relet in the current market and will need to fund the reduced income and costs arising from business rates and service charges on the vacant units. It is estimated that the drawdown from the reserve will be £0.974m. The Council will need to give consideration to the adequacy of this reserve in future years to ensure it can mitigate further fluctuations in income and expenditure across the corporate property portfolio.
- 5.17 As reported to Cabinet in June 2020, a Treasury Management Reserve was established in recognition of the expected delay in interest receipts from Farnborough International (FIN2017). The level of reserve transfer required in 2021/22 is £0.180m with £0.220m in 2022/23.
- 5.18 Council approved the establishment of a number of earmarked reserves in February 2020 given the level of risk and uncertainty facing the Council over the medium-term and include reserves that have since been depleted or reviewed. Members are reminded of the key reserve held to mitigate future liabilities around the performance of the Pension Fund.
- Pensions (confirmed transfer amounts are £0.818m in 2021/22, and a revised amount of £0.513m in 2023/24) with the MTFS assuming further increases following the next triennial review in 2023.
- 5.19 It is expected that earmarked reserves supporting the Regeneration, Property & Major Works programmes are likely to fully be utilised over the medium-term. Given the funding gap that is evident over the MTFS period it is not proposed at this stage to allocate any further funding to these reserves and the ability to progress capital projects through feasibility will need to be considered separately by the Council.
- 5.20 If approved, the impact of these proposed changes outlined in the report to the level of balances and reserves is set out in the table below:

Table 3 – Balances and Reserves forecast

	SOA Balance as at 31/03/2021 (£'000)	Estimated Balance 31/03/2022 (£'000)	Estimated Balance 31/03/2023 (£'000)	Estimated Balance 31/03/2024 (£'000)	Estimated Balance 31/03/2025 (£'000)
Earmarked Reserve					
COVID BRR Earmarked Reserve	10,812	265	265	265	265
Stability and Resilience Reserve	4,577				
Business Rates Equalisation Reserve	-	2,500	2,500	2,500	2,500
MTFS Equalisation Reserve	-	2,415	1,465	447	-
Negative Balance of MTFS Equalisation *					(878)
Service Improvement Fund	129	-	-	-	-
Commercial Property Reserve	1,750	1,362	388	388	388
Regeneration, Property & Major Projects	357	536	136	36	36
ICE Reserve	-	-	-	-	-
Climate Emergency Reserve ***	239	120	-	-	-
Deprivation Strategy Reserve ****	94	133	103	103	103
Pension Reserve	669	1,487	2,000	2,500	3,000
Workforce Planning Reserve	200	100	100	100	100
Treasury Earmarked Reserve	400	220	-	-	-
Covid-19/Recovery Grant reserve	393	98	98	98	98
CPE Rolling Fund	281	281	281	281	281
Budget Carry Forwards	390	-	-	-	-
All Other Earmarked Reserves (excluding SANG/s106) **	2,796	1,997	2,001	2,005	2,052
Commuted Sums/Amenity Areas	3,973	3,935	3,903	3,872	3,841
TAG Environmental Fund	96	96	96	96	96
Total of all Earmarked General Fund Reserves	27,156	15,545	13,336	12,691	11,882
Excluding SANG/S106/TAG & BRR	12,275	11,249	9,072	8,458	7,680

Notes:

- * Negative Balance on MTFS Equalisation Reserve – this is shown as a negative balance should the Council not find sufficient savings or additional income to address the funding gap highlighted over the MTFS period. In practice, a negative reserve would not be created but is show for illustrative purpose to highlight the impact.
- ** This includes all other earmarked reserves including s106 and SANG (*Suitable Alternative Natural Green Space) balances. It is likely that the level of these reserves will increase over the next 2-3 years as the charge payable for the Southwood SANG is collected.
- *** Climate Emergency Reserve – For the purposes of the reserves forecast it is assumed the reserve will be utilised in full during 2022/23. Cabinet considered the Climate Change Action Plan (DCS2002) at their meeting in November 2020.
- **** Deprivation Reserve – For the purposes of the reserves forecast it is assumed the initial allocation of £0.100m to the reserve will be utilised in full during 2021/22 and 2022/23. Cabinet considered the Supporting Communities Strategy and Action Plan 2021/23 (DCS2101) at their meeting in January 2021. No assumption has been made concerning the additional £0.100m allocated to the reserve in 2021/22.

5.21 Whilst the level of balances and reserves shown in the table indicates that the Council is in currently a good financial position, the cumulative funding gap of £11.639m over the MTFS period - £0.950m in 2022/23 rising to £4.846m by 2025/26 (as shown in Table 4 below), would reduce the MTFS Equalisation Reserve to a nil balance during 2023/24. This will need to be addressed over the coming months as the Council will need to make significant decisions on future mitigation options.

5.22 Table 5 shows the impact on the MTFS Equalisation reserve when a target for further cost reductions, income and savings is applied. Should the Council be able to deliver this level of cost reduction the cumulative funding gap would reduce to

£4.139m over the MTFS period with the MTFS Equalisation reserve being depleted during 2024/25.

- 5.23 Clearly, the Council will need to ensure the Savings and Transformation Programme is robust, balanced, and proportionate, and mitigates the funding gap over the MTFS period.

Table 4 – Medium Term Financial Forecast

	MTFS Period					
	2021/22 (£'000)	2021/22 Revised (£'000)	2022/23 (£'000)	2023/24 (£'000)	2024/25 (£'000)	2025/26 (£'000)
Table 1A: MTFS						
Net Service Revenue Expenditure	10,127	12,928	11,620	11,620	11,370	11,370
Corporate Items/Non Service Income & Expenditure	2,223	540	1,280	3,314	4,446	4,596
Provision for Inflation	0	0	100	661	1,221	1,782
Portfolio + Corporate Items	12,350	13,468	13,000	15,595	17,038	17,748
Additional Items & Budget Pressures	490	0	0	0	0	0
Budget Proposals	100	100	0	0	0	0
Risk items (Waste)	0	0	0	350	350	350
Savings and Transformation Plan items	(70)	(348)	(1,028)	(2,097)	(2,404)	(2,662)
Draft Net Revenue Budget	12,869	13,220	11,972	13,848	14,984	15,437
Funded by:						
Council Tax *	6,928	6,928	7,212	7,450	7,692	7,938
Business Rates *	3,574	3,574	3,500	2,550	2,601	2,653
New Homes Bonus	863	863	344	0	0	0
Covid Funding	589	626	0	0	0	0
Other Funding (inc Transitional Funding assumptions)	101	101	280	616	366	0
Council Tax/NNDR Surplus or (Deficit)	(200)	(200)	(314)	(286)	0	0
TOTAL Funding	11,855	11,892	11,023	10,330	10,659	10,591
Core (Surplus) / Deficit	1,014	1,328	950	3,518	4,325	4,846

Note – Table may contain roundings when compared to Appendix 1

- 5.24 Table 5 below illustrates the Funding Gap clearly in terms of the need for the Council to identify and deliver new savings over the MTFS period. This shows the position prior any savings being delivered and shows a widening gap between planned expenditure and funding assumptions. This is an important distinction due to the risk around delivery of savings (e.g., Service Loans to Housing Company are based on forecast drawdown of funding).

Table 5 – Funding Gap forecast in MTFS

	2021/22	2021/22	2022/23	2023/24	2024/25	2025/26
	(£'000)	Revised (£'000)	(£'000)	(£'000)	(£'000)	(£'000)
Table 1B: Funding Gap forecast in MTFS						
Draft Revenue Budget (before Savings)	12,939	13,568	13,000	15,945	17,388	18,098
TOTAL Funding	11,855	11,892	11,023	10,330	10,659	10,591
Funding Gap	1,084	1,676	1,978	5,615	6,729	7,507
Savings identified	(70)	(348)	(1,028)	(2,097)	(2,404)	(2,662)
Additional Cost Reduction and Savings Target			(500)	(2,500)	(3,000)	(3,500)
Additional Income Target						
Residual Funding Gap After Savings	1,014	1,328	450	1,018	1,325	1,346
Use of MTFS Equalisation Reserve	(1,014)	(1,328)	(450)	(1,018)	(1,325)	(1,346)
MTFS Equalisation Reserve Y/E Balance		2,415	1,965	947	(378)	(1,724)

6. FUNDING

- 6.1 The MTFS includes a forecast of the level of funding available to support the General Fund over the medium-term which are set out in detail below.

Business Rates

- 6.2 The Council was required to finalise its Business Rates estimates for 2022/23 and its initial estimate of any surplus or deficit for 2021/22 by 31 January 2022. The estimate of retained business rates income included in this report do not take into account the final forecasts for business rates that were submitted in the NNDR1 return.
- 6.3 Forecasting business rates income is complex with the impact from Covid-19 and additional reliefs announced in the Budget contributing to the level of uncertainty around forecasts for the medium-term. The estimate of business rates income has been prepared based on the rateable value of properties on the rating list on 31 December 2020. Forecasts have been made concerning the level of mandatory and discretionary reliefs that will be given, and an allowance made for bad debts and repayments.
- 6.4 Business rates are collected by the Council, and the proceeds are shared between Rushmoor and Hampshire County Council, and also with central Government to fund services. There is an element of risk and reward involved in the Business Rates scheme, which is designed to incentivise Councils to promote business growth within their areas. The Council expects its share of retained business rates to be £3.500m in 2022/23. The business rates retention scheme is volatile and estimating the outturn is complex due to factors such as appeals, demolitions, new builds, occupation, and reliefs. The draft forecast for business rates included in this report, although broadly similar to last year, has seen significant changes in terms of rateable values and reliefs.
- 6.5 The Business Rates Collection Fund is forecast to be in a deficit position by the end of the current year, largely due to the impact from Covid-19 and additional reliefs in the year. This is consistent with the outturn position on the collection fund for 2020/21. Owing to the way in which business rates are accounted for through the budget setting process and the year-end collection fund, any surplus or deficit from the previous year is dealt with in the following year's budget.
- 6.6 The collection fund estimate does not take into account the new relief COVID-19 Additional Relief Fund (CARF) announced by the Government in March 2021 with detailed guidance published in December 2021. This is an additional business rates support package, worth £1.5 billion, to support businesses in England affected by COVID-19 but not eligible for existing support linked to business rates. Rushmoor's allocation is £2.566m and the Council will need to adopt a local scheme and determine in each individual case whether, having regard to published guidance and their own local scheme, to grant relief under section 47. The relief is available to reduce chargeable amounts in respect of 2021/22.

- 6.7 The Local Authorities (Collection Fund: Surplus and Deficit) (Coronavirus) (England) Regulations 2020 implemented the announcement made by the Secretary of State on 2 July 2020 that “the repayment of collection fund deficits arising in 2020-21 will be spread over the next three years rather than the usual period of a year, giving councils breathing space in setting budgets for next year”. The Council has taken advantage of this change in the regulations and spread the Business Rates Collection Funds deficit with £0.223m included in the MTFS for the financial years 2021/22 to 2023/24. The final position on Business Rates income for 2021/22 will not be known until the NNDR3 return is completed in May 2022. It is expected that there will be a significant deficit on the NNDR Collection Fund as set out in paragraph 6.6. This will be mitigated through Section 31 Grant to compensate the Council for reduced income from business rate payers, although there is a timing difference in terms of how these are accounted for.
- 6.8 The 2021/22 revised budget includes provision for the financing of the material deficit on the collection fund from 2020/21. Owing to timing differences in the way in which the Collection Fund and Section 31 Grants are accounted for, £10.8m of funding was set aside in the Business Rates earmarked reserve to ensure the deficit was funded in future years as the accounting unwound. Therefore, a transfer from the earmarked reserve of £9.294m is included within the 2021/22 revised budget.
- 6.9 Final agreement of the Business Rates estimates will be made by the Council’s Section 151 Officer in consultation with the Leader of the Council, under the delegation agreed by Council on 20th January 2014, and an update will be provided to Cabinet alongside this report.
- 6.10 Should the business rates estimates be materially different from those presented in this report, the General Fund Summary will be updated by the Council’s Section 151 Officer in consultation with the Leader of the Council and the Portfolio holder for Corporate Services, prior to consideration of the budget by Council on 24 February 2022.

New Homes Bonus

- 6.11 Planned consultation on a new reward scheme did not take place in 2021 and the Government confirmed in the Spending Review the current scheme would continue for a further year. The allocation of New Homes Bonus (NHB) for 2022/23 was included in the provisional settlement.
- 6.12 Whilst the total amount of NHB for 2022/23 is £0.344m, the 2022/23 element of £0.133m will not generate legacy payments in future years. No further legacy payments are due beyond 2022/23. The MTFS does not include any projection on future allocations of NHB (or its replacement) as the funding stream is part of the fair funding review.

Other funding and grants

- 6.13 Alongside the finance settlement, the government has confirmed the following grants and other funding scheme contributions that the Council will receive in 2022/23.
- Lower Tier Services Grant (£0.116m)
 - Services Grant (£0.164m)

- 6.14 The Government have indicated that the Services Grant will not be included in any consultation around Transitional arrangements as and when the local government finance system is reformed and should therefore be seen as one-off in nature.
- 6.15 The table below provides an overview of the overall position in respect of Government funding and a forecast across the MTFs period. Given the single-year settlement and uncertainty around the timing and level of reform to the local government finance system there is significant risk in forecasting of funding beyond 2022/23. The timing of any change to the local government finance system is uncertain. Michael Gove, the new Secretary of State for the Department for Levelling Up, Housing and Communities (DLHUC) indicated in early November 2021 that the Fair Funding reforms were not consistent with the wider Levelling Up agenda.

Table 6 – Government Funding assumed in MTFs forecast

	2021/22	2022/23	2023/24	2024/25	2025/26
Government Funding	(£'000)	Forecast	Forecast	Forecast	Forecast
		(£'000)	(£'000)	(£'000)	(£'000)
Business Rates Retention	3,574	3,500	2,550	2,601	2,653
Revenue Support Grant	0	0	0	0	0
Subtotal	3,574	3,500	2,550	2,601	2,653
New Homes Bonus	863	344	0	0	0
Other Grants/Funding					
Covid Grants/SFC	589	0	0	0	
Lower Tier Services Grant	101	116	0	0	0
Services Grant	0	164	0	0	0
Estimated Transitional Funding	0	0	616	366	0
TOTAL Government Funding	5,127	4,124	3,166	2,967	2,653
Council Tax	6,928	7,212	7,450	7,692	7,938
Collection Fund	(200)	(314)	(286)	0	0
Other Grants/Funding	0	0	0	0	0
ALL Funding	11,855	11,023	10,330	10,659	10,591

Note: Business Rates Retention figure includes Baseline funding, Section 31 Grants and calculation of the levy payable on growth above the baseline. The forecast for 2023/24 reduces due to the baseline reset, which for the purposes of budgeting is estimated to reduce by 30% to 40%.

Transitional Funding has been estimated for the purposes of the MTFs and is not based on any commitment from the Government. Consultation with local authorities will commence in the Spring concerning the scale and scope of any transitional protection arising from reforms to the local government finance system.

- 6.16 The forecast shown in the table is based on the assumption that local government finance reforms and Business Rates rest (required to fund the reforms) reduces the Council's business rates income to the baseline level (£2.381m in 2022/23). No assumption has been made on any replacement to the New Homes Bonus scheme

and no assumption has been made on any further Covid-19 funding other than the amounts already announced and allocated.

- 6.17 Therefore, the level of Government funding reduces significantly over the MTFS period (based on the assumptions made above) and the Council will need to take appropriate actions to ensure the financial sustainability of the Council is maintained in light of reduced resources over the medium-term.

Council Tax

- 6.18 The referendum threshold for 2022/23 for Shire Districts such as Rushmoor is 2% or £5 (whichever is the greater). The Spending Power calculation published with the Local Government Finance Settlement assumed that all authorities would raise their Council Tax towards the maximum allowable amounts. Factoring such increases into the funding assessment, removes flexibility for local authorities to take local decisions about tax levels and to use increases in local taxation to offset local spending pressures. Councils now need to make these increases just to keep total funding levels at a standstill.
- 6.19 The revenue budget assumes a £5 increase in a Band D charge for Council Tax, which falls within the permissible level of increase before triggering a local referendum and equates to an increase of around 10 pence per week for a Band D property.
- 6.20 A council tax rise of £5 increases the Band D rate from £214.42 to £219.42 and will generate approximately £0.285m in additional council tax revenue annually (when taken with estimated changes to the taxbase). The MTFS assumes an increase of up to £5 per annum. This would generate a further £0.725m over the remaining years of the MTFS period.

Council Tax Support

- 6.21 Cabinet considered the report from the Council Tax Support Task and Finish Group at their meeting on 18 January 2022 ([FIN2206](#)). Following the review of Council Tax Support by the Task and Finish Group, the recommendation to full Council is that the current scheme for working age customers continues for 2022/23 with the usual alignment to Housing Benefit Rates. This would mean that the minimum contribution would remain at 12%.
- 6.22 Cabinet endorsed the approach set out in the report and the recommendation to commission the Council Tax Support Task and Finish Group to undertake a detailed review of the Council Tax Support Scheme in early 2022/23 to take into account the continuing impact of the Covid 19 pandemic and the increasing cost of the scheme and its local impact on scheme recipients and other local council tax payers.
- 6.23 Cabinet accepted the proposal from the Group, the impact of which is included within the estimates on the Council Taxbase for 2022/23.

Council Taxbase

- 6.24 The Taxbase for 2020/21 has been estimated at 32,795.29 and represents an increase of 486.02 (1.50%) over the 2021/22 position.

Council Tax Collection Fund

- 6.25 The Council Tax Collection Fund is estimated to be in deficit by the end of the current financial year by £0.100m and is included within the Council Tax Collection Fund deficit line within the MTFs in addition to the impact from 2020/21 which was spread over a 3-year period.
- 6.26 Collection rates for Council Tax have improved throughout 2021/22. At the time of writing, the Revenues team have been able to collect the majority of Council Tax due for the year and the collection rate has improved each month. The latest available collection data suggests that the Council is 0.15% above the collection rate for the same period in 2020/21 (£2.874m additional net cash), and the total collected is forecast to be broadly in-line with the level precepted against the Collection Fund.
- 6.27 Any surplus or deficit on the Collection Fund is shared across the major precepting authorities (Hampshire County Council, Hampshire Police and Crime Commissioner, Hampshire Fire and Rescue Authority).
- 6.28 The Council Tax base and surplus were agreed under delegated powers by the Council's Section 151 Officer, in consultation with the Leader of the Council, during February 2022.
- 6.29 The decision to set Council Tax remains an annual decision for Council to consider when setting the budget one year from the next.

7. CAPITAL PROGRAMME 2021/22 to 2025/26

- 7.1 The Council's Capital Strategy and Capital Programme are considered over a five-year period. The Strategy provides the framework for the Council's capital expenditure and financing plans to ensure they are affordable, prudent and sustainable over the longer-term.
- 7.2 The Council has set out its Capital Programme for the period 2021/22 to 2025/26 based on the principles of the current Capital Strategy. This is summarised in Table 7 below and in further detail in Appendix 3 of this report. A total capital expenditure budget of £36.703m in 2022/23 is proposed. Total expenditure decreases to £31.068m and £3.345m in 2023/24 and 2024/25 respectively, and in the final year of the current programme 2025/26 spend is estimated at £1.216m.

Table 7 – Summary Capital Programme

Portfolio/Scheme	2021/22 Original Estimate (£'000)	2021/22 Revised Estimate (£'000)	2022/23 Estimate (£'000)	2023/24 Estimate (£'000)	2024/25 Estimate (£'000)	2025/26 Estimate (£'000)
Corportate Services						
Flexible Use of Capital Receipts	0	74	0	0	0	0
Subtotal CS	0	74	0	0	0	0
Customer Experience & Improvement						
Computer Systems	115	115	0	0	0	0
Council Offices	33	33	0	0	0	0
Subtotal CE&I	148	148	0	0	0	0
Major Projects & Property						
Aldershot Town Centre Projects	3,951	400	3,551	0	0	0
Civic Quarter Farnborough	19,383	19,383	2,000	0	0	0
Housing Matters	5,436	156	6,751	2,878	0	0
Property and Assets	0	320	500	12,000	0	0
Property Enhancements	90	307	651	224	0	0
Union Yard Aldershot	7,658	6,500	20,950	14,750	2,129	0
Subtotal MP&P	36,518	27,066	34,403	29,852	2,129	0
Operational Services						
CCTV	400	0	400	0	0	0
Crematorium	0	949	0	0	0	0
Depots	34	34	0	0	0	0
Manor Park	49	49	0	0	0	0
Parks & Open Spaces	20	115	0	0	0	0
Southwood SANG set-up	0	158	0	0	0	0
Playground Works	0	104	0	0	0	0
Refuse/Recycling inc Food Waste	231	466	105	105	105	105
Southwood SANG Visitor Centre	0	276	685	0	0	0
Improvement Grants	1,111	1,663	1,111	1,111	1,111	1,111
Subtotal OPS	1,844	3,813	2,301	1,216	1,216	1,216
Planning & Economy						
No Capital Schemes						
TOTAL Capital Programme	38,510	31,102	36,703	31,068	3,345	1,216

- 7.3 The capital programme is focussed on delivering against the Council's key priority of Town Centre Regeneration, with further schemes focused on enhancing the delivery of core services through improvement and enhancement of assets. The programme also includes support for the provision of local housing and the Council's statutory duties in respect of Disabled Facilities Grants.
- 7.4 The Capital Programme, as set out in this report, includes the forecast contract expenditure estimates for the construction and development of the Union Yard scheme that Council approved in July 2021.
- 7.5 Expenditure estimates have also been included within the capital programme for the Civic Quarter, Farnborough scheme. This will allow site assembly and land remediation to continue, along with further detailed planning of the wider site.

- 7.6 Due to the scale and complexity of these schemes detailed proposals for each regeneration scheme will need to be considered by Cabinet and Council once the due diligence work has been completed. Each scheme will have significant legal and financial implications and will require the Council to consider the long-term financial commitments and risks. The Capital Strategy, Treasury Management Strategy and the Capital Programme will need to be updated to reflect decisions taken by Cabinet and Council.
- 7.7 There will be a continued review of capital spending requirements as the Council regeneration, new Property and Major Works programmes, and other schemes are brought forward in more detail, with affordability and deliverability will be a key consideration in this regard.
- 7.8 The Council's capital expenditure is predominantly financed from prudential borrowing. Other sources of finance support the capital programme, either from external sources (government grants and other contributions), the Council's own resources (revenue, reserves and capital receipts).
- 7.9 The level of prudential borrowing included reflects the financing available in the revenue budget, capital receipts align with forecasts and grant funding and other contributions are based on already notified allocations or best estimates at the time of preparation. If additional resources become available, projects that meet the Council's strategic capital objectives will be brought forward for approval.

Table 8 – Summary Capital Financing Statement

	2021/22 Original Estimate (£'000)	2021/22 Revised Estimate (£'000)	2022/23 Estimate (£'000)	2023/24 Estimate (£'000)	2024/25 Estimate (£'000)	2025/26 Estimate (£'000)
Capital Financing Statement						
Revenue Contribution to Capital		0	0	0	0	0
Grants & Contributions from Other Bodies	9,238	2,844	7,520	20	20	20
Grants & Contributions - Improvement Grants	1,061	1,613	1,061	1,061	1,061	1,061
Section 106 Developers Contributions	52	52	0	0	0	0
Prudential Borrowing	28,160	26,232	27,123	29,987	2,264	135
Capital Receipts	0	361	1,000	0	0	0
TOTAL Financing	38,510	31,102	36,703	31,068	3,345	1,216

8. RISKS AND UNCERTAINTIES

- 8.1 There are a number of financial risks that the Council will face over the medium-term. The 2022/23 Budget and the MTFs have been prepared with consideration of these risks, but as with any forecast, an inherent level of risk will remain.
- 8.2 For Local Government, there are 2 significant strategic risks.
- 8.3 The first key risk is around the nature and scope of local government funding from central government from 2023/24. The implementation of the Fair Funding Review and Business Rates changes has already been delayed (originally due from April 2020) and is likely to be reviewed following comments from the Secretary of State in November 2021. The forecast impact on District and Borough Councils is likely

to be significant as resources are moved around Local Government to recognise Social Care cost pressures.

- 8.4 It is very difficult to estimate the with certainty the impact on Rushmoor. Fundamental changes to the way in which each Council's needs are assessed and funded are difficult to model despite some engagement from Government with local authorities. Therefore, considerable risk and uncertainty remains in the estimates for 2023/24 and beyond. However, an initial estimate of a 30-40% reduction in the level of retained business rates income has been included in the MTFS assumptions. An estimate has been made around transitional arrangements, but these are not based on any indication or commitment from the Government.
- 8.5 The second key risk is around the continued impact on the Council from pressures within the wider economy including Covid-19 and inflation. This will have an impact on income and expenditure budgets during 2022/23 and will require timely and accurate financial reporting to Cabinet. These risks include:
- Income from Council Tax and Business Rates will continue to be under pressure in 2022/23 with an expectation that the taxbase for Council Tax and Business Rates may take time to recover.
 - Increased demand for certain services (e.g., Homelessness) may put additional financial pressure on the Council
 - Cost of services where the Council is exposed to risk sharing in contract costs
 - Energy cost pressures
- 8.6 The budget has been prepared in light of key financial risks facing the Council over the medium- term, principally:
- Business Rates Retention and changes to the Local Government Finance system/Levelling Up Agenda
 - Replacement of New Homes Bonus from 2023/24 at a time this Council will be continuing to delivering a significant number of new homes.
 - Treasury management issues including interest rates, level of capital expenditure, use of internal resources, borrowing costs.
 - Impact of the UK having left the European Union on the UK economy.
 - Financial impact of the Capital Programme on the revenue budget – the affordability of the capital programme and future schemes needs to be carefully considered.

9. CONSULTATION

- 9.1 All Members of the Council were invited to budget briefing seminars during January and February 2022 to discuss the budget proposals and the full budget report is available online.

10. CONCLUSIONS

- 10.1 Despite the uncertainties around future levels of Government Funding, the impact from Covid during 2021/22 and the general economic position, the Council has been able to prepare a sound budget whilst maintaining services to residents. The budget will also provide a platform for Rushmoor to address future challenges.

- 10.2 The budget has been prepared in accordance with the approved budget strategy. This includes the principle of maintaining the Council's general fund revenue risk-based balance at £2m and maintaining other usable reserves to mitigate risk and support improvement.
- 10.3 The Council will need to continue to take steps to manage and address the funding gap identified over the MTFS period.
- 10.4 The Capital Programme includes planned expenditure £36.703m in 2022/23 with the Council needing to consider the outcome from feasibility studies and due diligence work on other potential schemes before any further capital expenditure is committed.
- 10.5 The budget proposals provide for the current Council Tax level to increase by £5 for a Band D property (from £214.42 per annum to £219.42) – an increase of around 10p per week) in line with government assumptions within its settlement funding formula.
- 10.6 In order to achieve this, the budget will require the implementation of cost reduction and efficiency savings of £0.778m and utilisation of £0.950m of the MTFS Equalisation reserve in 2022/23.
- 10.7 The Council will need to continue the Savings and Transformation Programme to ensure a balanced portfolio of cost management and income generation opportunities to ensure the Council is able to achieve financial sustainability over the medium-term strategy period. As endorsed by Cabinet at their meeting on 18 January 2022, the Budget Strategy Working Group to act as consultee on the development of the programme.
- 10.8 Reserves continue to be held to support the implementation of key projects and to mitigate against the substantial increased risk the Council is facing. Reserves held to mitigate risk (Commercial Property reserve, MTFS Equalisation reserve) are forecast to be significantly depleted during 2022/23 and will require consideration during 2022/23 as to their adequacy for future financial years given the current risks identified in this report. All reserves will be monitored and reported to Cabinet throughout 2022/23.

Background documents:

Budget Strategy 2022/23 ([FIN2122](#))

Council Tax Support Scheme 2022/23 ([FIN2206](#))

Medium Term Financial Strategy 2022/23 to 2025/26 – Update ([FIN2203](#))

Recommendations from Budget Strategy Working Group ([FIN2204](#))

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MEDIUM TERM FINANCIAL STRATEGY 2021/22 TO 2025/26

	2021/22 (£'000)	2021/22 Revised (£'000)	2022/23 (£'000)	2023/24 (£'000)	2024/25 (£'000)	2025/26 (£'000)
Medium Term Financial Strategy						
Base Budget (Shown net of Accounting Adjs and SSCs)						
Corporate & Democratic Services	5,147	5,808	5,532	5,532	5,532	5,532
Customer Experience & Improvement	3,114	3,611	3,585	3,585	3,585	3,585
Major Projects & Property	(5,929)	(4,881)	(4,922)	(4,922)	(4,922)	(4,922)
Operational Services	6,069	6,626	5,785	5,785	5,785	5,785
Planning & Economy	1,228	1,265	1,390	1,390	1,390	1,390
ICE Modernisation Programme	499	499	250	250	0	0
Net Expenditure	10,127	12,928	11,620	11,620	11,370	11,370
Corporate Items						
Transfers To/From reserves	0	0	0	0	0	0
MTFS Equalisation	0	0	0	0	0	0
Treasury Reserve	(180)	(180)	(220)	0	0	0
Other Earmarked Reserves/Prior yr grants/CPE account	(273)	(741)	(28)	0	0	0
Service Improvement Fund (from)	(129)	(129)	0	0	0	0
Service Improvement Fund (to)	0	0	0	0	0	0
Commercial Property reserve	(250)	(267)	(274)	0	0	0
Commercial Property reserve (additional)	0	0	(700)	0	0	0
Regeneration, Property & Major Projects	(100)	(290)	(400)	(100)	0	0
CPE Rolling Fund	98	0	0	0	0	0
Budget Carry Forwards	0	(390)	0	0	0	0
Elections Reserve	(87)	(87)	0	0	0	0
BP: Climate Emergency	0	(119)	(120)	0	0	0
BP: Deprivation Strategy	0	(61)	(30)	0	0	0
Workforce Reserve	0	(100)	0	0	0	0
Pension Reserve	818	818	513	500	500	500
Other Corporate Income & Expenditure	349	349	342	342	342	342
Minimum Revenue Provision (MRP)	2,457	2,457	2,657	2,857	3,000	3,000
Interest Payable	795	300	1,250	2,437	2,783	2,932
Investment Income	(1,090)	(1,000)	(1,250)	(1,600)	(1,600)	(1,600)
Investment Income (Interest on Service Loans to RHL)	(186)	(20)	(210)	(522)	(579)	(579)
Interest Payable (Capitalisation of Interest)	0	0	(250)	(600)	0	0
Subtotal	2,223	540	1,280	3,314	4,446	4,596
Adjusted Budget	12,350	13,468	12,900	14,934	15,816	15,966
Inflationary Provision, Pension costs						
Inflation (Pay) 2.00% Assumption	0	0	0	261	521	782
Inflation (Contracts/Non-Pay)	0	0	100	300	500	700
Salary Increments	0	0	0	100	200	300
Subtotal	0	0	100	661	1,221	1,782
Adjusted MTFP Position	12,350	13,468	13,000	15,595	17,038	17,748
Budget Proposals/Growth						
2020/21 Additional Items: Variations in Service	490	0	0	0	0	0
2021/22 Budget Proposal: Covid support and recovery	100	100	0	0	0	0
RISK: HCC Waste proposals (September 2019 notification)	0	0	0	350	350	350
Subtotal	590	100	0	350	350	350
Savings & Transformation Items						
Procurement Savings	(20)	(20)	0	0	0	0
Reversal of Deprivation/COMF Funded Activity	0	0	0	(80)	(80)	(80)
Savings and Transformation Team - UCR Funding	0	0	(250)	(250)	0	0
CREP - Non Asset Items	0	(278)	(578)	(1,167)	(1,167)	(1,167)
CREP - Property and Asset Items	0	0	0	(400)	(957)	(1,215)
Salaries monitoring	(50)	(50)	(200)	(200)	(200)	(200)
Subtotal	(70)	(348)	(1,028)	(2,097)	(2,404)	(2,662)
NET Savings or Growth	520	(248)	(1,028)	(1,747)	(2,054)	(2,312)
Proposed Net Revenue Budget	12,869	13,220	11,972	13,848	14,984	15,437

APPENDIX 1

Medium Term Financial Strategy	2021/22 (£'000)	2021/22 Revised (£'000)	2022/23 (£'000)	2023/24 (£'000)	2024/25 (£'000)	2025/26 (£'000)
Proposed Net Revenue Budget	12,869	13,220	11,972	13,848	14,984	15,437
Funded by:						
Council Tax	6,928	6,928	7,212	7,450	7,692	7,938
Business Rates Retention	3,574	3,574	3,500	2,550	2,601	2,653
Lower Tier Services Grant	101	101	116	0	0	0
Services Grant	0	0	164	0	0	0
Transitional Funding assumption (BRR + LTSG)	0	0	0	616	366	0
New Homes Bonus (Legacy)	550	550	211	0	0	0
New Homes Bonus (Year 11, Year 12)	313	313	133	0	0	0
Covid Funding (Expenditure Pressures)	489	489	0	0	0	0
Covid Funding (Sales, Fees & Charges compensation)	100	137	0	0	0	0
Business Rates Deficit 2020/21	0	(9,294)	0	0	0	0
Transfer from Business Rates Reserve	0	9,294	0	0	0	0
Collection Fund - CT	23	23	(75)	(63)	0	0
Collection Fund - NNDR	(223)	(223)	(239)	(223)	0	0
TOTAL Funding	11,855	11,892	11,023	10,330	10,659	10,591
Core (Surplus) / Deficit	1,014	1,328	950	3,518	4,325	4,846

Table 1B: Funding Gap forecast in MTFS	2021/22 (£'000)	2021/22 Revised (£'000)	2022/23 (£'000)	2023/24 (£'000)	2024/25 (£'000)	2025/26 (£'000)
Draft Revenue Budget (before Savings)	12,939	13,568	13,000	15,945	17,388	18,098
TOTAL Funding	11,855	11,892	11,023	10,330	10,659	10,591
Funding Gap	1,084	1,676	1,978	5,615	6,729	7,507
Savings identified	(70)	(348)	(1,028)	(2,097)	(2,404)	(2,662)
Additional Cost Reduction and Savings Target			(500)	(2,500)	(3,000)	(3,500)
Additional Income Target						
Residual Funding Gap After Savings	1,014	1,328	450	1,018	1,325	1,346
Use of MTFS Equalisation Reserve	(1,014)	(1,328)	(450)	(1,018)	(1,325)	(1,346)
MTFS Equalisation Reserve Y/E Balance		2,415	1,965	947	(378)	(1,724)

CREP/Savings and Transformation Workstream detail

Cost Reduction or Savings Type	Detail	2021/22 Forecast (£'000)	2022/23 Forecast (£'000)	2023/24 Forecast (£'000)	2024/25 Forecast (£'000)	2025/26 Forecast (£'000)
Workstream 1						
Princes Hall	Commercial approach to Catering and Bar at Princes Hall, Charitable Funding	11	17	18	18	18
Leisure - Swimming Lessons	Transfer swimming lessons to new provider	60	60	120	120	120
Leisure - Lido	Review of Lido admission pricing	-	30	30	30	30
SERCO Contract Changes	Review of ornamental beds with potential to replace with shrubs/perennials, review of baskets/tubs	-	-	98	98	98
SERCO Contract Changes	Review of discretionary return collection for Waste & Recycling	-	7	14	14	14
SERCO Contract Changes	Review of weed control and grass cutting levels, shrubs and hedges	-	46	90	90	90
SERCO Contract Changes	Reduce grass cutting on roadside verges, fields and parks	-	65	100	100	100
SERCO Contract Changes	Stop or reduce cone-off cleaning of roads	-	-	19	19	19
Community Centre	Revised cleaning and booking arrangements for Blunden Hall	20	20	20	20	20
Fees and Charges	Introduction of Demolition Charges	3	3	3	3	3
Fees and Charges	Garden Waste fees increased in-line with contract costs	-	24	24	24	24
Fees and Charges	Bulky Waste charges increased in-line with contract costs	-	11	11	11	11
Fees and Charges	Charging for replacement waste receptables	-	6	23	23	23
Fees and Charges	Remote learning courses in Food Safety, Health and Safety	-	-	1	1	1
Funding	Utilise admin fee under Welcome Back Funding	4	-	-	-	-
Grant Funding *	Review of Grants to organisations	-	-	125	125	125
Regeneration	Capitalisation of Regeneration costs subject to eligibility criteria/evidence	100	100	100	100	100
Communications	Policy and Communication capacity across projects	5	8	10	10	10
ICT Efficiencies (1.3)	IT System savings	-	-	12	12	12
MARS/Workforce Planning	MARS and Workforce Planning review	20	57	151	151	151
Miscellaneous opportunities	Digital, Arena publication	-	1	44	44	44
Miscellaneous opportunities	Policy Budget - reduction in Supplies and Services	1	1	1	1	1
Subtotal Workstream 1		224	456	1,014	1,014	1,014

Cost Reduction or Savings Type	Detail	2021/22 Forecast (£'000)	2022/23 Forecast (£'000)	2023/24 Forecast (£'000)	2024/25 Forecast (£'000)	2025/26 Forecast (£'000)
Workstream 2						
Income Generation	Approach to Fixed Penalty Notices and Fly Tipping	4	5	5	5	5
Modernisation	Increase use of emails notification and automated notices for Revenues and Benefits service	-	36	36	36	36
Modernisation	Tree advice workflow	-	-	24	24	24
Modernisation	Review leasing arrangements of current vehicles - consideration of longer-term leasing contracts or purchase	-	20	20	20	20
Modernisation	Maintaining Tee information on a web-available database to improve work planning	-	18	24	24	24
Modernisation	Change of address – Integrated, tell us once service for people moving home	-	44	44	44	44
Subtotal Workstream 2		4	123	153	153	153
Regeneration	Additional Homes England Funding	218	-	-	-	-
Property Assets	Development of Vacant Sites - Frimley Business Park and Hawley Lane (subject to capital expenditure approval)	-	400	700	700	700
Property Assets	Development of assets to reduce risk of voids	-	-	257	515	515
TOTAL Savings & Transformation Savings		446	978	2,123	2,381	2,381
As recognised in MTFS		278	578	1,567	2,124	2,382
Difference		(168)	(400)	(557)	(258)	0

Note on Grant Funding

The position on Grant Funding for 2022/23 has not been finalised and members will be updated in due course.

CAPITAL PROGRAMME SUMMARY 2021/22 TO 2025/26

	Original Estimate 2021/22	Revised Estimate 2021/22	Anticipated Payments			
			Estimate 2022/23	Estimate 2023/24	Estimate 2024/25	Estimate 2025/26
CAPITAL EXPENDITURE ON PORTFOLIOS						
Corporate and Democratic Services	-	74,498	-	-	-	-
Customer Experience and Improvement	148,000	148,000	0	0	0	0
Major Projects and Property	36,517,530	27,066,290	34,402,899	29,852,349	2,129,000	
Operational Services	1,844,450	3,813,404	2,300,510	1,215,510	1,215,510	1,215,510
Planning and Economy	-	-	-	-	-	-
Savings & Transformation/ICE Modernisation Programme	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE	38,509,980	31,102,192	36,703,409	31,067,859	3,344,510	1,215,510
CAPITAL EXPENDITURE RESOURCES						
Revenue Contribution to Capital - General	-	-	-	-	-	-
Revenue Contribution to Capital - Improvement Grants	-	-	-	-	-	-
Total Revenue Contributions	-	-	-	-	-	-
Grants & Contributions from Other Bodies (see Grants & Conds Summary page)	9,237,500	2,844,260	7,520,000	20,000	20,000	20,000
Grants & Contributions - Improvement Grants	1,060,510	1,613,160	1,060,510	1,060,510	1,060,510	1,060,510
Section 106 Developers Contributions (see s106 Summary page)	51,670	51,670	0	-	-	-
	10,349,680	4,509,090	8,580,510	1,080,510	1,080,510	1,080,510
Capital Receipts & Borrowing - General Fund Schemes	28,160,300	26,593,102	28,122,899	29,987,349	2,264,000	135,000
Capital Receipts & Borrowing - Housing home improvement grant schemes	-	0	0	0	0	0
Total Capital Receipts & Borrowing	28,160,300	26,593,102	28,122,899	29,987,349	2,264,000	135,000
TOTAL CAPITAL FINANCING	38,509,980	31,102,192	36,703,409	31,067,859	3,344,510	1,215,510

GRANTS AND CONTRIBUTIONS SUMMARY 2021/22 TO 2025/26

Project Number	PROJECT	Original Estimate 2021/22	Revised Estimate 2021/22	Anticipated Payments			
				Estimate 2022/23	Estimate 2023/24	Estimate 2024/25	Estimate 2025/26
	<u>General Fund - Grants & Contributions</u>						
6518	- Wheeled Bin Contributions (Developers & Householders)	20,000	20,000	20,000	20,000	20,000	20,000
6567	- Replacement Cremator (CAMEO)		948,564				
	- Moor Road - Recreation Ground Development (Sport England, PEEL, Landfill Tax)						
6613	- Parks and Open Spaces - Southwood Golf Course SANG Initial Setup		158,196				
6619	- Parks and Open Spaces - Heritage Trails	17,500	17,500				
	<u>Regeneration Projects</u>						
5407	- Union Yard (LEP and Housing Infrastructure Fund)	5,300,000	1,300,000	4,000,000			
	- Games Hub (LEP)						
5409	- The Galleries (Housing Infrastructure Fund)	3,400,000	400,000	3,000,000			
	<u>Activation Aldershot Projects</u>						
5404	- Project 2 Phase 6 - Station Forecourt Improvements (Local Growth Fund, HCC, South Western Railway)	500,000		500,000			
	Total General Fund Grants & Contributions	9,237,500	2,844,260	7,520,000	20,000	20,000	20,000
	<u>Housing Schemes - Government Grants</u>						
640050013	- Improvement Grants - Disabled Facilities Grants (Better Care Fund)	1,060,510	1,613,160	1,060,510	1,060,510	1,060,510	1,060,510
	TOTAL GRANTS & CONTRIBUTIONS	10,298,010	4,457,420	8,580,510	1,080,510	1,080,510	1,080,510

SECTION 106 DEVELOPERS CONTRIBUTIONS SUMMARY 2021/22 TO 2025/26

Project Number	PROJECT	Original Estimate 2021/22	Revised Estimate 2021/22	Anticipated Payments			
				Estimate 2022/23	Estimate 2023/24	Estimate 2024/25	Estimate 2025/26
	<u>General Fund Schemes</u>						
6571	- Manor Park - Lake Improvements	49,170	49,170				
6619	- Park and Open Spaces - Heritage Trails	2,500	2,500				
TOTAL SECTION 106 DEVELOPERS CONTRIBUTIONS		51,670	51,670	0	-	-	-

CORPORATE & DEMOCRATIC SERVICES PORTFOLIO SUMMARY 2021/22 TO 2025/26

1 of 1 Project Number	Project	Original Estimate 2021/22	Revised Estimate 2021/22	Anticipated Payments			
				Estimate 2022/23	Estimate 2023/24	Estimate 2024/25	Estimate 2025/26
	FLEXIBLE CAPITAL RECEIPTS						
5299	Schemes funded by unallocated Capital Receipts		74,498				
	TOTAL	-	74,498	-	-	-	-

CUSTOMER EXPERIENCE & IMPROVEMENT PORTFOLIO SUMMARY 2021/22 TO 2025/26

1 of 1 Project Number	Project	Original Estimate 2021/22	Revised Estimate 2021/22	Anticipated Payments			
				Estimate 2022/23	Estimate 2023/24	Estimate 2024/25	Estimate 2025/26
	COMPUTER SYSTEMS						
730540012	IT Equipment Replacement	70,000	70,000				
750040224	PCI Compliance (s)	10,000	10,000				
730740012	Telephony Replacement Project	35,000	35,000				
	COUNCIL OFFICES						
5329	Office Accommodation (s)	10,000	10,000				
5318	Improvement Programme	13,000	13,000				
5340	Electrical Generator Switch (s)	10,000	10,000				
	TOTAL	148,000	148,000				

MAJOR PROJECTS & PROPERTY PORTFOLIO SUMMARY 2021/22 TO 2025/26

1 of 1 Project Number	Project	Original Estimate 2021/22	Revised Estimate 2021/22	Anticipated Payments			
				Estimate 2022/23	Estimate 2023/24	Estimate 2024/25	Estimate 2025/26
	ALDERSHOT TOWN CENTRE PROJECTS						
5409	The Galleries Regeneration (bc) (s)	3,400,000	400,000	3,000,000			
5404	Adlershot Forecourt Improvement	550,760		550,760			
	CIVIC QUARTER FARNBOROUGH						
5405	Civic Quarter Farnborough Development (bc) (s)	19,383,000	17,980,000				
5405	REGENERATION - Farnborough Leisure Centre demolition		1,339,000				
5405	REGENERATION - Farnborough Leisure Centre Feasibility and design work		64,000	2,000,000			
	HOUSING MATTERS						
5406	Housing PRS Delivery (bc) (s)	5,436,000	156,290	6,751,139	2,878,349		
	PROPERTY AND ASSETS						
tba	Tices Meadow		45,000				
tba	The Meads		250,000				
tba	Hawley Lane		25,000	500,000	12,000,000		

MAJOR PROJECTS & PROPERTY PORTFOLIO SUMMARY 2021/22 TO 2025/26

2 of 2 Project Number	Project	Original Estimate 2021/22	Revised Estimate 2021/22	Anticipated Payments			
				Estimate 2022/23	Estimate 2023/24	Estimate 2024/25	Estimate 2025/26
	PROPERTY ENHANCEMENTS						
tba	Property Services Capital R&M schemes (bc)			500,000			
tba	Voyager House Fit Out		100,000				
tba	Ashbourne House			51,000	74,000		
tba	Frimley 4 Business Park Unit 4.3 Enhancement Works		117,000				
tba	Frimley 4 Business Park Unit 4.4 Enhancement Works			100,000	150,000		
5316	Devereux House Albert Road Farnborough	90,000	90,000				
	UNION STREET ALDERSHOT						
tba	Union Yard - Party Wall		300,000				
5407	Union Yard Aldershot Regeneration	7,657,770	6,200,000	20,950,000	14,750,000	2,129,000	
	TOTAL	36,517,530	27,066,290	34,402,899	29,852,349	2,129,000	

OPERATIONAL SERVICES PORTFOLIO SUMMARY 2021/22 TO 2025/26

1 of 2 Project Number	Project	Original Estimate 2021/22	Revised Estimate 2021/22	Anticipated Payments			
				Estimate 2022/23	Estimate 2023/24	Estimate 2024/25	Estimate 2025/26
6507	CCTV Camera and Network	400,000		400,000			
6567	CREMATORIUM Replacement Cremators		948,564				
6517	DEPOTS Hawley Lane Development Works (s)	33,670	33,670				

OPERATIONAL SERVICES PORTFOLIO SUMMARY 2021/22 TO 2025/26

2 of 2 Project Number	Project	Original Estimate 2021/22	Revised Estimate 2021/22	Anticipated Payments			
				Estimate 2022/23	Estimate 2023/24	Estimate 2024/25	Estimate 2025/26
6571	MANOR PARK Lake Improvements (s)	49,170	49,170				
	PARKS & OPEN SPACES						
6612	Unspecified Park Improvements		44,544				
6613	Southwood Golf Course SANG Setup		128,196				
6617	Southwood Golf Course SANG Wetland		30,000				
6618	KGV café conversion within the pavilion		50,000				
6619	Heritage Trails	20,000	20,000				
	PLAYGROUND WORKS						
6610	Recreation Ground Playground Renewal (bc) (s)		104,000				
	REFUSE/RECYCLING						
6518	Domestic Refuse - Wheeled Bins	100,000	100,000	100,000	100,000	100,000	100,000
6620	Domestic Refuse - Waste Containers and Liners Food Waste Vehicles	131,100	131,100 235,000	5,000	5,000	5,000	5,000
	SOUTHWOOD SANG VISITOR CENTRE						
tba	Southwood SANG Feasibility		75,000				
tba	Southwood SANG Visitor Centre and Café		201,000	685,000			
	IMPROVEMENT GRANTS						
640050013	Disabled Facilities Grants	1,060,510	1,613,160	1,060,510	1,060,510	1,060,510	1,060,510
640050022	Home Improvement Grants	50,000	50,000	50,000	50,000	50,000	50,000
	TOTAL	1,844,450	3,813,404	2,300,510	1,215,510	1,215,510	1,215,510

PLANNING & ECONOMY PORTFOLIO SUMMARY 2021/22 TO 2025/26

No Capital Schemes

STRATEGY FOR THE FLEXIBLE USE OF CAPITAL RECEIPTS 2022/23

The strategy has regard to the Guidance on the Flexible Use of Capital Receipts issued by the Secretary of State under section 15 (1)(a) of the Local Government Act 2003 during March 2016, including only those projects which are designed to generate ongoing revenue savings in the delivery of services and/or transform service delivery in a way that reduces costs or demand for services.

Projects included in the strategy support the Council's ICE Modernisation Programme and progress will be monitored regularly as part of the Council's review of performance against top line priorities and budget monitoring.

The Guidance on the Flexible Use of Capital Receipts allows set-up and implementation costs to be counted as qualifying costs, however the on-going revenue costs of new processes or arrangements cannot.

Only receipts from the disposal of capital assets received between 1 April 2016 and 31 March 2020 are eligible for use to fund qualifying costs of service reform. During 2016/17, a receipt of £500,000 was received to be fully utilised by the Flexible Use of Capital Receipts. A further capital receipt of £480,000 was received in 2017/18. There have been no capital receipts received between 2018/19 and 2020/21. A balance of £85,610 was held within Flexible Use of Capital Receipts at 31 March 2021. Capital Receipts of £750,000 have been received to date during 2021/22 although no decision has been taken as to the level of allocation to the Flexible Use of Capital Receipts.

As part of the Local Government Settlement, the Communities Secretary for Ministry of Housing, Communities and Local Government announced on 13 December 2018 that there would be a continuation of the capital receipts flexibility programme. Should future projects be identified alongside suitable asset sales, this will be presented in a revised strategy.

Service reform projects can still be financed in whole or in part from other sources e.g., the Service Improvement Fund. The Council is not obliged to fund these projects from capital receipts, however, on the adoption of this strategy, will have the option to do so.

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CABINET

COUNCILLOR ADRIAN NEWELL
DEMOCRACY, STRATEGY & PARTNERSHIPS
PORTFOLIO HOLDER
REPORT No. ACE 2202

8th FEBRUARY 2022**KEY DECISION: NO**

**DRAFT COUNCIL PLAN 2022-25
AND UPDATE**

SUMMARY & RECOMMENDATIONS:

This report presents a draft Council Plan for 2022-25; given at **appendix A**. Refreshed and updated annually, the draft plan sets out the council's priorities and the steps it will take over the next three years that contribute towards achieving the council's longer-term vision set out in the document Your Future, Your Place – A vision for Aldershot and Farnborough 2030.

Cabinet is asked to –

- (i) Recommend approval of the three-year Council Plan (2022-25) to full Council.

1. INTRODUCTION & BACKGROUND

- 1.1 Together with its partners, the council provides a strategic role and a wide range of services helping to place-shape its area and benefit the activities and lives of local businesses, residents and its community as a whole.
- 1.2 To help with the planning and delivery of this work the council prepares a number of key documents that help set the general direction and work activities of the council. Collectively, these documents help inform many of the decisions the council makes, how it allocates resources and how it sets service and staff objectives; helping the council to make sure it best serves its residents, businesses and the borough of Rushmoor as a whole. One of the key documents concerned is the Council Plan.
- 1.3 The intention of the Council Plan, is not to provide detail on all its activities, but to outline the council's priorities over the next three years and, in particular, the key strategic projects that will contribute to achieving the council's vision. This is set out in the document Your Future, Your Place – A vision for Aldershot and Farnborough 2030.
- 1.4 In short, the Council Plan provides a focus for the council's activities and services by setting out the short to medium-term steps needed to realise its longer-term vision and goals. The plan is underpinned by a number of individual service plans which include more detailed information on the activities and work of individual council services.

- 1.5 While covering a three-year period, the Council Plan is refreshed and updated annually. Following consultation and review, a revised Council Plan has been prepared for 2022-25. A copy is given at **appendix A**.
- 1.6 Cabinet is asked to review and approve the draft plan for approval by Council at its meeting on 24th February.

2. DETAILS OF THE PROPOSAL

Format and structure

- 2.1 As a refresh, the draft plan largely follows the structure and format of previous plans. However, in line with consultation feedback (see below), the following changes have been included -
- (a) **Welcome and introduction** - A revised introduction is given that helps provide some narrative and context to proposed council activities in the plan.
 - (b) **Other strategies, plans, projects and programmes** - Some commentary and a diagram is provided to explain where the Council Plan sits, and how it and other strategies, plans and programmes relate and fit together.
 - (c) **Workforce and the way we work** - This section has been given greater emphasis and reframed with additional content covering the modernisation and transformation of the Council's workforce, community engagement and the council's organisational values. This section also includes the Council's commitment to become carbon neutral by 2030.
 - (d) **Community engagement** - A new section is included in the draft plan to outline how the Council takes account of community needs and views. This will be developed further through a communications plan linked to the delivery of the Council Plan.
 - (e) **Delivering & Measuring the plan** – To help bring the plan to life, the draft plan also includes a new section showing examples of what the council has said and done in previous plans.

Key priorities and activities

- 2.2 As with previous plans, the key priorities and activities are provided in summary format under the key themes of People and Place.
- 2.3 The council's priorities have been reframed and follow those outlined in the council's vision document Your Future, Your Place 2030. This provides for some consistency and a 'golden thread' that helps bind the council's key documents, strategies and plans together.
- 2.4 The key activities outlined in the plan include –

People

- Roll out the second phase of the Council's weekly food waste recycling service to households with shared bins
- Help people (especially young people) into employment through training, apprenticeships and upskilling
- Develop a walking and cycling plan to encourage sustainable travel and to support town centre regeneration plans
- Develop a new leisure centre in Farnborough
- Encourage more residents to be active and have healthier lifestyles
- Support apprenticeships, research and innovation opportunities through the Aerospace Research and Innovation Centre (ARIC)

Place

- Complete the Union Yard development and support the regeneration of the Galleries in Aldershot
- Progress the regeneration of Farnborough town centre, including the civic quarter
- Develop Southwood Country Park, including providing a new visitor centre and improving its access, environment and facilities
- Support the creation of quality, new homes
- Update the facilities at Aldershot crematorium
- Progress an aerospace heritage project

Performance monitoring arrangements

- 2.5 The draft plan also outlines the performance monitoring arrangements to be used in delivery of the plan. While the draft plan includes a number of measures applicable to the priorities and planned activities, it also outlines how it will be monitored through quarterly monitoring and annual reports and identifies the bodies that will scrutinise them.

The measures used have been developed in consultation with the Policy & Projects Advisory Board who were specifically asked to consider the performance monitoring and reporting measures appropriate to the priorities and activities referenced in the plan.

3. CONSULTATION ON PROPOSALS

- 3.1 The draft Council Plan has been prepared following a programme of events, including a call for evidence, service workshops and engagement with Heads of Service and their teams, elected members, partners and residents; the latter in the form of the resident's survey in summer 2021.

Head of Service Workshops and call for evidence

- 3.2 Development of the plan included a call for evidence and the holding a series of workshops with Heads of Service, Executive Managers and their teams during October / November 2021. The workshops were held to help identify any necessary structural changes and the most significant issues likely to impact the council in the next three-year period and provided an opportunity to identify potential activities for inclusion in the plan.

Policy & Projects Advisory Board (PPAB)

- 3.3 Development and progress of the plan has been regularly reported to and discussed by the Policy & Projects Advisory Board (PPAB).
- 3.4 At their meeting on 26 January 2022, PPAB considered the draft of the Council Plan. There was broad support for the Council Plan, recognising the challenges of distilling considerable amounts of input into a relatively short and high-level document. In particular, the following points were made:
- 3.4.1 That there are clear linkages between the Council Plan and the emerging Strategic Economic Framework and that once available, the priorities and actions from the Strategic Economic Framework should be captured within the Council planning and performance management process. There was particular interest from some PPAB members that support for key sectors (for example creative and digital) and SME investment are considered.
 - 3.4.2 That the statements in the draft Council Plan are high level and refer to the Council 'supporting the creation of new, quality homes'. There were a range of views from PPAB about where the priorities should lie within this activity (whether that be affordable housing or private sector rental via Rushmoor Homes). It was noted that the performance management approach would see both being measured under this plan and that further levels of detail sit within different plans and strategies (for example, the Local Plan and the emerging Housing and Homelessness Strategy).
 - 3.4.3 The new section of the Council Plan around community engagement was welcomed with PPAB members keen to know more about the actions that will be taken as a result of this, particularly around the engagement of young people and the equality, diversity and inclusivity agenda.
 - 3.4.4 PPAB commented that whilst the rationale for having climate change and financial sustainability as cross-cutting themes that run across the Council

Plan, there was a risk that they receive less focus as a result. Officers advised that this could be addressed in the performance management approach which is used to monitor delivery of the plan.

- 3.4.5 PPAB also highlighted the risk of performance measures giving too narrow a perspective on complex issues and sought reassurance that this would not be the case. For example, whilst increased recycling rates can be viewed as a positive, a measure of success would also be reducing food waste in the first place. Officers were able to give reassurance that issues such as this are under consideration. PPAB members also sought reassurance that projects in the Council Plan 2021 – 2024 would continue to be monitored to ensure their successful delivery and it was confirmed that this would be the case.

4. IMPLICATIONS

Risks

- 4.1 While the draft plan sets out an ambitious programme of key activities, many of these are ongoing or pre-planned projects that have been costed and/or are subject to project and performance management arrangements. The key activities are also subject to a range of suggested measures that will form the basis for future monitoring in delivery of the plan as part of the council's performance monitoring arrangements.

Legal implications

- 4.2 Whilst there may be legal implications associated with some of the individual activities outlined in the plan, these are subject to their own project and risk management arrangements as outlined above. Beyond this, the draft plan merely sets out the ambitions and aspirations of the council and, as such, there are no specific legal implications applicable to the preparation and/or approval of the plan.

Financial and Resource Implications

- 4.3 The draft plan has been prepared in the context of the council's Medium-Term Financial Strategy. Any projects identified in the Council Plan will be subject to Business Case development and approval if not included in the current budget.

Equalities Impact Implications

- 4.4 The draft plan outlines a number of high-level activities intended to make a real positive and tangible difference to both the area, businesses and residents of Rushmoor. As individual projects, key activities will be subject to their own equality impact assessment and measures where appropriate. It is considered that there are no direct implications associated with the preparation and/or approval of the plan.

5. CONCLUSIONS

- 5.1 The refreshed plan reflects the ambitions set out in 'Your Vision, Your Place – A Vision for Farnborough and Aldershot' and identifies key projects to be delivered over the next three years. The Cabinet is asked to recommend approval of the three-year Council Plan (2022-25) to full Council.
- 5.2 The revised draft plan is subject to design work which will be undertaken following the Cabinet meeting.
-

BACKGROUND PAPERS:

None

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APPENDICES:

Appendix A – DRAFT (text only version) Council Plan 2022-25 (subject to design)

-oOo-

Welcome

This Council Plan sets out the role that we will play in ensuring that Rushmoor is a vibrant, thriving place, with a strong community that has both the opportunities and sense of pride to make sure it is a fantastic place to live, work and do business. This is our vision - one we set out in more detail in our vision document - [Your Future, Your Place – A vision for Aldershot and Farnborough 2030](#).

It is with this vision in mind that we set out our priority projects for the next three years. These projects come together in an ambitious programme of activity across our two business plan themes – people and place.

Building on the foundations of previous plans and projects already delivered by the Council, our work in the coming years will prioritise supporting our communities through this time of change and transition, shaping our town centres for the future and making sure we deliver great value, high quality services.

Please take the time to read this ambitious plan that will make a real difference to our people and places and ensure we maintain the quality of life we value in Rushmoor. You can check our progress against our plan at [link].

We look forward to delivering for you.

Councillor David Clifford
Leader – Rushmoor Borough Council

Paul Shackley
Chief Executive – Rushmoor Borough Council

About the Council Plan

The council provides a wide range of services, many of which are a part of normal day-to-day life and business activity. However, the intention of the Council Plan, is not to provide detail on all our activities, but to outline the council’s priorities over the next three years and, in particular, the key strategic projects that will contribute to achieving our vision. This is set out in our vision document Your Future, Your Place – A vision for Aldershot and Farnborough 2030.

Refreshed and updated annually, the Council Plan provides a focus for our activities and services by setting out the short to medium-term steps needed to realise our longer-term vision and aspirations. While it sets out an ambitious programme of key activities, underpinning this plan are a number of individual service plans which include more detailed information on the activities and work of individual council departments, teams and the day-to-day services they offer.

[Diagram to show how all this fits together – draft proposal below]



The Council Plan also draws upon and provides a link between a number of important strategic documents which inform and underpin much of the work we do. These include:

Medium Term Financial Strategy – This sets out how we will plan and manage our budgets in the medium term to make sure we continue to be financially sound

The Rushmoor Local Plan – This will help shape the development of Aldershot and Farnborough up to 2032 through our planning policies

Climate Change Strategy and Action Plan - This sets out how we will help tackle the impacts of climate change, make the council carbon neutral and make our borough more sustainable by 2030

Supporting Communities Strategy and Action Plan – This sets out the council’s approach to tackling inequality and deprivation, increasing social connections and improving the well-being, strength and resilience of our community

Equality, Diversity and Inclusion Action Plan – This sets out the steps that the council will take to promote equality, diversity and inclusion

Customer and Digital Strategy – This outlines how we will do things better and more efficiently by designing our services around our customers' experience, enabled by digital technologies where appropriate

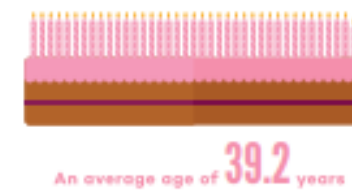
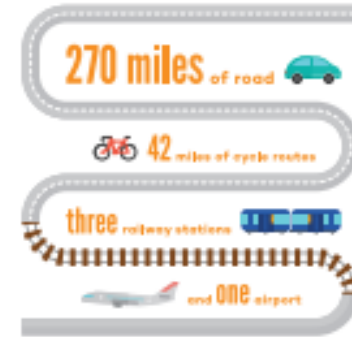
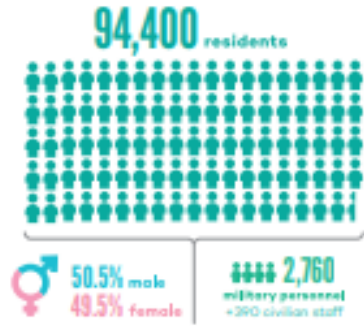
Procurement Strategy – This sets out how we will procure goods, works and services and make sure we secure best value for money and socio-economic benefits when we do so

The People Strategy – This sets out how we will develop our employees, core values and culture so we offer the best experience for our customers

Service plans and staff objectives – These identify what our different teams will be doing to support our customers and the council's priorities

We use these plans and documents to help set the general direction and work activities of the council. They inform many of the decisions we make, how we allocate resources across the council together with our staff objectives. Collectively, these documents help us to make sure we serve our residents, businesses and the borough of Rushmoor as a whole.

Rushmoor in numbers



www.rushmoor.gov.uk

RUSHMOOR
BOROUGH COUNCIL

Looking ahead – challenges and opportunities

In developing this Council Plan, it has been important to consider the strategic challenges and opportunities that we will face over the lifetime of the plan and beyond. Understanding these challenges and making plans for how the council might address them will help us to make sure our services are fit for the future and able to deliver our aspirations.

Responding to the climate emergency

Responding to the climate emergency will be increasingly significant for us all. Our Climate Change Action Plan sets out a series of local actions to make the council carbon neutral, and Aldershot and Farnborough greener and more sustainable by 2030. While we will be updating our Climate Change Action Plan in the light of COP26, mitigating, and adapting to climate change is an opportunity to work with our residents and partners to build a more sustainable future.

Maintaining financial resilience in an uncertain environment

Managing the financial impact of the coronavirus pandemic and making sure the council continues to be financially sound will be a key focus over the life of this plan. There has been growing demand for some of our services and more pressure on our income because of uncertainty caused by the pandemic and changes in government regulations and restrictions. Therefore, we may have to be flexible and make difficult decisions in terms of affordability in the short to medium-term as we prioritise certain services and move to more efficient delivery models, while at the same time realising our long-term ambition to invest in the future of our people and town centres.

Engagement and inclusion

Our community has become more diverse and continues to evolve, and we will need to consider ways to make sure everyone feels included. Over the past couple of years, we have seen significant improvement in community engagement, as the response to the pandemic provided an opportunity to work with the voluntary sector and other partners, and we will seek to build on this success. Social media provides new opportunities for us to improve how we communicate and engage online with residents and partners and self-service models of delivery are increasingly more commonplace. However, as we offer more of our services online, the challenge of digital exclusion and how to support those who do not have the right skills or access to the internet to use these services remains a key concern for us. In the meanwhile, we need to continue to provide information and key services in alternative, accessible formats.

A strong local economy – kind to the environment

There will be fundamental changes to shopping and our town centres because of the coronavirus pandemic. Keeping our key businesses and attracting new ones through investment to support growth remains a priority. It is also important to support residents who have lost their jobs because of the pandemic and help them back into employment, education or training. Through this work there is an opportunity to reflect on the future skills that our community needs and support green jobs that benefit the community, the environment, and the economy.

Healthy lifestyles

A growing number of people are struggling with the persistent effects of coronavirus and the pandemic, and it will be important to continue to support the physical and mental health of our

residents. It will be vital for the council to work with the health sector, community groups and not-for-profit sector to support health and wellbeing across Rushmoor.

Changes in government policy

There is a significant future programme of legislative and government policy change which will have a direct impact on the council and our partners. These not only include day-to-day laws that govern things like the environment or planning rules but may also include widescale changes to local government finance arrangements, powers and structures through possible devolution and the government's 'levelling up' agenda.

Our workforce and the way we work

In taking forward the actions set out in this plan, it vital that we also consider our own workforce and the ways that we work.

In response to the pandemic and other challenges we face, the council has had to adapt to new, more effective ways of working and change the way in which we deliver our services. While sticking to our core values, we have transformed a wide range of services, at speed, and this will continue to be a commitment throughout the life of this plan.

We are committed to being a modern, customer-focused organisation that uses the opportunities that digital technology can offer to deliver accessible, efficient and cost-effective services where appropriate, at the same time making sure that no one is left behind.

Whether it is taking forward the work in this plan or in our day-to-day work activities, we will therefore:





- Work in **partnership** to deliver the best possible outcomes for our residents and businesses
- **Reduce our environmental impact** so that we can be a **carbon neutral** council by 2030, designing and delivering our services in a **green and sustainable** way
- Be **flexible** in how we use our resources to provide **value for money** and **affordable services** that use the right approach at the right price
- Be **agile** and responsive to deliver services at **pace**, using **digital, innovative** and **creative** tools and approaches where appropriate
- Apply our **organisational values** in how we work with each other, with our partners, businesses, residents and community to achieve our aims

Our values and behaviours

Our values and behaviour frameworks support the council's aspirations and helps guide how we work with each other, with our partners, businesses, residents and community to achieve our aims.

YOUR FUTURE, YOUR PLACE OUR VISION FOR RUSHMOOR

OUR VALUES AND BEHAVIOURS... how we work day-to-day

 <p>COLLABORATE</p> <p>We achieve excellence by working together</p> <ul style="list-style-type: none">• We involve the right people, at the right time and work together with enthusiasm• We recognise and appreciate the contribution of others• We help each other to bounce back from setbacks and persevere to reach our goals• We work openly, and share our knowledge, expertise and plans• We celebrate success and focus on positives	 <p>INNOVATE</p> <p>We are always thinking of new and better ways to make a difference</p> <ul style="list-style-type: none">• We look for creative ways to drive improvement• By taking responsibility for our own learning and development, we will explore new ideas and ways of working• We will not just do what we did before, we seek to innovate• We encourage each other and develop the shared vision and purpose• We look outside our organisation for ideas, inspiration and new ways of thinking	 <p>BRAVE</p> <p>We are ambitious for Rushmoor</p> <ul style="list-style-type: none">• We are willing to make bold decisions to make a difference to our community• We have the courage to do things differently and 'give it a go'• We take managed risks and view mistakes as opportunities to learn• We will get things done quickly and efficiently• We provide, seek and act on constructive feedback	 <p>INTEGRITY</p> <p>We uphold high standards of service through honesty, respect and compassion</p> <ul style="list-style-type: none">• We put customers at the heart of what we do• We take pride in being open and transparent• We are personally accountable for our decisions and action and do what we say we will do, on time• We respect and value difference, and listen to other perspectives• We work to understand how others feel and how we can respond appropriately
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Community engagement - assessing and understanding needs

In establishing the priorities and activities set out in this plan, it is also important to us to consider how we engage with, and meet the needs of, our residents, businesses and our community. This helps us prioritise and understand better their needs so we can target our activities and services to the right people, in the right way at the right time.

We use a number of tools and approaches to help us with this work including use of local knowledge, strategic assessments, data analysis tools that provide insight into our customers' preferences and needs, public consultations, focus groups and surveys.

We also use a wide range of communications activities to reach our communities to help make sure they are aware our services and how they can give their views on them. These range from the council's Arena magazine and local communications to digital communications, such a social media and email newsletters.

Working closely with our partners where appropriate, we want to develop how we communicate and engage with our community to help us continue to meet our businesses and residents' needs with quality, timely and effective services.

Our priorities

We are an ambitious council, and this plan sets out our aspirations against two key areas of work – People and Place.

People – empowering and connecting communities and enabling people to live healthy and sustainable lives to fulfil their aspirations.

Place – ensuring our towns are family-friendly, safe, vibrant, and sustainable places - now and in the future.

People

Priorities



Key activities

Over the next three years, we will:

1. Roll out the second phase of our weekly food waste recycling service to households with shared bins
2. Help people (especially young people) into employment through training, apprenticeships and upskilling
3. Develop a walking and cycling plan to encourage sustainable travel and to support our town centre regeneration plans
4. Develop a new leisure centre in Farnborough
5. Encourage more residents to be active and have healthier lifestyles
6. Support apprenticeships, research and innovation opportunities through the Aerospace Research and Innovation Centre (ARIC)

Supporting strategies and plans

(To be developed, reviewed and/or implemented)

1. Supporting Communities Strategy
2. Joint Municipal Waste Strategy
3. Car Parking Strategy
4. Equality, Diversity and Inclusion Action Plan
5. Communications and Engagement Strategy

Key Measures

- Increase in the % of waste collected by the Council that is reused, recycled and composted
- Decrease in % of working age population claiming benefits because of unemployment
- Decrease in % of 18-24 year olds claiming benefits because of unemployment
- Increase in % of physically active adults

Place

Priorities



Key activities

Over the next three years, we will:

1. Complete the Union Yard development and support the regeneration of the Galleries in Aldershot
2. Progress the regeneration of Farnborough town centre, including the civic quarter
3. Develop Southwood Country Park, including providing a new visitor centre and improving its access, environment and facilities
4. Support the creation of quality, new homes
5. Update the facilities at Aldershot crematorium
6. Progress an aerospace heritage project

Supporting strategies and plans

(To be developed, reviewed and/or implemented)

1. Strategic Economic Framework
2. Town Centre Strategy and Business Support Plan
3. Industrial Strategy
4. Cultural Strategy
5. Car parking Strategy
6. Housing and Homelessness Strategy
7. Climate Change Action Plan
8. The Local Plan
9. Green Infrastructure Strategy

Key Measures

- Increase in residents' satisfaction with our town centres
- Decrease in the % of vacant and dormant premises in our town centres
- Increase in the number of new homes created by Rushmoor Homes
- Increase in the number of affordable homes delivered across the borough

Strong community, proud of our area

We know that if people feel connected to each other and the place where they live, they are generally happier and more likely to be active in their local community and to do things like volunteering and shopping locally. For these reasons, we want to foster a strong community spirit and a sense of pride in our area by bringing people together, connecting our communities and enabling people to get involved so they can help and support one another. One of the main ways we will do this is through delivery of our Supporting Communities Strategy and Action Plan.

Among many activities, we will work with schools and colleges to engage young people in local projects. We will also support local apprenticeships and volunteering opportunities and develop a youth forum, run by young people, to give them a voice and encourage them to engage with decision-makers on local issues. We will, of course, also be supporting our local community and groups to get involved in the Queen's Platinum Jubilee celebrations.

Healthy and green lifestyles

Climate change is one of the key challenges we all face. Having already declared a climate emergency and established a climate change action plan to help address the challenges and opportunities presented, we will continue to work with businesses, organisations and our community towards making the council carbon neutral, and Aldershot and Farnborough greener and more sustainable by 2030.

We will review our Climate Change Action Plan in light of COP26, seek to protect and develop our green infrastructure and improve the corridors and network of green spaces in our area so that we maintain a wide range of environmental and quality-of-life benefits for our local community.

As food waste is a big contributor to climate change, we will also continue to extend our weekly food waste collections to households with shared bins. Instead of food waste being incinerated with non-recycling rubbish, it is broken down naturally to produce renewable energy and natural fertiliser, which in turn reduces the need for artificial fertilisers. We will also encourage households to make best use of the food they buy so overall, less food is wasted.

We will also work with Hampshire County Council to develop a walking and cycling plan to encourage people to use their cars less and which will support our town centre regeneration plans.

Helping people to adopt healthier lifestyles will be important, particularly as we know some health inequalities have got worse because of the Covid-19 pandemic. The council will follow through on its promise to establish a new leisure offer in Farnborough including a replacement for the Farnborough Leisure Centre.

In addition, we will promote wider health and wellbeing by looking to develop the cultural offer across Rushmoor, increasing engagement in the arts and leisure through the development and implementation of a new Cultural Strategy with our partners. Alongside this, we will develop new facilities and a visitor centre at the Southwood Country Park and work to deliver an attraction / project that celebrates our area's aerospace heritage.

Housing for every stage of life

Having a good quality home is essential for the health and wellbeing of many of our residents. Making sure there is a range of housing types, from starter homes, family and executive homes to supported housing, is important for individuals and families. Building strong neighbourhoods and inclusive communities helps to make people feel safe and supports the economic prosperity of the area.

Recognising these benefits, we have already enabled the development of many new homes at Wellesley, Aldershot and will support the creation of more quality homes through Rushmoor Homes (our partner housing company) as part of our town centre regeneration plans. We will also be reviewing our Local Plan and Housing and Homelessness Strategy to help refine and shape our planning policies and future sustainable developments.

Vibrant and distinctive town centres

Working with partners, we will transform and revitalise our town centre spaces in Aldershot and Farnborough through our ambitious redevelopment and regeneration programmes. This will help attract other developers and create significant investment in Aldershot and Farnborough town centres, making vibrant and thriving places where people want to spend their time and money, from daytime through to the evening. Our residents want more modern and sustainable town centres, with a wider range of shops, cafes and restaurants, new community facilities and mixed tenure homes for people of all ages.

Projects under way and in development include Union Yard and The Galleries in Aldershot and the Civic Quarter in Farnborough.

A thriving local economy – kind to the environment

In addition to our town centre regeneration plans and improved cultural offer across Rushmoor, with the business benefits and opportunities these will bring, we will support local business investment and resilience through the development of a strategic economic framework for the area that will help businesses survive, grow and prosper in a sustainable way.

Based on detailed research and engagement with businesses, we will also develop plans to grow the borough's key economic sectors and develop a business support programme which will help local businesses recover from the pandemic and make sure that in the long term we have the right mix of business premises, assets and skills in our area to respond to changing economic needs and boost growth.

Opportunities for everyone – quality education and a skilled workforce

In support of our economic plans and to help local businesses and residents we will also work to equip people with the education and skills they need to enter, re-skill and progress in the labour market and meet the demands of the local economy so that our area is a place of innovation and inclusion. Specifically, we will help people (especially young people) into employment through training, apprenticeships and upskilling and help foster research and innovation opportunities through our heritage and links with the Aerospace Research and Innovation Centre (ARIC).

Delivering and measuring this plan

Each quarter, our Corporate Management Team and Cabinet monitor the progress of the key projects in this plan through a series of monitoring reports. Our Overview and Scrutiny Committee is then able to review progress against the plan.

Collectively, we monitor our progress of each project against a number of agreed measures – some of which are shown with our list of priorities above – and adjust the resources allocated to each project depending on need, progress and risk.

As well as the projects in the Council Plan, teams across the council make sure that we continue to provide high quality services to our residents. These activities are contained in service plans, which the relevant Head of Service and Cabinet member manage and monitor regularly.

At the end of the financial year, the council also produces an Annual Report, summarising key areas of work and the progress against the Council Plan.

Using this performance management approach, the council seeks to achieve and deliver its goals and aspirations. Some examples of our successes are given below.

We said, we did ...

Union Yard regeneration

In our 2021-24 plan we said that we would focus on the Union Yard regeneration scheme in Aldershot town centre.

With all the land acquired and planning consent in place, the site is now cleared, and construction work has started to build 100 new homes, 128 student units and flexible retail, commercial and community space in the heart of Aldershot town centre. The £40 million-plus regeneration scheme will also provide improved public space, car and cycle parking, and is due to be completed in spring 2024.

Food waste recycling

In our 2021-24 plan, we said that we would introduce food waste collections to help residents increase the amount they can recycle and to reduce waste.

We have successfully rolled out weekly food waste recycling collections to most households in Aldershot and Farnborough, with the second phase of the scheme for homes with shared bins due to begin from spring 2022. Instead of being incinerated with non-recycled household rubbish, the food waste is broken down by anaerobic digestion to produce renewable energy and natural soil fertiliser. In the first 11 weeks of the new service, we collected 720 tonnes of food waste, enough to power 77 homes for one year. Over a full year, this would work out to generating enough power for 364 homes.

Food hubs

In our 2021-24 plan we said that we would enable the development of food partnerships and food hubs across Aldershot and Farnborough in support of our communities.

Working with our partners, we established the first in a network of accessible food larders at Park Church, Aldershot. The larder is for the whole community allowing people to donate small amounts of food and where people who need food can easily access it at any time without the need for a referral or to wait for the foodbank to open. This provides both an outlet for people to help their community and a way to receive that help which is non-judgemental and fair.

We also saw the community store open in Windsor Way, Aldershot as part of the wider Grub Hub food project.

Leisure and community facilities

We said in our 2021-24 plan that we would maintain and develop excellent leisure and community facilities in our area.

During 2021 we invested around £100,000 in the Aldershot Lido to enable this much-loved facility to open safely again after losing the previous summer season because of Covid restrictions. We were delighted to welcome 28,167 visitors to the Lido during the summer.

Despite the continuing concerns with Covid, the Princes Hall theatre in Aldershot was also able to reopen and provide a full autumn season events programme, including 40 performances of its Christmas pantomime, 'Dick Whittington', which welcomed almost 16,000 visitors.

Heritage trails

In the 2019-22 Business Plan, we said that we would build on our heritage to help support the health and wellbeing of residents by developing a number of community heritage trails.

Working with our partners we have established six heritage trails covering the civilian and military areas in and around Aldershot. Supported by an interactive app, with maps and information, the heritage trails offer different length walks where you can learn about the history of Aldershot through the stories of people, places, events and buildings throughout the town.

Getting involved

If you have comments or would like to get involved in identifying our priorities and activities, please contact [\[Link\]](#)

CABINET
8 FEBRUARY 2022

COUNCILLOR ADRIAN NEWELL
DEMOCRACY, STRATEGY AND PARTNERSHIP
PORTFOLIO HOLDER
REPORT NO. ACE2201

KEY DECISION? NO

COUNCIL BUSINESS PLAN & RISK REGISTER
QUARTERLY UPDATE OCTOBER – DECEMBER 2021/22

SUMMARY AND RECOMMENDATIONS:

This paper sets out the performance monitoring information of the Council Business Plan for the third quarter of 2021/22. There are 18 key projects within the Council Business Plan which aim to deliver the Council's nine priorities which sit under the themes of People and Place. In addition to the key projects this paper includes the Council Business Performance monitoring information, which is the key indicators and service measures used by the Council to monitor how the Council runs.

Factors that could affect the future delivery of the Council Business Plan and Council Business Performance have been identified in the Council's Risk Register.

The Cabinet is asked to note the progress made towards delivering the Council Business Plan as at the end of the third quarter of 2021/22 and the risks identified within the Corporate Risk Register in January 2022.

1. Introduction

- 1.1 In June 2021 the Council agreed the updated three-year Council Business Plan with nine priorities under the two themes of People and Place, which will help realise the vision for the borough (Your future, your place - a vision for Aldershot and Farnborough 2030). This paper sets out performance monitoring information for the Council Business Plan for the period of September to December 2021.

2. Detail

- 2.1 The Council Business Plan is a three-year plan, which will deliver the Cabinet's nine priorities which are set out under the two themes of People and Place:

People –empowering and connecting communities and enabling people to live healthy and sustainable lives and fulfil their aspirations.

Priorities:

- We will help improve the health and wellbeing of residents

- We will encourage volunteering and help people become more connected with their communities
- We will help residents and businesses become more sustainable - including reducing waste, recycling more and making sustainable transport choices like cycling
- We will provide high quality services that meet the needs of all our residents and businesses and in ways that do not exclude anyone

Place – ensuring that our towns are family friendly, safe, vibrant, and sustainable places now and in the future.

Priorities:

- We will continue to drive forward the regeneration of Aldershot and Farnborough town centres
- We will maintain and develop excellent leisure and community facilities
- We will work to grow the local economy in a green and sustainable way
- We will make sure that all council-led projects are designed and delivered in a green and sustainable way
- We will make sure that there are enough homes and types of housing provided in Aldershot and Farnborough

3. Delivery of the Council Business Plan

3.1 The Council Business Plan brings together the key projects across the Council including those that sit under the Property, Major Works & Regeneration Programmes and the Savings and Transformation Programme (previously known as the ICE Programme).

3.2 Annex A sets out the detailed progress this quarter against the key projects in the Council Business Plan at the end of quarter 3 (31st December 2021). At this time, 53% of live projects are on track and the remainder have an amber status. The amber status highlights where there are delays against currently published timescales but there is still confidence about the overall deliverability of the project. No projects have a red status at the end of quarter 3.

3.3 A number of key milestones were reached in quarter 3 with the introduction of a food waste recycling service, construction starting at Union Yard, planning permission being granted for the visitor centre and café at Southwood Country Park and the Community Store opening in Aldershot.

4. Council Business Performance

4.1 Annex B sets out the Council's Business Performance during quarter 3. The Council Business Performance monitoring information are the key indicators

and service measures used by the Council to monitor how the Council runs and gives a 'snapshot' of a broader set of performance measures outside of the Council Business Plan projects.

5. Council's Risk Register

- 5.1 The Quarter 1 performance report (ACE2105) provided an introduction to the Council's Corporate Risk Management Policy and the Corporate Risk Register. Given the close link between risk management and performance and in accordance with the Council's Risk Management Policy, the Corporate Risk Register will be presented to Cabinet on a quarterly basis. The latest Corporate Risk Register (prepared in January 2022) is attached at Annex C.
- 5.2 The majority of the key strategic risks continue to be related to the areas that the Council cannot directly influence, but does need to consider in the delivery of services and could have the potential to impact upon the delivery of the Council's Business Plan. For over a year, the Council has held a strategic risk in relation to Covid 19 and the impact of any further lockdowns. This risk has included economic, health and community impacts as well as the impact on Council services. Given developments in recent months, these specific Covid related risks have been reflected in existing parts of the risk register, or within Service Risk Registers, to reflect an increasing move to consider Covid activity as 'business as usual'.
- 5.3 In Q2, the risk relating to the 'changing external policy context' was increased in terms of the score given. This reflected a number of factors including delays to the publication of key policy documents (such as the Levelling up White Paper) and the fact that County Deal conversations with the County Council had commenced. This risk rating remains at the end of Q3 as the White Paper remains delayed, although is expected in early 2022.
- 5.4 The Standing Corporate Risk section and the Escalated Service Risk sections of the risk register highlight that risks around finance remain some of the highest rated risks to the Council. The Savings and Transformation Programme will be a key tool in helping to mitigate some of this risk but services continue to raise risks associated with rising project costs as a result of inflationary pressures, build costs and fuel costs and these will continued to be monitored. The threat of cyber-crime and data loss is also identified as a high impact risk in the Corporate Risk Register and a range of mitigation activity is underway to reduce the Council's overall risk, including a full review of the Council's Business Continuity arrangements.

6. Conclusion

- 6.1 Cabinet asked to note the progress made towards delivering the Council Business Plan during October to December 2021 and the risks identified within the Corporate Risk Register in January 2022.

COUNCILLOR ADRIAN NEWELL
DEMOCRACY, STRATEGY AND PARTNERSHIP PORTFOLIO HOLDER

BACKGROUND DOCUMENTS:
Council Business Plan April 2021 to March 2024

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Council Business Plan Quarterly Monitoring – Q3 2021/21

Date produced: 1st January 2022

People –empowering and connecting communities and enabling people to live healthy and sustainable lives and fulfil their aspirations.




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



- We will help improve the health and wellbeing of residents
- We will encourage volunteering and help people become more connected with their communities
- We will help residents and businesses become more sustainable - including reducing waste, recycling more and making sustainable transport choices like cycling
- We will provide high quality services that meet the needs of all our residents and businesses and in ways that do not exclude anyone





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


Priorities:

- We will continue to drive forward the regeneration of Aldershot and Farnborough town centres
We will maintain and develop excellent leisure and community facilities
- We will work to grow the local economy in a green and sustainable way
- We will make sure that all council-led projects are designed and delivered in a green and sustainable way
- We will make sure that there are enough homes and types of housing provided in Aldershot and Farnborough

People projects	BRAG	DoT	Comment
People 1 - The introduction of a food waste recycling service and helping residents reduce the amount of waste that they produce	Green	 No change	First two months of the service changes have exceeded expectations. In Phase 1 a quantity of around 40 tonnes per week was expected but have averaged around 60 tonnes per week. Engagement with residents continues daily via door-knocking and regular comms via social media and the Arena magazine. Preparations for phase 2 will begin mid-Jan 2022.
People 2 - Enabling Food Partnerships and Food Hubs across Rushmoor in support of our communities	Green	 Improvement	Charitable Interest Company (CIC) status was granted in early November and set up work continues to formally establish the project as a CIC. The Community Store opened early December 2021 with RVS fronting the lease as a temporary measure. The larder at Park Church remains in operation. The number of households visiting the store has significantly exceeded expectations – in the first 7 days of opening 110 people signed up and there were 280 visits.
People 3 - New projects to support communities to recover from the pandemic. We will use a dedicated recovery fund established to support our most vulnerable residents	Green	 No change	Keep Well and Stay Connected Project progressing well. Over 20 users currently accessing the platform and interacting with services and activities. Feedback from users has been very positive. Work is being done to identify funding to continue project beyond NHS funding.

People 4 - Further develop our work to help people into work through training and upskilling with a particular focus on young people	Green	 Improvement	After withdrawing from the DWP bid, plans are moving forward for a Youth Hub and website that we are funding through the Supporting Communities fund and partner support. This is due to launch January 2022. Physical and virtual job clubs are still running and Apprenticeship hub is working well in our area. We are looking to gather local case studies to showcase in national apprenticeship week.
People 5 - Engaging widely across all of our communities, building capacity, connecting people and promoting equality, diversity and inclusion in all that we do.	Green	 No change	Work to implement actions from the Equality and Diversity Action Plan continues to make good progress. The Council marked Black History Month in October 2021 and activity over this month included a series of videos released over the month about what Black History Month means to some of the members of the Rushmoor community and local businesses. The Cabinet Champion role has been particularly focussed on broadening the Council's community engagement work with smaller groups and at the end of December 2021, had met with representatives from 13 groups. The Equalities and Diversity Action Plan had envisaged a number of actions being underpinned by Census Data and it is estimated that the first census data will be published between May and June 2022.
People 6 - Working with Hampshire County Council to develop a walking and cycling implementation plan to encourage sustainable travel and to support town centre regeneration	Amber	 No change	Initial outputs have been shared at Stakeholder meeting on the 7 th January. Completion still likely second quarter 2022.
People 7 - Improving facilities at Aldershot Crematorium	Green	 No change	A two phased approach to the feasibility has been suggested, whereby analysis for the refurbishment costs are prioritised and indicative costs for new build are sought. Pending the outcome of this activity, a second phase may be adopted enabling more detailed costs for a new build to be established. The results from the first phase of feasibility due by the end February.
People 8 - New projects to support health and wellbeing, in line with our Supporting Communities Strategy. Projects will include a repair café, men's shed project and the 'You Can Do It' campaign to encourage residents to get out and about and get active	Green	 No change	Heritage Trails – fully launched and open. Website, App and booklet all available. Men's shed – Farnborough due to open in March 2022. Repair Café progressing well. Working with RVS to lead volunteering aspect. Expected launch June/July 2022

People 9 - Communicating and engaging with residents in a variety of ways including introducing a new website and increasing the take up of online services.	Amber	 No change	<p>The website project continues with a view to a new website, with updated areas of service content being available in May 2022 following the local elections. The amber status reflects a delay to the planned timetable which had originally been scheduled for late 2021. This slippage reflects the complexity of this project which requires input from a variety of different sources in order to deliver a successful new Council website and the preference to 'go live' after a period of relatively high traffic associated with Easter, Bank Holidays and local elections.</p> <p>A number of key project milestones were achieved in Q3 including commencing new website development, simplification of website content, refreshing website content and migrating content from the old website to the new website.</p>
People 10 - Working with partner organisations to deliver projects to tackle health inequalities in the Borough, especially in our more deprived areas	Green	 No change	<p>Wellness Walks have ended but the group have become friends and are continuing to walk independently of the mindfulness coach. Looking to develop walks at Tice's Meadow nature reserve.</p> <p>Couch to 2k is planned from Spring onwards and Talk Mental progressing well.</p> <p>On-going discussion with Rushmoor Healthy Living – to support residents to engage in their: "Be Healthy, Be You" programme.</p>
Place projects	BRAG	DoT	Comment
Place 1 - Aldershot town centre's Union Yard regeneration scheme	Amber	 No change	<p>Construction started on site with piling and sub-structure works. Works required to party wall (35 – 39 High Street) risks delaying progress with piling. Rushmoor Homes has confirmed a conditional offer for the 82 units of private accommodation. GCW appointed to develop a leasing strategy. Savills appointed to provide property management services.</p>
Place 2 - Civic Quarter regeneration scheme in Farnborough	Amber	 No change	<p>Master planning work continues to progress the project to outline planning application stage (planning submission due in February 2022). Outstanding matters relating to daylight / sunlight and parking management to be resolved. Leisure and Civic Hub Stage one feasibility completed and approval given to progress to next stage of design development to develop Leisure & Civic and Leisure-only options. Demolition of old leisure centre has started.</p>
Place 3 - New leisure offer for Rushmoor, including plans for a new leisure centre for Farnborough			

Place 4 - Develop the environment and facilities at Southwood Country Park, including a new visitor centre	Amber	 No change	Public consultation covering the design of café/visitor centre, environment design and interim SANG management plan, has been completed. Feedback has been overwhelmingly positive. Planning permission has been granted and detailed designs for the café/visitor centre are now underway, regular communication is in place with the Café operator for their input into internal layout etc. Footpaths and bridges on West side are now complete – Procurement for the construction phase has commenced. ESSO vegetation clearance is in progress, there are a large number of trees impacted. A reinstatement plan is yet to be agreed but discussions have commenced
Place 5 - Creating 57 new homes for private rent through Rushmoor Homes	Amber	 No change	The programme is progressing across a number of fronts with appointment of architects being finalised for a number of schemes. Two firms of Employers agents have been appointed and procurement of valuation services will commence immediately after the Christmas Break. Initial surveys for the Churchill Crescent Scheme are underway following appointment of Flower and Kittle as Architects. Pre-application discussions on 9A Wellington Street have concluded and an application will be shortly. 69 Victoria Rd/3A Arthur St is progressing but the detailed issues are taking longer to resolve than hoped. The Board has agreed the principles of the next Business Plan to be submitted in January 2022 and the detail is currently being finalised. This will be proposed as part of the Council’s budget processes in February 2022 The changes in the programme will result in lower income to the Council in 2021/22 than forecast and the detail will be reported as part of Q3 Budget monitoring. However over the longer term the Business Plan remains robust.
Place 6 - Taking actions to bring forward the redevelopment of Block 3 of the Meads as part of the wider regeneration of Farnborough town centre		N/A	Discussions continue to identify and agree a way forward for this site and how it can contribute to the wider Farnborough Town Centre.
Place 7 -Development of an aerospace heritage project with the County Council and key partners	Amber	 Decline	The impact of the pandemic on the Heritage sector means that the process of engagement will take longer than originally hoped as organisations are continuing to recover their existing operations and capacity to undertake new projects is limited in the short term. We continue to explore options and develop proposals to highlight the strengths of the Heritage as part of planning for Farnborough Airshow 2022

<p>Place 8 - Working alongside Farnborough College of Technology's new Aerospace Research and Innovation Centre to support the aerospace industry through apprenticeship, research and innovation opportunities</p>	<p>Green</p>	<p>← → No change</p>	<p>The ARIC building is now available and being promoted to potential projects and partners. Work with Farnborough Aerospace Consortium to build awareness and linkages is a key element of achieving this promotion.</p>
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Council Business Performance

Quarter 3 2021/22

Points to note

- Covid continues to affect some of the Councils key income streams
- Sickness rates in Q3 are the highest since the pandemic began but better than Q3 before the pandemic (2019/20)
- There has been an improvement in the response time to FOI requests
- The % of transactions through digital services versus other channels has been added to the quarterly monitoring.
- There has been a reduction in the number of sessions reported on our website and is related to the work we have done to comply with the Privacy and Electronic regulations
- Changes to bin collections and the introduction of food waste collection in Q3 has led to an increase in recycling (estimated to be around 40%)
- The % of council tax collected and business rates collected in Q3, is higher than the previous year.

Council wide indicators

- Corporate complaints
- Key income streams
- Health and safety
- Absence rate
- Workforce data
- Freedom of information requests







Corporate customer contact indicators

- Walk-in customers
- Calls to customer services
- Demand via other access channels
- Social media
- Print Media
- Website

Key Service Indicators





- Penalty Charge Notices (PCNs)
- Fixed Penalty Charge Notices (FPN's)
- Waste and recycling
- Housing Allocation Pool
- Homelessness
- B&B costs
- Taxation
- Benefits
- Affordable housing competitions
- Planning applications
- Planning Appeals
- Electoral Registration

Key to Direction of Travel (DoT) arrows

Numbers have increased	Numbers have decreased	Numbers have increased and performance has decreased	Numbers have increased and performance has increased	Numbers have decreased and performance has decreased	Numbers have decreased and performance has increased
					

Council wide indicators

Corporate complaints

Number of complaints				% of complaints responded within policy time			
4				25%			
DoT from last quarter (8)		DoT from this quarter last year (3)		DoT from last quarter (75%)		DoT from this quarter last year (100%)	
Comment:							

Key income streams

Key income stream	Original Budget 2021/22	Amount in 2021/22 (Q1, Q2 & Q3)	% of budget in (Q1, Q2 & Q3)	Head of Service assessment of position (RAG)	Comment
Buildings	£2,268,670	£2,039,383	89.9%	Green	Overall status is green however there are some Covid related rent shortfalls across core industrial estates.
Investment Properties	£4,754,200	£3,268,434	68.7%	Red	The reduced income projections are a combination of outstanding debts that cannot, currently, be actioned for recovery under Covid provisions and events within the portfolio that result in a reduction in the net income.
Princes Hall	£714,000	£590,519	82.7%	Green	Pantomime sales around 20% down (£100k) due to Omicron variant but due to the Vaccination Centre

					rental income and Cultural Recovery Fund grant, the overall status is green.
Building Control fees	£220,500	£193,248	87.6%	Green	Income performing well and expected to exceed original budget for 2021/22
Land Charges	£100,000	£79,871	79.9%	Green	Income is as expected
Car Parks	£1,001,650	£678,274	67.7%	Red	Likely to end year at 90% for both cark parks and on-street parking, primarily due to reduction in PCN income (reduction in usage has meant a reduction in contraventions)
On-Street Parking	£782,500	£494,911	63.2%	Red	
Crematorium	£1,618,760	£998,435	61.7%	Red	Cremations income running 20% down for first seven months of year but picked up in past quarter. Likely to end year £250k adverse.
Planning fees	£348,000	£254,403	73.1%	Amber	Income on target however drop off of applications so far in January means risk of undershooting if expected applications are delayed beyond 31/3/22
Markets and car boot sales	£117,000	£77,215	66.0%	Amber	The impact follows the shopping patterns during various phases of the pandemic. This looks like it will be temporary though there is still the issue of longer-term impact when these users are displaced by regeneration. As of 25 th January, income is at 72% and this may increase as new traders come on board.
Green Waste	£463,000	£477,808	103.2%	Green	Continuing to see growth in demand
Bulky Waste	£68,400	£89,573	131.0%	Green	Continuing to see increase in demand despite removal of HWRC restrictions
Hackney Carriage - Vehicle and Driver Licence	£61,210	£54,893	89.7%	Green	We are over expectation for this time of year and with increase in applications from new operator expect this to remain
Cemeteries	£172,230	£165,988	96.4%	Green	Likely to end year 30k above the original 2021/22 budget
TOTAL	£12,690,120	£9,462,954	74.6%		

Health and safety

Violence at work data - incidents				Rushmoor work related accident / incident data			
6				3			
DoT from last quarter (10)	↓	DoT from this quarter last year (12)	↓	DoT from last quarter (1)	↑	DoT from this quarter last year (1)	↑

Absence rate

Working days lost due to sickness per FTE		Working days lost to short-term sickness per FTE	
1.71		0.67	
DoT from last quarter	↑	DoT from this quarter last year	↑
DoT from last quarter	↑	DoT from last quarter	↑
DoT from this quarter last year	↑	DoT from this quarter last year	↑

Days per FTE

— Working days lost due to sickness absence

— Working days lost to sickness absence, minus long term sickness

Comment: There were 56 sickness episodes in Q3 and 439 working days lost the most common reason was anxiety, stress and depression.
Note: Long term sickness is 20 days or more in a row (four weeks)

Workforce data

Starters and leavers		Turnover		% of employees from ethnic minorities (15.2% from ethnic minorities in 2011 Census)					
Starters	4	2.79%		5.6%					
Leavers	8	DoT from last quarter (2.41%)	↑	DoT from this quarter last year (2.80%)	↓	DoT from last quarter (5.2%)	↑	DoT from this quarter last year	n/a
Comment:									

Freedom of information requests

Number of requests received				% responded to on time (one month behind)			
141				76%			
DoT from last quarter (139)	↑	DoT from this quarter last year (174)	↓	DoT from last quarter (63%)	↑	DoT from this quarter last year (60%)	↑
Comment:							

Corporate customer contact indicators

Overall digital uptake

% of transactions through digital services versus other channels	DoT from last quarter	DoT from this quarter last year
76%	↑ (73%)	↓ (78%)
Comment: New to performance monitoring		

Walk-in customers

Number of walk-in customers				Comment: During Q3, 2,182 customers arrived at reception, this is up slightly from Q2 (1,961), 17% presented with a non Rushmoor enquiry, looking for service with Citizens Advice, Hampshire County Council or other authorities (this is up from 13% in Q2). 14% were collecting or dropping off paperwork. A further 13% were corporate visitors attending meeting, interviews, welcoming new starters or arriving contractors. 1471 customers were actively seeking service from the Council, the highest services being Benefits and Housing.
2,182				
DoT from last quarter (1,961)	↑	DoT from this quarter last year (249 - Reception reopened on a limited basis on 10 th August 2020)	↑	

Calls to customer services

Number of calls				Average wait time			Call abandoned rate				
15,604				30 seconds			2.6%				
DoT from last quarter (15,784)	↓	DoT from this quarter last year (11,276)	↑	DoT from last quarter (33 seconds)	↓	DoT from this quarter last year	n/a	DoT from last quarter (2.7%)	↓	DoT from this quarter last year (2.3%)	↑
Comment: In Q3 the Customer Services have answered 15,194 calls (increase of 37% on the same period this year). There was a major service change to waste and recycling collections in October, with the introduction of food waste and fortnightly waste collections on 25 th October and November saw an increase of 49% of calls on November 2020. A separate number was published on leaflets delivered to households and just under 600 calls were received on this line. Also, in Q3 Customer Services also took on a final piece of Council tax work regarding residents moving, from 16 th November 296 calls have been diverted using options on the Council Tax phone number into Customer Services.											






Demand via other access channels

Number of emails				Number of enquires via app				Number of enquires via webforms			
5,333				870				903			
DoT from last quarter (3,662)	↑	DoT from this quarter last year (2,277)	↑	DoT from last quarter (1,171)	↓	DoT from this quarter last year (781)	↑	DoT from last quarter (497)	↑	DoT from this quarter last year	n/a
Comment: The number of emails has increased by in comparison to last quarter and this quarter last year. In Q3 there 835 webforms for Council tax and 68 webforms for Environmental Health (Nosie)											



Website

Website visits				Top three pages visited	
203,783				1. Bin collections (36,589) 2. Crematorium diary (7,637) 3. Planning applications (7,106)	
DoT from last quarter (250,049)	↓	DoT from this quarter last year (238,335)	↓		
Comment: There has been a reduction in the number of sessions reported on our website (around 25% reduction for December 2021 in comparison with November 2021). This reduction is related to the work we have done to comply with the Privacy and Electronic Communications Regulations . These regulations mean that the council needed to be clearer to our customers about what cookies are being set on our website and allow our customers to 'opt-in' to be able to share their usage statistics. This is being monitored to see how much this is affecting the statistics we provide and we will look to update these graphs in the future and for the new website.					

Social media







 <p>Facebook</p> <p>Followers: 11533 (up 297) Posts: 143 Reach: 770,801 Avg reach per post: 5390 Engagement: 52,800 Engagement rate: 6.9%</p>	 <p>Instagram</p> <p>Followers: 1,544 (up 22) Posts/stories: 122 Reach: 32,183 Avg reach per post: 263 Engagement: 770 Engagement rate: 2.4%</p>	 <p>Twitter</p> <p>Followers: 5,674 (up 49) Tweets: 499 Impressions: 179,100 Avg impressions per tweet: 358 Engagement: 1,100 Engagement rate: 0.6%</p>	 <p>LinkedIn</p> <p>Followers: 1,380 (up 40) Posts: 30 Reach: 8,532 Avg reach per post: 284 Engagement rate: 4.4%</p>	 <p>Next Door</p> <p>Service area size: 14,228 residents (up 689) Posts: 113 *Impressions: 114,908 Avg impressions per post: 1,016 <small>*post views, daily digest clicks, and email notifications opened</small></p>
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Print media




Press releases				Media enquires			
12				22			
DoT from last quarter (17)		DoT from this quarter last year	n/a	DoT from last quarter (22)		DoT from this quarter last year	n/a
Comment: This data is new to the monitoring so there isn't data for this quarter last year.							

Key Service Indicators





Penalty Charge Notices (PCNs)

Number issued				Number cancelled				Number paid			
2,666				160				2,181			
DoT from last quarter (3,157)		DoT from this quarter last year (3,940)		DoT from last quarter (149)		DoT from this quarter last year (312)		DoT from last quarter (2,443)		DoT from this quarter last year (2,901)	
Comment:											







Fixed Penalty Charge Notices (FPN's) Issued by East Hants District Council for litter and dog fouling

Number issued				Number cancelled				Number paid			
263				18				162			
DoT from last quarter (321)		DoT from this quarter last year	n/a	DoT from last quarter (15)		DoT from this quarter last year	n/a	DoT from last quarter (184)		DoT from this quarter last year	n/a
Comment: please note that a few more for Q3 will be cancelled in due course and a lot more should be paid for Q3. Currently the number paid is 57% whereas for the previous months of 2021 it is 72%.											







Fixed Penalty Charge Notices (FPN's) issued by CPOs for fly-tips and abandoned vehicles

Number issued				Number cancelled				Number paid			
19				11				8			
DoT from last quarter (20)		DoT from this quarter last year (15)		DoT from last quarter (13)		DoT from this quarter last year	n/a	DoT from last quarter (7)		DoT from this quarter last year	n/a
Comment:											





Waste and recycling

Number of missed bins				Recycling rates - % reused, recycled and composted (one quarter behind)				Residual waste – kg per household (one quarter behind)			
213				33.1%				144.42			
DoT from last quarter (123)		DoT from this quarter last year (189)		DoT from last quarter (32.6%)		DoT from this quarter last year (32.4%)		DoT from last quarter (145.89)		DoT from this quarter last year (137.93)	
Comment: The recycling rates shown are one quarter behind (Q2), the figure is estimated at around 40% for Q3 (alternate weekly collection of general waste and weekly food waste collection started in Q3). The number of missed bins for Q3 has risen but this is connected to the change in the collections.											





Homelessness

Number of Homelessness enquires				Number placed in B&Bs				B&B costs - gross			
216				25				£37,700*			
DoT from last quarter (220)		DoT from this quarter last year (187)		DoT from last quarter (36)		DoT from this quarter last year (41)		DoT from last quarter (£46,500*)		DoT from this quarter last year (£44,499)	
Comment: *estimate											

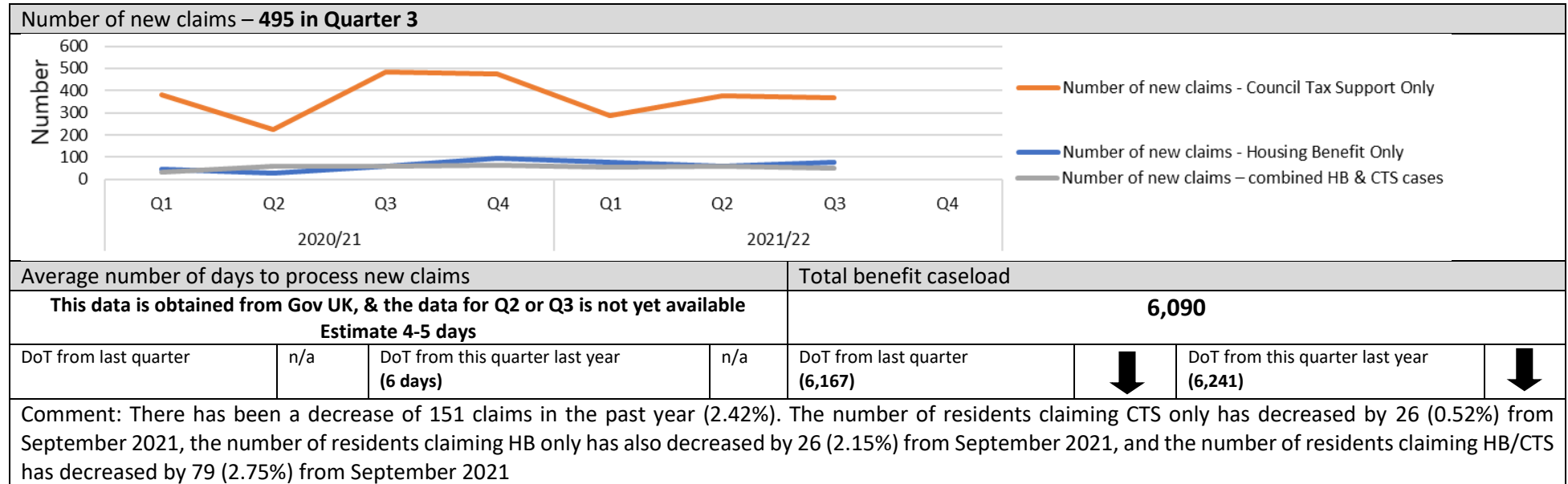
Housing Allocation Pool

Number added to pool this quarter				Number housed this quarter				Total number in the Housing Allocation pool			
69				72				1,518			
DoT from last quarter (102)		DoT from this quarter last year (data not available)	n/a	DoT from last quarter (91)		DoT from this quarter last year (88)		DoT from last quarter (1,572)		DoT from this quarter last year (data not available)	n/a
Comment: 72 housed (an additional 47 properties have nominations but not yet housed)											

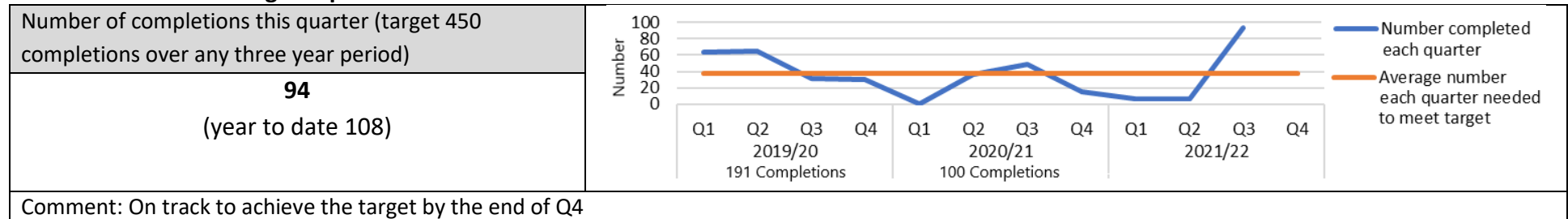
Taxation

% of Council Tax collected				% of Business Rates collected			
93.85%				91.12%			
DoT from last quarter (94.19%)		DoT from this quarter last year (93.70%)		DoT from last quarter (88.31%)		DoT from this quarter last year (88.41%)	
Comment: Collection rate on Council Tax usually dips slightly in December - however our billing team have been working on collection & the rate is improving – it is now higher than the previous year.				Comment: The issue with one of our largest business rate payers has now been resolved & the collection rate has increased – this figure is an increase on both the 2 previous years – again our Business rates team have been working on collection.			

Benefits



Gross affordable housing completions



Planning applications

Number of planning applications this quarter			Major and small scale major Applications determined within 13 weeks (target 60%)	Minor (Non householder) Applications determined within 8 weeks (target 65%)	'Other' (Including Householder) Applications determined within 8 weeks (target 80%)	
281						
DoT from last quarter (236)	↑	DoT from this quarter last year (288)	↓	100%*	94.7%	90.5%
Comment: *3 of the 4 cases were determined outside the statutory period but were subject to agreed extensions of time and therefore recorded as in time.						

Planning Appeals

Number of planning appeals	Number of appeals allowed	% of appeals allowed (target 40%)
4	2 (2 decision this quarter)	100%
Details of Planning appeals allowed: Only two appeal decisions were issued in the quarter, one of these in relation to use of a building at a fishing lake complex as a hairdressing salon and one in respect of a car port in front of a residential property. Both were allowed.		

Electoral Registration

% of registered properties (properties minus 'true' voids)	DoT from last quarter	DoT from this quarter last year
88%	↑ (86.4%)	↓ (89.5% - January)
Comment:		

Rushmoor Borough Council

Corporate Risk Register

V6.1 27/01/2022 (Cabinet)

Part 1: Strategic Risks (ST)

Total 8 Risks

These risks will tend to be long term in nature and are likely to be outside the direct control of the Council, for example the local economy, employment or obesity levels.

Risk Title	Suitable for Public Register Y / N	Risk Type: Service (S) Escalated Service (ES) Standing Corp. (SC) Strategic (ST)	Risk Owner	Risk Description & Potential Outcomes (reasonable worst-case scenario)	Existing Controls / Mitigation	Additional Mitigation Planned – including Timelines/Deadlines	Risk Score		Risk Category / RAG Rating & Rating Change
							L	S	
Securing infrastructure investment	Y	ST	KE	<p>Inability to attract infrastructure investment through the public and private sector to support priorities and projects identified in the Council Business Plan.</p> <p>In particular, failure to secure investment in the area could lead to a decrease in Rushmoor’s competitiveness and attractiveness and put at risk the stated aim for a “thriving Rushmoor economy, vibrant town centres and strong communities who are proud of the area”</p>	<p>Work with public and private sector infrastructure providers and funders.</p> <p>Horizon scanning in relation to the levelling up agenda and its implications for Rushmoor.</p> <p>Horizon scanning by Policy Team for future funding opportunities</p>	Engage effectively with the ‘County Deal’ processes and other opportunities to access Government funding (Q4 2021/22)	2	4	↔ High
Substantial decline in the retail sector/town centre uses and subsequent impact on town centres	Y	ST	TM	<p>Economic and social changes have a significant negative impact on Farnborough and Aldershot Town Centres and therefore reduce the ability to deliver the Council Plan priority of delivering vibrant town centres.</p> <p>This could result in empty retail units, a loss of facilities and amenities for residents and a possible increase in crime and anti-social behaviour.</p> <p>A decline in retail will also have an impact on Business Rates income for the Council.</p> <p>Changes to Permitted Development undermine Town Centre regeneration</p>	<p>Programmes of town centre regeneration in both Aldershot and Farnborough which give consideration to future economic and social trends.</p> <p>Dedicated resource within economy team, working with retail sector and other town centre uses.</p> <p>Ensuring that relevant Government support for business is distributed as swiftly as possible.</p>		3	2	↓ Medium

Demographic change	Y	ST	RB	<p>Changes in Rushmoor’s demography could impact on services required or expected by residents as well as how they engage with the economy or society more generally. Any sudden shifts in demography may not be visible to the Council for a period of time which could result in services not being delivered effectively or efficiently and could impact on the Council’s ability to deliver its aim of having strong communities who are proud of their area.</p>	<p>Community engagement work may identify some changes ahead of them being reported in data sets.</p> <p>Review and analyse publicly available datasets, alongside those held by the Council.</p> <p>Work with partners to understand trends that exist at a larger geography and potential implications (e.g. aging populations)</p>	<p>Review census information and share widely across the Council and with partners so that trends and their implications are understood – May - July 2022</p>	3	2	<p>↔ Medium</p>
Deteriorating economic conditions	Y	ST	TM	<p>Adverse changes to the economy could result in the loss of major employers within the Borough and/or impacts on particular sectors of the economy. This could result in increasing levels of unemployment and higher levels of deprivation and inequality. Impact of supply chain issues, mismatch of labour supply and fuel shortages have slowed growth and are limiting the strength of the recovery. Energy price rises and potential inflationary pressures are also possible headwinds to economic growth. Changes of this nature have potential implications for the Council in terms of increased demand for services and adverse financial impact. There is also a reputational risk if the Council is not seen to be adequately responding to economic changes or shocks.</p>	<p>Partnership working with other organisations around support for the economy and local businesses.</p> <p>Engagement with Ward Councillors.</p> <p>Maintaining an understanding of local economic conditions – tracking economic indicators at a local level.</p> <p>Ensuring that key issues/events are escalated to CMT/ELT at the appropriate time.</p> <p>Ensuring that relevant Government support for business is distributed as swiftly as possible</p>	<p>Development of future spend of ARG to support specific businesses and deal with hardship in the hospitality, leisure and retail sectors (up to March 22)</p> <p>Strategic Economic Framework being developed Informal Cabinet – August 21 Consultation Nov – Dec 21 Cabinet March 22</p>	3	2	<p>↔ Medium</p>

<p>Educational Attainment Secondary schools</p>	<p>Y</p>	<p>ST</p>	<p>AC</p>	<p>Educational attainment at secondary education level continues to present challenges.</p> <p>This may have an impact on deprivation, unemployment etc. Impact on the area's local reputation. May impact on service demand. C19 impact – predicted grades, lost academic time may exacerbate existing patterns.</p>	<p>HCC responsible for Education. RBC supporting role - Priorities set out in the Supporting Communities Action Plan – focus on increasing aspirations.</p> <p>Joint work on supporting families with Hampshire Children's Services</p> <p>Educational Improvement Group established under the Overview and Scrutiny Committee</p>	<p>Area of focus in Community Covid Recovery Plan.</p> <p>Raising aspirations is a priority in the SC plan. Work includes.</p> <p>Additional Mental Health supported provided by Frimley CCG for all Rushmoor schools.</p>	<p>3</p>	<p>2</p>	<p style="text-align: center;">↔ Medium</p>
<p>Poor Health Outcomes within Borough (e.g. obesity, mental health etc)</p>	<p>Y</p>	<p>ST</p>	<p>AC</p>	<p>Rushmoor has areas where there are health inequalities and health deprivation. Additional stress and burden on local services – including partner agencies.</p> <p>Aging population. Areas of deprivation have poorer health outcomes and higher demands associated.</p> <p>Diabetes, highest smoking rate in Hampshire, high instance of obesity and inactive adults.</p> <p>Mental Health and wellbeing – lack of funding available at local level to address.</p> <p>Increased fuel costs and likely fuel poverty will impact on residents. This is likely to have an impact on mental and physical health.</p>	<p>PHE & Frimley CCG responsible for health outcomes.</p> <p>Health and Well Being focus in the Supporting Communities Strategy and Action Plan adopted.</p> <p>Joint working with partners, particularly with the CCG, HCC, with a range of initiatives and plans in place.</p> <p>Projects to increase activity and inclusion in the Borough.</p> <p>CPE response group established.</p> <p>New recovery and service structure to be put in place.</p>	<p>Review approach to resourcing (in conjunction with partners, in particular the CCG and HCC) and then overall approach to delivering the Council's ambitions – to assess resources etc.. (EL/AC – underway)</p> <p>Development of long-term plans (EL/TM – 2021/22)</p> <p>Programme of mental and physical health support to be developed for 2021 - EL.</p> <p>Focus on Healthy lifestyles – linked to deprivation and work of the food partnership. 2021/22</p>	<p>3</p>	<p>2</p>	<p style="text-align: center;">↔ Medium</p>

<p>Financial sustainability of public sector partners</p>	<p>Y</p>	<p>ST</p>	<p>PS</p>	<p>The financial sustainability of a wide group of public sector partners is negatively impacted, resulting in reduced service provision by all. In this scenario, the range and quality of services available to residents could be affected.</p> <p>This could have negative repercussions for health, education, community outcomes and economic identified in the Council Business Plan</p> <p>It is possible that the Council would be expected to meet some of this 'gap' in provision thus exposing the Council to potential financial and reputational risk.</p>	<p>Close partnership working at a senior officer and political level with the Council's public sector partners.</p> <p>Members and Officers are well briefed on potential implications/risks arising from decisions taken by other public sector partners</p>		<p>2</p>	<p>3</p>	<p style="text-align: center;">↓ Medium</p>
<p>Changing external policy context which could arise as a result of levelling up approach or devolution or other unforeseen reasons.</p>	<p>Y</p>	<p>ST</p>	<p>PS</p>	<p>Significant fast track change or continued delay in the publication of key policy documents which can have significant impact on services, levels of available resources or the Council's financial position all of which could adversely impact on the Council's ability to deliver its priorities.</p> <p>The long-term picture with regard to recovery remains uncertain. Reputational risk if the Council is unable to sufficiently adapt to the changing environment.</p>	<p>Service level risk assessments to consider impacts of potential policy changes on individual Council services.</p> <p>Policy and Communications service to support ELT and CMT with 'horizon scanning' which will assist the Council in identifying and where possible responding to some changes.</p>	<p>Levelling Up White Paper continues to be delayed but is expected in early 2022.</p> <p>County Deal conversations started with HCC and partners.</p> <p>Supply chain and inflationary pressures being reflected in service risk registers</p>	<p>3</p>	<p>2</p>	<p style="text-align: center;">↔ Medium</p>

Part 2: Standing Corporate Risks (SC)

Total 15 Risks

Although the Corporate response to these risks may be managed by a single Service, they will be cross cutting and long term in nature. Standing Corporate risks will tend to remain on the Corporate Risk Register for longer periods of time, if not indefinitely. Examples of these may be the Council's financial position or compliance with data protection legislation, both of which have a wide impact and involvement from across the Council, but are generally overseen or managed by one service.

Standing Corporate risks, impacting more than one Service, will normally be managed by one Service with the expertise required, but if not they will be assigned to one single risk owner as the lead. This is for practical purposes to avoid duplication and ensure that they are managed overall by a single point of contact. Although the day-to-day management of the risk itself may not fall entirely upon that risk owner, they will be responsible for collating and updating CMT and the risk register entry on behalf of the Council.

Risk Title	Suitable for Public Register Y / N	Risk Type: Service (S) Escalated Service (ES) Standing Corp. (SC) Strategic (ST)	Risk Owner	Risk Description & Potential Outcomes (reasonable worst-case scenario)	Existing Controls / Mitigation	Additional Mitigation Planned – including Timelines/Deadlines	Risk Score		Risk Category / RAG Rating & Rating Change
							L	S	
Threat of Cybercrime & Data Loss	N	SC	NH	<p>Threat of outside malicious forces attempting to breach RBC's network.</p> <p>Breach could lead to data loss, loss of service(s) & potential unknown financial loss and possible enforcement action by the ICO.</p> <p>Inability to operate in whole or in part until the breach is addressed</p>	Full remediation plan in place		4	4	↔ High
Financial Sustainability	Y	SC	DS	<p>Government funding declines putting financial sustainability at risk</p> <p>Business Rates base reduces due to lower economic activity</p> <p>Council cannot afford to deliver services on current cost configuration</p> <p>Lack of engagement from officers and members with the financial challenge</p> <p>Savings Programme does not deliver required savings</p> <p>Poor decision making on financial commitments</p> <p>Decisions taken in isolation and do not form part of wider strategy</p>	<p>MTFS (February 2021) indicates scale of funding gap with regular updates to ELT and Cabinet</p> <p>Positive level of balances (CIPFA FR Index)</p> <p>Revised Savings Programme (CREP) already commenced with ELT sponsorship</p> <p>Council Tax increase maximised for 2021/22 and assumed in MTFS</p> <p>CREP identified a number of savings opportunities</p> <p>Further challenge through budget setting process</p> <p>Provisional Local Government Finance Settlement for 2022/23 - rollover with additional funding</p>	<p>Delivery of £3m of savings/cost reduction by 2023/24 critical Reserves held for risk (Commercial Property) and long-term liabilities (Pension)</p> <p>Asset disposals for commercial property where cost of holding is high</p> <p>Review of service delivery options</p> <p>Review of Capital expenditure plans</p> <p>Capitalisation direction could be sought</p> <p>S114 notice consideration</p> <p>Future of NHB Consultation</p> <p>Transitional arrangements likely</p>	4	4	↔ High

<p>Regeneration of town centres does not deliver economic, community and financial benefits - see major projects</p>	<p>Y</p>	<p>SC</p>	<p>KE/NI</p>	<p>Anticipated project expenditure of circa £300m expected to require RBC borrowing / rental guarantees / external funding to fulfil. High levels of public and political interest in both town centre major projects. Reputation for delivery will be tested. High intensity of resource required with many interdependent parts - leisure, civic, public realm, retail, hotel, highways etc Publicly, politically and financially RBC's regeneration interventions are deemed a failure negatively impacting the Council.</p>	<p>JV Partnership with Hill Group (Rushmoor Development Partnership) - share risk/reward approach</p> <p>Comprehensive regeneration programme governance process implemented. (Board meets monthly)</p> <p>Regular Cabinet and Member reporting</p> <p>External due diligence engaged</p> <p>External grant funding secured.</p>	<p>Further public/market engagement planned.</p> <p>Programme / scheme viability to be reviewed regularly.</p> <p>Seek further external grant funding to reduce Council financial exposure - LEP / Homes England / High Street Fund etc.</p>	<p>3</p>	<p>4</p>	<p>↔ High</p>
<p>Loss of Accommodation/ Building (temporary & permanent)</p>	<p>N</p>	<p>SC</p>	<p>NH</p>	<p>The councils main building may be lost to natural causes, unforeseeable events of crisis, outside malicious forces or fire</p> <p>The loss of the building would prevent the council operating at 100% capacity until such time as a secondary building(s) could be set up for officers to work</p> <p>The financial costs would be extreme, albeit partially if not wholly covered by insurance policies</p> <p>There is a risk of loss of life for any officers or member of public who may be in the building at the time of said event(s)</p>	<p>Business continuity plan & IT Disaster recovery plans in place</p> <p>Multiple copies of BC/DR Plans have been disseminated also available on Resilience Direct</p> <p>Fire risk assessments undertaken regularly</p> <p>Building condition survey undertaken with recommendation works</p>	<p>Business continuity plan and IT Disaster recovery plan to be tested – NS/RS/AM</p> <p>Review BC plans following improvements made due to Covid-19 – NS/AM/RS – 2021/22</p>	<p>2</p>	<p>4</p>	<p>↔ High</p>

<p>Union Street, Aldershot - Major Project</p>	<p>Y</p>	<p>SC</p>	<p>KE/NI</p>	<p>Anticipated project expenditure of circa £40m expected to require RBC borrowing / rental guarantees / external funding to fulfil.</p> <p>High levels of public and political interest in scheme.</p> <p>Reputation for delivery will be tested, particularly as the Council is undertaking development of the scheme.</p> <p>Financial modelling builds in assumptions relating to income that are yet to be secured by way of pre-lets.</p> <p>Publicly, politically and financially RBC's regeneration intervention is deemed a failure negatively impacting the Council.</p>	<p>External grant funding secured (£6.5m)</p> <p>Comprehensive regeneration project governance process implemented. (Board meets 2 monthly)</p> <p>Regular Cabinet and Member reporting.</p> <p>External due diligence engaged.</p> <p>End user identified for the affordable housing.</p> <p>Employers agent appointed to review and approve costs and specifications.</p> <p>Commercial advisors appointed to develop leasing strategy for commercial element of scheme</p> <p>Additional resource appointed (Development Manager) to oversee the scheme</p> <p>Employers Agent appointed (Baily Garner) to act on behalf of the Council</p>	<p>Engage commercial advisors to assist with pre-let opportunities</p> <p>Currently soft market exercise to identify a management company to oversee that element of the scheme on behalf of the Council</p> <p>Rushmoor Homes Limited to purchase the market rent units from RBC.</p> <p>Consider funding profile in order to best manage risk exposure</p> <p>Entered into main JCT Design and Build contract with Hill Partnerships at end of October.</p>	<p>2</p>	<p>4</p>	<p>↔ High</p>
<p>Civic Quarter, Farnborough - Major Project</p>	<p>Y</p>	<p>SC</p>	<p>KE/NI</p>	<p>Anticipated project expenditure of circa £250m expected to require RBC borrowing / rental guarantees / external funding to fulfil.</p> <p>High levels of public and political interest in scheme.</p> <p>Reputation for delivery will be tested.</p> <p>Publicly, politically and financially RBC's regeneration intervention is deemed a failure negatively impacting the Council.</p>	<p>JV Partnership with Hill Group (Rushmoor Development Partnership) - share risk/reward approach</p> <p>Comprehensive regeneration project governance process implemented. (Board meets monthly)</p> <p>Regular Cabinet and Member reporting.</p> <p>External due diligence engaged.</p> <p>Public engagement undertaken in September 2021. Feedback will be reflected in subsequent planning application submission.</p>	<p>Programme / scheme viability to be reviewed regularly.</p> <p>Seek further external grant funding to reduce RBC exposure - LEP / Homes England / High Street Fund etc.</p>	<p>2</p>	<p>4</p>	<p>↔ High</p>

<p>Insufficient funding to proceed with projects</p>	<p>Y</p>	<p>SC</p>	<p>KE/PB</p>	<p>The Council cannot commit to fund the programme of projects, within the regeneration and property programme.</p> <p>Failure to deliver the schemes as a result of a lack of funding and team resources will not meet the overarching strategy objective as stated in the Council Business Plan to deliver additional income or capital and regenerate our town centres.</p>	<p>Secured some external grant funding to assist with bridging funding gaps.</p> <p>Review of capital and investment position overall and mindful of CIPFA consultation on debt funding.</p> <p>Ensuring finance colleagues are kept up to date with both current / forecast project spending and potential sales of assets.</p> <p>A capital and investment strategy is being drafted to consider the wider financing needs and timing of receipts.</p>	<p>Seek additional grant funding to mitigate the risk to the Council.</p> <p>Obtain detailed expert advice and carry out due diligence on major projects and capital commitments.</p> <p>Consider joint ventures and other methods of delivery in order to share the risk/reward.</p> <p>Continue to review financial position in order to determine capacity to support regeneration and property projects.</p> <p>Review opportunities for receipts in the context of income received from these assets.</p>	<p>3</p>	<p>4</p>	<p style="text-align: center;">↔ High</p>
<p>External Audit opinion</p>	<p>Y</p>	<p>SC</p>	<p>DS</p>	<p>Inability to publish Statement of Accounts by statutory deadline</p> <p>Council is not able to secure an unqualified opinion of the financial statements</p> <p>Significant governance issues across the authority results in a qualified VfM opinion</p> <p>National position shows 76 audit opinions from 2019/20 audit have not yet been finalised (Q2 2021)</p> <p>90% of audit opinions for 2020/21 were not provided by the statutory date (Sept 2021)</p> <p>Inadequate record keeping or documentation to support key financial statements and accounting judgements</p> <p>External auditor recommendations are not considered by the Council</p>	<p>Recruitment of Capital Account to provide Adequately resourced, qualified, experienced team</p> <p>FIP restructure identifies resource requirements within finance</p> <p>Review of Integra over longer-term to produce accounting information</p> <p>PSAA aware of local audit performance but remains difficult to address supply-side issues</p> <p>Audit opinion fatigue - gap between audit is required to ensure learning from previous year can be actioned</p>	<p>Improved working/information sharing between finance and property given focus on PPE valuations</p> <p>Perception this is a finance issue although there is greater awareness at HoS level around service responsibilities for final accounts</p> <p>Impact from 2019/20 onto 2020/21 and beyond</p> <p>EY Resourcing not improved</p> <p>No real prospect of significant improvement over short-term.</p> <p>Significant risk that 2020/21 audit opinion is not available until June/July with 2021/22 audit opinion being received after statutory deadline</p>	<p>4</p>	<p>3</p>	<p style="text-align: center;">↑ High</p>

				<p>Council cannot complete Annual Statement of Accounts by statutory deadline</p> <p>Council cannot amend draft Statement of Accounts due to lack of suitably qualified/experienced staff and loss of staff through absence</p> <p>Property unable to find records or respond adequately to EY queries may lead to a limitation of scope opinion or a qualified opinion</p> <p>Council does not prioritise asset valuation work or responding to audit queries leading to EY to lose confidence in the authority.</p>						
<p>Climate Change – Failure to deliver ambition for a carbon neutral Council by 2030.</p>	Y	SC	AC	<p>Risk of not delivering high profile organisational objective due to insufficient resources (particularly in light of rising fuel costs) or lack of support because of other priorities.</p>	<p>Development of a plan and assessing resourcing requirements.</p> <p>Allocation of ringfenced resource</p> <p>Driven by Cabinet Member and Working Group</p> <p>Annual review of plans and inclusion in quarterly monitoring</p> <p>Climate change apprentice role introduced.</p>	<p>Appointment of new Programme Manager</p> <p>Focus on the issues that make the most difference by identifying priority areas.</p> <p>Develop work to deliver with partners through the Rushmoor Partners Network.</p> <p>Incorporate projects within Service Business Plans</p> <p>(AC to co-ordinate 2021-22)</p>	2	3	↔ Medium	
<p>Major Data Breach – non-technical (human and physical)</p>	N	SC	DPO	<p>Loss/accidental destruction of/ alteration of/unauthorised access to personal data caused by ineffective processes or lack of training or understanding of training.</p> <p>Shared office space. Home working/hybrid working has additional risks.</p>	<p>Mandatory training for all; encouraging breach reporting and continuing communication on training and lessons learned from data breaches that have occurred. Access controls – council offices/systems/archive management.</p>		2	3	↔ Medium	

<p>Governance and Decision Making – Not meeting statutory deadlines. Legal challenge to a high profile, or regeneration related, or high value decision made by the Cabinet, Committees or under delegated powers.</p>	<p>Y</p>	<p>SC</p>	<p>AC/IH</p>	<p>Risk of non-compliance with legal requirements. Financial loss from costs of defending, or costs of halting development works. Reputational risk Risk of delay in delivering key organisational objectives.</p>	<p>Governance Group meets weekly to consider more complex decision-making matters including Interests and Member engagement.</p> <p>Delegated decision making is monitored quarterly by the Governance Group.</p> <p>Strengthening of the governance arrangements with improvements to the new CGAS committee currently being introduced.</p> <p>Constitution kept under review and training on decision making provided to CMT/Service Managers.</p> <p>Timetables and reminders for deadlines provided by meeting administrators.</p> <p>Member training and development.</p>	<p>Governance Group participation in on-line seminars and reference to PI Reports – e.g. learning from what can go wrong at other Local Authorities,</p> <p>Training during 2021/22 to improve CGAS committee's oversight of corporate governance and audit matters and recruitment of Independent Person.</p> <p>Training on Contracts and Financial Standing Orders for CMT and Service Managers</p> <p>(JS to co-ordinate arrangements in consultation with DS/procurement)</p> <p>Support Corporate Induction on Constitution for staff</p>	<p>2</p>	<p>3</p>	<p>↔ Medium</p>
<p>Lack of employee alignment, engagement and development will reduce organisational performance</p>	<p>Y</p>	<p>SC</p>	<p>AMcB</p>	<p>A high performing organisations requires employees to be engaged, aligned and developed – significant risk of performance targets not being achieved if these areas are not developed</p>	<p>Development and implementation of People Strategy</p>	<p>Corporate and Service Manager development</p>	<p>3</p>	<p>2</p>	<p>↔ Medium</p>

<p>Interest rate refinancing risk on external debt</p>	<p>Y</p>	<p>ST</p>	<p>DS</p>	<p>Council debt portfolio (£102m as at 01/12/2021) cannot be refinanced at affordable interest rates/within resources set aside in MTFS</p> <p>Volatility in capital/money markets due to political uncertainty</p> <p>Contraction of inter-authority lending market Ability to manage debt portfolio significant resource and skill requirement</p> <p>Changes to PWLB Lending Terms announced 25/11/2020 by Government with further clarification in August 2021 Council is unable to access PWLB borrowing due to non-compliance with lending rules Council does not consider refinancing or interest rate risk on debt portfolio</p> <p>PWLB rates increase more than Arlingclose forecasts due to economic pressures Increase in BofE base rate in December 2021 to 0.25% Lack of clarity on Council's capital expenditure plans may lead to sub-optimal borrowing decision making</p> <p>Asset Management Plan does not provide clear indication of asset holding period making TM decision making more difficult</p>	<p>Continual monitoring of debt position and market interest rates</p> <p>Engagement with Arlingclose (Council's Treasury advisors) Treasury Management Strategy sets borrowing limits and interest rate exposure limits</p> <p>External borrowing - refinancing risk mitigated through planned move to longer term borrowing Engagement with Grant Thornton on Union Street Scheme</p> <p>PWLB Lending terms - compliance through TMS and Capital Strategy for 2021/22 LA rates reduced and availability of ST finance has improved. Arlingclose advise sought and gained</p> <p>Continual review of debt portfolio and refinancing opportunities as part of BAU Development of Investment Strategy including asset disposal to inform debt profile</p>	<p>Utilising revenue savings of capital receipts to repay debt Further budget and efficiency savings to offset increased borrowing costs</p> <p>Reduce borrowing for future schemes (i.e. risk on existing debt is high so can't take on additional debt)</p>	<p>3</p>	<p>2</p>	<p>↑ Medium</p>
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Change in Political Leadership/Control at the Council	Y	SC	PS	New administration changes overall policy direction of Council Main risk to Organisational Objectives - which in turn may have impact on major projects etc.	Horizon scanning - position of projects etc kept under review in relation to upcoming elections. Election by third makes immediate change of overall control less likely.		1	2	↔ Low
Political Ambitions & Resources	Y	SC	PS	Political ambitions exceed organisational capacity and resources resulting in priorities not being delivered and day to day services becoming poor.	Business Plan process identifies corporate priorities and objectives & the service planning process dealing with day to day services. Informal Cabinet briefings, Portfolio Holder briefings and shadow portfolio arrangements all in place. Regular meetings between the Leader and the Executive Team to raise any strategic issues or issues of concern. Member Scrutiny and Policy functions in place. Regular meetings of the cross party budget strategy working group in place to give advice / views on the financial challenges facing the Council.	Executive Boards in place for the Regeneration & Major Projects work and also for the ICE programme and the Savings and Transformation Programme to ensure senior management oversight and management. Also, more use of "all member" briefings using TEAMS to update and keep all elected members briefed.	1	2	↔ Low

Part 3: Escalated Service Risks

Total 8 Risks

Escalated Service risks are likely to be those that by virtue of the severity of the potential outcome and/or inadequate controls may be considered a single point of failure for the Council, rather than a threat to a single Service. It could also include those risks that are newly identified and have little or no mitigation or controls in place. These risks will tend to arise, be resolved and then be removed from the register.

Risk Title	Suitable for Public Register Y / N	Risk Type: Service (S) Escalated Service (ES) Standing Corp. (SC) Strategic (ST)	Risk Owner	Risk Description & Potential Outcomes (reasonable worst-case scenario)	Existing Controls / Mitigation	Additional Mitigation Planned – including Timelines/Deadlines	Risk Score		Risk Category / RAG Rating & Rating Change
							L	S	
Financial System	Y	ES	DS	<p>Integra Financial System is not able to support Council requirements</p> <p>Lack of knowledge and skills within Finance and IT</p> <p>Patch Management of Integra weak leading to unsupported release</p> <p>Lack of development of Integra system within RBC means not fit for purpose</p> <p>Link to risk - inaccurate financial reporting</p> <p>Reliance on external support from CAPITA may be weakened with focus on CENTROS</p> <p>Alternative financial records are maintained by services bypassing Integra</p>	Finance and IT are able to maintain current system ICE Programme has identified Integra/Financial system as requiring modernisation	Business Process Review with Capita Recruitment of Systems Accountant with Integra knowledge	3	3	↔ High
Escalating building costs as well as materials and skilled labour shortages will increase costs and cause delays to projects	Y	ES	KE/PB	Data on building material costs indicates there will be significant cost inflation on building materials. There are also reports of delays from supply chains being disrupted through logistical issues and, as building projects recommence or begin after Covid related delays, shortages of key skills in the construction industry.	Specialist construction advisors have been engaged to support the projects and this includes cost consultants.	Advise members of the emerging issue and impact upon delivery Look at alternative design and delivery options Review the criticality of timelines Agree increases in budget and borrowing	4	4	↔ High

Risk Title	Suitable for Public Register Y / N	Risk Type: Service (S) Escalated Service (ES) Standing Corp. (SC) Strategic (ST)	Risk Owner	Risk Description & Potential Outcomes (reasonable worst-case scenario)	Existing Controls / Mitigation	Additional Mitigation Planned – including Timelines/Deadlines	Risk Score		Risk Category / RAG Rating & Rating Change
							L	S	
Failure to identify the full extent of asbestos risk as part of property and major works programme	Y	ES	KE/PB	A number projects have identified additional costs attributable to the removal of asbestos These include Farnborough Leisure Centre and Union Yard.	Intrusive surveys were carried out in some cases, but the additional asbestos was found during on site works were not detailed in these asbestos surveys.	A review of method statements, the liability of advisors, the scope of work and recommend what changes can be made to reduce the likelihood of this re-occurring	3	3	↔ High
Changing priorities and outcomes from either RDP partner	Y	ES	KE/NI	RBC and Hill Investment Partnership each represent 50% of the Rushmoor Development Partnership. Decisions must be unanimous, any inability to arrive at a decision results in deadlock and delay. Decisions are often time sensitive, any tension/disagreement/conflict may cause delays. The Council sees no return on its investment in the RDP if shared outcomes and values cannot be agreed or conflict is not resolved and fails to deliver on its regeneration aspirations.	Members Agreement sets out conflict procedures and arbitration process. Regular meetings between partners scheduled at both Investment Team and Board level to discuss decisions. Projects are jointly developed and agreed via a project plan setting out project outcomes and expected financial position of both parties post development Portfolio holder is on the RDP Board (With Ex Director and CEx) and Council Members kept informed of progress and key decisions.	Opportunities for relationship building exercises and different working practices when Covid restrictions ease. Informal discussions at RDP Board level to consider business plan and where the RDP can add most value to both partners. Increase effort on bringing forward project plans swiftly for consideration following submission of outline planning for civic quarter.	3	3	↑ High

Risk Title	Suitable for Public Register Y / N	Risk Type: Service (S) Escalated Service (ES) Standing Corp. (SC) Strategic (ST)	Risk Owner	Risk Description & Potential Outcomes (reasonable worst-case scenario)	Existing Controls / Mitigation	Additional Mitigation Planned – including Timelines/Deadlines	Risk Score		Risk Category / RAG Rating & Rating Change
							L	S	
Reduced Income from Property Portfolio	Y	ES	TM/HB	Significant loss of income from the Council's property portfolio arising from a variety of reasons including but not limited to Covid, deteriorating economic conditions, downturn in the property market and changing consumer or business habits.	Establishment of a Property Investment Advisory Group (PIAG) to monitor performance and advise on necessary actions alongside the appointment of LSH Investment Management (LSHIM) to asset manage part of the portfolio and support current in- house skill, knowledge and capacity. Also, the establishment of a Commercial Property Reserve to act as a buffer for any significant in year loss of income.	<p>Managing income through payment plans, where necessary. Increased emphasis by the service in managing debts. Working with tenants directly and with LSHIM to identify issues and actions and reporting to PIAG. Implementation of asset management system under way.</p> <p>Identifying additional resource to underpin this important source of income by working on options to re-occupy vacant properties and identifying funds for improving the properties for quicker lettings and reducing the rent-free periods.</p> <p>Evaluating opportunities to create additional income to support the Council's financial position and bring forward where possible. This includes repurposing existing assets and adopting an agreed commercial approach to new ground leases.</p>	4	3	↑ High

Risk Title	Suitable for Public Register Y / N	Risk Type: Service (S) Escalated Service (ES) Standing Corp. (SC) Strategic (ST)	Risk Owner	Risk Description & Potential Outcomes (reasonable worst-case scenario)	Existing Controls / Mitigation	Additional Mitigation Planned – including Timelines/Deadlines	Risk Score		Risk Category / RAG Rating & Rating Change
							L	S	
Finance unable to adequately discharge responsibilities, lack of suitably qualified or experienced staff	Y	ES	DS	<p>Finance team unable to provide adequate advice on financial matters</p> <p>Finance unable to complete processes around budget setting or budget monitoring, final accounts process</p> <p>Lack of awareness of key developments in local authority accounting</p> <p>Audit opinion at risk if staff are not available or suitably qualified</p> <p>Demands for finance support are greater than available staff time leading to poor decision making</p> <p>Complexity of finance support required (i.e. specialist knowledge needed for Group Accounts)</p> <p>Risk of loss of organisational knowledge from staff turnover</p> <p>Impact of FIP</p> <p>Impact of longer-term staff absence where area of work does not have fully documented procedures</p> <p>Loss of key staff</p>	<p>CPD, access to professional training and seminars</p> <p>Advice on VAT and Treasury management from external sources</p> <p>CIPFA Publications subscription</p> <p>Pixel Subscription</p> <p>SDCT Executive membership</p> <p>External support from CAPITA</p> <p>Additional temporary resources to provide some capacity</p> <p>Finance Service document shared with ELT highlighted the risks</p>	<p>Project Accountant in post</p> <p>Further recruitment activity in 2022</p> <p>FIP</p>	3	2	<p>↔</p> <p>Medium</p>

Risk Title	Suitable for Public Register Y / N	Risk Type: Service (S) Escalated Service (ES) Standing Corp. (SC) Strategic (ST)	Risk Owner	Risk Description & Potential Outcomes (reasonable worst-case scenario)	Existing Controls / Mitigation	Additional Mitigation Planned – including Timelines/Deadlines	Risk Score		Risk Category / RAG Rating & Rating Change
							L	S	
Inaccurate reporting of financial position	Y	ES	DS	Financial reports to Cabinet provide inaccurate financial information leading to poor decision making Budget holders unaware of budget and spend position Difficulty in assessing ongoing financial impact from Covid-19 Remote working/working from home may make budget monitoring more difficult Financial information held in Integra is not reviewed by budget holders Basis of forecasts/estimates does not take into account relevant financial information Decisions are made on income/expenditure that Finance are not made aware of Decisions are made on incorrect assumptions Lack of understanding of FPRs	Financial Regulations Budget monitoring process and quarterly reporting BH access to Integra Finance team review of transactions and support to BH Head of Finance provides additional High-Risk financial information to HoS	Improvement to Integra to provide user friendly/budget holder focussed reporting High-risk reporting through ELT and CMT Finance Improvement Plan Wider discussion on Corporate Priorities Enforcement of budget monitoring processes	3	2	↔ Medium
Council Tax Support Scheme – Affordability	Y	ES	DMK	Affordability of Council Tax Support scheme and the ability to collect any additional council tax if minimum contribution is increased	Monitoring impact of Council Tax support - caseload and cost Members council Tax support Group performing scrutiny and overview Identifying number of people on CTS falling into arrears for Working age customers everyone claiming CTS has to pay a minimum contribution of 12% towards their council tax. The support is also capped at a Band D council tax.	None	2	2	↔ Medium

Risk Title	Suitable for Public Register Y / N	Risk Type: Service (S) Escalated Service (ES) Standing Corp. (SC) Strategic (ST)	Risk Owner	Risk Description & Potential Outcomes (reasonable worst-case scenario)	Existing Controls / Mitigation	Additional Mitigation Planned – including Timelines/Deadlines	Risk Score		Risk Category / RAG Rating & Rating Change
							L	S	
					<p>Other eligibility criteria apply an Exceptional Hardship fund of £22k exists to help those people falling into arrears.</p> <p>Complexity for the customer. This also achieves savings by reducing the administration processes involved in delivery the scheme.</p>				

Matrix & RAG Risk Rating

Severity of Outcome (S)	4					Likelihood of Occurrence (L)	High Risk		Strongly consider further mitigation, tolerating risk is unlikely to be acceptable
	3						Med. Risk		Tolerable if risk/exposure is acceptable at senior level
	2						Low Risk		Additional action may not be necessary to manage risk
	1								
		1	2	3	4				

Rating Consistency Guidance

	Likelihood of Occurrence (L)	Severity of Outcome (S)
1	Very unlikely Very unlikely to occur, (no history or near misses etc). Less than 5% probability.	Minor Risk to specific role. Legal action unlikely. No significant illness or injury. Negative customer complaint. Financial impact negligible.
2	Unlikely Unlikely but may occur (may have happened, but not within past 5 years). Is not expected to happen in next 5 years, less than 25% probability	Moderate Risk to normal continuation of service. Legal action possible but defensible. Short term absence/minor injury. Negative customer complaints widespread. Financial impact manageable within existing Service budget.
3	Likely Likely to occur (or already happened in the past 2 to 5 years). Is expected to happen in the next 2 to 5 years, 25 - 50% probability	Significant Partial loss of service. Legal action likely. Extensive injuries or sickness. Negative local publicity. Significant fine. Financial impact manageable within existing Corporate budget - but not Service.
4	Very likely Very likely to occur (or has already happened in the past year), may occur frequently. Is expected to happen in the next year, more than 50% probability	Major Total loss of service. Legal action likely & difficult to defend. Death or life threatening. Negative National publicity. Imprisonment. Financial impact not manageable within existing funds.

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CABINET

COUNCILLOR MAURICE SHEEHAN
OPERATIONAL SERVICES PORTFOLIO HOLDER
REPORT NO. OS22018th FEBRUARY 2022

KEY DECISION: NO

JOINT MUNICIPAL WASTE MANAGEMENT STRATEGY**SUMMARY AND RECOMMENDATIONS:**

The existing Hampshire Joint Municipal Waste Management Strategy was developed in 2006 and refreshed in 2012. The new strategy has been developed collaboratively with Hampshire local authorities to reflect local and national changes since 2012 and to ensure the Project Integra Partnership is working to meet the requirements of the Environment Bill.

The Strategy will be implemented by an updated Partnership Agreement, which will set out the operational arrangements between the Waste Collection Authorities and Hampshire County Council and a revised Action Plan, which will reflect the strategic objectives of the Partnership. These documents are at an earlier stage of development and will be brought for consideration in the coming months.

Taking account of feedback from the Policy and Project Advisory Board (set out in paragraph 3.7), Cabinet is recommended to:

- Approve the revised Project Integra - Joint Municipal Waste Management Strategy, as set out in this report and
- Consider the Council's approach to approving of the Partnership Agreement that will follow the adoption of the Joint Municipal Waste Management Strategy.

1. INTRODUCTION

- 1.1. The original Project Integra (PI) Joint Municipal Waste Management Strategy (JMWMS) was written in 2006 and was last updated in 2012. Since then, there have been a number of changes both nationally and locally which require an updated Strategy, as well as the recognised plateau of performance across the Partnership.
- 1.2. The JMWMS aims to deliver waste collection, treatment and disposal solutions that deliver the best outcomes in both environmental and financial terms.

- 1.3. It sets out the aims of the Partnership and forms the basis for a strategic framework, within which all Partners will operate. It will be supported by a new operational Partnership Agreement and Action Plan to take PI forward and meet the requirements of the recently adopted Environment Bill.
- 1.4. This report outlines the key objectives of the Joint Municipal Waste Management Strategy and seeks Cabinet adoption of it.

2. BACKGROUND

- 2.1. In 2018 the Government released their Resources and Waste Strategy which was followed by two rounds of consultations (2019 and 2021) looking at the introduction of a Deposit Return Scheme (DRS), Extended Producer Responsibility (EPR), and Consistency of Collections across England. The requirements from the outcomes of these consultations will be legislated for through the Environment Bill which received Royal Assent on 9th November 2021. Although at this time exactly what will be required of Local Authorities is unknown until Defra release their response to the consultation later this year, we know that it will require significant changes for all authorities in Hampshire with food waste collections likely to be compulsory, the requirement to collect a wider range of dry mixed recyclables (DMR), as well as the Government's preference for Councils to sort recycling at the kerbside. A revised JMWMS is required to reflect the changing landscape of waste and recycling in England, and how the Partnership will ensure it is working to comply with the new legislation.
- 2.2. A project with the consultants Wood and the Waste and Resources Action Plan (WRAP) undertaken in Autumn 2020 and Spring 2021 modelled how the introduction of food waste and different DMR collection systems (i.e. co-mingled, twin stream, or kerbside sort) would affect the performance, costs and carbon output both for individual authorities and the Hampshire waste system as a whole. The conclusion of this project was that food waste with a twin stream DMR collection was the best service as it would lead to a significant increase in recycling performance, and a reduction in carbon emissions equivalent to the kerbside sort option but with lower total costs. As mentioned above, the Government's preference is for kerbside sort, with twin stream the second-best option above the current Hampshire comingled collections. Ensuring that collection services in Hampshire are as close to the Government preference as possible will enable authorities to gain more funding through EPR payments and give the Waste Disposal Authorities the assurance of future collection services and therefore what infrastructure is required.
- 2.3. It is acknowledged that the performance of the Project Integra (PI) Partnership has plateaued for a number of years now, with low recycling rates, high residual waste tonnages, and a yearly increase in contamination. The partnership seeks to improve performance through the three-year PI Action Plan, however in 2019 this was not approved by all Partners, and it was agreed to delay the writing of a new Action Plan until there was further clarity from Government. Therefore, there is currently no Action Plan, and the redraft of the JMWMS will provide an opportunity to write a new Action Plan that reflects the strategic objectives of

the Partnership and delivers on the ambitions and aspirations that the partners have.

- 2.4. Work is currently being undertaken to update the PI Partnership Agreement which sets out the operational arrangement between the Waste Collection Authorities and Hampshire County Council as the Waste Disposal Authority. Again, this has not been updated since PI's inception in the 1990's and there are many aspects of the current agreement which are outdated. The new agreement will mirror the strategic ambitions of the revised JMWMS and ensure closer partnership working.
- 2.5. The overall governance of PI is also being reviewed through a Members Working Group. The Constitution, JMWMS and Partnership Agreement are the documents that underpin the Partnership, and it is appropriate to review and update them in concurrence to set out a new way of working and a refreshed Partnership.

3. FURTHER DETAILS

- 3.1. The key strategic objectives which will be delivered under the JMWMS and that all PI Partners are signed up to by approval of this Strategy are:

Strategic Objective	Strategic Actions
Partnership Working	<ul style="list-style-type: none"> • Approval of the Joint Municipal Waste Management Strategy • Adopting a whole systems approach to waste services in Hampshire
Recyclables Material Management	<ul style="list-style-type: none"> • Commitment to move to a twin stream system for dry recyclables. • Commitment to reducing contamination of all waste streams through joint working.
Waste Reduction	<ul style="list-style-type: none"> • Support the aim of reducing waste in Hampshire. • Commitment to work together to increase the reuse of bulky waste.
Best Practice	<ul style="list-style-type: none"> • Commitment to reviewing and sharing best practice to improve both performance and service delivery.
Service Delivery	<ul style="list-style-type: none"> • Commitment to consistent communications to support service delivery across the partnership.

3.2 The implications of this Strategy specific to Rushmoor include:

- Once the appropriate infrastructure has been provided by Hampshire County Council, the Council will need to adopt a twin-stream collection system for dry mixed recycling. This will mean that fibre (paper and card) will be collected separately from plastic/metal/glass containers, which will also include plastic pots, tubs and trays. This service change will be significant for the Council and will require careful planning, management and investment. The timeframe for this implementation is currently unknown until Hampshire County Council are able to commit to a delivery date for the new recycling infrastructure.
- For clarity, once the Council moves to a twin-stream recycling service, glass bottles and jars will be co-mingled with plastic and metal containers rather than separately
- Targets will be set for recycling performance, contamination and residual waste with associated financial implications
- Strict application of the waste hierarchy will be used in decision making, to drive material towards the best environmental management option

Communications and Engagement

3.3 A consistent approach to communications presents an opportunity to increase resident engagement and improve the transparency of services. A county-wide communications campaign (tailored where needed) provides greater opportunities to change the wider community's behaviours towards waste prevention, re-use and recycling.

Alternative Options

3.4 The Council could decide not to approve the revised JMWMS and stand alone, moving to an entirely legislative relationship with waste authorities in Hampshire and accept greater financial and operational risks as a result.

Consultation

3.5 The Strategy was developed in consultation with officers and Portfolio Holders from all Partner authorities via a series of workshops, held in June 2021 and has been regularly reviewed by Hampshire's network of Strategy Officers for waste.

3.6 The modelling work undertaken by the waste management consultancy group Wood, which helped lead to the development of the new Strategy, was also shared with WRAP (Waste & Resources Action Programme) for comment.

3.7 The Strategy was considered by the Policy and Project Advisory Board (PPAB) on 26th January 2022 and it generated a significant level of interest. Overall, members of the Board were content with the strategic direction of the document and the actions contained within it. Members were keen to explore the Partnership Agreement that will

follow the adoption of the Strategy in detail and ensure a rigorous approval process is followed.

4. IMPLICATIONS

Risks

4.1 There is a greater focus from Government to manage resources and waste in accordance with the waste hierarchy. This focus is increasingly being shared by the public, with much greater levels of awareness around environmental issues, including the management of waste. This could lead to greater expectations for local authorities to improve the household waste management services they offer, in terms of carbon impacts and service performance. A greater complexity of collection systems could lead to increased costs for the council.

Legal Implications

4.2 There are no direct legal implications associated with this report, however, the JMWMS provides a vehicle to deliver against the requirements of the Environment Bill and Resources and Waste Strategy.

4.3 It will form the strategic basis for the Partnership Agreement, which in turn may have an impact on the Council's environmental services contract currently with Serco.

Financial and Resource Implications

4.4 Details of the new financial relationship between the Council and HCC will be set out in a subsequent Partnership Agreement document, which is currently being drafted and will have its own approval timetable. However, financial implications for this Strategy and direction from Government under the revised Resources and Waste Strategy 2018, could be significant owing to likely service changes and potential performance related costs and targets.

Equalities Impact Implications

4.5 Rushmoor's diverse population has been considered by Officers and Members participating in the Strategy workshops and a full Equalities Impact Assessment (EIA) will be carried out.

5. CONCLUSIONS

5.1. The revised JMWMS takes into account the changing legislative landscape and specifically the potential impacts from future progress of the Environment Bill and Resources and Waste Strategy consultation in 2021.

5.2 Approval of the revised JMWMS by each individual authority will enable a revised Action Plan to be drafted for approval by the PI Strategic Board. This will give an updated set of actions for the Partnership to be working towards, which will enable improved performance and partnership working.

BACKGROUND DOCUMENTS:

Environment Bill 2020

Our Waste, our resources: A Strategy for England (Draft), 2018

Waste Prevention Programme for England: Towards a Resource Efficient Economy, (2021)

APPENDICES

1. Joint Municipal Waste Management Strategy

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INTEGRA

Project Integra

Joint Municipal Waste Management Strategy

What can I put in my recycling bin in Hampshire?



Paper



Cans and Tins



Cardboard



Plastic Bottles



Aerosols



Report for

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1. Introduction to Project Integra

Project Integra (PI) is a partnership in Hampshire consisting of Hampshire County Council as a waste disposal authority, 11 waste collection authorities and two unitary authorities, all providing a variety of collection services but based on a core theme of the comingled collection of dry recyclable material. The two unitary authorities, Portsmouth City Council and Southampton City Council also act as Waste Disposal Authorities. The Local Authorities that make up PI are:

- Basingstoke & Deane Borough Council (BDBC)
- East Hampshire District Council (EHDC)
- Eastleigh Borough Council (EBC)
- Fareham Borough Council (FBC)
- Gosport Borough Council (GBC)
- Hampshire County Council (HCC)
- Hart District Council (HDC)
- Havant Borough Council (HBC)
- New Forest District Council (NFDC)
- Portsmouth City Council (PCC)
- Rushmoor Borough Council (RBC)
- Southampton City Council (SCC)
- Test Valley Borough Council (TVBC)
- Winchester City Council (WCC)

In 1997 Hampshire County Council entered into a waste disposal service contract (now extended to 2030) which was awarded to Veolia UK. Portsmouth City Council and Southampton City Council became co-signatories to the contract after their formation as unitary authorities. Prior to the commencement of the contract, all 14 waste authorities of Hampshire (Disposal and Collection), along with Veolia Hampshire, became members of PI. The Partnership agreement sets out the principles of PI and the roles and responsibilities of the partnership authorities.

The work of PI is guided by three objectives:

- Customer focus
- Value for money
- Sustainability

Hampshire has been widely acknowledged for its partnership working on waste, its impressive integrated waste management facilities, relatively high performance and contribution to shifting fundamental thinking from waste to resource management, however in recent years performance levels have failed to keep up with those of the best performing authorities in England - this is a situation that the Partnership is determined to change.

1.1 Working Groups

The Partnership works to influence national policies, secure external funding, and promote sustainability, with a core aim being to communicate effectively to both the public and the businesses communities. Our strategy officer group is made up of officers from each partner authority and PI. Similarly, our strategic board is made up of officers and elected members from each partner authority.

There are a number of existing working groups within the Partnership, although additional groups are created to target specific issues when identified:

- The Resource Aware Group (RAG); deliver consistent, effective waste management communications and performance improvement across Hampshire.
- Operations; meet to discuss operational issues and programmes of work.
- Waste technical group; meet to discuss the materials analysis facility sampling programme and contamination.
- The Common Approach to Safety and Health (CASH); supported by PI and considers health and safety best practice and guidance aligned to waste and other environmental services.
- Fly-tipping Strategy; sits under PI for governance and information purposes

1.2 Our Vision

In support of the 14 waste authorities in Hampshire delivering its vision, the Partnership refreshed its 2006 Joint Municipal Waste Management Strategy (JMWMS) in 2012 with a vision to *manage the effectiveness of its sustainable material resources system to maximise efficient re-use and recycling of material resources and minimise the need for disposal in accordance with the national waste hierarchy*. It is recognised that the legislative and budgetary environment has significantly changed since the refresh of the JMWMS and that an update is required to take into account competing pressures on all partnership authorities within Hampshire, and to consolidate an agreed path for service consistency and best value in waste service delivery for the county as a whole, based on agreed priorities.

This updated JMWMS will be reviewed by the Partnership every three years, and the vision for Hampshire is:

"The Project Integra partners will work together to deliver high performing, forward looking recycling and waste management services which provide value for money for Hampshire taxpayers meeting local needs and recognising the climate emergency and need for a reduction in carbon emissions."

1.3 Joint Municipal Waste Management Strategy - Principles

The revised Waste Framework Directive (2008/98/EC) sets out the waste hierarchy which ranks waste management options according to what is best for the environment. Waste management in the UK is based on the principles of the waste hierarchy, which dictates that waste prevention is the most desirable outcome followed by reducing, reusing and then recycling resources before the worst-case option of disposal. Our JMWMS has always aimed to deliver engagement, education and raise awareness of waste management within the community to drive material up the waste hierarchy.



The Government's documents "Resources and waste strategy – Our Waste, our resources: A Strategy for England" (December 2018) and "Waste Prevention Programme for England: Towards a Resource Efficient Economy (March 2021)" set out priorities for action to manage resources and waste in accordance with the waste hierarchy and to focus increased efforts towards those steps at the top of hierarchy. This JMWMS is aligned to the requirements of these documents.

Operating our waste management services comes at a substantial cost. With budgetary constraints and legislative pressures it is important to maximise value for money as an overarching Partnership principle. Striving for improved performance through waste prevention in the first instance, followed by recycling, is resultantly the best option both financially and environmentally. By following this principle the Partnership and the wider community can contribute to and help ensure value for money is realised in the services delivered.

Besides public engagement the JMWMS aims to deliver waste collection, treatment and disposal solutions while minimising the environmental impacts. In addition to the waste hierarchy, the partnership also acknowledges the proximity principle that describes a need for materials to be handled, treated, and disposed of as near as possible to its place of consumption.

2. Performance and Service Delivery

Waste management in Hampshire has seen significant change since 2000 as illustrated in Figure 2-1. The landfilling of waste has continuously decreased, markedly between 2003/04 and 2005/06 when residual waste began to be treated within Energy from Waste (EfW) facilities.

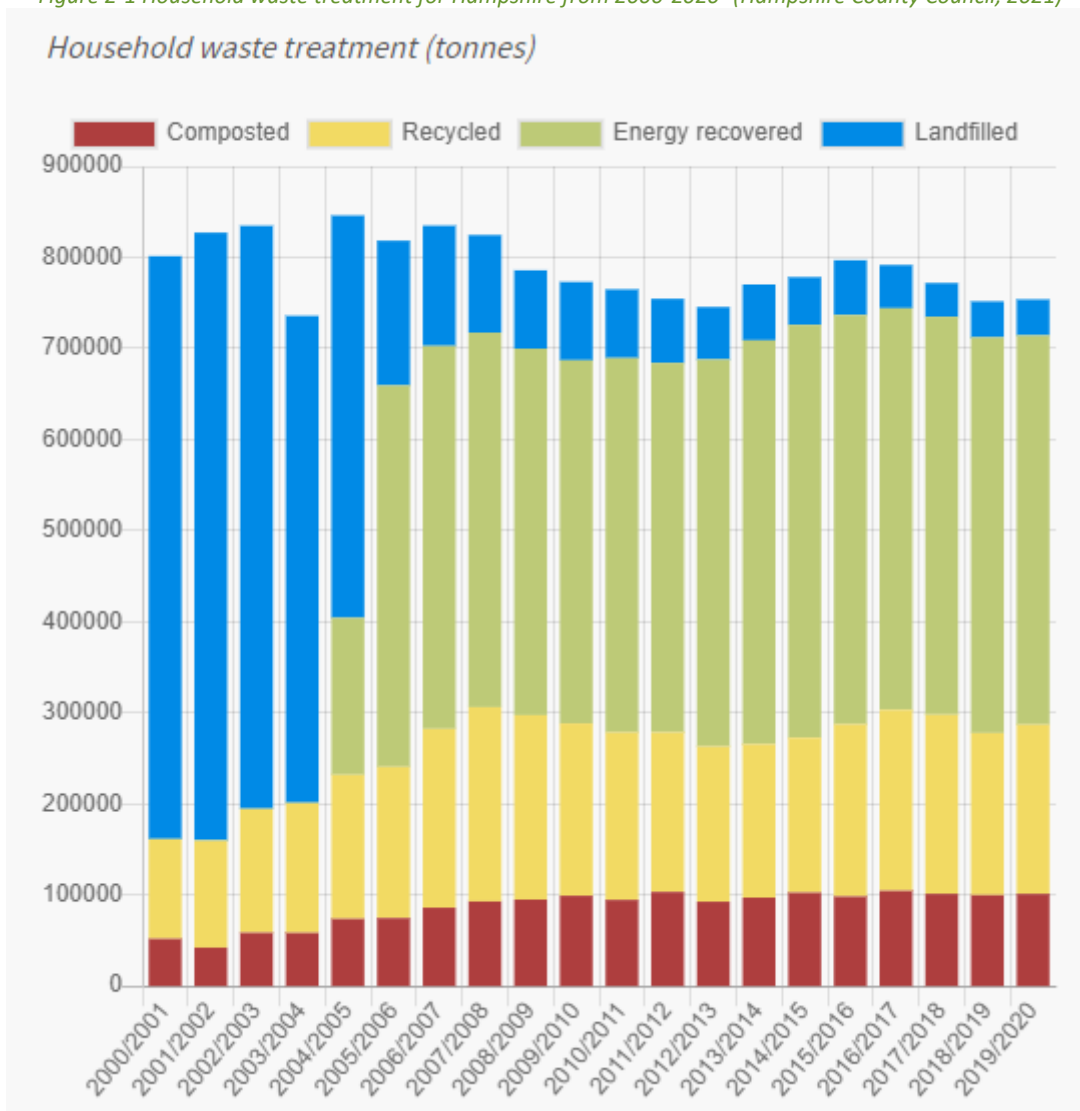
The total amount of generated waste in Hampshire has also reduced since a peak in 2005/06 of around 850,000 tonnes per annum to approximately 750,000 tonnes per annum in 2019/20, with a waste collection yield of 428.9 kg/person/year¹.

In 2019/20 Hampshire's recycling rate was 41.7% (across all recycling services, including HWRCs). The highest performing Partner had a recycling rate of 41.3%, with the lowest performing Partner having a recycling rate of 24.8%. Overall, the County sits within the lower half of the English local authority recycling performance league table, with the majority of partners sitting in the lower quartile. The recycling, reuse and composting rate has increased over time but has plateaued over 2018/19 and 2019/20. The level of performance being achieved has resulted in pressure being exerted on some Partner authorities by the Secretary of State to make improvements.

Contamination monitoring across the MRFs showed that the average comingled dry recycling contamination level was 15.9% in 2019/20 (an increase from 13.75% in 2018/19). However, the capture of comingled dry recycling has also slightly increased over this time period. Reducing contamination will continue to be a key focus going forward.

¹ <https://www.letsrecycle.com/councils/league-tables/2019-20-overall-performance/>

Figure 2-1 Household waste treatment for Hampshire from 2000-2020² (Hampshire County Council, 2021)



The Partnership is committed to improving performance to consistently high levels across Hampshire, Portsmouth and Southampton, to optimise costs and to achieve this while working to high and consistent levels of public satisfaction. This will be supported through regular and consistent service review, analysis and measurement to enable progress against targets to be tracked and further actions to be identified.

2.1 Current services

The waste collection systems in Hampshire vary between the partner authorities. However, all households receive a kerbside collection for dry mixed recyclables (paper & card, plastic bottles, cans, tins and aerosol cans). Garden waste collections are offered through chargeable, opt-in services and many households receive glass collections. Residual waste, comingled dry recycling (excluding glass), and separate glass is collected using different containers and on differing frequencies, as detailed in Table 2-1.

² <https://www.hants.gov.uk/wasteandrecycling/projectintegra/performance>

Table 2-1 2021 collection of MSW by the partnership authorities, Weekly: Collected weekly, Fortnightly: Collection every second week, AWC: Alternate Weekly Collection of Residual waste and Dry recycling, and 4-weekly: Collection every fourth week.

Partner	Residual waste	Dry recycling (ex. glass)	Glass	Food Waste
BDBC	Weekly	Fortnightly	Collected with dry recycling in box	n/a
HDC	Fortnightly	Fortnightly	Collected with dry recycling in box	n/a
SCC	AWC	AWC	Fortnightly	n/a
RBC	Weekly	Fortnightly	Collected with dry recycling in box	Weekly from Oct
EHDC	Fortnightly	Fortnightly	4-weekly	n/a
HBC	Fortnightly	Fortnightly	n/a	n/a
WCC	AWC	AWC	4-weekly	n/a
EBC	AWC	AWC	Fortnightly	Weekly
PCC	Weekly	Fortnightly	n/a	Weekly
FBC	AWC	AWC	n/a	n/a
GBC	AWC	AWC	n/a	n/a
NFDC	Weekly	Weekly	4-weekly	n/a
TVBC	AWC	AWC	n/a	n/a

2.2 Infrastructure

Hampshire County Council has, in conjunction with the City Councils of Portsmouth and Southampton, entered a waste disposal service contract (now extended to 2030) with Veolia UK. The joint working arrangements put in place through the PI partnership have enabled the Councils to include recycling infrastructure within the remit of the contract. Investment has been made across a suite of waste management infrastructure solutions:

- Three Energy Recovery Facilities (ERFs);
- Two Material Recovery Facilities (MRFs);
- Two Composting Facilities;
- 26 Household Waste Recycling Centres (HWRCs); and
- 12 Transfer Stations.

Infrastructure requirements are being considered in light of the anticipated requirements of the Resources and Waste Strategy, and the changes in services that will be required. This is particularly relevant to the provision of MRFs, which will require reconfiguration or redevelopment should services transition to a two-stream collection of dry recycle.

3. Policy and legislative drivers

This section summarises the key international, national and local legislation and drivers which impact upon the structure of this waste strategy.

3.1 International and National Policy & Legislation

Many of the roots of UK legislation governing the management of waste in this country can be traced back to European Union (EU) Directives, Regulations and Decisions. These are being retained in UK law through the European Union Withdrawal Act 2018 with minimal impact anticipated on how councils collect, recycle and dispose of household waste.

Circular Economy

A circular economy approach sees waste turned into a resource as part of 'closing the loop' with resources kept in use for as long as possible, with the maximum value extracted from them. It moves away from the more linear economy of 'take, make, use, throw' and prolongs the lives of materials and goods consumed, minimising waste and promoting resource efficiency.

In July 2018, the European Commission adopted an ambitious Circular Economy Package (CEP) introducing a revised legislative framework to help stimulate Europe's transition towards a circular economy, identifying steps for the reduction of waste and establishing an ambitious and credible long-term path for waste management and recycling. The UK government have transposed the majority of CEP measures into UK legislation to include a recycling target of 65% by 2035 and reduce landfilled municipal waste to 10% by 2035.

A Green Future: Our 25 Year Plan to Improve the Environment (policy paper) January 2018

This 25 Year Environment Plan sets out Government action to help improve the environment by delivering cleaner air and water, protecting threatened species and wildlife habitats and plans for changes to agriculture, forestry, land use and fishing to put the environment first. The Environment Plan aims to minimise waste, particularly plastic waste, and sets out the following actions for minimising waste:

- An ambition to achieve zero avoidable³ waste by 2050;
- A target to eliminate avoidable plastic waste by the end of 2042;
- Meeting all existing waste targets – including those on landfill, reuse and recycling – and developing ambitious new future targets and milestones;
- Seeking to eliminate waste crime and illegal waste sites over the lifetime of the Plan, prioritising those of highest risk. Delivering a substantial reduction in litter and littering; and
- Significantly reducing and where possible preventing all kinds of marine plastic pollution – in particular, material that came originally from land.

³ Avoidable in the sense of what is Technically, Environmentally and Economically Practicable.

Our waste, our resources: a strategy for England (Draft), December 2018

The Strategy gives a long-term policy direction in line with the 25 Year Environment Plan and has two overarching objectives:

1. To maximise the value of resource use; and
2. To minimise waste and its impact on the environment,

It sets out plans to preserve stock of material resources by minimising waste, promoting resource efficiency and moving towards a circular economy. The five strategic ambitions of the Strategy are:

1. To work towards all plastic packaging placed on the market being recyclable, reusable or compostable by 2025;
2. To work towards eliminating food waste to landfill by 2030;
3. To eliminate avoidable plastic waste over the lifetime of the 25 Year Environment Plan;
4. To double resource productivity by 2050; and
5. To eliminate avoidable waste of all kinds by 2050.

The Strategy also aims to minimise the damage caused to our natural environment by reducing and managing waste safely and carefully, and by tackling waste crime.

Environment Bill 2020

The draft Environment Bill (2020) is a key piece of legislation for delivering the commitments made in the 25 Year Environment Plan and for setting long-term legally binding environmental targets, plans and polices for protecting and improving the natural environment in the UK. It is part of the UK Government's goal to develop the first generation to "leave our environment in a better state than we found it". The Bill will take forward and legislate the measures and proposals outlined in England's draft Resource and Waste Management Strategy, changing the way government, businesses and individuals produce and consume products. The national Strategy and Environment Bill aims to make it easier for people to recycle, improve recycle quality and make way for a more circular economy. The Bill will allow the Government to:

- deliver consistent and frequent recycling collections across England;
- ensure councils operate weekly separate food waste collections, preventing food waste from going to landfill or being incinerated;
- introduce clearer labelling on certain products so consumers can easily identify whether products are recyclable or not;
- expand the use of charges on single use plastics, following the successful introduction of the carrier bag charge and will introduce a deposit return scheme on drinks containers, subject to consultation; and
- introduce new extended producer responsibility schemes to make producers responsible for the full net costs of managing their products when they are ready to be thrown away.

The Bill is supported by a series of proposals, with several relevant to waste management. The second consultation started in April 2021 and at the time of writing this JMWMS the process is still ongoing. Aspects of waste management under consideration by the Government include:

Consistency of Household and Business Recycling Collections in England

The Government will specify a core set of materials to be collected by all local authorities and waste operators to make services more consistent across the country.

The proposals in the Resource and Waste Strategy around food waste collections is yet to be finalised, but it is likely that separate, weekly food waste collections for all households will be a requirement. Therefore, PI partners need to consider this as a likely service requirement in the coming years, both from a collections and treatment perspective. It is anticipated to be a costly service to implement, and the Strategy consultation has suggested that 'new burdens' funding may be made available by the Government, however currently this is not confirmed, and details of any funding requirements have not been published.

The Bill states that for households, each recycling stream must be collected separately from other waste and that recyclable waste must be collected for recycling or composting and separately from each other, where it is technically, environmentally and economically practicable (TEEP) to do so.

Extended Producer Responsibility (EPR) for packaging

The Government intends to invoke the 'polluter pays' principle with an EPR scheme for packaging by 2023. Producer responsibility will see businesses that manufacture, import and sell certain products responsible for the full net costs of those products at end of life, i.e. post-use stage, driving sustainable design decisions to be incorporated at the production stage in support of a more circular economy.

Payment contributions to local authorities for household packaging wastes is to be based initially on complex modelling taking account of issues such as rurality, housing type, deprivation and other criteria, but in the longer term the government intend for this to be based on actual costs incurred. The payment mechanism and process for distribution of funds to local authorities is still not clear.

Introducing a Deposit Return Scheme (DRS)

To incentivise consumers to reduce litter and increase recycling the government are consulting on introducing a DRS whereby consumers pay a deposit on drinks beverage containers at the point of purchase, which is then redeemed when the container is returned to the retailer for recycling. The government are currently considering a DRS that includes aluminium and steel cans, PET plastic and glass bottles but excludes disposable cups, cartons and pouches/sachets.

3.2 Drivers for Change

National Policy

The Partnership must ensure that all waste collection and management services are aligned to national policies, plans and strategies, including those outlined above. Once the proposal consultations are complete and the Government has provided its direction, we will need to carefully consider this and as a consequence may have to change some of direction expressed in this waste management strategy. The Partnership needs to retain flexibility in future service provision to enable the implementation of any required changes.

Budgetary pressures

This is a time of significant change for local authorities, brought about by pressures to make efficiencies and savings through greater collaboration and sharing services across authorities and with other public sector organisations. There have been significant impacts upon material income in the past 10 years due to a global reduction in the value of recyclable materials. This means that there is decreasing funding available to reinvest into waste services.

Climate Change and Carbon Impacts

Most of the partner authorities have declared a Climate Emergency, and their climate change strategies recognise the role of waste and the circular economy in supporting the reduction of carbon emissions, with a focus on waste reduction. Out of the 14 Partner authorities, seven aim to be carbon neutral or to meet net zero emissions across operations by 2030. Four Partner authorities have committed to become carbon neutral by either 2040 or 2050. The remaining three Partner authorities have not set or published their goals to be attained by a specific date.

Investment in Infrastructure

The waste management, treatment and disposal contract will come to an end in 2030. Before this, a review will need to be undertaken to determine the most appropriate long-term arrangements for service provision, which will be within the duration of this JMWMS.

With recycling performance for all Partner authorities sitting within the lower half of the national league table, the Council's existing contract coming into the final nine years of its life, and with anticipated changes in recycling and waste management legislation happening in the coming years, now is the time for all of the authorities to agree on the future state of recycling and waste services to best service the county through provision of improved performance, value for money services, and future compliance.

Investment decisions will be based on identifying the most appropriate waste management solution for Hampshire to provide value for money as well as compliance with future legislation.

Summary

This JMWMS takes into account the changing legislative landscape, and specifically the potential impacts from future progress of the Environment Bill and policy consultation in 2021. There is a keen focus on the identification of an optimal solution for waste management which results in meeting legislative requirements and delivers best value financially for all of the partnering authorities.

Pressure to reduce environmental impact, continuing budgetary pressure, and changes in the legislative landscape will necessitate change in the way services are delivered to residents. As a result, we must make some tough decisions; the competing requirements of budgetary pressures, a requirement to improve performance, and the need to align with legislative requirements mean that now is the right time to fully understand what an optimal system looks like.

By working together, the Partnership may be able to obtain better prices for commodities and ensure that our purchases of waste service resources (vehicles, bins, boxes etc.) meet best value requirements through gaining volume discounts.

4. JMWMS Key Objectives

The shortlist subjects are the main key objectives which will be delivered under the JMWMS. There are a number of other areas which are central to the strategy and cut across all objectives that will be taken forward. Service provision will continue to be delivered by PI which as mentioned has resulted in a number of benefits and synergies to date. Local decision making however will continue to be maintained across the Partnership to ensure local factors, budgets and challenges are taken into account within any decision making to ensure the approach is best suited for all partners.

A joint technically, environmentally, economically and practicable (TEEP) approach was seen as an important principle across partners going forward and we will look to ensure a collaborative effort is made with the waste collection service and compliance with the regulations.

4.1 Partnership Working

The following subjects form part of the partnership working theme. The existing partnership works to provide an integrated approach to waste management across Hampshire and has been beneficial for several reasons since its inception. To deliver the requirements of this JMWMS a framework will be developed to ensure partnership working is enhanced going forward, especially during the period of change likely to be encountered following the national Resources and Waste Strategy mandates. Partnership working will need to be supported and committed to by all PI partners with joint working across the county to deliver services in the most efficient and effective way.

Whole system thinking at PI level

Whole system thinking is a key priority for Members and is an objective which cuts across all of the shortlisted subjects. Whole system thinking at the PI level will allow the most effective and efficient waste management system to be delivered by understanding how changes made by individual members of the partnership impact on the system as a whole both in terms of cost and tonnages. Oversight of services and an ability to facilitate services from waste generation to waste disposal has and will continue to benefit all stakeholders within Hampshire. The HCC waste prevention and recycling webpages provide information on *Smart living* and *Hampshire Recycles* initiatives, both providing resources for all partners to make use of in a consistent manner. With future legislation changes likely to impact services across the county, an integrated approach and whole system thinking will ensure all potential scenarios are considered and the best outcomes at the local level are derived. This will include consideration of food waste treatment across the county, as well as the HWRC operations and network.

Development of and commitment towards revised JMWMS Implementation Plan

This option is a key priority for Members as engagement by and commitment from all stakeholders will be central to implementing the JMWMS aims and objectives. An implementation plan with clear actions will be developed by a joint PI working group, along with responsibilities assigned to stakeholders to ensure objectives can be met. Local variations will be captured and considered in the plan as it is understood not all stakeholders will be able to follow the same approach in all instances. A clear consensus is required by all stakeholders with collaboration, regular engagement and decision making necessary to ensure the implementation plan is realistic and achievable. All PI partners will engage with and show full commitment to the JMWMS and the implementation plan to ensure their opinions are considered and the plan is fully inclusive. PI will be central to facilitating this approach and behaviours through delivery.

Setting agreed performance indicators and targets

Improving service performance will continue to be at the forefront of the JMWMS. Performance indicators and target setting for the waste management systems will continue to be measured and compared against the three now defunct, but still relevant, National Indicators.

For all authorities:

- NI 191 – KG of residual waste per household
- NI 192 – percentage of household waste reused, recycled and composted

For authorities with responsibility for waste disposal:

- NI 193 – percentage of municipal waste sent to landfill.

There are however a number of other performance indicators that will be used to ensure the performance of the service is at the expected quality across the county and that performance improvements are being duly made. National targets include a recycling target of 65% by 2035 and to reduce landfilled municipal waste to 10% by 2035. Performance indicators therefore need to be cognisant of these targets to ensure the Partnership is helping contribute to the wider national aims, whilst being reflective of the local challenges the county faces. Contamination of recyclable material is a key measure of performance for PI partners. Waste prevention and contamination with a focus on reuse and quality recycling respectively will be important in performance context going forward and these will be discussed and agreed with stakeholders before any decisions are made as part of the partnership working approach.

A performance monitoring regime will be developed and agreed by all PI partners to track improvements made against each performance indicator.

Revision to PI funding arrangements

It is recognised that improved joint working arrangements will support meeting national strategy and consistency framework requirements. Funding arrangements need to drive the right performance behaviours and the right approach with whole system thinking and be reflective of the performance of partners as well as the local challenges encountered across the county. The arrangement will fund consistent initiatives and be structured to incentivise and support positive waste management practices.

There is an aspiration that services delivered across the county going forward will be more in line and representative of PI aims and objectives once the funding arrangements have been revised and stakeholders recognise the benefits from better partnership working. One of the Partnerships main objectives is for all partners to achieve value for money; as a group we will consider and implement the best approach that will enable this.

This JMWMS does not commit Partners to a particular funding arrangement, this will be discussed and agreed through the work being undertaken on a revised Partnership Agreement. Instead, this strategy recognises the need to revise the current arrangements to ensure they are fair and all parties are incentivised to improve performance in light of the governments legislative changes, particularly Extended Producer Responsibility and the associated funding.

Identification of external funding opportunities

The identification of external funding opportunities is of critical importance to waste management services as it allows projects and initiatives to be developed and supported. An example initiative focused on supporting resource efficiency projects with the goal of diverting waste, reducing waste, and improving waste management was the Resource Action Fund. Funded by Defra, this provided £18 million for new projects in England, with the primary focus of supporting key policy outcomes in the area of food, plastics, textiles,

recycling infrastructure and litter. Funding was divided into small-scale and large-scale grants; small-scale grants covered food waste prevention, textile recycling and re-use, litter bin infrastructure, and value from food waste among other projects. Large-scale grants focused on plastic packaging and food waste prevention. As the focus on circular economy becomes more central, it is these types of funding opportunities that support PI services.

The Government has intimated that new burden funding will be provided for new services that will be mandated within the Resources and Waste Strategy. By working together as PI, all partners will have greater visibility of such funding and we will be able to maximise the chances of successfully meeting any funding criteria.

4.2 Recyclable Material Management

How PI manages recyclable materials is of great importance given the priority material quality is given in the Resources and Waste Strategy. The Partnership needs to ensure efforts are focused on improving the quality as well as quantity of the recyclables collected and reprocessed across the county. With recycling performance for all Partner authorities sitting within the lower half of the national league table, the Council's existing contract with Veolia coming into the final nine years of its life, and with anticipated changes in recycling and waste management legislation happening in the coming years, now is the time for effective change and for all of the authorities to agree on the future state of recycling and waste services to best service the county through provision of improved performance, value for money services, and future compliance.

Introduction of two stream collections

This is a key priority for members. A WRAP study was undertaken in 2020/21 supporting PI in identifying an optimal collection option, reviewing options for waste management based on two-stream and multi-stream (kerbsort) collections. The outcomes have allowed PI to plan for the implementation of a waste management solution for Hampshire that meets national and local recycling aspirations at the lowest overall cost. The modelling of a two-stream approach showed a potential recycling rate of 37.4%, compared to the current baseline rate of 24%. The two-stream dry recycling collection will consist of fibres (paper and card) in one container receptacle, and containers (glass bottles and jars, plastic bottles, plastic pots, tubs and trays, metal tins and cans) in another. This will require the redevelopment of waste transfer station infrastructure and MRFs to be capable of handling glass (either in new or upgraded facilities) within a containers material stream. The residual waste collection will remain unchanged.

The Partnership will identify those households that are not suitable for the standard service and will put an agreed exception process in place that is appropriate and also allows them to recycle as much as possible within the twin stream system. We will ensure that the service is agile and flexible to respond to the changing needs of individuals as those needs arise.

Two stream recycling collection

A number of authorities implement a two-stream recycling service with noted improvements following service roll out. A trial in Boston, Lincolnshire, which included over 3000 properties and the collection of paper and card separate from mixed recycling, showed that two stream collections can achieve improvements in both the quality of the recycling collected and increase in materials captured for recycling. Positive feedback was also well received from residents in the trial area.

Reduced contamination

Improving recycling performance through reducing contamination is a key operational focus for PI and will help us contribute towards meeting national targets. Contamination monitoring across the MRFs showed that average DMR contamination level was 15.9% in 2019/20 (an increase from 13.75% in 2018/19). However, the capture of DMR has also slightly increased over this time period.

Reprocessors are demanding material with less contamination, focused on quality rather than quantity and this puts pressure on MRF resources to ensure contaminated or non-target materials are removed. The quality of the MRF inputs needs to be improved which will also result in less MRF residue and reduce the costs that waste disposal authorities have to pay for this.

Maximising the material that can be collected and recycled is key and we will continue to improve communication and education campaigns to help residents recycle better and reduce contamination. Reduced contamination will improve quality of material as well as reduce costs. Non-target materials in the wrong containers can cause processing problems at the MRFs, with whole loads of recycling sometimes having to be rejected. It is anticipated contamination will reduce with the segregation of paper and card from other materials when the two-stream service is implemented, as well as it being easier to identify contamination.

Along with communications, we will continue to implement the contamination monitoring programme to ensure that all dry recycling rounds are identified and targeted at the correct sites. A consistent contamination policy (and training) across the partnership will also ensure partners adopt the same approach when looking at contamination and efforts and activities to reduce it.

Retained and maximised income share for materials

Material collected for recycling is sold and the money received helps to reduce the overall cost of running waste services. There have been significant impacts upon material income in the past 10 years due to a global reduction in the value of recyclable materials. This means that there is decreasing funding available to reinvest into waste services.

Linking to the above priority options, improving recyclable material management through service changes and efforts to reduce contamination will indirectly retain and maximise the income share for materials across PI. Sampling of MRF inputs is undertaken to gauge the level of non-target material being delivered within dry recyclable streams, and thus performance is measured. This provides a focus on quality recycling and the need for partners to reduce their contamination rates to maximise income share.

EPR and DRS will ultimately affect this income share however the impact of this is not currently known. Less materials being collected and processed across the Partnership as a result of these schemes will however indirectly reduce the treatment costs paid by the waste disposal authorities. However, conversely there will be a loss of income where valuable materials are redirected elsewhere.

4.3 Waste Reduction

Although overall material tonnages have reduced over time, more still needs to be done across the partnership to drive down waste generation and contribute towards meeting national residual waste reduction targets. Waste prevention is top of the waste management hierarchy, is the most environmentally sound option and where the greatest gains can be made in terms of resource management. It incorporates reduction, reuse and repair initiatives. Waste reduction will be the most effective and efficient way of delivering waste services over the duration of the strategy, reducing treatment and landfill use, reducing climate change impacts and contributing to a cleaner, greener environment. Waste reduction also reduces waste collection and processing costs, helping deliver a cost-effective waste management service.

Development and delivery of waste prevention initiatives

This option continues to be a key priority for Members. PI partners will encourage and support residents to drive down the volume of waste that is produced through the development of appropriate initiatives. This is especially important given the number of housing developments and population growth in Hampshire, which will put further strain on services and increase the costs of waste collection and disposal.

We will develop the waste prevention plan as a driving tool, following further waste prevention guidance from Government; this will require engagement and commitment by all partners to drive the initiatives and ensure objectives are achieved. This plan will be regularly reviewed and updated to ensure its continued relevance to PI aims.

Waste reduction targets will help partners contribute and deliver on these initiatives, whilst recognising the challenges faced by some of the partners. Implementing initiatives requires agreement on funding, consistent messaging and resourcing, and responsible messages and engagement with residents at local levels will ensure local accountability.

Increased reuse from bulky waste

Material reuse is a key driver within the national strategy, ensuring circularity of resources. Reuse is defined as material that would otherwise be disposed or recycled which has its useful life extended through use for the same purpose without any additional processing. PI will endeavour to maximise reuse from bulky waste with third sector engagement where feasible.

All partners will work together to ensure that all opportunities are taken to maximise the diversion of bulky material out of the waste stream. As an example, by collecting, storing and managing items with the intention of reuse, we can reduce the amount of material that has to be disposed of through processing and treatment and provide residents with access to reused items at affordable prices.

Oxfordshire bulky waste case study

Local authorities in Oxfordshire have partnered with a local charity to deliver a combined bulky waste collection service. The partnership with Kathryn Turner Trust (KTT) has been a real success and the initial trial diverted more than 1.4 tonnes of material from landfill in the first six months. There is a call centre referral system, re-use collection organised with KTT, through the Biffa collection contract. The approach taken by South Oxfordshire and Vale of White Horse authorities in working with a local third sector re-use organisation, KTT, is both adaptive and new to Oxfordshire, and shows the benefits of collaboration and flexibility.

Continued promotion of home composting

Promotion of home composting has always been a key theme for PI and will continue to be a priority initiative under the waste prevention plan. Composting food and garden waste at home is the most sustainable use of waste, reducing carbon footprint as less waste needs to be transported away, processed and re-distributed.

The *Smart Living* waste prevention and lifestyle initiative promotes home composting from start to finish, including advertising where to buy a compost bin online and how to make your own bin or heap. There are also community champions who provide support and advice to any resident wanting to know more about home composting. There is an improvement opportunity for the partners to engage with the *Smart Living* initiative and expand and develop the programme further so all residents benefit from the resources available.

The Partnership recognises that uptake of this initiative requires engagement with the householders to encourage them to undertake home composting, which we will aim to deliver on in the drive to reduce waste.

4.4 Best Practice

We will continue to investigate and deliver on best practice within the waste management sector.

Zero waste to landfill

Zero waste to landfill is a key aspiration for Members, with landfill reduction also being a legislative driver and the least preferred option according to the waste hierarchy. In 2019/20 Hampshire County Council sent 5.37% of their municipal waste to landfill.⁴ There is now only one landfill site open in Hampshire for disposing of household waste and the only household waste currently landfilled is bulkier items delivered to recycling centres. PI partners will seek treatment of remaining, non-recyclable waste as well as reuse options to aim for zero waste to landfill and continuously monitor and measure their progress towards it.

Evaluation and introduction of alternative fuels for vehicles

An alternative fuel is an alternative to standard hydrocarbon-based vehicle fuels (diesel & petrol) such as electric, hybrid, biofuels or hydrogen. The need to consider alternative fuels is growing as local authorities look to address the climate emergency and reduce their carbon footprint, opting for low carbon transport options. Net zero emissions is also a legislative driver with the government looking to ban the purchase of diesel/petrol vehicles by 2030 to support this.

The cost of purchasing alternative vehicles remains high as it is an emerging market, but as more and more authorities look to purchase e-RCVs the cost is anticipated to reduce. The charging infrastructure is also costly to install. There are however long-term savings related to the lower cost of alternative fuels. The reduction in emissions in a move away from standard diesel vehicles will have a positive impact on air quality as well as carbon emissions.

PI partners will evaluate and discuss the introduction of low carbon transport options, whilst being mindful of the budgetary and contractual constraints that exist across the partnership. Adoption of vehicles will also be

The Use of Greener Fuels for Waste Collection

In late 2020 the London Borough of Islington became the first London Local Authority to deploy fully electric refuse collection vehicles (eRCVs) as part of an initiative to improve local air quality. The Borough Council introduced two 26t eRCVs to its fleet and is also seeking to reduce the overall size of its waste collection fleet.

The introduction of the electric RCVs was facilitated by a £3.5M development at the Council's Waste and Recycling Centre involving the installation of a new sub-station, high voltage supply and charging infrastructure for the electric vehicles.

In early 2021 the Greater Manchester Combined Authority committed £9.7M to purchase of 27 new eRCVs (approximately half of the Authority's collection fleet) following two years of successful trials. This believed to be the largest commitment of its type to date by a UK Local Authority and has been accompanied by a £880k investment in vehicle charging infrastructure at two of its depots. The deployment of the quiet, low emission eRCVs is expected to reduce greenhouse emissions by 900 tonnes per annum.

⁴ <https://www.gov.uk/government/statistics/local-authority-collected-waste-management-annual-results>

dependent on whether they are suitable to the geography of the area and the structure of collection rounds. Fleet conversions will ultimately be a local decision.

Identification and evaluation of alternative technologies

A number of alternative technologies exist for treating typical household wastes, all of which have a number of advantages, as well as disadvantages. Due to the existing contracts based on EfW technology it will not be financially viable to move away from EfW for the duration of the current contract, but PI will continue to keep a watching brief on alternative technologies for both MSW as well as the recycling fractions. Identification of the best solution for treating waste for Hampshire is a priority for the Partnership and this requires being mindful of the location of such technologies, treating waste at the highest level of the waste hierarchy as economically practicable, maximising diversion from landfill, reducing carbon emissions and balancing cost efficiency and waste management services.

Further consideration will be made towards opportunities to incorporate alternative technologies in the delivery of collection and waste processing services, identifying ways in which efficiency and cost savings could be achieved. By understanding material values we will consider the benefits from making changes to the MRFs to enable additional materials to be collected and processed.

4.5 Service Delivery

A number of strategic options will optimise the delivery of the waste management service across Hampshire.

Consistent, best practice approach to service provision

This option is a key priority for Members. A consistent approach to service provision aligns with the whole system thinking partnership approach discussed at the start, with benefits to the approach being realised through potential synergies and savings. In particular, PI partners will aspire to implement consistent side waste, clinical waste and contamination policies. A consistent service which provides best practice and consistent for flats and communal properties would also be beneficial for the partnership and residents. This will ensure messages across Hampshire are consistent with a clear system of segregation and collection for both operatives and residents. A consistent approach will improve the transparency of the service for residents with the potential for cross boundary savings and a central support system. The partnership will be mindful of local decisions that may prevent a consistent approach across all policies.

Improved and consistent communications campaigns

Communications are central to conveying messages to residents about the waste and recycling services and present an opportunity to increase resident engagement with services. Communications cut across a number of strategy areas and have an overarching impact on service delivery and performance – they should be output driven. PI partners will work to improve their communications and have a consistent, standardised approach for maximum impact county wide. This will include:

- consistent PI level messaging utilising 'Hampshire Recycles' initiatives; responsible messages will be presented at the local level to increase accountability, tailored to individual partner needs where necessary;
- development of a behavioural change communications plan; PI partners will challenge themselves, the wider community, including the private sector, and government by raising awareness and ownership of resource management issues to change society's attitude and behaviour towards maximising waste prevention, re-use and recycling;

- increase use of social media / technology to communicate and engage with residents about the service to increase impact of messaging;
- provide enhanced consistent communications to support residents in understanding the roll out of any new waste services.

By improving and standardising our communications campaign, we aim to increase correct use of the service, drive down waste tonnages and increase our recycling rate. Our approach will create synergies in the service with a significant impact upon whole system costs in the medium-long term.

Consistent approach to staff training

Following on with the consistency approach, PI partners will implement a consistent approach to staff training, both at operational and support staff levels. This will be centrally organised by the PI Executive with best practice training to include identifying contamination amongst other topics to improve performance county wide. We may be able to leverage better training costs if training is organised across county rather than at individual partner level, with better value for money, for example the Driver CPC Training organised by PI.

Increased cross boundary working

PI partners will look to increase cross boundary working through greater collaboration and sharing of services across partners, to make efficiencies and savings within the service and across the partnership.

Currently the majority of services are delivered within respective partner boundaries apart from a few contracts where this is allowed (e.g., Basingstoke & Deane and Hart where difficult access properties are serviced across border). There is opportunity for the principles to be expanded out across more boundaries to maximise efficiencies where circumstances and services allow (in the short and long term). We would look at opportunities to increase our cross-boundary services across the partnership including for example bulky waste service, clinical waste service and HWRC services and for the delivery of any future food waste collections, treatment and disposal system. Services would be easier to deliver together if they were aligned; cross boundary service delivery will allow for journey routes to be optimised, with potentially less vehicles on the road, as well as the sharing of knowledge and best practice. Cross boundary working will need to be coordinated with Hampshire County Council and Veolia to manage disposal points and ensure that any proposals were feasible, with agreements made on funding and allocation of tonnages across partners, and considering delivery lead authority, cost sharing arrangements, inhouse vs outsourced delivery and the location of the most appropriate depots and waste transfer stations.

Sharing of customer satisfaction surveys for the benefit of all partners

Where customer satisfaction surveys related to waste services are carried out, the outcomes will be shared with all partners to share knowledge with the aim to improve service delivery. This ensures the residents views are shared amongst the partners allowing for feedback and best practice to be more easily identified and implemented.

5. Action Plan

This JMWMS sets out the strategic direction for the Partnership and will be supported by a new operational partnership agreement and detailed action plan to take PI forward including meeting the requirements of the Environment Bill. We will collaboratively develop a detailed implementation plan based on the key objectives covered within the Strategy and PI partners will engage and agree on the approach to be taken going forward. A clear consensus is required by all stakeholders with collaboration, regular engagement and decision making necessary to ensure the implementation plan is realistic, achievable and reflects local needs and circumstances.

Implementation of the objectives will be vital for the Partnership in developing and ensuring a waste management service that is customer focused, delivers value for money and has sustainability incorporated throughout. The implementation plan once agreed will be managed by the PI Executive to setup any task and finish groups required for delivery of the plan, and to keep track of progress. Given the scale of the actions required to deliver the strategy, they will be prioritised, and all partners will be required to commit resources to assist with the delivery.

The table below sets out the key strategic actions that all PI Partners are signed up to by approval of this JMWMS, however it is not reflective of the final Action Plan:

Strategic Objective	Strategic Actions
Partnership Working	<ul style="list-style-type: none"> • Approval of the Joint Municipal Waste Management Strategy • Adopting a whole systems approach to waste services in Hampshire
Recyclables Material Management	<ul style="list-style-type: none"> • Commitment to move to a twin stream system for dry recyclables. • Commitment to reducing contamination of all waste streams through joint working.
Waste Reduction	<ul style="list-style-type: none"> • Support the aim of reducing waste in Hampshire. • Commitment to work together to increase the reuse of bulky waste.
Best Practice	<ul style="list-style-type: none"> • Commitment to reviewing and sharing best practice to improve both performance and service delivery.
Service Delivery	<ul style="list-style-type: none"> • Commitment to consistent communications to support service delivery across the partnership.

Appendix one: The strategic options considered

Engagement with key stakeholders across PI's partnering authorities was undertaken to identify and agree JMWMS aims and objectives. A series of engagement workshops were undertaken to firstly identify, and secondly assess options available to the Partnership, resulting in a short list of subjects to be incorporated into this JMWMS.

As support this process PI engaged Wood Group (Wood), a waste management consultancy, to review and update the JMWMS. Wood has previously supported the Partnership on a project identifying the most optimal service collection option; this has allowed the Partnership to plan for the implementation of a waste management solution for Hampshire and this current review builds on that work to develop a new forward looking JMWMS.

Identification of strategic options

The identification of strategic options commenced with a wide-ranging consideration of potential actions and activities that could be implemented in the management of waste; this resulted in an extensive longlist of options being identified, consisting of waste management options across areas including but not limited to:

- Waste collected (which materials are separated for recycling)
- Collection frequencies
- Waste containers (type and capacities)
- Recyclate separation at the kerbside (fully separate/two stream)
- Collection charges
- HWRCs
- Bulky waste
- Alternative fuels
- Waste treatment technologies
- Communications

Evaluation criteria were identified based on anticipated priority areas for the partnership, as well as fundamental criteria for appraising waste management services. This consisted of a number of criteria grouped into four main themes – financial, environmental, social and technical.

Officers workshop

During the PI Officers workshop, officers were presented the long list subjects and evaluation criteria for consideration and evaluation. Officers had the opportunity to identify any long list subjects that they believed should be removed from the list, and to capture any additional subjects that should be included. Where there was consistent feedback the long list was updated accordingly. A similar process was undertaken for the evaluation criteria.

Officers then scored each evaluation criterion based on level of importance. Scoring allocation ranged from 1 (least importance) to 4 (greatest importance). Officers were asked to carefully consider these criteria and ensure that they provided a spread of weightings to ensure differentiation between importance. This resulted in an average evaluation criteria score being developed.

Options appraisal

Following the Officer workshop, Wood independently evaluated the long list against the criteria. Wood undertook a qualitative assessment of whether the impact of the subject was anticipated to be positive, negative or neutral against the current position. Those deemed to have a positive impact scored positively. Any evaluation criteria that were not relevant to a subject were scored as a 0 (no impact). The average score for each criterion as identified at the Officers workshop was used by Wood in the assessment of the agreed long list subjects.

Following the scoring and weighting exercise the long list subjects were ranked, allowing a short list of between 15 and 20 subjects to be identified. Following discussions with the Partnership a number of subjects were consolidated and some subjects which ranked low were also incorporated into the short list to as they were identified as being of long-term priority / importance for PI, therefore requiring inclusion within the Strategy, e.g. 'Retained and maximised income share for materials', as well as subjects which shape future service change e.g. 'Introduction of two stream collections'.

Members workshop

The proposed shortlist of subjects was then considered at the Members workshop. The aim of the Members workshop was to gain input from Members on the suitability of the proposed short-listed subjects, and to gain an understanding of which subjects have a greater priority. Following discussion on each group, Members were asked to rank each subject within each group in order of priority; numbers between 1 and 5 were allocated to each of the subjects in each group, with no repeated numbers being allowed.

The final shortlisted subjects are presented below within their respective groupings:

- Group 1 – Partnership Working
 - Identification of external funding opportunities
 - Revision to PI funding arrangements
 - Development of and commitment towards revised JMWMS Implementation Plan
 - Whole system thinking at PI level
 - Setting agreed performance indicators and targets
- Group 2 – Recyclable Material Management
 - Introduction of two stream collections
 - Reduced contamination
 - Retained and maximised income share for materials
- Group 3 – Waste Reduction
 - Increased reuse from bulky waste
 - Development and delivery of waste prevention initiatives

- Continued promotion of home composting
- Group 4 – Best Practice
 - Zero waste to landfill
 - Evaluation and introduction of alternative fuels for vehicles
 - Identification and evaluation of alternative technologies
- Group 5 – Service Delivery
 - Improved and consistent communications campaigns
 - Consistent, best practice approach to service provision
 - Consistent approach to staff training
 - Increased cross boundary working
 - Sharing of customer satisfaction surveys for the benefit of all partners

There were a number of points raised by both the Officers and Members during the workshops that although not shortlist subjects they are still central to the JMWMS, and these are therefore referenced throughout.

CABINET

COUNCILLOR MARTIN TENNANT
MAJOR PROJECTS AND PROPERTY
PORTFOLIO HOLDER

8th FEBRUARY 2022

REPORT NO. REG2201

KEY DECISION: YES

**UNION YARD, ALDERSHOT –
DISPOSAL OF PRIVATE RESIDENTIAL STOCK TO RUSHMOOR HOMES
LIMITED**

SUMMARY AND RECOMMENDATIONS:

SUMMARY:

This report seeks Cabinet approval to dispose of, in principle, a leasehold interest for the private residential units contained within the Union Yard scheme.

RECOMMENDATION:

That Cabinet:

1. Agree, in principle, to the disposal of a leasehold interest in the private residential element of the Union Yard development comprising 82 units to Rushmoor Homes Limited, at the conditional value set out in paragraph 3.7, the final terms of the disposal to be considered by Cabinet at a later date;
2. Note the potential implications on the Rushmoor Homes Limited (RHL) business model arising from the current government consultation on changes to the capital framework in respect of minimum revenue provision.

1. INTRODUCTION

- 1.1. This report provides Cabinet with a recommended disposal route for the Union Yard scheme's private residential units (see Appendix 1) that reflects best consideration for the Council.
- 1.2. The proposed disposal is conditional and subject to contract. The report also considers the potential implications of a current government consultation on prudential borrowing and minimum revenue provision in respect of wholly owned companies.

2. BACKGROUND

- 2.1. The regeneration of Aldershot Town Centre is a corporate priority and Union Street is identified as a key site allocation for regeneration within the Rushmoor Local Plan (adopted February 2019) and the Aldershot Prospectus SPD. It has formed part of the portfolio of sites being progressed by the Rushmoor Development Partnership (RDP) since its inception in late 2018.
- 2.2. Following Cabinet approval (RP2005), a planning application was submitted to the Local Authority by the RDP on the 4th March 2020 for a mixed use scheme comprising 100 residential units, purpose built student accommodation (PBSA) (128-bed spaces) for the University for the Creative Arts (UCA) and ground floor commercial uses (2,237sqm GEA) focused around a 'Creators Yard'.
- 2.3. The planning application was validated on the 6th March 2020 and was considered by Development Management Committee at its meeting on 24 June 2020 and agreed subject to suitable legal agreements to secure the required planning obligations. The decision notice was issued in January 2021.
- 2.4. Of the 100 residential units granted approval, 80 were initially identified as private units and this is reflected within the Section 106 legal agreement. Following cabinet approval in July 2021 (RP2014) to proceed with the disposal of the affordable units to a Registered Provider, a decision was made to vary the affordable unit mix from 20 units to 18 units (contained within a single block) with a financial contribution in lieu of the 2 units. A planning application is currently being finalised for submission seeking to formalise this amendment. Subject to approval, the private units will total 82 within the scheme.
- 2.5. In April 2021, Cabinet Report RP2103 set out that the Board of RHL be given the option to acquire the private residential units on the basis that the due diligence recommendations associated with wider scheme delivery/funding identified the retention of the private units within a wholly owned company presented the most viable route for delivery due to the benefits arising from on-lending of the capital required to fund the purchase.

3. DETAILS OF THE PROPOSAL

- 3.1. Following the Cabinet decision in April 2021, RHL received a formal request from the Council to submit a bid for the private units within the Union Yard development on the 16th June 2021.
- 3.2. RHL and the Council jointly commissioned Grant Thornton to provide a Financial Model with a view to providing detailed financial analysis of the RHL proposed programme of both land and properties for development and subsequent rental of completed units.

- 3.3. In summary, the model provides a detailed analysis of profitability and ongoing financial performance of individual sites and of the overall portfolio over a period of 67 years, i.e. up until 2086/87.
- 3.4. A number of scenarios were run by RHL to assess the impact of potential changing circumstances on the key elements of both income and expenditure both of a capital and revenue nature. Across the range of scenarios considered, it was shown that the Union Yard investment is profitable and poses a low risk of becoming unprofitable due to adverse changes in the levels of both income and expenditure.
- 3.5. The level of income from the Union Yard scheme would return a healthy profit to the company over the long term and in the short to medium term provides a healthy contribution to the programme both in yield and internal rate of return (IRR).
- 3.6. The level of income anticipated would need to drop substantially and costs increase substantially in order for the project to become unviable. A 15% drop in income and 15% rise in costs would push the project into deficit. As the base model already allows for bad debts and void at a level of 4%, the above reductions in income would be additional to this and the risk of such a change is extremely low.
- 3.7. In September 2021, the RHL Board recommended to approve a conditional offer of £15m to Rushmoor Borough Council for the purchase of 82 private units subject to all planning and legal approvals being granted. The Council subsequently received the formal offer from RHL on 11th October 2021.
- 3.8. The Council has commissioned Avison Young to undertake a valuation of the 82 residential units to ensure that the disposal represents best consideration.

Best Consideration

- 3.9. In order for the Council to determine that the proposed offer represents best consideration reasonably obtainable in the current market, Avison Young was engaged to produce a written report of value taking into account the Council's duties under sections 123 of the Local Government Act 1972.
- 3.10. The Avison Young report (Appendix 3) sets out that the Market Value of a long leasehold interest in the Property as at 21 January 2022 on the basis of a sale of the completed flats for private rented use, is £15,000,000.
- 3.11. The valuation aligns with the offer that has been submitted by RHL.
- 3.12. Cabinet is asked to note that the report at Appendix 3 is presented in draft form and subject to minor amendments/clarifications that will not impact on the values that have been presented for consideration.

Alternative Options

- 3.13. An alternative option would be to dispose of the private residential units to the market on an open market sale basis. This approach was considered in detail as part of the Council's due diligence process, as reported to Cabinet in April 2021, and demonstrated that whilst a capital receipt might be higher, the benefits of such an approach on the overall viability of the scheme were not as positive as taking the preferred route as set out above.
- 3.14. In addition, there are risks associated with disposing of the units on an individual basis as it will be dependent on the demand and market conditions at the point of sale. If the units failed to sell at the speed and price that has been modelled, this could have a significant impact on the overall viability of the project.

4. IMPLICATIONS

Risks

Legal Implications

- 4.1. The formal offer received from RHL is conditional and subject to contract. The disposal method follows best practice in securing a Best Consideration valuation to validate the offer and ensure that it represents best value in the market.
- 4.2. Legal resource will be required to assist with the disposal process.

Financial and Resource Implications

- 4.3. Local authorities can freely borrow and invest under legislation and guidance known as the Prudential Framework. Notwithstanding these freedoms, authorities must make sure borrowing is affordable. Where capital expenditure is financed by borrowing, authorities have a statutory duty to set aside revenue funds to repay the principle of the debt – this is known as Minimum Revenue Provision (MRP).
- 4.4. The government has identified that some authorities are not sufficiently complying with this duty and is proposing changes to regulations to make sure that practices are prudent and consistent across the sector. The consultation period closes on 8th February 2022.
- 4.5. The government is proposing additional text to be added to the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 to make explicit that:
 1. Capital receipts may not be used in place of the revenue charge. The intent is to prevent authorities avoiding, in whole or part, a prudent charge to revenue. It is not the intention to prevent authorities using

capital receipts to reduce their overall debt position, which may have the effect of reducing the MRP made with respect to the remaining debt balance.

2. Prudent MRP must be determined with respect to the authority's total capital financing requirement. The intent is to stop the intentional exclusion of debt from the MRP determination because it relates to an investment asset or capital loan. Authorities should still be able to charge MRP over the period in which their capital expenditure provides benefits, and begin charging MRP in the year following capital expenditure, in accordance with proper accounting practices set out in the government's statutory guidance on Minimum Revenue Provision.
- 4.6. As the potential changes are subject to consultation and have not yet been finalised it is not clear how this will impact lending to RHL or the Council's appetite to continue to fund it. As such, there is a risk that the disposal route may not be the most appropriate in the context of the wider Union Yard project.

Equalities Impact Implications

- 4.7. There are no known equalities impact implications arising from this proposal.

5. CONCLUSIONS

- 5.1. Cabinet is asked to agree to the disposal of a leasehold interest in the private residential element of the Union Yard development to RHL, at the conditional value set out in paragraph 3.7, the final terms of the disposal to be delegated to the Head of Property, Estates and Technical Services / Property and Estates Service Manager or equivalent in consultation with the Major Projects and Property Portfolio Holder.
- 5.2. It is also asked to note the potential implications on the RHL business model arising from the current government consultation on changes to the capital framework in respect of minimum revenue provision.
- 5.3. The proposal meets the 'Place' priority within the Council's Business Plan (April 2020) by continuing to drive forward the regeneration of Aldershot town centres and facilitating the delivery of homes to meet the needs of local people.

BACKGROUND DOCUMENTS:

Cabinet Report RP2104: Union Yard Affordable Housing disposal

Cabinet Report RP2103: Regenerating Rushmoor Programme, Union Street, Aldershot Regeneration Scheme

Cabinet Report RP2011: Regenerating Rushmoor Programme – Union Street, Aldershot Regeneration Scheme

Cabinet Report RP2008: Rushmoor Development Partnership – Union Street, Aldershot

APPENDICES:

Appendix 1 – Site Plan

Appendix 2 – Rushmoor Homes Limited formal offer

Appendix 3 (Exempt) – Avison Young Section 123 Valuation Report

CONTACT DETAILS:

Report Author

Nick Irvine – Service Manager - Regeneration

Nick.Irvine@rushmoor.gov.uk

01252 398739

APPENDIX 1

Notes
 Do not scale from this drawing.
 All contractors must visit the site and be responsible for taking and checking dimensions.
 All construction information should be taken from figured dimensions only.
 Any discrepancies between drawings, specifications and site conditions must be brought to the attention of the supervising officer.
 This drawing & the works depicted are the copyright of JTP.

This drawing is prepared for the specific project stage in the Drawing Status section below and it is not intended to be used for any other purpose. Whilst all reasonable efforts are used to ensure drawings are accurate, JTP accept no liability for any reliance placed on, or use made of, this plan by anyone for purposes other than those stated in the Drawing Status below.

- Area Key**
- 1B2P
 - 1B2P (W)
 - 2B3P (W)
 - 2B4P
 - Communal Room
 - Flexible Non-resi Uses
 - Shipping Container
 - Studio



Rev	Date	Description	Drawn	Chkd
P5	02.03.20	PLANNING SUBMISSION	JRW	DEC
P4	26.02.20	Issued for comment	JRW	DEC
P3	17.02.20	Issued for information	JRW	DEC
P2	31.01.20	Issued for information	JRW	DEC
P1	08.01.20	Issued for information	JRW	DEC
	27.11.19	Draft First Issue	JTP	DC

Planning

Client
 Rushmoor Development Partnership



Project
 Union St East, Aldershot

Drawing Title
 First Floor Plan

Scale @A1 1 : 200 Job Ref: 01586
 Drawing No: MP-PP-003 Revision: P5
 Scale Bar: 0 2 4 6 8 10 m

APPENDIX 2

From: Tim Mills <tim.mills@rushmoor.gov.uk>
Date: 11 October 2021 at 20:44:48 BST
To: Karen Edwards <karen.edwards@rushmoor.gov.uk>
Cc: Ken Muschamp <ken.muschamp@rushmoor.gov.uk>, David Stanley <david.stanley@rushmoor.gov.uk>
Subject: Union Street Development – Acquisition of 82 Units by Rushmoor Homes

Dear Karen

I refer to your letter dated 16 June 2021 concerning the potential acquisition of 82 homes at Union Street by Rushmoor Homes Limited.

I am writing on behalf of Rushmoor Homes limited to confirm our existing offer for the 82 properties.

This matter was considered by the Board at their meeting on 20 September 2021. At this meeting a report and detailed sensitivity analysis of the potential acquisition were considered. This utilised the new model developed in partnership with the Council. The sensitivities demonstrate that even with significant variations in income and expenditure the company would remain viable and only in a very extreme scenario would an issue arise . I attach a copy of the Board paper and sensitivity analysis for your information. The modelling was discussed and agreed with David Stanley as the Council's Chief Financial Officer.

I hope this provides the information and formal confirmation to enable the Council to make a decision on this matter subject to the necessary due diligence at the appropriate time.

Please do contact me if you require any further information

Best regards

Tim

Tim Mills
Chief Operating Officer
Rushmoor Homes Ltd

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

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CABINET8th February 2022**MR. PAUL SHACKLEY
CHIEF EXECUTIVE
REPORT NO. CEX2201****KEY DECISION? No****RUSHMOOR HOMES LTD BUSINESS PLAN UPDATE 2022-2027****SUMMARY AND RECOMMENDATIONS:**

This report presents Rushmoor Housing Ltd.'s third business plan covering the period 2022-2026 and associated Shareholder Report covering the first year and a half of the company' operation.

Cabinet is asked to recommend to council that it:

1. Approves the updated Business Plan 2022-2027
2. Agrees to amend the Shareholder Agreement to enable Rushmoor Homes Limited to purchase leasehold property where this supports its primary aim of providing market rented homes
3. In the event of the Government introducing a requirement to provide "Minimum Revenue Provision" on loans to wholly owned Housing Companies Rushmoor Homes Ltd be required to review the Business Plan in co-operation with the Council

1. INTRODUCTION

- 1.1. Rushmoor Homes Limited (RHL) was incorporated in April 2020, it is owned, controlled, and funded by Rushmoor Borough Council. The purpose of the company is to develop and acquire a portfolio of residential properties for letting in the local housing market.
- 1.2. The company governance arrangements require a rolling five-year business plan to be approved by the council and a six- monthly shareholder report.
- 1.3. This report presents the RHL Business Plan for 2022/23 to 2026/27. The report summarises the full Business Plan attached as appendix 4.
- 1.4. This a key decision based on the amount of investment being made into the company.

2. BACKGROUND

- 2.1. The council supports the company by supplying council owned land and property, development finance and staff.

- 2.2. The Business Plan approval process allows the council to influence the company's objectives and identify where the company can support council in achieving its objectives. It also provides detailed information on the company's funding requirements which informs the council's budget processes. A Year End Report with full details of the financial and delivery programme performance against objectives will be published in April 2022.
- 2.3. The company aspires to become the best performing local landlord in the borough; its purpose, values, and business objectives focus on meeting local housing need through regeneration, environmental and financial sustainability.

3. MARKET REVIEW

- 3.1. Market profiles of Aldershot and Farnborough have been provided by RHL's Managing Agent Romans, the full report is provided in Appendix 1.
- 3.2. Based on the information in these reports, RHL has been able to conclude that its strategy to deliver a portfolio of 1 & 2 bed flats targets at small households with incomes of £30k - £60k p.a. remains valid.
- 3.3. The Board and Staff of RHL appreciate that there is need for affordable family accommodation in the borough and aspires to assist the council in meeting this need in the long term. It is developing a limited number of houses to broaden its portfolio. It is essential for the company to first establish itself and its financial viability. Provision of affordable housing requires either subsidy in some form or for the company over the longer term to outperform its business plan.

4. THE PROGRAMME

- 4.1. There has been some adjustment to the previous development programme the full details of which are included in appendix 2. The key changes are:

Site	Change
12 Arthur Street	Delay in securing the transfer due to the need for the council to negotiate a settlement agreement with the adjoining owner for a minor encroachment.
Cambridge Road	This will now be rented as a single 4 bed house rather than converted into two 2 bed flats as the works required for the conversion reduced the yield and therefore viability. A 4-bed house provides variety to the company portfolio.
9a Wellington Street	This 3- bed flat above retail units has been added to the portfolio with potential to convert into 2x1 bed flats subject to viability and planning permission.

237 High Street	At the council's request the scheme will be expanded to deliver a more comprehensive scheme if achievable
Churchill Crescent	A new build development to be built to maximise environmentally sustainable measures with an increase in build cost of 10% which has been reflected in the financial modelling of the programme. It is intended that lessons learned from this development will inform future RHL development.
Union Yard	An approach from the council has been made offering 82 completed 1 & 2 bed flats. The cost of acquisition is estimated at £15million to be funded by loans from RBC.

- 4.2. Experience gained during the first 18 months of operation have provided the Board and staff with a better understanding of the resources and timescales needed to move the programme forward successfully. The revised programme therefore shows a slower pace of delivery which impacts the financial model. The dates for peak debt and loan payback are pushed back one year resulting in the company paying lower levels of interest to the council during the early years. However, the addition of Union Yard into the Business Plan compensates for this.

5. FINANCIAL PROFILE AND THE PROPOSED DEVELOPMENT TIMETABLE

- 5.1. The company's Profit and Loss, Balance Sheet and Cash Flow Statement are set out in appendix 3 and have been derived from the joint RHL and RBC financial model.
- 5.2. The Profit and Loss statement shows the total rental income and expected running costs over the 65-year life of the financial model. It shows a profit of £124million before tax and profit distribution. The amount paid by RHL to RBC for loan repayments is £43million with the potential to provide an additional £100million as dividend payments.
- 5.3. RHL will run at a loss for the next five years as rental income is not able to meet loan repayments along with running costs, therefore, until peak debt is reached in 2030 RHL will require cash flow financing from RBC to ensure viability
- 5.4. The balance sheet table shows the value of the assets being brought into the company over the next 5 years and how these are financed. This shows that by 2025/26 assets totalling £26.6 million on a cashflow basis will be financed by loans (overdraft financing). The current estimate shows that the peak debt position will be reached in January 2030 with a debt amount of £29.923 million.

- 5.5. The valuation of the property assets is assessed based on the total cost of the purchase price and development cost of the property and for cashflow purposes is depreciated on a straight-line basis over 25 years. Land values are retained at their purchase / transfer price and not depreciated.
- 5.6. The Balance Sheet position after 65 years shows the property assets fully depreciated with a cash balance of £6.49million contributing to total assets on a cashflow basis of £24.2million. The property assets will in reality be maintained at a full valuation estimate based on market value and is expected to be as a minimum their original value of c£9.8million with the estimated full value of assets therefore being c£34million.
- 5.7. The Cash Flow Statement shows how the total income from rents is being used. The model anticipates all surplus cash is used to fund loan repayments which produces the zero cash balance from 2021 onwards. Once debt is repaid in full, surplus cash can be distributed to RBC as the company's shareholder. From 2024/25 no additional capital debt is anticipated although loan repayments will remain outstanding until peak debt is reached in 2030 following which debt will start to be repaid.

6. PERFORMANCE MEASURES

- 6.1. Previous Business Plans have included a set of limited performance indicators (PI's) which have been reviewed, two sets are of particular importance to the council as shareholder: PIs for the whole programme and for individual sites.
- 6.2. For the programme as a whole the performance indicators are:
 - NPV is positive
 - IRR is greater than 5%
 - Initial Yield is greater than 3%
 - Peak Debt is by or before 2037
 - A profit is returned over 65 years
 - Break even date is by or before 2070
- 6.3. These indicators will need to be reviewed each time a site is being considered for addition to the programme.
- 6.4. For individual sites performance measures are used to evaluate if a site is suitable for taking forward. The levels at which a site is deemed suitable are:
 - A positive NPV over 65 years
 - A cost of value of less than 90%

- An IRR of more than 5%
- AN initial yield of more than 3%
- Break even date by or before 2070

6.5. The Board have the flexibility to agree individual schemes that do not meet all these criteria providing PIs for the whole portfolio remain within the agreed parameters.

7. FINANCIAL PROFILE AND PROPOSED DEVELOPMENT TIMETABLE

The Next Five Years

- 7.1. RHL should have a portfolio of 60 properties delivered over 17 development sites with a further 82 properties at Union Yard. As the portfolio grows consideration will need to be given to management capacity with Romans.
- 7.2. RHL is determined to support the council in its commitment to make Aldershot and Farnborough greener and more sustainable and will look to incorporate energy efficiency and environmental sustainability into its development programme. The site at Churchill Crescent will be used to test this.
- 7.3. Initial financial modelling shows an expected increase to the development cost of 10% to achieve highly energy efficient homes. The test site shows the impact of this to the programme on Peak Debt which increases from £29.245 million to £29.51 million and delayed from 2030 to 2031 with debt being cleared in 2061 rather than 2060 and the interest being paid to the council will increase overall from £41.9 million to £42.8 million.
- 7.4. To support the council in meeting a broader range of housing needs RHL will start to look at sites able to take family houses. The Board will make decisions on a scheme-by-scheme basis.
- 7.5. The existing shareholder agreement does not allow RHL to purchase leasehold property. During the last year 2 opportunities arose where purchase of an element of leasehold property would have been necessary to acquire land/property for the company's primary business of the development and ownership of rented housing. To ensure the company is able to negotiate the best range of development opportunities it is proposed the shareholder agreement is amended to allow RHL to consider purchasing property on a long leasehold providing where it supports the company to achieve its primary objective of providing homes from market rent.

8. RESOURCING

- 8.1. RHL's operating costs are funded by loan finance from RBC. Expenditure for 2021/22 is estimated at £132k. This level of expenditure will increase as the business grows.
- 8.2. The staff team is made up of RBC employees and charged by RBC on a cost recovery basis:
- Tim Mills Chief Operating Officer
 - Sally Ravenhill Business Manager
 - Zoe Paine Business Manager
 - Steve Ward Company Accountant
 - Charlie Heavens Business Support Officer
 - Simon Ross RBC's Interim Construction Surveyor
- 8.3. Additional development and construction resources are needed to deliver the programme successfully. Discussions are underway with RBC on the most appropriate way to recruit this resource taking account of the Council's other regeneration and development needs.
- 8.4. The Board is composed of:
- Cllr Ken Muschamp
 - Cllr Keith Dibble
 - Cllr Paul Taylor
- 8.5. As RHL's business develops the range and complexity of its activities is likely to increase. A Board member skills analysis is currently underway to identify any areas where training or additional expertise may be needed.

9. EXTERNAL ADVISORS

- 9.1. RHL has appointed the following external consultants:
- Romans- Managing Agent
 - Browne Jacobson- Legal Advisors
 - Ridge Partners and Rund Partnership Employers Agents

10. APPROVAL OF THE BUSINESS PLAN

- 10.1. The Business Plan covers a rolling 5 year period and provides the parameters within which the business operates, it is prepared and approved

by the Board and presented to the council as the sole shareholder for approval by the council's Cabinet and Full Council.

- 10.2. The Business Plan is updated annually or when the business wishes to pursue opportunities outside of the approved parameters, each development is delivered with its own business case and project plan approved by the Board and the Council as shareholder.

11. GOVERNANCE

- 11.1. The company's governance arrangements are set out in its Articles of Association, there are particular governance arrangements in place which are:

- The preparation of the Business Plan for approval by the Chief Executive of the Council to present to Cabinet
- Cabinet agrees land disposals set out in the Business Plan, and recommends the budget and investment required to the council.
- Council approves the annual budget, Business Plan and investment required
- The Board provides a half year report to the Chief Executive, as shareholder which reviews performance against the Business Plan and which is then presented to the council's Licensing, Audit & General Purposes Committee (governance) and Overview and Scrutiny Committee (performance)
- The Chief Executive feeds back any comments from Cabinet, Council PPAB O&S LA&GP to RHL as necessary.

12. RISKS

- 12.1. A risk register is monitored quarterly against pre-set thresholds and reported to the Board.
- 12.2. Government is proposing to make changes to the Capital Framework for Local Authorities which may widen the loans on which a minimum revenue provision is required. As the potential changes are subject to consultation and have not yet been finalised it is not clear whether how this will impact lending to RHL or the council's appetite to continue to fund it due to its possible impact on risk and returns. This risk is included in Rushmoor Homes Limited's Risk Register. In the event of this risk materialising it will be necessary for the Council to review the implications, and work with RHL to review the options and proposed business plan. This is reflected in the recommendations.

- 12.3. RHL will monitor risks against a number of risk indicators; demand, rental values and rental inflation, sales values, build cost inflation, operational costs and regulatory changes impacting the rental market.
- 12.4. The company will procure asset valuations to ensure the portfolio is valued accurately. Wherever it is found that risks have a negative impact on the Business Plan the financial model will be re-run to quantify the effect.
- 12.5. The council will be asked to approve actions proposed by the Board to mitigate negative effects of risk. Options that may be considered an exit strategy include winding the company up, selling the company or alternative management options.

13. LEGAL IMPLICATIONS

- 13.1. RHL has its own legal advisors appointed however, RBC has a continuing role in ensuring proper governance and is represented at weekly project meetings.

14. FINANCIAL AND RESOURCE IMPLICATIONS

- 14.1. Lending to RHL is a substantial financial commitment for RBC but represents opportunities to; operate in the housing market and participate in the regeneration of the town centres.
- 14.2. The success of RHL will allow RBC to receive interest on its loans set out in appendix 2
- 14.3. Staff resources are being considered to ensure the successful delivery of the development programme

15. EQUALITIES IMPACT IMPLICATIONS

- 15.1. There are no equalities issues arising from this report.

16. CONCLUSIONS

- 16.1. The Business Plan provides the operational, financial and risk parameters for RHL and sets out a clear plan for the development of the business over the next five-year period. Cabinet is asked to approve the Business Plan for the period 2022-2026(full report contained in appendix 4).
- 16.2. Approving the Business Plan enables RHL to progress the delivery of good quality homes for rent in the borough.

BACKGROUND DOCUMENTS

Rushmoor Homes Limited Business Plan 2022-2026

CONTACT DETAILS:

Report Author – Zoe Paine/ zoe.paine@rushmoor.gov.uk

Head of Service – Tim Mills/ tim.mills@rushmoor.gov.uk

Local lettings

Farnborough



LOCAL MARKET ROUND UP

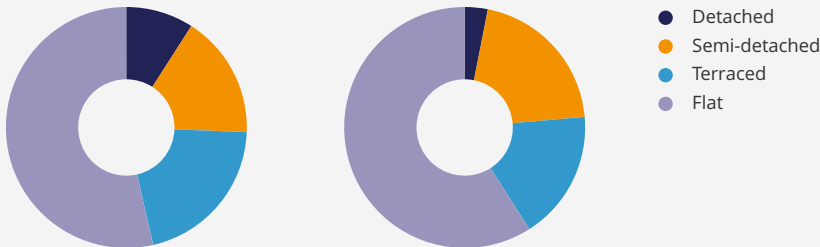


Over the last 12 months, the average rent achieved for properties let in **Farnborough** was **£1,065** per month. This is a **+9%** change on the previous 12 month period.

Properties let by type over the last 12 months

SOUTH EAST

FARNBOROUGH



Change in average rents over past year



+3%
Flats



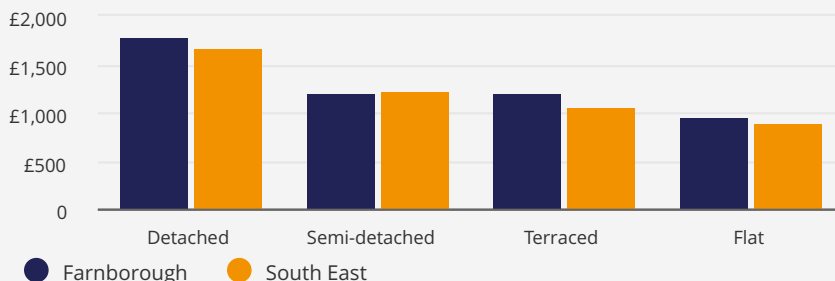
+14%
Houses

Average age of tenants over last 12 months



34

Average monthly rents by property type over last 12 months



Source: Dataloft Rental Market Analytics (rental data is based on achieved rents for approximately 20-35% market share, depending on location)

Tiffany Grainger

Romans Farnborough

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Appendix One

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NATIONAL MARKET

NOVEMBER 2021



We bring you the latest trends in the UK's housing market with a detailed focus on our local market.

Rental market

Rental values are rising at their strongest pace in over nearly 5 years. Average values across the UK, excluding London, rose by 2.2% in the year to October (ONS), the strongest rise since December 2016. Rental values growth across the capital has returned to positive territory.

At +66% the new balance of respondents noting a rise in renter demand across England and Wales is at its highest level ever recorded by the RICS monthly survey.

Economy

Inflation, the cost of living rose to 4.2% in October, its highest rate in nearly 10 years and twice the government's 2% target. The cost of fuel, gas and electricity all increased. The steep rise makes a rise in the base rate of interest increasingly likely.

Weekly earnings annual growth is set to average 5.7% in 2021, the highest level in 20 years. adjusting for inflation this equates to 3.6% in real terms, after 1.8% (nominal) and 0.8% (real) in 2020. (National Institute of Economic and Social Research). Rising inflation will mean real earnings growth is liable to plateau in 2022.

We'd love to hear from you at our branch. Get in touch!

Local lettings

Aldershot



LOCAL MARKET ROUND UP

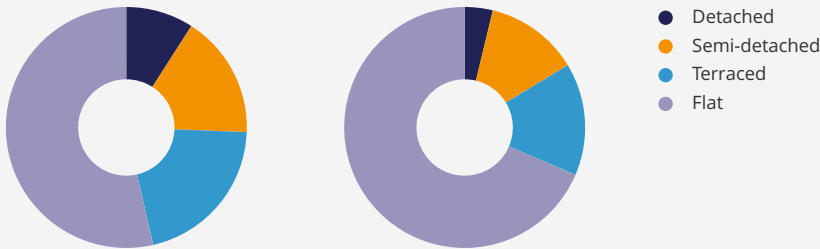


Over the last 12 months, the average rent achieved for properties let in **Aldershot** was **£917** per month. This is a **+1%** change on the previous 12 month period.

Properties let by type over the last 12 months

SOUTH EAST

ALDERSHOT



Change in average rents over past year



+2%

Flats



+4%

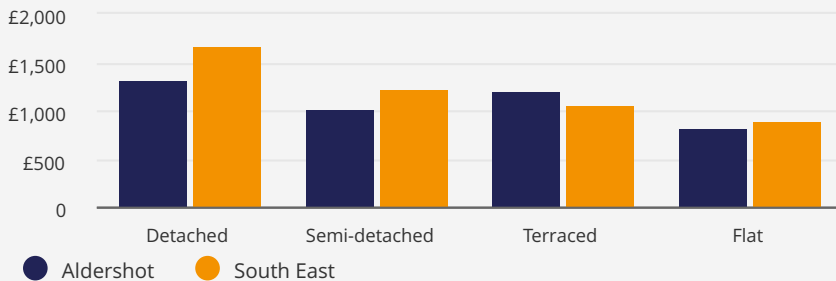
Houses

Average age of tenants over last 12 months



33

Average monthly rents by property type over last 12 months



Source: Dataloft Rental Market Analytics (rental data is based on achieved rents for approximately 20-35% market share, depending on location)

Charlotte Kelly

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NATIONAL MARKET

NOVEMBER 2021



We bring you the latest trends in the UK's housing market with a detailed focus on our local market.

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Rental values are rising at their strongest pace in over nearly 5 years. Average values across the UK, excluding London, rose by 2.2% in the year to October (ONS), the strongest rise since December 2016. Rental values growth across the capital has returned to positive territory.

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We'd love to hear from you at our branch. Get in touch!

Appendix 3 RHL Profit and Loss, Balance Sheet & Cash Flow Statement

Profit & Loss Statement

		01/01/2021	01/04/2021	01/04/2022	01/04/2023	01/04/2024	01/04/2025
		31/03/2021	31/03/2022	31/03/2023	31/03/2024	31/03/2025	31/03/2026
		1	2	3	4	5	6
	Model Total over 65 years	FY20 /21	FY21 /22	FY22 /23	FY23 /24	FY24 /25	FY25 /26
	Total						
Profit & Loss Statement							
Rental income	£224,232,717	£0	£24,500	£83,248	£475,875	£1,541,936	£1,579,560
Total costs derived from income	-£26,683,693	£0	-£2,916	-£9,906	-£56,629	-£183,490	-£187,968
Net Rental Income	£197,549,024	£0	£21,585	£73,341	£419,246	£1,358,446	£1,391,592
Operating expenses	-£19,074,578	-£26,852	-£1,896	-£6,812	-£44,606	-£154,344	-£157,431
Major Repairs costs	-£3,706,046	£0	£0	£0	£0	£0	£0
Council Management Fee	-£575,900	-£51,020	-£131,000	-£120,000	-£84,000	-£84,000	-£84,000
EBITDA	£174,768,400	-£77,872	-£111,312	-£73,341	£290,640	£1,120,102	£1,150,161
Overdraft interest expense	-£41,972,748	-£112	-£20,566	-£238,634	-£697,446	-£1,379,428	-£1,379,428
Depreciation charge	-£9,438,486	£0	£0	-£1,360	-£192,914	-£383,427	-£383,427
S106 Costs	-£638,144	£0	-£35,384	-£585,068	-£17,692	£0	£0
Gain / (Loss) on Disposal of Property Asset	£0	£0	£0	£0	£0	£0	£0
Profit after financing cost	£122,719,022	-£77,984	-£167,262	-£898,403	-£617,412	-£642,753	-£612,694
Distributions	-£99,439,660	£0	£0	£0	£0	£0	£0
Net profit/(loss) in period	£23,279,362	-£77,984	-£167,262	-£898,403	-£617,412	-£642,753	-£612,694
Retained earnings							
Retained earnings - b/f		£0	-£77,984	-£245,246	-£1,143,649	-£1,761,061	-£2,403,813
Net profit/(loss) in period		-£77,984	-£167,262	-£898,403	-£617,412	-£642,753	-£612,694
Retained earnings - c/f		-£77,984	-£245,246	-£1,143,649	-£1,761,061	-£2,403,813	-£3,016,507

Balance Sheet

		01/01/2021	01/04/2021	01/04/2022	01/04/2023	01/04/2024	01/04/2025
		31/03/2021	31/03/2022	31/03/2023	31/03/2024	31/03/2025	31/03/2026
		1	2	3	4	5	6
	Model Total over 65 years	FY20 / 21	FY 21 / 22	FY22 / 23	FY 23 / 24	FY24 / 25	FY25 / 26
	Total						
Balance Sheet							
Assets							
Land Value	£17,583,000	£0	£1,354,650	£2,539,250	£17,583,000	£17,583,000	£17,583,000
Property Assets	£0	£0	£156,290	£6,675,731	£9,244,212	£8,860,784	£8,477,357
Total Non-current Assets	£17,583,000	£0	£1,510,940	£9,214,981	£26,827,212	£26,443,784	£26,060,357
Receivables	£0	£0	£0	£0	£0	£0	£0
Cash	£6,462,327	£743,802	£0	£0	£0	£0	£0
Total Current Assets	£6,462,327	£743,802	£0	£0	£0	£0	£0
Total Assets	£24,045,327	£743,802	£1,510,940	£9,214,981	£26,827,212	£26,443,784	£26,060,357
Liabilities							
Payables	£0	-£51,020	-£412	-£1,009	-£12,352	-£12,862	-£13,119
S106 Liability	-£0	£0	£0	-£165,719	-£8,377	-£0	-£0
Interest Payable	£0	-£112	-£13,948	-£248,840	-£881,135	-£1,148,328	-£1,377,337
Total Current Liabilities	£0	-£51,132	-£14,361	-£415,569	-£901,864	-£1,161,190	-£1,390,456
Overdraft Balance	£0	-£770,654	-£1,663,841	-£9,845,207	-£27,588,554	-£27,588,554	-£27,588,554
Total Non-current Liabilities	£0	£0	-£1,663,841	-£9,845,207	-£27,588,554	-£27,588,554	-£27,588,554
Total Liabilities	£0	-£821,786	-£1,678,202	-£10,260,776	-£28,490,418	-£28,749,744	-£28,979,010
Net Assets / (Liabilities)	£24,045,327	-£77,984	-£1,67,262	-£1,045,795	-£1,663,207	-£2,305,959	-£2,918,653
Equity							
Retained Earnings	£24,045,327	-£77,984	-£1,67,262	-£1,045,795	-£1,663,207	-£2,305,959	-£2,918,653
Total Equity	£24,045,327	-£77,984	-£1,67,262	-£1,045,795	-£1,663,207	-£2,305,959	-£2,918,653

Cash Flow Statement

		01/01/2021	01/04/2021	01/04/2022	01/04/2023	01/04/2024	01/04/2025
		31/03/2021	31/03/2022	31/03/2023	31/03/2024	31/03/2025	31/03/2026
		1	2	3	4	5	6
	Model Total over 65 years	FY20 / 21	FY21 / 22	FY22 / 23	FY23 / 24	FY24 / 25	FY25 / 26
	Total						
Cash Flow Statement							
Net cash received from rental income	£197,549,024	£0	£21,585	£73,341	£419,246	£1,358,446	£1,391,592
Cash paid for Operating Expenses	-£22,727,562	-£26,852	-£1,484	-£6,215	-£33,263	-£153,834	-£157,174
Council Management Fee	-£575,900	£0	-£131,000	-£120,000	-£84,000	-£84,000	-£84,000
Net cash from operations	£174,245,562	-£26,852	-£110,900	-£52,874	£301,983	£1,120,612	£1,150,418
Development CAPEX	-£9,438,486	£0	-£156,290	-£6,520,802	-£2,761,394	£0	£0
Land Acquisition Costs	-£17,583,000	£0	-£1,354,650	-£1,184,600	-£15,043,750	£0	£0
Disposal proceeds	£0	£0	£0	£0	£0	£0	£0
S106 Payments	-£638,144	£0	-£35,384	-£419,349	-£175,035	-£8,377	£0
Cashflow available for debt service	£146,585,932	-£26,852	-£1,657,224	-£8,177,624	-£17,678,196	£1,112,235	£1,150,418
Drawdown from Overdraft	£27,588,958	£770,654	£920,443	£8,181,366	£17,743,347	£0	£0
Overdraft interest paid	-£41,972,748	£0	-£6,618	-£3,742	-£65,151	-£1,112,235	-£1,150,418
Overdraft principal repayment	-£27,588,958	£0	-£404	£0	£0	£0	£0
Cashflow after financing costs	£104,613,184	£743,802	-£743,802	£0	£0	£0	£0
Distributions	-£99,459,660	£0	£0	£0	£0	£0	£0
Net cash flow	£5,153,523	£743,802	-£743,802	£0	£0	£0	£0
Cash balance							
Cash balance - b/f		£0	£743,802	£0	£0	£0	£0
Net cash flow	£5,153,523	£743,802	-£743,802	£0	£0	£0	£0
Cash balance - c/f		£0	£0	£0	£0	£0	£0

Rushmoor Homes Ltd

Draft Business Plan

2022 – 2027

Executive Summary

Rushmoor Homes Ltd is a limited company wholly owned by Rushmoor Borough Council. Its purpose is to operate in the local housing market to produce a portfolio of residential properties for letting on private market rents.

The company is owned, controlled and funded by Rushmoor Borough Council and is required to prepare an annual business plan for approval by the Council.

This is the company's third business plan, and it looks forward five years to set out the company's plans for delivering on its current programme of property acquisition and development, its requirement for funding and its opportunities for growth.

The most significant change to its business plan comes from the possibility of acquiring from the Council 82 completed flats at the Council's Union Yard development which is under construction in Aldershot. This will more than double the size of the company's planned portfolio.

Performance management, risk management, resourcing and governance issues are also covered by the Plan with new measures for performance management and risk management being introduced. Experience from the last year has also suggested a clarification of the company's Shareholder Agreement to permit ownership of long leasehold interests where this enables the company to achieve its primary objectives.

1.0 Introduction

- 1.1 As Rushmoor Homes Ltd (RHLtd) approaches its third year of operation this new Business Plan sets out the company's strategy for its next five years of operation. It examines trends in the local housing market and considers potential opportunities to expand its business. A revised delivery programme has been prepared that generates revised financial forecasts.
- 1.2 A key factor in the ability of the company to deliver its objectives is its relationship with its only shareholder Rushmoor Borough Council (RBC). The Council provides support to the company by supplying council owned property and land from which the company can create a portfolio of homes for letting on market rents. RBC is also the company's source of finance for its development programme and it provides key members of staff to operate the company and deliver new homes.
- 1.3 This business plan will be submitted to RBC for approval. Through this approval process the Council has an opportunity to influence the company's objectives and targets and identify where the company can assist in meeting Council objectives. The business plan also provides information on the funding required to support RHLtd's activities to inform the Council's budget building process. Progress made by the company in the last financial year will be reported in a year-end shareholder report providing the financial and programme delivery outcomes for 2021 / 22 and performance against its objectives.

2.0 RHLtd's Purpose

- 2.1 RHLtd's purpose remains to participate directly in the housing market to provide good quality homes for private market rent. Its sole shareholder, Rushmoor Borough Council, has objectives around meeting housing need, environmental sustainability, regeneration and achieving financial sustainability. RHLtd aims to support its shareholder in meeting these objectives provided this can be done without compromising the company's financial viability and where working through a company is the best means for the Council to achieve its desired outcomes.

3.0 RHLtd's Values

- 3.1 The way in which the company operates is an important part of the business plan. The company strives to become the best landlord in the borough and seeks to become:
 - A trusted partner of its shareholder: Rushmoor Borough Council
 - A trusted private sector landlord providing quality homes and services

- A business that operates with integrity and treats tenants, contractors and partners with respect.
- A learning organisation that acknowledges and learns from mistakes and recognises good work.

4.0 RHLtd's Objectives

4.1 Reflecting the purpose set by the Council, the Company's objectives are:

- to take a transfer of existing residential properties owned and let by the Council;
- to develop/acquire property to assemble a residential property portfolio that may contain a range of tenures;
- provide quality homes for rent in the private rented market to meet housing need and create a revenue stream providing a return on investment to its Shareholder (the Council);
- to remain financially viable and commercially sustainable;
- to assist the Council in meeting requirements for affordable housing and temporary accommodation where a company is the best means of achieving the required outcomes;
- to assist the Council in meeting its regeneration and sustainability objectives contributing to a greener borough and improvements in the built environment
- to provide an efficient landlord service including housing management and maintenance;
- to maintain its properties to a standard that meets tenants' reasonable expectations; protects Shareholder reputation and shareholder investment in the company; and
- create saleable, realisable assets should the generation of capital receipts become a priority for its Shareholder.

5.0 Market Review

5.1 Currently RHLtd's activity will be focussed in the borough of Rushmoor and its housing market area.

5.2 RHLtd has been provided with market profiles for Aldershot and Farnborough by its Managing Agent LRG Romans. These are in Appendix One.

5.3 Based on information contained in these reports RHLtd has concluded its existing strategy of growing a portfolio of primarily one and two bed flats targeted at small households with incomes of between £30,000 and £60,000pa remains valid.

5.4 Although the company wishes to assist the Council in meeting local housing need, it must first establish itself and its financial viability before it can consider introducing an element of affordable/discounted rent to meet the needs of those on lower incomes without subsidy.

6.0 The Programme

- 6.1 As the programme has advanced, assumptions about the development potential of sites, the number of units in the programme and the timetable for delivery have been adjusted.
- 6.2 This revised programme is shown in appendix two. Key changes are as follows.
- Significant delay in securing the transfer of 12 Arthur Street due to the need for the Council to agree a settlement agreement with the adjoining owner for a minor encroachment.
 - The discounted rent scheme in the previous (2021-26) business plan will now be rented as one four- bedroom house rather than two, two bed flats. The estimated cost of conversion to flats did not yield the required increases in rent income to achieve a viable scheme. It also provides greater variety to the company's portfolio.
 - 9a Wellington Street has been added to the programme. This is a council owned property located in Aldershot town centre above a retail unit. There is potential to convert this to two, one bed flats subject to planning permission.
 - An approach from RBC with an offer of 82 completed units at its Union Yard scheme currently under development in Aldershot Town Centre. The cost of acquisition is estimated at £15m and will be funded by loans from RBC.
- 6.3 Experience gained in the first 18 months of operation has resulted in a better understanding of the resources needed to move the programme forward, better understanding of the time needed to complete actions in the development process and the potential for delays due to issues arising from the nature of the sites offered by RBC. The revised programme shows a slower pace of delivery than in previous business plans. This revised timetable has an impact on the financial profile with peak debt and payback dates being pushed out and a lower level of interest payments in the early years. However, the incorporation of Union Yard into the Business Plan has compensated for elements of this.

7.0 Financial Profile of Proposed Development Timetable

- 7.1 The following tables set out the key income and expenditure for the company together with its requirement for capital. These figures are derived from the joint RHLtd and RBC financial model.
- 7.2 The following tables set out the key income and expenditure for the company together with its requirement for capital. These figures are derived from the joint RHLtd and RBC financial model.

		01/01/2021	01/04/2021	01/04/2022	01/04/2023	01/04/2024	01/04/2025
		31/03/2021	31/03/2022	31/03/2023	31/03/2024	31/03/2025	31/03/2026
		1	2	3	4	5	6
	Model Total over 65 years	FY20 / 21	FY21 / 22	FY22 / 23	FY23 / 24	FY24 / 25	FY25 / 26
	Total						
Profit & Loss Statement							
Rental income	£224,232,717	£0	£24,500	£83,248	£475,875	£1,541,996	£1,579,560
Total costs derived from income	-£26,683,693	£0	-£2,916	-£9,906	-£56,629	-£183,490	-£187,968
Net Rental Income	£197,549,024	£0	£21,585	£73,341	£419,246	£1,358,446	£1,391,592
Operating expenses	-£19,074,578	-£26,852	-£1,896	-£6,812	-£44,606	-£154,344	-£157,431
Major Repairs costs	-£3,706,046	£0	£0	£0	£0	£0	£0
Council Management Fee	-£575,900	-£51,020	-£131,000	-£120,000	-£84,000	-£84,000	-£84,000
EBITDA	£174,768,400	-£77,872	-£111,312	-£73,341	£290,640	£1,120,102	£1,150,161
Overdraft interest expense	-£41,972,748	-£112	-£20,566	-£238,634	-£697,446	-£1,379,428	-£1,379,428
Depreciation charge	-£9,438,486	£0	£0	-£1,360	-£192,914	-£383,427	-£383,427
S106 Costs	-£638,144	£0	-£35,384	-£585,068	-£17,692	£0	£0
Gain / (Loss) on Disposal of Property Asset	£0	£0	£0	£0	£0	£0	£0
Profit after financing cost	£122,719,022	-£77,984	-£167,262	-£898,403	-£617,412	-£642,753	-£612,694
Distributions	-£99,459,660	£0	£0	£0	£0	£0	£0
Net profit/(loss) in period	£23,259,362	-£77,984	-£167,262	-£898,403	-£617,412	-£642,753	-£612,694
Retained earnings							
Retained earnings - b/f		£0	-£77,984	-£245,246	-£1,143,649	-£1,761,061	-£2,408,813
Net profit/(loss) in period		-£77,984	-£167,262	-£898,403	-£617,412	-£642,753	-£612,694
Retained earnings - c/f		-£77,984	-£245,246	-£1,143,649	-£1,761,061	-£2,408,813	-£3,016,507

7.3 The Profit and Loss Statement shows the total income received from rents and the amounts expended by the organisation for running costs, capital expenditure and debt servicing. Over the 65 years of the model the position shows a healthy profit of £122m before tax and profit distribution. The amount paid over to Rushmoor Borough Council for the servicing of debt amounts to £42m with a potential additional £99m that could be paid as dividends.

7.4 For each of the next 5 years of operation RHL is running at a loss due to the fact that income from rental is insufficient to meet debt principal and interest repayments along with continuing running costs. In the short term, until peak debt is reached in January 2030, RHL will require cash flow financing from RBC to ensure that it remains viable.

		01/01/2021	01/04/2021	01/04/2022	01/04/2023	01/04/2024	01/04/2025
		31/03/2021	31/03/2022	31/03/2023	31/03/2024	31/03/2025	31/03/2026
		1	2	3	4	5	6
	Model Total over 65 years	FY20 / 21	FY 21 / 22	FY22 / 23	FY 23 / 24	FY24 / 25	FY25 / 26
	Total						
Balance Sheet							
Assets							
Land Value	£1,583,000	£0	£1,354,650	£2,539,290	£1,583,000	£1,583,000	£1,583,000
Property Assets	£0	£0	£196,290	£6,675,731	£9,244,212	£8,860,784	£8,477,357
Total Non-current Assets	£1,583,000	£0	£1,510,940	£9,214,981	£26,827,212	£26,443,784	£26,060,357
Receivables	£0	£0	£0	£0	£0	£0	£0
Cash	£6,462,327	£743,802	£0	£0	£0	£0	£0
Total Current Assets	£6,462,327	£743,802	£0	£0	£0	£0	£0
Total Assets	£24,045,327	£743,802	£1,510,940	£9,214,981	£26,827,212	£26,443,784	£26,060,357
Liabilities							
Payables	£0	-£51,020	-£412	-£1,009	-£12,352	-£12,862	-£13,119
S106 Liability	-£0	£0	£0	-£165,719	-£6,377	-£0	-£0
Interest Payable	£0	-£112	-£13,948	-£248,840	-£681,135	-£1,148,328	-£1,377,337
Total Current Liabilities	£0	-£51,132	-£14,361	-£415,569	-£901,864	-£1,161,190	-£1,390,456
Overdraft Balance	£0	-£770,654	-£1,663,841	-£9,845,207	-£27,588,554	-£27,588,554	-£27,588,554
Total Non-current Liabilities	£0	£0	-£1,663,841	-£9,845,207	-£27,588,554	-£27,588,554	-£27,588,554
Total Liabilities	£0	-£821,786	-£1,678,202	-£10,260,776	-£28,490,418	-£28,749,744	-£28,979,010
Net Assets / (Liabilities)	£24,045,327	-£77,984	-£167,262	-£1,045,795	-£1,663,207	-£2,305,959	-£2,918,653
Equity							
Retained Earnings	£24,045,327	-£77,984	-£167,262	-£1,045,795	-£1,663,207	-£2,305,959	-£2,918,653
Total Equity	£24,045,327	-£77,984	-£167,262	-£1,045,795	-£1,663,207	-£2,305,959	-£2,918,653

- 7.5 The balance sheet shows the value of the assets being brought into RHL in the next 5 years of operation and how those assets are being financed. As can be seen by 2025/26 assets totalling £26m will be totally financed by loans (shown as overdraft financing). The current estimate shows that the peak debt position will be reached on 31st January 2030 with a debt amount of £29.245m and assets amounting to £24.5m.
- 7.6 The Balance sheet position after 65 years of the model shows the property assets fully depreciated with a cash balance of £6.46m contributing to total assets of £24m.

		01/01/2021	01/04/2021	01/04/2022	01/04/2023	01/04/2024	01/04/2025	01/04/2026
		31/03/2021	31/03/2022	31/03/2023	31/03/2024	31/03/2025	31/03/2026	31/03/2026
		1	2	3	4	5	6	
	Model Total over 65 years	FY20 / 21	FY21 / 22	FY 22 / 23	FY23 / 24	FY24 / 25	FY25 / 26	
	Total							
Cash Flow Statement								
Net cash received from rental income	£197,549,024	£0	£21,585	£73,341	£419,246	£1,358,446	£1,391,592	
Cash paid for Operating Expenses	-£22,727,562	-£26,852	-£1,484	-£6,215	-£33,263	-£153,834	-£157,174	
Council Management Fee	-£575,900	£0	-£131,000	-£120,000	-£84,000	-£84,000	-£84,000	
Net cash from operations	£174,245,562	-£26,852	-£110,900	-£52,874	£301,983	£1,120,612	£1,150,418	
Development CAP EX	-£9,438,486	£0	-£156,290	-£6,520,802	-£2,761,394	£0	£0	
Land Acquisition Costs	-£17,583,000	£0	-£1,354,650	-£1,184,600	-£15,043,750	£0	£0	
Disposal proceeds	£0	£0	£0	£0	£0	£0	£0	
S106 Payments	-£638,144	£0	-£35,384	-£419,349	-£175,035	-£8,377	£0	
Cashflow available for debt service	£146,585,932	-£26,852	-£1,657,224	-£8,177,624	-£17,678,196	£1,112,235	£1,150,418	
Drawdown from Overdraft	£27,588,958	£770,654	£920,443	£8,181,366	£17,743,347	£0	£0	
Overdraft interest paid	-£41,972,748	£0	-£6,618	-£3,742	-£65,151	-£1,112,235	-£1,150,418	
Overdraft principal repayment	-£27,588,958	£0	-£404	£0	£0	£0	£0	
Cashflow after financing costs	£104,613,184	£743,802	-£743,802	£0	£0	£0	£0	
Distributions	-£99,459,660	£0	£0	£0	£0	£0	£0	
Net cash flow	£5,153,523	£743,802	-£743,802	£0	£0	£0	£0	
Cash balance								
Cash balance - b/f		£0	£743,802	£0	£0	£0	£0	
Net cash flow	£5,153,523	£743,802	-£743,802	£0	£0	£0	£0	
Cash balance - c/f		£0	£0	£0	£0	£0	£0	

7.7 The Cash Flow Statement shows how the total income from rentals is being utilised. The model anticipates that all available surplus cash is used to fund debt interest and principal repayments in the first instance hence the zero cash balances from 2021 onwards. Once debt is fully repaid surplus cash is available for distribution to RBC as the single shareholder. From 2024/25 onwards no additional capital debt is anticipated however loan interest will remain outstanding until peak debt is reached in 2030 following which debt will start to be repaid.

Notes :

- Development CAP EX = money spent on developing property.
- Land Acquisition Costs = land/property acquisition transferred from RBC to RHL in exchange for a loan note.
- Drawdown from Overdraft is either cash or a loan note used to fund either Development or Land Acquisition as well as cash flow funding to cover income shortfalls in the early years of the organisation.

Performance Measures

7.8 Previous business plans included a limited set of performance indicators. These have been reviewed and two sets of measures are proposed some of which will be particularly relevant to the Council as shareholder

The Whole Programme

7.9 For the programme as a whole, the five years covered by this business plan will see the debt incurred by RHL increase from an estimated £1.7m at the end of March 2022 to £27.6m by the end of 2025/26. Peak debt for the programme will occur in year 2030 at an estimated £29.245m. Debt from the current programme is

expected to be cleared by year 2061. Interest payments to RBC are estimated to total £41.97m over 65 years.

7.10 The performance indicators (PIs) for the whole programme are as follows

- NPV is £ positive
- IRR is = or > 5%
- initial yield is = or >3%
- Peak Debt by or before 2037
- Returns a profit over 65 years
- Break even date by or before 2070

7.11 These indicators will need to be reviewed each time a site is being considered for addition to the programme

Performance Measures for sites

7.12 Each site in the programme is measured against similar performance indicators. In determining whether RHLtd should pursue a site and what price it should pay, the sites can be evaluated through the RHLtd/RBC financial model.

The levels at which a site is deemed suitable for the programme are

- a positive NPV over 65 years
- A cost to value of less than 90%
- An IRR of = or > 5%
- An initial yield of = or > 3%
- Break even date by or before 2070

7.13 The RHLtd Board will have flexibility to agree individual schemes that don't meet all these criteria but only if the PI's for the whole portfolio remain within their agreed parameters.

7.14 These PIs will be reported on in the six-monthly Shareholder Reports

8.0 The next five years

8.1 RHL will continue to pursue its programme of property purchases from Rushmoor BC to produce homes for its target market of small households on incomes between £30,000 and £60,000. By the end of the next five years RHLtd should have a portfolio of 60 units delivered across 17 sites/properties in its small sites programme, with the possibility of a further 82 completed units at Union Yard comprising mainly one and two bed flats.

Union Yard

8.2 In 2023 the portfolio will increase significantly if, as planned, RHLtd purchases from the Council, completed units at the Council's Union Yard development in Aldershot.

This will more than double the homes under management and will need careful consideration and discussion around capacity with RHLtd's Managing Agent.

Sustainability

- 8.3 RBC declared a climate emergency in 2019. As part of its climate promise it has a stated aim of making Aldershot and Farnborough greener and more sustainable. RHLtd wishes to support the Council in its aspirations for sustainability and will look to incorporate energy efficiency and environmental sustainability into its development programme.
- 8.4 The first step will be to use a scheme from the programme and with help from its employer's agent to model the financial impact of including green measures both in terms of the costs of construction, long term maintenance and the rental returns that can be achieved for greener homes. Depending on the outcome of this piece of work the Board of RHLtd will consider the extent to which it can include measures to reduce the environmental impact of its schemes while generating an income stream for its Shareholder and Funder.
- 8.5 Initial testing on a sample site suggests that if sustainability measures add 10% to development costs the impact on the programme's performance is as follows. The additional debt for the five years covered by the business plan (2022-2027) amounts to £201,837. Peak debt will occur in 2031 at £29.51m (compared with 2030 and £29.245m). Debt is expected to clear in 2061 rather than 2060 and interest payment to the Council would increase to £42.8m from £41.9m

Diversification

- 8.6 RHLtd's business plan and its development programme are centred around one and two bedroom flats at market rents.
- 8.7 RHLtd will consider including a small number of family houses to assist its Shareholder meet housing need in the borough and, where external subsidy is available, consider providing some homes at discounted rents. Over the longer term it may be possible to provide discounted rents with cross subsidy from the company's other schemes. The Board will make decisions on schemes of this nature based on its ability to maintain its loan payments to RBC and discussions with RBC on utilisation of additional revenue for this purpose.

Leaseholds

- 8.8 During the current financial year RHLtd was asked on two occasions to consider purchasing property that included properties sold on long leaseholds. In one case the seller decided to pursue an alternative purchaser due to this issue and the other opportunity was not at the correct price to be attractive to RHLtd, it highlighted the fact the Shareholder Agreement did not explicitly include management of long leaseholds in the description of its business. It did contain the following wording "Develop / acquire property to assemble a residential property portfolio that may

contain a **range of tenures**". To be completely clear about what is permitted it is proposed that the Shareholder agreement is amended to allow RHLtd to consider purchasing property where it includes long leaseholds provided it helps the company to achieve its principal purpose of providing homes for market rent.

9.0 Resourcing

9.1 RHLtd's operating costs, in so far as not being covered by available rental income, are funded by loan finance from Rushmoor Borough Council. Expenditure for the current (2021/22) financial year is estimated at £132K and it is expected that this level of spend will increase as the programme expands and company activity rises.

Staffing

9.2 The staff team comprises:

- Tim Mills, Chief Operating Officer
- Steve Ward, Company Accountant
- Sally Ravenhill, Business Manager
- Zoe Paine, Business Manager
- Charlie Heavens, Business Support Officer

Additional support is provided by

- Simon Ross RBC's Interim Construction Surveyor

9.3 All members of the staff team are employed by Rushmoor Borough Council and are charged out to RHLtd on a cost recovery basis.

9.4 As the company has developed its projects the need for additional resources has become clear in particular with regard to development and construction expertise within the team. The Business Plan provides additional resources to facilitate this requirement. Discussions are underway with RBC on the employment of a suitable person who may also provide similar expertise for the Council's property programme.

External Advisors

9.5 RHLtd has engaged the following external advisors

- LRG Romans - as managing agent to provide tenant and property management services and advice on the rental market
- Browne Jacobson – as legal advisors
- Ridge and Partners and Rund Partnership - as employer's agents

10.0 Exit Strategy

- 10.1 RHLtd will monitor quarterly risks against a number of thresholds and in particular will check the following risk indicators
- Demand for rental units - report from Managing Agent Quarterly
 - Rental values and rental inflation over time - report from Managing Agent. Current level of rental inflation is set at 2.5% per annum. On the assumption that costs remained constant rental inflation would need to fall below 1.5% per annum before the programme fell into deficit overall.
 - Sale values - report from Managing Agent)
 - Build Cost inflation over time - Employers Agent will provide information increases beyond 5% would require a review of the programme
 - Operating costs - Current level of Operational Expenditure inflation is set to follow RPI. The current level is modelled at an RPI of 2%. On the assumption that increases in RPI would be met by increases in rental income cost inflation is not expected to unduly affect the programme but could impact on the level of dividends payable.
 - Regulatory changes affecting the operation of the rental market
- 10.2 The company will procure asset valuations as required to make sure it has a good understanding of the value of its portfolio.
- 10.3 If the benchmarks are exceeded and/or the regulatory environment becomes unfavourable or if there are changes in other risk indicators that will have a negative effect on the business plan, the company's financial model will be re-run to quantify the effect.
- 10.4 If the effect is that the company's ability to generate a profit or repay its debt is impaired, compared with the financial projections contained in its current business plan, the following will be considered
- The possibility of refinancing to reduce interest costs
 - A review of operating costs to see if savings can be made
 - A review of assets to determine if a sale of a property(ies) will improve performance
 - A review of performance of development, management and contractors' performance.
 - A review of usage of assets to determine if better value from alternative letting strategies can be achieved
- 10.5 This quarterly review of risks, any modelling and consequential review of costs and performance will be reported to the Housing Company's Board and if in the view of the Board it is appropriate, the Council as shareholder.
- 10.6 If appropriate the Council will be asked to approve actions proposed by the company to mitigate the negative effects of movements in the risk indicators

10.7 If in the view of the Council as shareholder, there is little prospect of the company mitigating the risks so that it returns to operating within reasonable tolerances of the original baseline model and business plan, the Council may consider options to mitigate its risk and ensure it recovers the maximum value to repay its own borrowing. Options that may be considered are:

- Winding up of the company and disposal of property – This option is highly dependent on the capital values of the property in comparison to debt. Over time it is likely that capital values will grow. However, in early stages there is a risk that values may not cover the Council’s debt particularly if there is a significant market down-turn
- Winding up of the company and retention of the property by the Council as temporary accommodation – The Council is not able to hold rental property in general but can do so for the purposes of providing temporary accommodation. This depends on the need of the Council for such accommodation and the potential income/cost for this accommodation
- Sale of the company either in whole or to create a joint venture – The value of the company to an existing company in the rental market may represent a better value option particularly in the early stages. The ability of a company already operating in the rental market to share or absorb the overhead costs of management and maintenance may result in a better value proposition. Entering into a joint venture may enable the Council to maximise value over the longer term
- Alternative management options – The Council could explore whether alternative approaches to managing the company in a more arms-length arrangement particularly if alternative markets are being considered could deliver better value

10.8 In deciding on what actions to take, the company will need to be fully aware of the value of its assets. There is a risk that the value of schemes in development may not allow full recovery of money spent, therefore, the company is at greatest risk of not being able to raise sufficient funds to pay off its borrowings in the development phase of the programme. In order to secure its position, the Council will need to ensure that appropriate collateral warranties are in place to secure its interests where it may wish to exit or in the event of insolvency.

11.0 Approval of the Business Plan

11.1 Rushmoor Borough Council, as sole Shareholder, exercises its influence and control through the Shareholder Agreement which requires Council consent to a range of company actions; and through its annual consideration and approval of the company’s business plan. A limited number of actions are permissible without recourse to the Council to allow ease of operation. The

company can enter into property transactions and into contracts as set out in the Approved Business Plan.

- 11.2 The Business Plan approval process requires its preparation and approval by the Board of Directors and presentation to the Council as shareholder, with consideration by the Council's Cabinet and Full Council as necessary.
- 11.3 The Plan will cover a rolling five-year period and will be updated annually or when the company wishes to pursue opportunities outside of the parameters of the approved business plan.
- 11.4 Rushmoor Homes Ltd will develop its programme as set out in the approved business plan and develop for each project a business case and project plan which will be prepared and approved by the Board of Directors and the Council as Shareholder.

12.0 Governance

- 12.1 Governance of the company is detailed in the Articles of Association, however, as a company wholly owned by Rushmoor Borough Council there are particular governance arrangements in place.
 - Annually the Board prepares its Business Plan and its budget for the Chief Executive of the Council, as shareholder, to present to the Council's Cabinet.
 - RBC's Cabinet agrees any land disposals required by the Business Plan and recommends the Business Plan, the annual budget and investment required to the Council
 - The Council approves the annual budget Business Plan and investment in the company.
 - The Board prepares a half year report to the Chief Executive, as Shareholder, reviewing progress against the Business Plan. The Shareholder presents these
 - reports to RBC's Licensing, Audit and General Purposes Committee (governance) and its Overview and Scrutiny Panel (performance)
 - The Board prepares a full year report on progress against the Business Plan and company governance for the Chief Executive of the Council, as Shareholder, and the Chief Executive will present this report and consult with Policy and Projects Advisory
 - Board, Licensing Audit and General Purposes Committee and Overview and Scrutiny Panel.
 - The Shareholder will feedback comments from Cabinet, Council, PPAB, O&S LA&GP to Rushmoor Homes Ltd as necessary

13.0 The RHLtd Board

- 13.1 The members of the RHLtd Board are:

- Cllr Ken Muschamp
- Cllr Keith Dibble
- Cllr Paul Taylor

13.2 As RHLtd's programme develops, the range and complexity of its activities is likely to increase. The Board needs to be in a position to engage in effective decision making, therefore, an audit of the skills of board members is underway to identify any areas where additional expertise may be needed.

14.0 **Conclusions**

14.1 This business plan looks forward to the next five years of operation for RHLtd. During this time the company plans to deliver on its programme of 60 homes across 17 development sites/properties. The programme has been adjusted to produce a more realistic delivery timetable given the resources currently available. This business plan period will also see the addition of 82 homes to the portfolio which will more than double the number of units under management. This an important change for the company and will establish it as a significant landlord in the borough

Appendix One

