



BOROUGH OF RUSHMOOR

To the Mayor and Members of the Council,

YOU ARE HEREBY SUMMONED to attend a Meeting of the Council to be held at the Council Offices, Farnborough on ***Thursday, 25th July, 2024 at 7.00 pm*** for the transaction of the business set out on the Agenda given below.

A G E N D A

1. **MINUTES –** (Pages 1 - 14)

To confirm the Minutes of the Annual Meeting of the Council held on 21st May 2024 (copy attached).

2. **MAYOR'S ANNOUNCEMENTS –**

3. **STANDING ORDER 8 - QUESTIONS –**

To receive any questions by Members submitted in pursuance of Standing Order 8 (3).

4. **NOTICE OF MOTION - MEGA SKIPS –**

To consider the following Notice of Motion, which has been submitted by Cllr Peter Cullum pursuant to Standing Order 9 (1):

“This Council notes growing alarm amongst residents over proposals to put “Mega Skips” on residential streets throughout the Borough – which risk attracting fly-tipping from across three counties into our Borough and pose significant health and safety risks.

Furthermore, this Council notes resident concerns about the lack of transparency on the scope and cost of introducing mega skips across Rushmoor, and that proposals could undermine efforts to improve recycling rates.

The Council will therefore:

- Engage in prior consultation with all households in a street before any skip is placed there, ensuring that if a significant number of objections are made that the proposal will not proceed.
- Conduct full health and safety, policing and highways impact checks on each site being considered for mega skips.
- Clarify the full list of items that would be permitted and prohibited for the mega skips.
- Publish an assessment of the costs of introducing mega skips, and whether officer time needs to be diverted from enforcement or environmental maintenance activity to supervise the mega skip days.
- Publish an assessment of potential impacts on recycling rates.
- Refer the proposals to PPAB for urgent revision and development.”

5. **RECOMMENDATIONS OF THE CABINET AND COMMITTEES –**

To consider the recommendations of the Cabinet in relation to the following item:

- 1) **2024-25 to 2027-28 Medium Term Finance Strategy Update and 2023-24 Budget Outturn – (Pages 15 - 104)**

To receive a report from the Cabinet (copy attached – Annex 1) which presents an update on the Medium Term Finance Strategy, the budget outturn for 2023-24 and sets out an approach and timetable to identifying revenue savings, a capital receipts strategy and proposed reprofiling of the capital receipts income target for approval. Cllr Gareth Williams, Leader of the Council, will introduce this item.

6. **QUESTIONS FOR THE CABINET –**

To receive any questions by Members to Cabinet Members submitted in accordance with the Procedure Note.

7. **OVERVIEW AND SCRUTINY COMMITTEE - ANNUAL REPORT 2023/24 –** (Pages 105 - 108)

To receive and ask questions on the Annual Report of the Overview and Scrutiny Committee (copy attached – Annex 2) for the 2023/24 Municipal Year. This item has been carried over from the cancelled Council Meeting on 25th April 2024 and a procedure note for asking questions has been circulated for Members.

8. **REPORTS OF CABINET AND COMMITTEES –** (Pages 109 - 150)

To receive and ask questions on the Reports of the following Meetings (copy reports attached):

Cabinet

12th March, 2024
16th April, 2024
4th June, 2024

Committees

Development Management	6th March, 2024
Corporate Governance, Audit and Standards	20th March, 2024
Development Management	17th April, 2024
Development Management	22nd May, 2024
Corporate Governance, Audit and Standards	23rd May, 2024

9. **REPORTS OF OVERVIEW AND SCRUTINY COMMITTEE AND POLICY AND PROJECT ADVISORY BOARD –** (Pages 151 - 176)

To note the Reports of the following meetings (copy reports attached):

Overview and Scrutiny Committee	8th February, 2024
Policy and Project Advisory Board	13th February, 2024
Policy and Project Advisory Board	21st March, 2024
Overview and Scrutiny Committee	27th March, 2024
Policy and Project Advisory Board	12th June, 2024
Overview and Scrutiny Committee	13th June, 2024

P. SHACKLEY
Chief Executive

Council Offices
Farnborough
Hampshire GU14 7JU

Wednesday 17 July 2024

BOROUGH OF RUSHMOOR

ANNUAL MEETING OF THE COUNCIL held at the Council Chamber, Council Offices, Farnborough on Tuesday, 21st May, 2024 at 7.00 pm.

The Worshipful The Mayor (Cllr Mara Makunura (Chairman))
The Deputy Mayor (Cllr Calum Stewart (Vice-Chairman))

Cllr A. Adeola
Cllr Gaynor Austin
Cllr Leola Card
Cllr A.H. Crawford
Cllr P.J. Cullum
Cllr Keith Dibble
Cllr C.P. Grattan
Cllr Christine Guinness
Cllr Steve Harden
Cllr Halleh Koohestani
Cllr Nadia Martin
Cllr T.W. Mitchell
Cllr Sophie Porter
Cllr Dhan Sarki
Cllr P.G. Taylor
Cllr S. Trussler
Cllr Ivan Whitmee
Cllr Gareth Williams

Cllr Abe Allen
Cllr C.W. Card
Cllr Sue Carter
Cllr Jules Crossley
Cllr Thomas Day
Cllr A.H. Gani
Cllr Lisa Greenway
Cllr Julie Hall
Cllr Rhian Jones
Cllr G.B. Lyon
Cllr S. J. Masterson
Cllr Bill O'Donovan
Cllr M.J. Roberts
Cllr Sarah Spall
Cllr M.J. Tennant
Cllr Jacqui Vosper
Cllr Becky Williams

Honorary Alderman Terry Bridgeman
Honorary Alderman John Debenham
Honorary Alderman Sue Dibble
Honorary Alderman Tony Gardiner
Honorary Alderman John Marsh
Honorary Alderman David Welch

Apologies for absence were submitted on behalf of Cllr Peace Essien Igodifo and Cllr M.D. Smith.

Before the meeting was opened, the Mayor's Chaplain, Mr David Betts, led the meeting in prayers.

1. **ELECTION OF THE MAYOR OF THE BOROUGH**

Nominations were invited for the election of the Mayor of the Borough for the Municipal Year 2024/5. It was **MOVED** by Cllr P.G. Taylor; **SECONDED** by Cllr A. Adeola - That Cllr Mara Makunura be elected Mayor of the Borough to hold office until the Annual Meeting of the Council in 2025.

RESOLVED: That Councillor **MARA MAKUNURA** be elected Mayor of the Borough to hold office until the Annual Meeting of the Council in 2025.

The Mayor then made her Declaration of Acceptance of Office in accordance with Section 83 of the Local Government Act, 1972 and took the Chair.

THE MAYOR (CLLR MARA MAKUNURA) IN THE CHAIR

The Mayor expressed her pride at the honour of being elected Mayor and first citizen of the Borough of Rushmoor. Her appointment as The Mayor marked a significant milestone as the first African to hold the position. During her speech to the Council, she described being a proud parent and a community leader with a strong interest in fostering a cohesive and inclusive community and with a desire to help those facing challenges. Her mayoral year would build on the many years she had served the community both as a councillor and as a volunteer for various local organisations, and she was looking forward to supporting many community events and making a positive impact.

The Mayor thanked her proposer and seconder for their kind words and the Council for supporting her nomination. She then signified the appointment of her daughter Ms Salwexeya Makunura as her Mayoress and Reverend Coleen Kusi-Agyapong as the Mayor's Chaplain.

The Mayor announced that she would be seeking to support a number of charities during the year. Her four primary charities would be West Farnborough Men's Shed, PAG (Parent Action Group), Hart and Rushmoor Young Carers Charity, and Salvation Clinic International Ministries, and additionally supporting The Lighthouse, and Kerith Church Community Pantry.

2. VOTE OF THANKS

It was MOVED by Cllr Bill O'Donovan; SECONDED by Cllr Calum Stewart and

RESOLVED: That the Council place on record its appreciation of the excellent service rendered by Councillor Clive Patrick Grattan as Mayor of the Borough and Mrs June Smith as Mayoress during the Municipal Year 2023/24.

The Mayor congratulated Cllr Grattan and presented him with a framed, illuminated scroll, together with a Past Mayor's Badge and a Past Mayoress's Badge for Mrs June Smith.

In response, Cllr Grattan thanked the proposer and seconder for their kind words. He referred to the memorable year that he had experienced as Mayor and said that it had been both an honour and a privilege for him. Cllr Grattan referred to some particular highlights of the Mayoral Year and was pleased to report that £8,000 had been raised for his charities (Oak Farm Pre-School and Crohn's and Colitis UK). He thanked his Mayoress Mrs June Smith, for her unwavering support throughout the year and Mrs Amanda Hanson for the administrative support provided. Cllr Grattan also thanked Mr and Mrs Terry and Rak Owens for Chairing his Charity Fundraising Committee and the members of the Committee for all their work during the year.

Cllr Grattan thanked his Chaplain, Mr David Betts, who had been a great support and inspiration to him.

3. **ELECTION OF THE DEPUTY MAYOR**

The Mayor invited nominations for the election of the Deputy Mayor of the Borough. It was **MOVED** by Cllr Sophie Porter; **SECONDED** by Cllr G.B. Lyon – That Cllr Calum Stewart be elected Deputy Mayor of the Borough to hold office until the Annual Meeting of the Council in 2025.

RESOLVED: That Councillor **CALUM STEWART** be elected Deputy Mayor of the Borough to hold office until the Annual Meeting of the Council in 2025.

Cllr Calum Stewart then made his Declaration of Acceptance of Office.

The Deputy Mayor thanked his proposer and seconder for their kind words and the Council for the confidence placed in him. He pledged his support to the Mayor in the coming year.

4. **MINUTES**

It was **MOVED** by Cllr Christine Guinness; **SECONDED** by Cllr P.G. Taylor and

RESOLVED: That the Minutes of the Ordinary Meeting of the Council on 22nd February 2024 (copy having been circulated previously) be taken as read, approved and signed as a correct record.

5. **RETURNING OFFICER'S REPORT**

The Returning Officer, Mr. P. Shackley, submitted his report on the results of the Borough Council Elections held on Thursday, 2nd May 2024 (appended to these minutes).

The Mayor congratulated all Members who had been re-elected and extended a warm welcome to the new councillors: Cllrs Leola Card, Alex Crawford, Thomas Day, Julie Hall, Steve Harden, Rhian Jones, Lisa Greenway, Bill O'Donovan and Ivan Whitmee. The Mayor also extended the Council's thanks and appreciation for the service given to the Council and the Borough by Cllrs D.E. Clifford, J.B. Canty and Jess Auton who had not sought re-election and Cllrs D.B. Bedford, Jib Belbase, Michael Hope, Marina Munro, M.L. Sheehan and Nem Thapa who had been unsuccessful in being re-elected.

RESOLVED: That the report be noted.

6. **MAYOR'S COMMUNICATIONS**

- (1) The Mayor reported that she was proposing to hold a number of fundraising events during her Mayoral Year for her charities including a cycling event, a fashion show, a walking event and a banquet and ball. Further information on fundraising events would be circulated in due course.

(2) The Mayor referred to her first engagements as Mayor, which included:

- Celebrating Africa Day at Farnborough Football Club on 25th May;
- The Gurkha Cup on 26th May
- Farnborough Donkey Derby on 27th May;
- Rotary's Kids Day Out on 19th June; and
- The Lord Lieutenant's Reception for New Mayors and Council Chairmen at Serles House in June.

(3) The Mayor took great pleasure in announcing a long-service milestone that had been achieved by one of the Council's longest ever serving councillors. She congratulated Cllr Keith Dibble on 40 years of continuous service to local Government. Councillor Dibble had been a Member for North Town Ward (formerly Belle Vue Ward) since May 1984 and had served on a very wide range of the Council's committees, panels, and outside bodies over many years. Acknowledging this achievement, the Mayor presented Cllr Dibble with a long service badge to mark 40 years of service.

Cllr Dibble thanked the Mayor and expressed the gratitude he felt in representing his ward residents and championing his community.

7. **APPOINTMENT OF THE LEADER OF THE COUNCIL**

It was MOVED by Cllr Keith Dibble; SECONDED by Cllr Sophie Porter - That Cllr Gareth Williams be appointed Leader of the Council to hold office until the Annual Meeting of the Council in 2025.

There voted FOR: 21; AGAINST: 0 and the Motion was **DECLARED CARRIED**.

8. **APPOINTMENTS 2024/25**

It was MOVED by Cllr Gareth Williams and SECONDED by Cllr Sophie Porter – That

(1) **Cabinet**

It be noted that the following appointments of Cabinet Portfolio Holders and the Deputy Leader of the Council for the Municipal Year 2024/25 had been proposed by the Leader of the Council:

Cllr Sophie Porter	Deputy Leader and Community and Residents
Cllr Keith Dibble	Development and Economic Growth
Cllr Abe Allen	Enabling Services
Cllr Jules Crossley	Policy, Climate and Sustainability
Cllr Becky Williams	Neighbourhood Services
Cllr Christine Guinness	Regeneration and Property

(2) Committees

The Appointments to Committees for the Municipal Year 2024/25 be approved as follows in accordance with the allocations to achieve political balance:

DEVELOPMENT MANAGEMENT COMMITTEE

Voting Members

Labour: 6

Conservative: 4

Independent: 1

Cllr Gaynor Austin
Cllr Thomas Day
Cllr C.P. Grattan
Cllr Lisa Greenway
Cllr Julie Hall
Cllr Ivan Whitmee

Cllr Peace Essien Igodifo
Cllr A.H. Gani
Cllr S.J. Masterson
Cllr Calum Stewart

Cllr Dhan Sarki

Standing Deputies:

Labour:

Cllr Rhian Jones
Cllr Nadia Martin

Conservative:

Cllr Mara Makunura
Cllr P.G. Taylor

NOTE: The Cabinet Member with responsibility for planning matters is to be an ex officio non-voting member of the Development Management Committee.

CORPORATE GOVERNANCE, AUDIT AND STANDARDS COMMITTEE

Voting Members

Labour: 6

Conservative: 4

Liberal Democrat: 1

Cllr Gaynor Austin
Cllr A.H. Crawford
Cllr Bill O'Donovan
Cllr Rhian Jones
Cllr Sarah Spall
Cllr M.J. Roberts

Cllr A. Adeola
Cllr M.D. Smith
Cllr P.G. Taylor
Cllr Jacqui Vosper

Cllr C.W. Card

Standing Deputies:

Labour:

Cllr Lisa Greenway
Julie Hall

Conservative:

Cllr S. J. Masterson
Cllr M.J. Tennant

Liberal Democrat:

Cllr T.W. Mitchell
Cllr Leola Card

OVERVIEW AND SCRUTINY COMMITTEE

Voting Members

Labour: 6

Cllr A.H. Crawford
Cllr Thomas Day
Cllr Bill O'Donovan
Cllr C.P. Grattan
Cllr Halleh Koohestani
Cllr Nadia Martin
Cllr S. Trussler

Conservative: 4

Cllr P.J. Cullum
Cllr G.B. Lyon
Cllr M.J. Tennant
Cllr S. Trussler

Liberal Democrat: 1

Cllr Leola Card

Standing Deputies:

Labour:

Cllr Sarah Spall
Cllr Ivan Whitmee

Conservative:

Cllr M.D. Smith
Cllr Jacqui Vosper

Liberal Democrat:

Cllr C.W. Card
Cllr T.W. Mitchell

POLICY AND PROJECT ADVISORY BOARD

Voting Members

Labour: 6

Cllr Lisa Greenway
Cllr Julie Hall
Cllr Rhian Jones
Cllr Halleh Koohestani
Cllr M.J. Roberts
Cllr Ivan Whitmee

Conservative: 4

Cllr Sue Carter
Cllr Peace Essien Igodifo
Cllr A.H. Gani
Cllr Steve Harden

Liberal Democrat: 1

Cllr T.W. Mitchell

Standing Deputies:

Labour:

Cllr Thomas Day
Cllr C.P. Grattan

Conservative:

Cllr A. Adeola
Cllr G.B. Lyon

Liberal Democrat:

Cllr C.W. Card
Cllr Leola Card

(3) Chairmen and Vice-Chairmen of the Committees

The appointment of the following Chairmen and Vice-Chairmen of the Committees, as set out below, be approved:

Development Management

Chairman	-	Cllr Gaynor Austin
Vice-Chairman	-	Cllr C.P. Grattan

Corporate Governance, Audit and Standards

Chairman - Cllr A.H. Crawford
Vice-Chairman - Cllr Bill O'Donovan

(4) Chairmen of the Overview and Scrutiny Committee and the Policy and Project Advisory Board

The appointment of the Chairmen of the Overview and Scrutiny Committee and the Policy and Project Advisory Board as set out below, be approved:

Overview and Scrutiny Committee

Chairman - Cllr Halleh Koohestani

Policy and Project Advisory Board

Chairman - Cllr M.J. Roberts

(5) Management Boards

The appointments to the Management Boards for the Municipal Year 2024/25, as follows, be approved:

The Aldershot Recreation Ground Trust

Cllr Lisa Greenway	Cllr Keith Dibble	Cllr S. Trussler
Standing Deputy:	Cllr Nadia Martin	Cllr Peace Essien Igodifo

King George's Field, Farnborough Trust

Cllr Rhian Jones	Cllr Gareth Williams	Cllr P.G. Taylor
Standing Deputy:	Cllr Calum Stewart	Cllr Mara Makunura

The Alfred Henry Goode Will Trust

Cllr G.B. Lyon	Cllr Keith Dibble	Cllr Sophie Porter
Standing Deputies:	Cllr P.J. Cullum	Cllr A. Adeola

There voted FOR: 22; AGAINST: 0 and the Motion was **DECLARED CARRIED**.

The meeting closed at 8.40 pm.

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ANNUAL COUNCIL MEETING – 21ST MAY 2024

RUSHMOOR BOROUGH COUNCIL ELECTIONS
2ND MAY 2024

REPORT OF THE RETURNING OFFICER

ALDERSHOT PARK

No. of Electors
5050No. of Ballots Completed
1354Percentage
26.8%

RESULT OF POLL

Surname
CRERAR
MORTIMER
*ROBERTS*Other Names
Peter Ian Charles
Tom
*Michael John*Total No. of Votes
325
95
911Candidate Elected
MICHAEL JOHN ROBERTS

CHERRYWOOD

No. of Electors
5009No. of Ballots Completed
1553Percentage
31.0%

RESULT OF POLL

Surname
O'DONOVAN
O'DOWD-BOOTH
*THAPA*Other Names
William David
Olive Jane
*Nem Bahadur*Total No. of Votes
949
96
498Candidate Elected
WILLIAM DAVID O'DONOVAN

COVE AND SOUTHWOOD

No. of Electors
5543

No. of Ballots Completed
1914

Percentage
34.5%

RESULT OF POLL

Surname	Other Names	Total No. of Votes
MILES	Rebecca Sarah	758
MITCHELL	Emily Rebecca	202
<i>WHITE</i>	<i>Susan Mary</i>	940

Candidate Elected
SUSAN MARY WHITE

EMPRESS

No. of Electors
4811

No. of Ballots Completed
1995

Percentage
41.5%

RESULT OF POLL

Surname	Other Names	Total No. of Votes
HALL	Julie Margaret	896
LUNN	Aiden David	237
<i>MUNRO</i>	<i>Marina</i>	692
SIMPSON	Ian Michael Brumwell	151

Candidate Elected
JULIE MARGARET HALL

FERNHILL

No. of Electors
5146

No. of Ballots Completed
1684

Percentage
32.7%

RESULT OF POLL

Surname	Other Names	Total No. of Votes
BLEWETT	Brian Frederick	149
HARDEN	Stephen John David	765
WARNER	Julia Louise	758

Candidate Elected
STEPHEN JOHN DAVID HARDEN

KNELLWOOD

No. of Electors
5633

No. of Ballots Completed
2193

Percentage
38.9%

RESULT OF POLL

Surname	Other Names	Total No. of Votes
CRAGG	Tadeusz Osborne	740
JOYCE	Kevin Robert	85
TAYLOR	<i>Paul Graham</i>	882
TROTTER	Mark	469

Candidate Elected
PAUL GRAHAM TAYLOR

MANOR PARK

No. of Electors
5591

No. of Ballots Completed
2244

Percentage
40.1%

RESULT OF POLL

Surname	Other Names	Total No. of Votes
BELBASE	Jib Narayan	927
CIESZKOWSKA	Agnieszka	52
LYONS	Brian Keith	215
WHITMEE	Ivan Robert John	1034

Candidate Elected
IVAN ROBERT JOHN WHITMEE

NORTH TOWN

No. of Electors
5149

No. of Ballots Completed
1378

Percentage
26.8%

RESULT OF POLL

Surname	Other Names	Total No. of Votes
DIBBLE	<i>Keith</i>	1118
WITHERS	William George	238

Candidate Elected
KEITH DIBBLE

ROWHILL

No. of Electors
5024

No. of Ballots Completed
1933

Percentage
38.5%

RESULT OF POLL

Surname	Other Names	Total No. of Votes
BETSWORTH	Kevin	243
CULSHAW	Zack Jake	21
GREENWAY	Lisa Chelsea	998
HILLIAR	Alan Richard	130
<i>SHEEHAN</i>	<i>Maurice Leonard</i>	<i>515</i>
WARRINGTON	Daniel	16

Candidate Elected
LISA CHELSEA GREENWAY

ST JOHN'S

No. of Electors
4984

No. of Ballots Completed
1682

Percentage
33.7%

RESULT OF POLL

Surname	Other Names	Total No. of Votes
COOPER	Rodney Morris	711
DAY	Thomas William	806
GOODWIN	Mark Stephen	145

Candidate Elected
THOMAS WILLIAM DAY

ST MARK'S

No. of Electors
5296

No. of Ballots Completed
1570

Percentage
29.6%

RESULT OF POLL

Surname	Other Names	Total No. of Votes
<i>BEDFORD</i>	<i>Diane Beverley</i>	<i>566</i>
CARD	Leola Jane	663
JABBI	Madi	330

Candidate Elected
LEOLA JANE CARD

WELLINGTON

No. of Electors
4801

No. of Ballots Completed
1304

Percentage
27.2%

RESULT OF POLL

Surname	Other Names	Total No. of Votes
CRAWFORD	Alexander Hamilton	744
GURUNG	Bishal	503
LYDDALL	Ryan Christopher	49

Candidate Elected
ALEXANDER HAMILTON CRAWFORD

WEST HEATH

No. of Electors
4760

No. of Ballots Completed
1715

Percentage
36.0%

RESULT OF POLL

Surname	Other Names	Total No. of Votes
COWD	Gary Alan	185
FRASER-FLEMING	Charles Dennis	171
HOPE	Gaillard Earle Michael	656
JONES	Rhian Louise	697

Candidates Elected
RHIAN LOUISE JONES

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COUNCIL MEETING – 25TH JULY 2024

AGENDA ITEM NO. 5

2024-25 TO 2027-28 MEDIUM TERM FINANCE STRATEGY UPDATE
AND 2023-24 BUDGET OUTTURN**SUMMARY AND RECOMMENDATIONS:**

The Council's Medium Term Financial Strategy (MTFS) approved on 22nd February 2024 presented a cumulative £19.152 million budget deficit over 4 years to 2027-28 before mitigation through a savings programme. The budget estimates included several significant assumptions and risks and a set of savings targets to mitigate the deficit to bring the council back to a financially sustainable footing by 2027-28. The Cabinet committed to update the Council meeting in July on these assumptions and progress against the savings targets.

At its meeting on 23rd July, the Cabinet will consider the MTFS Update Report No. [FIN2411](#) and in that report the Cabinet will note the following:

1. the 2023-24 unaudited budget outturn returning **£1.245m surplus** to reserves, which may change with further due diligence and audit, to be updated at the Council Meeting in October
2. the revenue budget carry forward schedule para 3.16 and capital slippage on para 3.21
3. the 2024-25 financial year review of performance against budget to date on key budget items as described on para 3.22 to 3.31 and that Cabinet will receive a full in-year financial position in September.
4. the Section 151 Officer assessment that the minimum working balance of £2m remains adequate
5. the sensitivity analysis of the budget deficit with respect to key assumptions and delivery of the savings plan as set out in para 3.46 to 3.47
6. the update to significant risks within the MTFS period as described on para 6.1 to 6.11
7. the progress made to date on the financial resilience plan approved on 22nd February and the CIPFA Financial Resilience Report at **Appendix 1**
8. the intention to address issues affecting the Council's financial position raised by this MTFS update, the CIPFA Financial Resilience Report and the Peer Challenge through a new detailed 'Financial Recovery Plan'
9. that a further update will be provided to Cabinet in September and Council in October

At its meeting on 23rd July, the Cabinet will also be asked to approve:

10. the write-off of the commercial property lease debt described on para 3.14

11. the 2023-24 reserve movements as represented by the transfers summarised on para 3.18 to 3.19, resulting in unaudited usable revenue reserves of **£20.8m** and a separate **£2m** working balance
12. the proposed strategy to drawdown reserves to finance the projected 2024-25 deficit on para 3.48 to 3.49; and
13. the establishment of a cross-party Cabinet Working Group to be known as the 'Financial Recovery Working Group' with the primary role of overseeing delivery of the Financial Recovery Plan

THE COUNCIL IS RECOMMENDED TO:

1. approve the approach and timetable to identifying the required revenue savings as set out in paragraphs 4.1 to 4.4
2. approve the use of capital receipts strategy at paragraph 3.50; and
3. approve the proposed reprofiling of the capital receipts income target as described in para 3.45 and resulting additional £1.6m drawdown of reserves.

1. INTRODUCTION

- 1.1. The Budget is a major decision for the Council and setting and maintaining a balanced budget is a statutory requirement. This report provides a summary of the overall financial performance against the 2023-24 budget (i.e., financial year ended 31st March 2024), forecast performance against the 2024-25 approved revenue and capital budget and an update on the 2025-28 Medium Term Financial Strategy (MTFS) adopted by Full Council on 22nd February 2024

2. BACKGROUND AND EXECUTIVE SUMMARY

- 2.1. Last year, the Council approved a balanced 2023-24 budget in February 2023 and projected a balanced budget in 2024-25 without the use of reserves, with a £5m deficit in the later 2 years of its MTFS. However, the council's £167m of borrowing is fully exposed to the significant hike in interest rates and the MTFS has been adversely impacted by higher inflation.
- 2.2. The 2023-24 in-year financial monitoring early in the year was projecting a £2.177m deficit, however by the end of March 2024 this was significantly better with a £1.245m underspend against budget. This underspend arose due to a combination of one-off accounting corrections, some over-prudent forecasting and some significant variances that are set out in section 3 of the report. This also highlights the insufficiently experienced financial capacity supporting the council as concluded by the CIPFA Financial Resilience Review.

- 2.3. Within this context, the Council has identified a significant challenge to its future financial sustainability as set out at the February 2024 Budget Council. The 2024-25 budget was balanced using a £5.4m drawdown on reserves and the MTFS shows a cumulative £19.152m deficit over 4 years before mitigation, supported by a projected £10.56m of available reserves. Effectively without mitigation the council will not be able to set a balanced budget in 2026-27. A Financial Resilience Plan was agreed to mitigate the deficit and put the Council on a financially sustainable footing.
- 2.4. A review of the 2024-25 budget against the outturn information indicates the projected £5.4m deficit this year should be improved. An action plan based upon the analysis and commentary in this report has been compiled. The objective is to comprehensively review the underlying cost drivers and challenge expenditure and income to ensure all aspects of budget are clearly understood and closely managed against risks and priorities, minimising the level of reactive expenditure within the base budget. An external experienced interim accountant is being employed to lead this project and will then go on to develop a framework to identify further savings using evidence led approach including options analysis.
- 2.5. An independent review of the Financial Resilience Plan was completed by the Chartered Institute of Public Finance and Accounting (CIPFA), who concluded that the approach in the Financial Resilience Plan was robust but that a more detailed plan needs to be completed as soon as possible and then delivered at pace. The report also included some recommendations on governance, strengthening capacity and capability in respect of the finance function and other improvements that the Council needs to address as part of its financial improvement plans.
- 2.6. A review of the interest rate assumptions in the budget indicates the long-term borrowing interest rate will be closer to 4% compared with 3.1% factored into estimates. Work on the Financial Resilience approach to date also indicates that it is unlikely that the council will achieve the full £40m of capital receipts from the sale of assets. Whilst there may be additional in year improvement in the budgeted outturn, this will require a recurrent additional reduction of up to £2m in revenue budgets to ensure the budget is balanced and ideally this would be delivered early to preserve reserves. The detail of how this will be achieved will be brought to the October Council meeting.

3. FINANCIAL UPDATE

Budget outturn for 2023-24

- 3.1. In February 2023 the Council approved an MTFS showing a balanced budget for 2023-24 and projected a balanced budget for 2024-25 after achievement of savings targets; the following two years were in deficit. The approved 2023-24 budget was the basis of the 2024-25 budget, informed by the Quarter 3 budget forecast.

Item	2023/24 (£'000)	2024/25 (£'000)	2025/26 (£'000)	2026/27 (£'000)
Portfolio Net Expenditure	9,769	9,026	8,768	7,619
Corporate Items	2,421	2,597	3,006	4,543
Inflation	2,186	2,646	3,207	4,229
Portfolio + Corporate Items	14,375	14,270	14,981	16,391
Additional Items & Budget Pressures	303	315	262	12
Budget Proposals	-	-	-	-
Risk items (Waste)	-	350	350	350
Outcomes Based Budgeting Savings	(2,309)	(2,593)	(2,593)	(2,593)
Draft Net Revenue Budget	12,369	12,342	13,000	14,160
Funded by:				
Council Tax *	7,448	7,748	7,993	8,111
Business Rates *	4,057	3,732	2,744	2,797
New Homes Bonus	658	658	-	-
Other Grant Funding	197	205	299	273
Council Tax/NNDR Surplus or (Deficit)	10	-	-	-
TOTAL Funding	12,369	12,342	11,036	11,181
Funding Gap / (Surplus)	-	-	1,964	2,979

- 3.2. In March 2024 Cabinet received a Quarter 3 forecast predicting a £2.177m overspend against the 2023-24 budget whilst the outturn as of 31st March 2024 reported an **underspend of £1.245m**, a swing of £3.422m improvement. A summary of changes between Quarter 3 and 4 forecast are presented in the table below. The level of forecast error within the service budgets in Quarter 3 is being reviewed and has implications on the detail included within the 2024-25 budget and subsequent MTFS baseline. This detail is currently being worked through led by the finance team.

	Qtr 3 Forecast £'000	Qtr 4 Actual £'000	Change £'000
Comparison of 2023-24 reported financial position			
<u>Service Portfolios:</u>			
Corporate Services	4,987	4,612	(375)
Customer Experience & Improvement	2,856	2,791	(64)
Democracy, Strategy & Partnerships	2,325	1,916	(409)
Major Projects & Property	(5,531)	(6,325)	(794)
Operational Services	5,618	4,924	(694)
Planning & Economy	1,022	938	(84)
Net Service expenditure	11,276	8,856	(2,420)
<u>Non-service related items:</u>			
Retained business rates: prior year adjustment	(4,779)	(5,842)	(1,063)
Capitalised debt interest on Union Yard	(600)	(1,660)	(1,060)
Reduction in debt interest payable	7,089	6,884	(205)
Treasury investment interest	(2,546)	(2,900)	(354)
Reduction in provision for doubtful debtor receipts	0	(227)	(227)
Additional one-off small grants	(282)	(510)	(227)
Earmarked reserve movement	(1,578)	530	2,108

Other non-service related items	(6,402)	(6,376)	26
Total: Outturn Deficit/Surplus	2,178	(1,245)	(3,422)

Brackets () represent negative numbers, improved position

- 3.3. The outturn for 2023-24 against budget is shown in the table below, this is subject to further due diligence and external audit that is scheduled to be signed off week commencing 16th December 2024. There may be adjustments required that affect the reported £1.245m surplus resulting from ongoing diligence and independent audit.

	Budget £000	Outturn £000	Variance £000
Revenue Account outturn 2023-24			
Corporate Services	4,558	4,612	54
Customer Experience & Improvement	3,063	2,791	(272)
Democracy, Strategy & Partnerships	1,900	1,916	15
Major Projects & Property	(5,668)	(6,325)	(657)
Operational Services	6,027	4,924	(1,103)
Planning & Economy	996	938	(58)
Net Cost of Service	10,876	8,856	(2,020)
<u>Non-service related items:</u>			
Interest received on treasury management	(2,122)	(3,006)	(884)
Interest payable on debt	2,982	6,884	3,901
Capitalised interest on debt	(600)	(1,660)	(1,060)
Minimum Revenue Provision	2,170	1,572	(599)
Other non-service related items	433	242	(191)
Government grants	(1,014)	(1,167)	(153)
Net Budget Requirement	12,726	11,721	(1,005)
<u>Financed by:</u>			
Retained business rates	(4,087)	(5,842)	(1,755)
Council tax precept	(7,448)	(7,458)	(11)
Net Deficit/Surplus () Before Use of Reserves	1,191	(1,580)	(2,771)
Earmarked reserves net movement	(1,191)	335	1,526
Net Surplus	0	(1,245)	(1,245)

Brackets () represent negative numbers, improved position

- 3.4. The table below presents the same outturn against budget by nature of the expenditure.

	2023-24 Final budget £'000	2023-24 Actual £'000	2023-24 Variance £'000
Revenue Account Outturn 2023-24			
Staff costs	14,693	14,593	(100)
Utilities and Business rates	2,170	1,641	(529)
Information Technology (IT)	1,231	1,099	(132)
Other Costs	5,789	6,029	240
Professional Consultancy	311	379	68
Maintenance	1,233	1,059	(174)

Equipment	139	242	103
Contracted services	4,677	4,610	(67)
Commercial Property services charges	811	988	177
Fees and charges for council services	(6,406)	(6,853)	(446)
Property related Income	(12,886)	(13,444)	(558)
Grant income	(886)	(1,488)	(602)
Net cost of service	10,876	8,856	(2,020)
Non-service related items:			
Retained business rates including prior year adjustment	(4,087)	(5,842)	(1,755)
Capitalised debt interest on Union Yard	(600)	(1,660)	(1,060)
Debt interest	2,982	6,884	3,901
Treasury investment interest	(1,600)	(2,900)	(1,300)
Reduction in doubtful debt provision	0	(227)	(227)
Additional one-off small grants received	(357)	(510)	(153)
Earmarked reserve net movement	(1,191)	335	1,526
Revenue Contribution to Capital	195	195	0
Rushmoor Homes Limited interest on loans	(522)	(105)	417
Council Tax income	(7,448)	(7,458)	(11)
Minimum Revenue Provision	2,170	1,572	(599)
New Homes Bonus grant	(658)	(658)	0
Other non-service related items	238	273	36
Total: Other non-service related items	(10,876)	(10,100)	776
Net Surplus on Revenue Account	0	(1,245)	(1,245)

Brackets () represent negative numbers, improved position

- 3.5. The table below provides a breakdown of the 2023-24 Net Cost of Service budget variations (£2.020m surplus) by portfolio, followed by an explanation of key variances within each portfolio.

Income and Expenditure Variance to budget: Net cost of Service	Corporate Services £000	Customer Experience & Improvement £000	Democracy, Strategy & Partnerships £000	Major Projects & Property £000	Operational Services £000	Planning & Economy £000	Total £000
Staff costs	115	1	19	(14)	(111)	(110)	(100)
Utilities and Business rates	0	(93)	0	(249)	(186)	(2)	(529)
Information Technology (IT)	27	(114)	(7)	(40)	2	(1)	(132)
Other Costs	230	(19)	(44)	(156)	327	(98)	240
Professional Consultancy	38	0	0	19	6	6	68
Maintenance	0	11	(25)	(161)	0	1	(174)
Equipment	(2)	(3)	5	104	(1)	0	103
Contracted services	0	(1)	0	(5)	(59)	(2)	(67)
Property services charges	0	0	0	177	0	0	177
Fees and charges for services	(76)	15	77	25	(716)	228	(446)
Property related Income	12	(69)	(9)	(226)	(186)	(80)	(558)
Grant income	(291)	0	(0)	(130)	(180)	0	(602)
Net cost of service	54	(272)	15	(657)	(1,103)	(58)	(2,020)
Brackets () represent underspend of cost or additional income							

- 3.6. **Net cost of service:** The 2024-25 MTFS approved in February 2024 was based on the 2023-24 budget. Given the high level of variance over all it is

important that all variations are checked against the 2024-25 budget to ensure the ongoing accuracy of MTFS and to identify mitigating actions where necessary.

- 3.7. **Corporate services:** include finance, human resources, policy and performance, housing benefit and council tax/business rates administrations teams. The key variations to budget are summarised in the table below.

	Variance to budget £000	
Analysis of Corporate		
Housing Benefit overpayment recovery	(157)	Reclaimed housing benefit relating to claimant error
External audit fee saving	(104)	Reduction in audit fee from 2021-2023 financial years
Council tax cost recovery	(71)	Reclaimed cost of collection
Treasury management consultancy	22	One off treasury advice on borrowing and MRP
Other cost net variance	40	
Postage	54	Budgeting error
Interim finance staff	115	Cost of Interim S151 and flexing staff capacity
Borrowing brokerage fees	156	Short-term debt renewal, usually 0.004 to 0.01% of principal
Total: Corporate Variances	54	

- 3.8. **Customer Experience & Improvement:** includes the cost of the council office building, facilities management, IT service, transformation, and customer services. Key variations and explanations are given in the table below.

	Variance to budget £000	
Analysis of Customer etc		
Staff costs	1	
Utilities and Business rates	(93)	Electricity Gas and Water overbudgeted
Information Technology (IT)	(114)	Overbudgeted
Other Costs	(19)	Budget carry forward for PCI compliance work
Maintenance	11	
Equipment	(3)	
Contracted services	(1)	
Fees and charges for services	15	
Property related Income	(69)	Additional office income from Farnborough College
Net cost of service	(272)	

Brackets () represent underspend of cost or additional income

- 3.9. **Democracy, Strategy & Partnerships:** includes committee administration, member support, election administration, civic support, procurement and risk, climate change, partnerships and grant funding and government funded resettlement schemes. There are no significant variances in this area to report, the movements in the table on 3.5 above relate to the council's role in acting as the local trusted organisation for partnership PEBL.

- 3.10. **Major Projects & Property:** property maintenance, highways maintenance, regeneration team and corporate property portfolio. The table below shows the variances against budget for each of these services. Property has been

expanded further in paragraph 3.11. The only other item of significance to draw out is the regeneration grant of (£130,000). This is Levelling Up capacity Funding (£50,000) and Homes England funding (£80,000) being passported via the service to fund expenditure on the capital program in line with accounting rules.

Major Projects & Property variance to budget	Housing £000	Maint Team £000	Other Highways £000	Regen £000	Property £000	Total £000
Staff costs	(0)	(35)	(14)	13	23	(14)
Professional consultancy	0	0	0	19	0	19
Utilities/Business rates	0	(1)	(6)	2	(244)	(249)
I.T. Costs	0	0	0	(1)	(39)	(40)
Equipment	0	3	(1)	0	102	104
Maintenance	0	1	(5)	6	(163)	(161)
Other costs	0	16	1	(36)	(137)	(156)
Serco contract	0	0	(3)	0	(3)	(5)
Service charge	0	0	0	0	177	177
Fees and charges	0	9	16	0	(0)	25
Grant	0	0	0	(130)	0	(130)
Other income	35	0	(22)	(15)	(225)	(226)
Total	35	(7)	(33)	(142)	(509)	(657)

- 3.11. The property column in the table above includes the commercial portfolio, the Property and Estates Team and The Meads and Kingsmead shopping centres. Further budget detail is given in the table below. All these budgets are still being worked up into a detailed forecast for the MTFS as per the risk commentary in the February Council budget report. (Page 100 paragraph 1.6 of the agenda pack.) Given the scale and volatility of the income associated with commercial assets, these budgets are a significant risk to the council's MTFS. It is important that the Council invests time in putting in place a comprehensive and reliable approach to fully understanding all costs associated with managing this diverse portfolio. This includes improving forecasting and managing the impact of voids and associated rent loss, service charges and managing scheduled and unplanned maintenance. This approach and associated financial impact will be presented to Full Council in October and taken into account in the Financial Recovery Plan to reduce revenue impact on the base budget.

	Investment Property			Property & Estate			The Meads		
	Budget £000	Actual £000	Var £000	Budget £000	Actual £000	Var £000	Budget £000	Actual £000	Var £000
Establishment	0	0	0	742	765	23	0	0	0
Management fees	188	174	(14)	0	0	0	0	14	14
Utilities/rates	194	205	11	31	31	0	492	237	(255)
Maintenance	38	79	41	367	473	107	249	39	(209)
Agents/cleaning etc	41	53	12	264	165	(99)	150	58	(92)
Service charge	335	450	115	4	9	5	466	523	57
Rental Income	(7,892)	(8,097)	(205)	(403)	(343)	60	(1,843)	(1,922)	(80)
Total	(7,096)	(7,135)	(40)	1,004	1,100	95	(487)	(1,052)	(565)

- 3.12. **Operational Services:** has a significant number of variances to budget that will require detailed analysis in respect of the 2024-25 base budget. Generally, all services in this portfolio have outperformed their income budgets except for the Lido and indoor pool due to the weather-related lower volume usage. Utility costs across the ledger have been overbudgeted in the last year due to the difficulty in predicting energy prices and inflation, accurate meter readings are a risk to also be reviewed. The alignment with the 2024-25 base budget is currently underway to ensure income budgets are aligned to current performance. The Commercial column is expanded further in a sub table below.

Operational Services Budget Variances	Commercial £000	Housing £000	Place £000	Crematorium £000	Other £000	Total £000
Staff cost	51	26	(170)	11	(25)	(106)
Utilities/rates	(144)	0	(36)	11	(18)	(186)
IT Costs	(1)	2	0	1	(0)	2
Equipment	(7)	0	(13)	22	(2)	(1)
Maintenance	25	(1)	(17)	(7)	0	0
Other costs	343	(3)	(9)	(6)	2	327
Serco contract	(2)	0	(56)	(1)	0	(59)
Fees and charges	(454)	(82)	(197)	18	(1)	(716)
Grant	0	(180)	0	0	0	(180)
Other Income	(72)	(56)	(40)	(6)	(12)	(186)
Total	(260)	(292)	(537)	42	(56)	(1,103)

Within Commercial, there is a one-off contractual payment to PfP the leisure operator of the swimming pools in relation to the operational deficit of the facilities resulting from a low usage in the summer. Princes Hall is a trading account and the costs and income will naturally flex with the volume of activity, unfortunately the budgets were not flexed resulting in significant variances. The importance being the profit margin (contribution to council overheads) achieved remains consistent, although that information is not obvious from the variance numbers given in the table.

Commercial Services Budget variances	Pools £000	Car Parks £000	Princes Hall £000	Other services £000	Total £000
Staffing	10	(0)	37	5	51
Utilities/rates	0	(130)	(12)	(2)	(144)
IT Costs	0	(2)	1	0	(1)
Equipment	0	(2)	0	(6)	(7)
Maintenance	2	7	7	8	25
Other Costs	101	(2)	236	8	343
Serco contract	0	1	0	(3)	(2)
Fees and charges	0	(68)	(386)	1	(454)
Rental income	0	(0)	(73)	2	(72)
Total:	113	(197)	(190)	13	(260)

3.13. Planning & Economy: the budget variances to note are the downturn in development management fees £168,000 on a £536,000 budget, which is a concern for future years and a corresponding £79,000 reduction in building control fees on a £502,000 budget, both resulting from economic factors. The outturn also benefitted from a favourable variance due to a budget omission to remove the £100,000 Gulf Stream grant from the base budget and has already been adjusted in the 2024-25 base.

3.14. Debt write off: In compliance with the Constitution, Financial Regulations (E60), Cabinet are requested to approve the write off of £690,431 of accumulated rent arrears with respect to 168 High Street Guildford. The tenant has gone into liquidation and there is no prospect of receiving any of the

outstanding arrears. This matter has been under review for a period through the oversight of the Capital Projects & Property Advisory Group who support the write off of this debt. The arrears are fully provided for on the balance sheet and therefore has no further impact on the revenue account.

- 3.15.** In addition to 168 High Street, the following smaller debts are no longer economical to pursue and proposed for write off. They are also fully provided for as doubtful debts in the revenue account.

Proposed debt write off

Business Rates:	£	Detail
All Class MOT Centre LTD	5,504	Debtor absconded no forwarding address available
Autotek servicing and MOT LTD	8,321	Debtor vacated. No forwarding address available
The Lord Campbell	5,848	Liable party vulnerable with limited understanding of obligations. Premises now demolished
Housing Benefit overpayment:		
Claimant ref 28590	5,197	Benefit Fraud case - customer left property no forwarding address available
<u>24,870</u>		

- 3.16. Revenue budget carry forward:** In compliance with the Constitution, Financial Regulations (C12), Executive Leadership Team have approved the following budget carry forwards to enable the completion of specific projects. These budgets will be drawn from the reported General Fund Revenue Account surplus of £1.245m and are included on the Earmarked Reserve schedule later in this report.

Item	Amount	Reason
Projects & Improvements PCI Compliance	27,385	One off budget to make changes to achieve PCI compliance. Work delayed due to procurement issues and further assurance work requested. Project now progressing.
ICT Application Maintenance & Compliance	73,525	IDOX onboarding budget agreed at £100,000 for 2023/24, £51,475 spent to date = £48,525 remaining. Pay360 onboarding budget agreed at £25,000 for 2023/24, £NIL spent to date = 25,000.
Leisure Contract Procurement	42,338	Budget needed to be carried forward for the Leisure Operator Contractor Procurement Costs
To cover the cost of a new lighting desk	13,000	It was agreed to vire £13k from 80114 Other Contributions (£50k 'windfall') to 30101 Equipment Maintenance, and then Carry that amount forward to 2024/25.

Devereux House pre-sale costs	60,000	One off budget - delay to sale of property
	216,248	

3.17. **Non-service specific** items are presented in the table below with the commentary following the table:

	2023-24 Budget £'000	2023-24 Actual £'000	2023-24 Variance £'000
Revenue Account outturn 2023-24			
Net Cost of Service	10,876	8,856	(2,020)
<u>Non-service related items:</u>			
Rushmoor Homes Limited interest	(522)	(105)	417
Interest received on treasury management	(1,600)	(2,900)	(1,300)
Interest payable on borrowing	2,982	6,884	3,901
Capitalised interest on borrowing	(600)	(1,660)	(1,060)
Minimum Revenue Provision	2,170	1,572	(599)
Prior year balance sheet correction	0	(1,174)	(1,174)
Doubtful debt provision adjustment	0	(227)	(227)
Other non-service related items	433	468	36
Government grants	(1,014)	(1,167)	(153)
Total: Non-service related items	1,849	1,691	(159)
Net Budget Requirement	12,726	10,546	(2,179)
<u>Financed by:</u>			
Retained business rates	(4,087)	(4,668)	(581)
Council tax precept	(7,448)	(7,458)	(11)
Net Deficit/Surplus Before Use of Reserves	1,191	(1,580)	(2,771)
Earmarked reserves net movement	(1,191)	335	1,526
Net Surplus	0	(1,245)	(1,245)
Brackets () represent negative numbers, improved position			

- Rushmoor Homes (RHL) interest was assumed on the loans made to RHL in respect of transfers of several council properties for development into housing, these transfers have not gone ahead resulting in less interest received.
- Interest on treasury investments reflects the higher than budgeted interest rates benefitting the current strategy to fund the council through short-term borrowing which requires a higher average cashflow surplus to ensure debt repayment commitments are met than would usually be needed.
- Interest payable on borrowing reflects the unbudgeted increase in the interest rate, the MTFS includes a target to repay debt from capital receipts generated from asset sales.
- Capitalised interest on borrowing reflects the cost of financing the Union Yard project from borrowing. The original business case assumed interest would be expensed in the revenue account each year, however, this is a legitimate cost of the project and in accordance with accepted financial practice should be capitalised on the balance sheet along with all other project costs until the project is completed. The implication of the decision to do this is currently forecast to add around £1.66m additional cost to the

project over budget. The full implications of this and other changes to the Union Yard projects budget will be considered by the Union Yard Project Board at their next meeting and reported to cabinet in the Autumn. Whilst the interest has been charged to revenue each year, prior to the capitalisation of the 2023-24 interest on borrowing, this is still a cost of the project. Capitalisation enables the interest to be funded from borrowing spread over 50 years rather than being a one off in-year significant cost to the revenue account.

- Minimum Revenue Provision is a statutory requirement to set aside funding to repay borrowing principal. The council has £167m of underlying need to borrow that attracts MRP. The calculation was reviewed in-year enabling a reduction in the MRP charge to the revenue account.
- Prior year balance sheet correction is the reversal of a double counted business rates tariff paid to the government in the 2022-23 accounts. This highlights the risk incurred due to the audit backlog, the council's auditors signed off the 2019-20 this year. During this period the finance team have also had a limited qualified and experienced capacity to ensure adequate oversight and management review which will have contributed to this error. This has been identified within the CIPFA Financial Resilience review and there is action underway to address the challenge.
- Retained business rates within the "financed by" section reflects the government rebasing of business rates rateable values. This is forecast into the MTFS base going forward.
- The debt provision, government grants and other items variances are all one-off items with no expected onward impact on the 2024-25 base budget.

3.18. Earmarked reserves net movements in the revenue account: these are transfers between the revenue account and earmarked reserves for specific reasons. Cabinet is asked to approve the reserve drawdown in line with the virement rules set out in the council's Constitution's Financial Regulations (C10&11) and Delegated Authorities (3.5 Matters Reserved for Cabinet). The earmarked reserves net movement £1.526m variance to budget listed in the "non-service related items" section of the table above is described in the detailed schedule below. The 2023-24 budget approved in February 2023 incorporated a numbers of budget errors totalling £786,000 included in the table below as "2023-24 approved budget - budget errors" intended to be funded from the Stability and Resilience Reserve, however, these items were covered by in year surplus budget and no reserve drawdown was required. During the year there was £199,000 of "Supplementary Budget" approvals that were also subsequently covered with in year surplus budgets, avoiding a reserve drawdown. The 2024-25 base budget has already been adjusted for these items where appropriate. The budget shown below was adjusted at year end to match the actual reserve movements and eliminate budget variations on these items in the "Net Cost of Service" element of the revenue account year end outturn.

Earmarked Reserve movement in the 2023-24 revenue account	2023-24 Budget £'000	2023-24 Actual £'000	2023-24 Variance £'000
Supplementary Budget	(199)	0	199
2023-24 approved budget - budget errors	(786)	0	786
Cameo contribution to reserve	0	41	41

Redundancy contribution to reserve	0	212	212
Year-end review of reserves	0	(10)	(10)
SANG Interest	18	317	299
Control Outbreak Management Fund (49)	(13)	(15)	(2)
Budget Carry-forward 2022/23	(274)	(274)	0
UK shared prosperity Fund 71	(40)	(40)	(0)
Afghan relocation scheme 68	10	10	0
Homes for Ukraine Expenses (B) 70	(11)	(11)	(0)
Homes for Ukraine support (A) 69	155	155	(0)
CCTV decommissioning costs	(20)	(20)	0
Deprivation Reserve	(6)	(6)	0
LRC Support (CEV FUNDING) (56)	(17)	(17)	(0)
Town Centre Management	(10)	(10)	0
Biodiversity Net Gain Grant (DEFRA funding) 65	(37)	(37)	0
Esso Environment Improvement Programme 66	27	27	0
Cyber Security Grant (44)	(5)	(5)	0
Asylum Dispersal (77)	144	144	0
LAHF Balance (76)	42	42	0
Biodiversity Grant (DEFRA funding) 65	3	3	(0)
Elections hire of halls - Individual Electoral Registration (25)	(15)	(15)	0
DLHUC Levelling Up Local Digital Fund 74	35	35	0
A331 Air Quality Project (37)	(13)	(13)	0
Civil Parking Enforcement Surplus	(24)	(24)	(0)
OPCC Outreach 75	3	3	(0)
Community grants - Leisure	(38)	(38)	0
Release India Jane reserve write off	(121)	(121)	0
Total:	(1,191)	335	1,526

Supplementary Budget

£000

Cabinet Report REG2303 - leisure procurements	29
Cabinet Report REG2305 - union yard	7
Cab Report REG2303-Pro Officer	11
Cab Report PG2308-Dev House	75
Legal Salaries Restructure	22
Procurement Officer Funding	37
Graduate Regen Post Uplift	7
Graduate Regen Post Training	2
Operation Peg Legal Case (Aldershot Incident)	10
Total: Supplementary Budget	199

February 2023 budget corrections:

£000

Digital Team Funding	250
Commercial Property Income Recovery	400
Contribution from Reserves	(20)
Transfer to Reserves for Regen, Prop & Major Projects	100
Saving that couldn't be met - Change of Address Scheme	44
Other budget correction	12
February 2023 budget corrections:	786

- 3.19. **Reserves review:** Paragraph 2.12 of the February budget report to Full Council committed to a comprehensive review of reserves to be completed as part of the 2023-24 outturn. The outcome of this review is included in the table below. The “Internal transfers” column indicates reserves identified as no longer ringfenced for the original purpose and returned to the Stability and Resilience reserve. Cabinet is asked to approve these movements.

Earmarked Revenue Reserves	March 2023 £000	Internal Transfers £000	Transfers Out £000	Transfers In £000	March 2024 £000
Commuted Sums/Amenity Areas	5,642	(2)	(47)	341	5,934
Stability and Resilience Reserve	2,913	2,785	1	1	5,700
Business Rate Equalisation Reserve	2,000	1,892	-	-	3,892
Flexible Housing Grant	812	-	-	-	812
Mercury Abatement	488	-	-	40	528
Homes for Ukraine Support A	165	-	-	155	320
Workforce Reserve	100	-	-	212	312
Regeneration Reserve	257	-	-	-	257
Insurance Reserve	253	-	-	-	253
A331 Air Quality Project	227	-	(14)	-	213
Civil Parking Enforcement Surplus	206	-	(24)	24	206
Other Grants (Individually below £45k)	347	(163)	(79)	49	154
Asylum Dispersal		-	-	144	144
Pipeline -Environment Improvement reserve	107	-	(5)	32	134
Farnborough Airport Environmental Fund	130	-	(1)	-	129
Climate Emergency Reserve	178	-	(54)	-	124
Deprivation Reserve	111	-	(5)	-	106
Custom Build Reserve	75	-	-	-	75
COVID C/Tax Hardship Earmarked Reserve	43	-	-	-	43
LAHF		-	-	42	42
Cyber Security Reserve	31	-	(4)	-	27
Afghan Relocation Scheme	14	-	-	10	24
Homes for Ukraine Expenses B	30	-	(11)	-	19
Control Outbreak Management Fund Reserve	23	-	(15)	-	8
UK Shared Prosperity Fund Reserve	48	-	(41)	-	7
Supported & Temp Accom Work		-	-	7	7
COVID BRR Earmarked Reserve	1,892	(1,892)	-	-	-
Commercial Reserve	1,483	(1,483)	-	-	-
Business Sup Grants Admin	297	(297)	-	-	-
Treasury Earmarked Reserve	220	(220)	-	-	-
Affordable Housing Reserve	195	-	(195)	-	-
LADGF Discretionary Reserve	130	(130)	-	-	-
Commercial Property Reserve	121	-	(121)	-	-
Budget Carry Forwards	93	-	(93)	-	-
LCTS Scheme Admin Reserve	93	(93)	-	-	-
Feasibility for Victoria Road	85	(85)	-	-	-
Dilapidation Reserve	71	(71)	-	-	-
Cohesion/Migration Impact/Gurkha Settlement	64	(64)	-	-	-
Property Services Covenant Release	59	(59)	-	-	-
Land Charges	45	(45)	-	-	-
COVID19 Test & Trace Reserve	37	(37)	-	-	-
Ward Reserve	26	(26)	-	-	-
Elections Integrity (Voter ID)	14	-	(14)	-	-
Admin Support - Benefits Team	10	(10)	-	-	-
Total:	19,135	0	(722)	1,057	19,470

- 3.20. **Capital Outturn and budget carry forward:** The 2023-24 capital programme was approved at £42.7m at February 2023 Budget Council. There was £8.4m addition to the programme consisting of budget carry forward from 2022-23 financial year reflecting timing delays in delivery of the programme and additional approvals during the year. Note that the table only shows future

annual budget allocations of multi-year projects representing the anticipated timing profile of remaining expenditure. The schedule below doesn't give a reconciliation to the overall approved budget for each project, this will be corrected in the in-year monitoring. Whilst most schemes are coming to an end in 2023-24, there are a number that require budget carry forward (reprofiling) to enable completion in 2024-25 amounting to £5.354m. The full list is included in the table below.

- 3.21. The Union Yard construction budget reflects the anticipated profile of expenditure during 2023/24 but due to variations in the work programme and the recently extended timescale to completion, the February 2024 approved capital programme anticipated reprofiling £2.7m as part of the 2024-25 original budget £5.384m. An additional £545,000 will be reprofiled into 2024-25 to complete the project. The main area of forecast underspend on the capital programme is the Housing Private Rental Sector scheme – this was an intended capital loan of £5.894m to RHL to enable the transfer of properties and subsequent development. The scheme did not go ahead due to viability concerns.

Capital Programme outturn 2023-24 Portfolio / Scheme	2023/24 Original Estimate £'000	2023/24 Adjustments £'000	2023/24 Current Budget £'000	2023/24 Actual Outturn £'000	2023/24 Variance £'000	Proposed Slippage to 24/25 £'000	2024/25 Original Budget £'000	2024/25 Adjusted Budget £'000
The Meadows	8,152	2,466	10,618	10,511	(107)			
Hawley / Frimley	662	-	662	85	(577)	15		15
Council Offices	74	-	74	-	(74)	74		74
Asset management R+M		540	540	218	(322)		671	671
Civic Quarter Farnborough	1,600	205	1,805	1,472	(333)	333		333
Housing PRS Delivery (RHL)	5,894	-	5,894	-	(5,894)			
The Galleries Development	3,400	-	3,400	-	(3,400)	3,400		3,400
Union Yard Aldershot	19,838	728	20,566	17,839	(2,727)	545	5,384	5,929
Affordable Housing - LAHF	-	2,883	2,883	1,568	(1,315)			
Crematorium	750	(303)	446	166	(280)	363	4,418	4,781
Redan Rd Chapel	-	289	289	197	(92)			
Improvement Grants	1,161	943	2,104	1,313	(791)		1,632	1,632
CCTV - Camera & Network	400	-	400	115	(285)	185		185
Refuse/Recycling inc. Food Waste	127		127	116	(11)		127	127
Southwood Sang Country Park	-	-	-	95	95			
Section 106	437	468	906	782	(124)	247	658	905
IT Projects	221	135	356	59	(297)	193	582	775
Total Capital Programme	42,716	8,354	51,070	34,536	(16,534)	5,355	13,472	18,827
Funded by:								
Developer contribution to Wheeled bins							(20)	(20)
S106/ Grant(Southwood Play Area)							(450)	(450)
S106 (Play Areas etc)						(247)	(208)	(455)
Disabled Facilities Grants							(1,632)	(1,632)
LUF - Leisure HUB						(333)		(333)
HIF (Union Street)						(3,400)		(3,400)
Capital receipts - Vivid Union Yard							(2,500)	(2,500)
Borrowing						(1,375)	(8,662)	(10,037)
Total funding:						(5,355)	(13,472)	(18,827)

Current year: 2024-25 financial revenue forecast and review

- 3.22. Budget monitoring is being conducted monthly from June 2024 and a detailed Quarter 1 financial forecast will be reported to September Cabinet. A high-level analytical review comparing the 2024-25 budget against the 2023-24 outturn provides a strong benchmark indicating that it is possible to reduce the 2024-25 £5.4m budget deficit. Key areas of enquiry for strategic focus are described below.
- 3.23. Utilities outturn indicated that business rates and electricity budgets are overbudgeted and can be significantly reduced. There is a risk that The Meads/Kingsmead and commercial property voids could adversely impact the revenue account where the cost will fall to the council. This can be managed through a supplementary budget draw on reserves in year to enable the base revenue budget to be stabilised and not carry a significant “risk factor” budget within base.
- 3.24. The 2024-25 maintenance budget (£1.261m) is not fully supported by a detailed costed and funded schedule of planned maintenance, reflecting a historical lack of an asset management programme. It is vital that the MTFS includes budget for planned maintenance based upon affordability, deliverability and planning minimising the need for significant reactive maintenance. There is scope to reduce the maintenance cost carried in the base budget through a detailed review and alignment of the budgets on the ledger to contractual recurrent and programmed expenditure. Scheduled planned maintenance should be included in the MTFS on an itemised basis alongside a separate budget for small unforeseen reactive maintenance (typically items costing less than £10k). Any significant items of unplanned maintenance expenditure should be funded from a contingency reserve (to be set up at October Full Council) with oversight on priorities and options assessments through the Executive Leadership Team, and virement to fund reactive expenditure approved in compliance with the Financial Regulations C10. The priority is to manage health and safety issues and risk in a financially affordable way, and where possible utilising **non-revenue** funding (i.e., S106 funds, capital receipts or borrowing).
- 3.25. “Other Costs” budget totals £5.4m consisting of a wide variety of non-staff related expenditure. This is the primary budget to identify base budget savings to achieve the recurrent Financial Resilience Plan target, a detailed review with the objective to align expenditure to priorities will enable decisions to be taken to make a significant reduction in base budget.
- 3.26. ‘Other income’ of £12.684m (40% of the councils gross £32m cost) is predominantly property related income i.e., leases on property. The February budget report identified this area as the most significant risk within the service budgets with the MTFS not being reconciled to a comprehensive lease schedule which accurately identifies lease break options and potential voids by asset. Going forward this will be a key strategic management schedule that will be regularly considered by the Executive Leadership Team, scrutinised by the Commercial Property and Project Advisory Group and reported to Cabinet to

ensure an appropriate risk-based budget is set and managed with strategic oversight.

- 3.27. Property service charges are incurred when a commercial property becomes void (i.e., loss of tenant) resulting in service costs usually paid by a tenant reverting to the council to fund. The budgeted cost of these for 2024/25 are significant at £1.184m, effectively 9% of the budget. The Council's investment advisers Lambert Smith Hampton provide a detailed schedule of lease events and predicted financial impacts on the commercial estate that they oversee, these need to be reconciled to the budget. However, information is not as robust on The Meads/Kingsmead and some of the Council managed assets. This needs to translate better into the budget monitoring and MTFS via a management schedule with agreed mitigating actions. These costs can vary significantly between years. Moving forward it is proposed that this be managed through a balance sheet provision. This will provide stability in the revenue account and avoid overbudgeting in the revenue base budget.
- 3.28. Fees and charges income was circa £0.5m higher than budgeted. This could indicate that services have been cautious in their budget planning. A detailed review supported by the finance service is underway to help managers provide more realistic forecasts and identify mitigations where income is reducing or not being optimised.
- 3.29. Staffing is £15m (47%) of the council's gross budget, the current value of vacancies (June) is £1.023m before use of agency/temporary staff. This is a typical run rate representing a staff turnover of 7%, which correlates to the corporate performance reporting. The staffing budget is the most robustly costed expenditure item and is tracked by individual post giving significant budget assurance. It is reasonable to assume an in-year underspend of 3% of gross payroll each year through vacancy management to ensure that this element of the cost base contributes to the required £2m revenue reductions required over the 4-year MTFS period. The implementation and achievement of this target will mean services will need to understand the Cabinet's new priorities and continue to challenge the need to fill vacant roles "like for like" and consider how the work can be achieved, done differently or the work demand removed completely to make permanent savings.
- 3.30. Non-service related items: It is likely that up to £500,000 of the business rate appeals provision (£2.949m: note 23 page 52 2023-24 Statement of accounts) will be released this year on the winding down of the 2017 rateable listing valuation appeals. Treasury income is being tightly managed to delay the replacement of maturing debt, and this is anticipated to reduce income from treasury investments and borrowing costs. The net effect will be forecast in the October update once more certainty has been gained. RHL interest £1.045m will be £205,000 less due to the timing of the transfer of the private rental units.
- 3.31. The overall budgeted £5.37m deficit can be significantly improved with a keen management focus as described above.

MTFS 2024-25 to 2027-28 July update

- 3.32. This revised (July) MTFS update of the February approved budget is detailed in the table below. The portfolio budgets (i.e., Net Cost of Service) have not been adjusted to reflect the 2023-24 outturn and 2024-25 analytical review as they are currently being reviewed. Any resulting adjustments will be reported in the October MTFS update to Cabinet and Council. Commentary on the changes and key assumptions made in the July MTFS are set out below.

Medium Term Financial Strategy - Summary: July Update	2023-24 Actual £'000	2024-25 Feb Approved Budget £'000	2024-25 July Update £'000	2025-26 Projected £'000	2026-27 Projected £'000	2027-28 Projected £'000
Base Budget:	9,085	12,433	12,433	12,855	11,158	10,955
Anticipated Budget Variations:				Incremental changes		
Total: Portfolio changes	335	119	119	(574)	412	486
Corporate Income & Expenditure changes:						
One off items	(1,162)					
Interest receivable from treasury investment	(2,900)	(2,350)	(2,350)	220	490	-
RHL interest	(105)	(1,045)	(840)	(241)	143	-
Minimum Revenue Provision (MRP)	1,572	1,758	1,692	609	156	114
Interest payable on borrowing	6,884	8,675	8,620	(2,229)	(1,269)	-
Capitalised interest	(1,660)	(381)	(691)	691	-	-
Total: Corporate Income & Expenditure	2,629	6,657	6,431	(950)	(480)	114
Central Government Funding changes:						
Retained Business Rates	(4,668)	(5,100)	(5,100)	(174)	(135)	(139)
New Homes Bonus	(658)	(384)	(384)	-	-	-
Services Grant	(134)	(15)	(17)	-	-	-
Funding guarantee	(272)	(515)	(516)	-	-	-
Revenue Support Grant	(104)	(111)	(111)	-	-	-
Total: Central Government Funding	(5,835)	(6,125)	(6,128)	(174)	(135)	(139)
Total: Budget requirement	6,214	13,085	12,855	11,158	10,955	11,416
Less Collection Fund (Surplus)/Deficit	(10)	(23)	(23)	23	-	-
Less Council Tax	(7,448)	(7,683)	(7,683)	(7,816)	(8,063)	(8,313)
Net Deficit Funded from reserves	(1,245)	5,379	5,149	3,365	2,892	3,103
Note - figures showing in () indicate a favourable change from budget						
Cumulative reserve requirement if zero mitigation:		5,379	5,149	8,514	11,407	14,509
Estimated reserve balance:						
Opening balance	(10,649)	(10,560)	(12,229)	(7,199)	(3,768)	(875)
Budgeted service movement	(335)	(119)	(119)	66		
Actual/Forecast deficit	(1,245)	5,379	5,149	3,365	2,892	3,103
Remaining reserve	(12,229)	(5,300)	(7,199)	(3,768)	(875)	2,227
Working Balance: min required £2m:	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)
Note - figures showing in brackets () represent available reserve						

- 3.33. The table below provides a summary of the changes in the projected revenue deficit but does not take into account savings identified in the February budget report and now included in the Financial Resilience Plan.

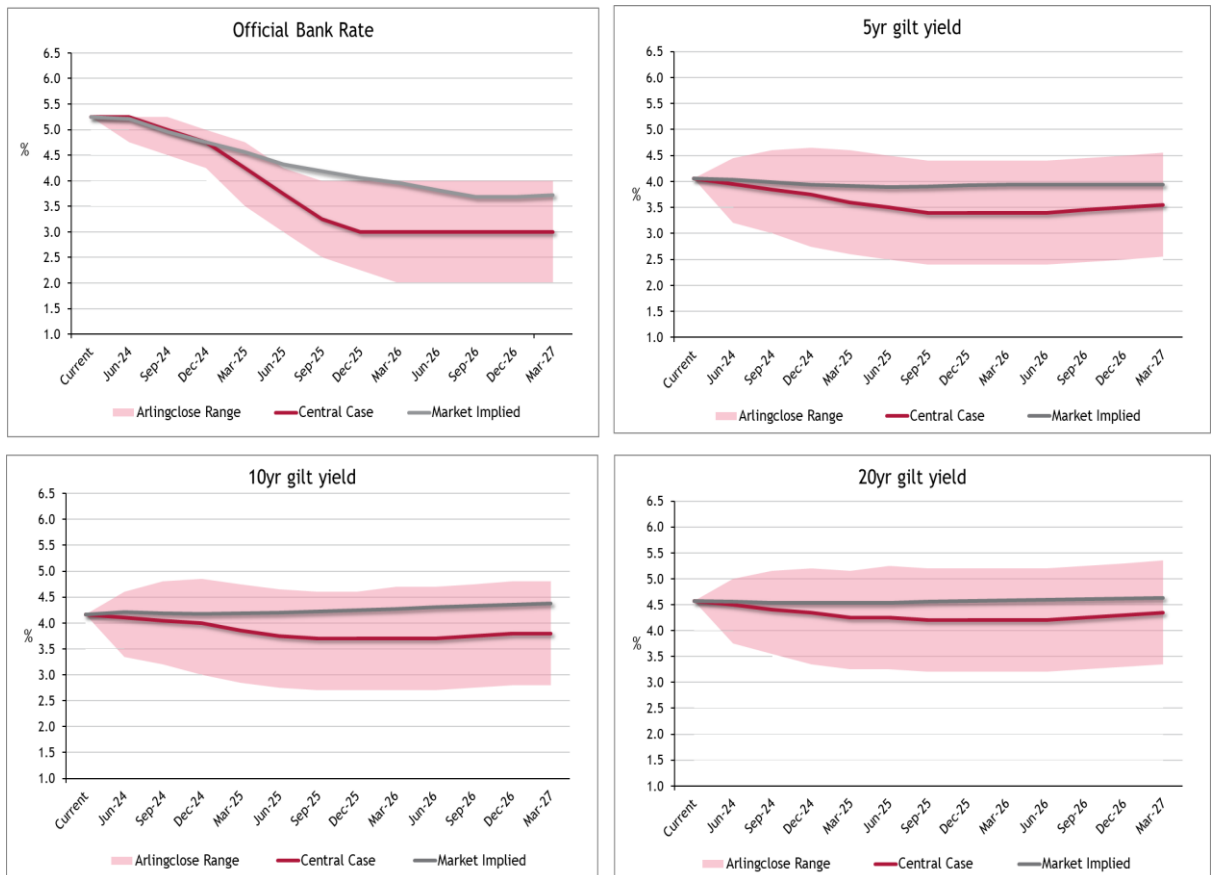
Analysis of change in projected deficit prior to mitigating savings	2024-25 July Update £'000	2025-26 Projected £'000	2026-27 Projected £'000	2027-28 Projected £'000
Cumulative change in base budget	0	(230)	266	416
RHL interest	205	(0)	0	0
Minimum Revenue Provision (MRP)	(66)	185	150	74

Interest payable on borrowing	(58)	0	0	0
Capitalised interest	(310)	310	0	0
Cumulative changes in base budget	(230)	266	416	490
			-	
February projected deficit	5,379	4,127	3,504	3,641
July projected deficit	5,149	4,393	3,920	4,131
Net change in projected deficit	(230)	266	416	490

- 3.34. Interest on treasury management and borrowing costs projections have been reviewed in consultation with Arlingclose, including updating of the Capital Financing Requirement (CFR) with the 2023-24 outturn data, which determines the council's need to borrow. The interest rate assumptions and level of borrowing in the February MTFs continue to hold as per the schedule below. Whilst borrowing rates achieved to date are below budget it is expected that the rates will be slightly higher than budget from September's assumption of 5.15% due to uncertainty in the financial markets due to the Parliamentary elections. Financial Markets indicate that there will be a base cut in August this year, although this will not directly translate into a borrowing rate reduction in the Local Authority borrowing market because this rate is determined by government gilt yields as forecast in the graphs below. The current projections show that the interest rates on borrowing from Local Authorities or the Public Works Loan Board (PWLb) are likely to be closer to 4% than the assumed 3.1% in February. This is a watching brief for now.

2024/25 refinancing

	Borrowing £000	Budgeted Rate %	Actual Rate %
Apr-24	28,000	5.40%	5.25
May-24	39,000	5.40%	5.30
Jun-24	9,000	5.30%	5.2
Jul-24	29,500	5.30%	5.18
Aug-24	5,000	5.30%	
Sep-24	0	5.15%	
Oct-24	7,500	5.15%	
Nov-24	5,000	5.15%	
Dec-24	15,000	4.80%	
Jan-25	15,000	4.80%	
Feb-25	3,000	4.80%	
Mar-25	5,000	4.30%	
Apr-25	0	4.30%	
May-25	5,000	4.30%	
Total	166,000		



- 3.35. Interest received from RHL has reduced by £205,000 reflecting a two-month delay in sale of the Union Yard 82 private rental dwellings, average monthly interest on the loan note is approximately £115,000. The delay will have no impact on the MTFS assumed RHL interest in years 2025-26 to 2027-28.
- 3.36. Capitalised interest on the Union Yard project has increased by £310,000 in line with the re-profiling of the construction costs to completion in the capital programme and two-month delay in completion. Capitalisation will cease at the practical completion stage.
- 3.37. Minimum Revenue Provision (MRP) has reduced by £66,000 in line with the 2023-24 and prior year CFR being reviewed as part of the year-end financial process, although future MTFS periods sees an increase due to balance sheet restatement. MRP is chargeable in the year following the practical completion of a capital project funded by borrowing.
- 3.38. Pay inflation factored into the MTFS in February assumed the following profile from 2024-25 5%:4%,3%2% over the 4 year period. A 1% increase equated to circa £149,000. Inflation has been reducing as anticipated by the Bank of England and reached its 2% target this June. The pay inflation profile remains reasonable on the basis that pay increase is subject to national negotiation, the current offer is 2.5% and there remains significant pressure for pay to catch up. Non staff contractual pay affects potentially £9m of the cost base, the rest of the cost base is held cash neutral. Non staff inflation is a more complex picture as many contracts are CPI linked at a specific date, Serco is based on an average CPI and Microsoft IT licences are priced in US\$ incurring exchange rate risk. The MTFS includes the following inflation profile from 2024-25 £000:

780:400:300:300. It is looking likely that this profile will reduce in the MTFS period, Serco inflation was under budget this year and energy pricing has already reduced.

- 3.39. Central government funding is determined through an annual Financial Settlement, 2024-25 includes £1.028m, this has unhelpfully been single year with no guarantees of future years and the MTFS assumes no future receipt. It is likely that the government will provide some element of support, and this will be communicated to the council around early December. The February budget report includes more detail on page 70 of the council agenda pack.
- 3.40. The useable reserve balance available to fund the projected MTFS deficit was forecast as £10.56m. The reserve position has been updated with the 2023-24 outturn and is now £12.229m. Detail on funding the MTFS deficit is given later in this report.
- 3.41. The effect of the July adjusted revenue deficit before savings are applied and after accounting for the increased opening reserve shows that the council will run out of useable reserve funding in 2026-27, where earmarked reserves will be overdrawn by **£1.181m** resulting in a draw on the Working Balance, taking it below the recommended minimum £2m. This is broadly the same scenario as presented in the February MTFS and is a serious matter should this arise.

Estimated reserve drawdown before savings mitigation:	2024-25 July Update £'000	2025-26 Projected £'000	2026-27 Projected £'000	2027-28 Projected £'000
Opening reserve	(12,229)	(7,199)	(2,740)	1,181
Budgeted service movement	(119)	66		
Forecast deficit	5,149	4,393	3,920	4,131
Remaining reserve	(7,199)	(2,740)	1,181	5,311
Working Balance: minimum required £2m:	(2,000)	(2,000)	(2,000)	(2,000)

Note - figures showing in brackets () represent available reserve

Savings requirement

The February approved savings mitigation to bring the council back into financial sustainability by 2027-28, comprised two targets. (1) A £40m capital receipts programme to be achieved by September 2025 (from the sale of assets that have a negative net revenue impact), to paydown debt to a sustainable level through interest and MRP cost reduction amounting to £2.040m. (2) The second target was a £2m reduction in net revenue baseline spread evenly over 4 years. This target will counter inflationary pressure and enable the council's cost base to remain static. Incorporating the July adjustments into the deficit profile based upon the February targets being achieved would result in a healthy level of reserve being maintained at around circa £5m plus Working Balance £2m.

Estimated reserve drawdown before savings mitigation:	2024-25 Budget £'000	2025-26 Projected £'000	2026-27 Projected £'000	2027-28 Projected £'000
<u>Assumed Interest rate</u>	4.80%	3.86%	3.10%	3.10%
Capital receipts	20m	20m		
2024/25 interest on £20m by Dec 24	(240)	(772)	(620)	(620)

2025/26 interest on £20m by Sept 25		(386)	(620)	(620)
2024/25 MRP avoided on 20m at 2%	-	(400)	(400)	(400)
2025/26 MRP avoided on 20m at 2%			(400)	(400)
Total interest and MRP reduction	(240)	(1,558)	(2,040)	(2,040)
<u>Service adjustment:</u>				
2024-25	(500)	(500)	(500)	(500)
2025-26		(500)	(500)	(500)
2026-27			(500)	(500)
2027-28				(500)
Total annual recurrent service savings	(500)	(1,000)	(1,500)	(2,000)
In year saving permanently out of base				
Interest and MRP reduction	(240)	(1,558)	(2,040)	(2,040)
Services cost reduction	(500)	(1,000)	(1,500)	(2,000)
Total recurrent savings:	(740)	(2,558)	(3,540)	(4,040)
Net deficit before savings	5,149	4,393	3,920	4,131
Net deficit after savings	4,409	1,835	380	91
Estimated reserve balance:				
Opening balance	(12,229)	(7,820)	(5,985)	(5,604)
Forecast deficit	4,409	1,835	380	91
Remaining reserve	(7,820)	(5,985)	(5,604)	(5,514)

- 3.42. As described in para 3.46 below the delivery of Capital receipts is complex and timing uncertain. The council has a legal duty to remain within its Capital Financing Requirement (CFR), which is part of its annual Treasury Management Strategy. To ensure the council remains legally compliant the adopted capital receipts target profile of £40m by September 2025 the £40m required savings were profiled in the CFR as £5m in 2024/25: £25m in 2025/26: and £10m in 2026/27 in acknowledgement that the timing and scope of capital receipts are very difficult to predict and the CFR debt limit will therefore be complied with in the event of a delay in reducing borrowing.
- 3.43. The rationale for the £40m capital receipts target is to bring the councils revenue cost of capital (interest on borrowing and MRP) through debt reduction back to the 2023-24 value of £5.172m which was part of a balanced budget, prior to the hike in interest rates. This, together with the post 2023-24 service budgets inflationary pressure being neutralised by the £500,000 per year revenues savings target, would achieve financial sustainability. The calculation to rationalise the £40m is shown below using the capital receipts profile in the CFR, the final year 2027-28 assumes the full £40m is achieved and used to repay debt avoiding interest at 3.10%. The actual timing of the receipts profiling has an impact on the amount of reserve required to fund interest until the target 3.10% debt interest rate is achieved, so the earlier capital receipts can be achieved the more reserves will be preserved. Either of these assumptions not materialising will have an adverse impact on financial sustainability. This is examined in the following paragraphs.

Capital receipts target calculation	2023-24 Original Budget £'000	2024-25 Budget £'000	2025-26 Projected £'000	2026-27 Projected £'000	2027-28 Projected £'000
Assumed interest rate:		5.17%	3.86%	3.10%	3.10%
Borrowing:		167,000	160,242	133,456	122,064
Capital receipt		(5,000)	0	0	-
Capital receipt		-	(25,000)	0	-
Capital receipt		0	0	(10,000)	0

MRP net of cap receipt:	(1,758)	(1,786)	(1,392)	(1,432)
Total Borrowing	160,242	133,456	122,064	120,632
Revenue Position after savings:				
Interest cost	3,002	8,461	5,672	3,961
MRP	2,170	1,758	1,786	1,392
Total cost of borrowing	5,172	10,218	7,458	5,352
2023-24 Revenue cost of capital budget:				5,172
				(1)

Minimum Revenue Provision (MRP)

- 3.44. Whilst the MRP is assumed at 2% straight line (i.e., capital receipt divided by 50 years), the actual application of capital receipts to reduce the CRF (the basis of the MRP charge calculation) depends upon the underlying original financing of the asset being disposed. Capital receipts from assets financed without underlying borrowing (i.e., from capital receipts or reserves) can be used to reduce the CFR in 10ths, i.e., 10 years straight line. Assets sold with underlying borrowing requires the CFR to be reduced by the capital receipt spread over the remaining number of years on the same basis as the specific asset's MRP calculation i.e., most likely the annuity basis which produces a lower saving in earlier years. Therefore, the savings target can only be refined, and revenue implications understood once the current list of asset disposals has been agreed.

Delivery of Capital Receipts

- 3.45. Since the February capital receipts target of £20m in 2024-25 and £20m in 2025-26 was agreed, work has been ongoing as set out in the Financial Resilience Plan. Whilst certainty of timing and delivery of some capital receipts has improved the delivery of £20m capital receipts by September 2024 will not be achieved. The profile for the delivery of receipts has been adjusted in line with the CFR whilst retaining the overall £40m target and interest rate profile. The overall impact of this change is a bigger drawdown of reserves which is mitigated by the higher than forecast reserve balance at the end of 2023-24. An additional £1.6m additional drawdown of reserves is required across the MTF5 period resulting in a 2027-28 projected reserve balance of £3.9m versus £5.5m.

Reprofiled Savings Target effect on reserves: July 2024 Update	2024-25 July Update £'000	2025-26 Projected £'000	2026-27 Projected £'000	2027-28 Projected £'000
In year saving permanently out of base				
Interest and MRP reduction	(60)	(534)	(1,608)	(2,040)
Services cost reduction	(500)	(1,000)	(1,500)	(2,000)
Total recurrent savings:	(560)	(1,534)	(3,108)	(4,040)
In year deficit before mitigating savings	5,149	4,393	3,920	4,131
Revised deficit/outrun	4,589	2,859	813	91
Opening reserve balance:	(12,229)	(7,640)	(4,781)	(3,968)
Revised deficit	4,589	2,859	813	91
Reserve annual closing balance	(7,640)	(4,781)	(3,968)	(3,877)
Working Balance: minimum required £2m:	(2,000)	(2,000)	(2,000)	(2,000)
Capital receipts:	4.80%	3.86%	3.10%	3.10%

Capital receipts timing	5m	25m	10m	-
2024/25 interest saved on £5m	(60)	(193)	(155)	(155)
2025/26 interest saved on £25m		(241)	(775)	(775)
2026/27 interest saved on £10m			(78)	(310)
2024/25 MRP avoided on £5m	-	(100)	(100)	(100)
2025/26 MRP avoided on £25m			(500)	(500)
2026/27 MRP avoided on £10m				(200)
Total Interest and MRP reduction	(60)	(534)	(1,608)	(2,040)

Sensitivity of interest rates

- 3.46. In understanding the MTFS sensitivity to interest rates it should be noted that if the interest rate profile tracks 1% higher than the 3.1% assumed in the MTFS i.e., now 4.1%, in addition to the reprofiled capital receipts, this will require an additional revenue savings target of £890,000 to be achieved recurrently by the end of 2027/28 to achieve financial sustainability.

Savings Target effect on reserves: July 2024 Update: Cap Receipt £5/25/10m 1% higher interest	2024-25 July Update £'000	2025-26 Projected £'000	2026-27 Projected £'000	2027-28 Projected £'000
In year saving permanently out of base				
Interest and MRP reduction	(60)	(647)	(1,933)	(2,440)
Services cost reduction	(500)	(1,150)	(1,800)	(2,450)
Total recurrent savings:	(560)	(1,797)	(3,733)	(4,890)
In year deficit before mitigating savings	5,149	5,090	4,617	4,828
Revised deficit/outurn	4,589	3,293	885	(62)
Opening reserve balance:	(12,229)	(7,640)	(4,346)	(3,461)
Revised deficit	4,589	3,293	885	(62)
Reserve annual closing balance	(7,640)	(4,346)	(3,461)	(3,524)

- 3.47. In the event that only £20m of the required £40m capital receipt are achieved, and by December 2026 (i.e., 2.5 years' time) and interest rates are 1% higher i.e., now 4.1%. The required recurrent service cost reduction will increase from £2m to £3.65m and the combined interest and MRP saving will reduce from £2.04m to £1.22m **requiring a bigger compensating reduction in service budget** by the end of the MTFS period to achieve financial sustainability. The level of available reserves will also be approaching a critical level at £2.2m plus working balance of £2m, leaving very little margin to not achieve the timing or value of savings or accuracy of cost assumptions such as interest rates, inflation and unforeseen service cost pressures. **It is likely that this will become the prevailing scenario.** Work is underway on the capital receipts and this scenario will be firmed up at October Council.

Savings Target effect on reserves: July 2024 Update: Cap Receipt £20m Dec 2026 1% higher interest	2024-25 July Update £'000	2025-26 Projected £'000	2026-27 Projected £'000	2027-28 Projected £'000
In year saving permanently out of base				
Interest and MRP reduction		-	(205)	(1,220)
Services cost reduction	(500)	(1,550)	(2,600)	(3,650)
Total recurrent savings:	(500)	(1,550)	(2,805)	(4,870)
In year deficit before mitigating savings	5,149	5,090	4,617	4,828
Revised deficit/outurn	4,649	3,540	1,812	(42)
Opening reserve balance:	(12,229)	(7,580)	(4,040)	(2,227)

Revised deficit	4,649	3,540	1,812	(42)
Reserve annual closing balance:	(7,580)	(4,040)	(2,227)	(2,270)

Reserves Analysis

- 3.48. As at the end of 2023-24 financial year there are £20.819m of earmarked reserves and a Working Balance of £2m. The earmarked reserves have been analysed into categories in line with their purpose and limitations on use (ringfencing) as per the schedule below. Of the £20.819m there is **£12.229m** that can be repurposed to fund the MTFs deficit, including reserves retained to manage risk.

Revenue Reserves analysis as at 31st March 2024		Reserves as at 31/3/2024 £000
Reserves that can be repurposed		
Working balance surplus net of budget carry forward		1,133
Stability and Resilience Reserve		5,700
Business rates appeals and backdating		3,892
Flexible Housing Grant		812
Regeneration Reserve		257
Civil Parking Enforcement Surplus		206
Other Grants (Individually below £45k)		154
Custom Build Reserve		75
		12,229
Reserves supporting specific initiatives		
Climate Emergency Reserve		124
A331 Air Quality Project		213
Mercury Abatement		528
Homes for Ukraine Support A		320
Budget Carry forward 2023/24 - for approval by July 2024		
Council		216
Asylum Dispersal		144
Deprivation Reserve		106
COVID C/Tax Hardship Earmarked Reserve		43
LAHF		42
Cyber Security Reserve		27
Afghan Relocation Scheme		24
Homes for Ukraine Expenses B		19
Control Outbreak Management Fund Reserve		8
UK Shared Prosperity Fund Reserve		7
Supported & Temporary Accommodation Work		7
		1,828
Reserves not available for deficit relief		
S106/SANG		5,934
Pipeline -Environment Improvement reserve		134
Farnborough Airport Environmental Fund		129
Insurance Reserve MMI run off		253
Workforce Reserve		312
		6,762
Total Earmarked Reserves		20,819
	Excess working balance	1,349
	EMR schedule total	19,470
Total reserves in addition to £2m working balance		20,819

- 3.49. The revenue deficit must be funded from reserves, this required a repurposing of the earmarked reserves as shown in the table below. The strategy is to first utilise the smaller reserves that currently have no commitment or specific ongoing purpose, then the Stability and Resilience Reserve and finally as a last resort the Business rates appeals and backdating reserve due to the business rates appeals risk. Any improvement in the projected revenue deficit will first be applied to restoring any drawdown on the Business Rates Appeals reserve and then be adjusted against the Stability and Resilience reserve.

Savings Target effect on reserves: July 2024 Update: Cap Receipt £5/25/10m	Reserves as at 31/3/2024	2024-25 July Update £'000	2025-26 Projected £'000	2026-27 Projected £'000	2027-28 Projected £'000
Forecast deficit prior to savings plan		5,149	4,393	3,920	4,131
July reprofiled savings target		(560)	(1,534)	(3,108)	(4,040)
Forecast deficit to be funded from reserves		4,589	2,859	813	91
Reserves that can be repurposed					
Working balance surplus net of budget carry forward	1,133	(1,133)			
Stability and Resilience Reserve	5,700	(2,764)	(2,047)	(813)	(76)
Business rates appeals and backdating	3,892	-			(15)
Flexible Housing Grant	812		(812)		
Regeneration Reserve	257	(257)			
Civil Parking Enforcement Surplus	206	(206)			
Other Grants (Individually below £45k)	154	(154)			
Custom Build Reserve	75	(75)			
Reserves applied to fund deficit		(4,589)	(2,859)	(813)	(91)
Annual Earmarked reserve balance	12,229	7,640	4,781	3,968	3,877

Use of capital receipts

- 3.50. The council has £3.537m of capital receipts. The use of these receipts is statutorily restricted to fund capital expenditure and specific revenue costs under the government directive "flexible use of capital receipts" as described in February budget agenda page 83 paragraph 9.2. The council is holding these receipts to mitigate the risk of a significant unplanned capital cost arising to avoid borrowing and to provide financial capacity to make changes to the revenue account that qualify under the directive as set out in paragraph 5.7 page 77 of the February budget report.
- 3.51. The 2024-25 to 2027-28 capital program does not have a planned maintenance scheme to support the council's asset base, except for £671,000 of historic asset management contingency budget funded from additional borrowing. The Meads purchased in April 2023 report to Cabinet recognised the need for capital expenditure from the pre-acquisition conditions survey due diligence. This was not included in the capital programme at that point; however, the expectation was to fund any necessary capital investment from the revenue stream within the business case, which is not practically possible as The Meads contributes an annual deficit to the revenue account. There is also a requirement for capital resources to fund capital contribution to let new leases on empty properties

such as in Union Yard. Financing options for any approved expenditure must be considered as part of the overall corporate financing.

4. Savings requirement and Financial Recovery Plan

- 4.1. It is likely from the information above and work to date through the Financial Resilience Plan that the 2024-25 revenue base budget target of £500,000 will be achieved. Work is underway to identify the full £2m MTFS revenue savings target. In addition, it is likely that an additional £2m annual revenue reduction will be required due to the likelihood of less than £40m of capital receipts being achieved against a higher long term interest rate.
- 4.2. Once there is more certainty on the rebased 2024-25 budget expenditure reduction proposals will be developed with the intent of achieving the full £2m additional savings as early as possible in the MTFS period to alleviate pressure on reserves. The Council can draw on its previous successful savings initiatives to assist with this process which should take into account service priorities and council objectives.
- 4.3. Progress will be made on developing these savings approaches in July through September for update to Cabinet and Council in October. These will be brought together with detailed actions on the delivery of capital receipts and other savings projects into a 'Financial Recovery Plan'.
- 4.4. To ensure delivery of the required savings it is proposed to establish a cross party Cabinet Working Group to be known as the 'Financial Recovery Working Group' with the primary role of overseeing delivery of the Financial Recovery Plan.

5. External Review

- 5.1. Given the financial situation, the Council has sought external perspectives on its financial plans and overall performance through a LGA Peer challenge and by commissioning CIPFA to undertake an independent review.

Corporate Peer Challenge (LGA)

- 5.2. The LGA Peer Challenge was undertaken in June. The Peer challenge process is improvement focused and aims to provide a critical friend oversight of how the council is performing. There were a number of key recommendations from the team relevant to the MTFS including:
 - There is an urgent need for the Council to address its immediate financial challenges to ensure it can remain a going concern
 - A comprehensive asset disposal strategy needs to be developed and agreed with the right capabilities to deliver it. The Council then needs

to move immediately to implement the strategy to allow a budget to be set for 2025-26 and beyond.

- There are significant shortcomings in finance team's capacity, systems and governance that have contributed to the situation and make a soft landing more difficult.

- 5.3. The Council will receive the full report within 3 weeks, following which the report will be published and an improvement plan developed. It is anticipated that this will form the basis of a wider plan that also includes recommendations from the CIPFA report not included in the Financial Recovery Plan.

CIPFA Review

- 5.4. The 2024-25 to 2027-28 MTFS approved at February Council recognised a significant challenge to the Council's financial sustainability over the medium term. In the run up to the budget, the Council approached DLUHC (Department for Levelling Up Housing & Communities) in late 2023 to discuss options for exceptional financial support (EFS). DLUHC advised the Council were not at the stage where EFS would be appropriate (being able to balance the budget currently and in a position of adequate reserves for the immediate future). The MTFS that supported the Council's budget setting proposed a financial sustainability plan with a series of measures to ensure that the Council could continue to be financially sustainable without EFS. The budget report further recommended that the financial sustainability plan be independently examined by CIPFA (Chartered Institute of Public Finance & Accountancy). CIPFA are the most appropriate professional body and are effectively advising DLUHC regarding financial sustainability challenges across the sector.
- 5.5. The full CIPFA report is included as appendix 1 to this report. The report endorsed the Financial Resilience Plan and highlighted that "The Council needs to reassert the importance and centrality of finance to the Council, addressing issues in relation to financial capacity and competencies and the robustness of financial management." It further states that, "The Council needs to implement the improvements in financial management discussed in this report and included in the Financial Resilience Plan as a matter of urgency given the importance of good practice financial management in underpinning financial control, supporting effective decision-making and delivering the planned path to financial sustainability."
- 5.6. The report set out a range of matters the Council might wish to address and these will be brought together with the actions arising from the Peer Challenge into a single action plan to be published in September.

6. Risks and uncertainties

- 6.1. Cost of borrowing remains a risk facing the council at present. The assumed profile of interest rate reduction is likely to be later, and less than planned. The achievement of capital receipts and timing remains uncertain at this point. Work is underway; however, delivery is a significant concern and the impact on the

revenue account and reserves has been demonstrated above. This work will need to be accelerated and reported into the October Council update.

- 6.2. Latent liability (such as energy efficiency standards, major component replacement or dilapidations) on the substantial property holdings and additional capital expenditure on lease transactions has not been identified and incorporated into the capital programme or revenue account through planned maintenance. This has been covered off in detail in this report. This work must be progressed to report into the October Council update.
- 6.3. The commercial property portfolio rent stream along with the Meads represents circa £11m of income, the work to fully translate the rent schedules into the budget is still underway as per the detail covered off in this report. It is urgent to ensure that the council can take a strategic approach identifying and mitigating the risks to the rent roll and future capital requirements to maintain the income and manage revenue impact.
- 6.4. The Waste collection contract with Serco (circa £5m) must be retendered or extended by 2027 with the work commencing in 2024/25. There are some significant cost and capital commitment risks associated with this contract that must be engaged with and understood as early as possible to enable any potential mitigation to be effective, more detail will be provided at the October budget update.
- 6.5. The potential council office move to free up the current site for development disposal is a financial opportunity and a risk and a “Treasury 5 cases” style outline business case will be needed to enable the proposal to be fully evaluated in respect of the MTFS and financial resilience.
- 6.6. Union Yard is nearing completion, there are several financial risks to the MTFS around the letting of the student accommodation, the management of the communal heating and letting of the commercial units.
- 6.7. The transfer to RHL is dependent on the detail of the due diligence of the RHL business case, Knight Frank has been commissioned to do this work and are due to report back at the end of July. Delay or a change in plan at this point would have a material effect to the 2024-25 budget and MTFS.
- 6.8. The airport planning application is a financial risk from the cost that could arise from any legal proceedings following the decision. This could be a significant revenue expense.
- 6.9. The potential changes to Hampshire County Council’s budget include closure of Grosvenor Rd which currently provides 14 Bedspaces of accommodation. Also Clayton Court which provides around 35 temporary accommodation places is due to close by December 2026 and there is no agreed replacement. Demand has already increased use of Bed and Breakfast from an average of 10 to 14 rooms at any one time due to increasing levels of homelessness and difficulties in rehousing people. Currently the Rough Sleeper initiative is due to end in April 2025 which has assisted in addressing that issue. There is therefore a significant financial risk that the costs of the Council meeting its homelessness obligations could increase substantially.

- 6.10.** There is an unsecured loan to Farnborough International Limited (FIL) of £6.482m due for repayment in tranches in the next three years. The financial stability of FIL is reviewed quarterly to understand their trading and cashflow position and the risk to the council.
- 6.11.** The council's last audited accounts were 2019-20, signed off late last year. This means that the 2024-25 to 2027-28 MTFS is based upon an uncertified baseline. As seen in the 2023-24 outturn it is possible that the useable reserves assumptions can change due to balance sheet adjustments required through officer diligence and external audit of the 2023-24 accounts published on 31st May 2024.

7. ALTERNATIVE OPTIONS

- 7.1.** The council must produce and keep under review a MTFS that by its nature includes a number of assumptions and options to deal with a range of transactions and service delivery strategy. Where there are options, these have been brought out in the relative section of this report.

8. CONSULTATION

- 8.1.** No specific consultations have been undertaken outside of the elected members of the council.
- 8.2.** An all Member finance briefing was held to discuss the key assumptions within this report.

9. IMPLICATIONS

Risks

- 9.1.** Risks to the MTFS and delivery of the MTFS agreed actions have been specifically covered off within the report and the risk section above.

Legal Implications

- 9.2.** Full detail on the legal implications of the content of this MTFS update can be found in the February budget report page 84 of the agenda.

Financial and Resource Implications

- 9.3.** Resource and financial implications of the MTFS are set out within the report. Further financial implications are set out in the February Budget report appendix 7: Section 25 report on the robustness of estimates and is applicable to this update, on page 100 of the agenda pack.

Equalities Impact Implications

- 9.4.** Full detail on the Equalities Impact implications of the content of this MTFS update can be found in the February budget report page 85 of the agenda

Other

- 9.5. There are no further implications of this report to consider.

10. CONCLUSIONS

- 10.1. The Council set a balanced budget with the use of reserves in February 2024 with a £19.152m deficit over the MTFS term and a Financial Resilience Plan to address the challenge. Whilst progress has been made, some factors have become more challenging and for the Council to become financially resilient it will require the implementation of cost reductions, efficiency savings and delivery of substantial capital receipts to reduce capital costs whilst drawing down reserves.
- 10.2. It is appropriate to update Council on the latest review of the assumptions inherent in the MTFS, the outcome of the 2023-24 financial year and likely outturn against budget for the current financial year (2024-25). External reviews have indicated the Council's current approach is sound but needs more detailed actions and to be undertaken with urgency. This will be set out in a new Financial Recovery Plan with delivery overseen by a new Cabinet Financial Recovery Working Group.

LIST OF APPENDICES/ANNEXES:

Appendix 1: CIPFA Financial Resilience Review

BACKGROUND DOCUMENTS:

Budget Council agenda 22nd February 2024: including the MTFS and Capital strategy reports.

CLLR GARETH WILLIAMS
LEADER OF THE COUNCIL

Rushmoor Borough Council: Financial Resilience Review

Final

June 2024

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1. Introduction

Rushmoor Borough Council (Rushmoor) has identified a threat to its future financial sustainability as is set out in the General Fund Budget 2024-25 and Medium Term Financial Strategy 2024-25 to 2027-28 reported to Cabinet and the Council in February 2024. We understand that Rushmoor entered into dialogue with DLUHC in late 2023 in relation to this and were advised that their focus was only on those Councils that had or were likely to be unable to set a balanced budget in 2024/25 and therefore Rushmoor was not currently a candidate for Exceptional Financial Support (EFS).

Subsequently, Rushmoor commissioned CIPFA to undertake a review of its financial position as follows.

- **Financial Management and Sustainability:** An assessment of Rushmoor's financial management and management of risk, financial pressures, deliverability of savings plans and efficiency in delivering services and potential capital flexibilities. (Section 3)
- **Debt/Commercial Assets:** An assessment of Rushmoor's assets and investments including dependence on commercial income, debt costs and other risks. (Section 4)
- **Capital Programme/Companies:** An assessment of Rushmoor's capital programme and management of related risks including arrangements with the two Rushmoor owned companies. (Section 5)
- **Governance and Culture:** An assessment of Rushmoor's governance/management processes, leadership, operational culture, whether it has the appropriate governance procedures in place, and the capability and capacity to make any necessary transformation. (Section 6)
- **Improvement Proposals and Recommendations:** Recommendations to provide the Council with tangible actions to guide design and implementation of the necessary actions to address identified risks and issues. (Section 7)

We have undertaken a similar approach to that we have used with DLUHC commissioned reviews so that, if necessary, this report could be shared with DLUHC. It also benefits from our work in supporting DLUHC in assessing submissions for EFS.

Please note, our initial draft report was sent to the Council on 22nd April 2024 based on our work undertaken in the period February to April 2024. Consequently, this version may not reflect decisions or actions taken by the Council since then.

2. Executive Summary

Financial Sustainability

Rushmoor Borough Council (Rushmoor) has identified a significant challenge to its future financial sustainability as is set out in the General Fund Budget 2024-25 and Medium Term Financial Strategy 2024-25 to 2027-28 reported to Cabinet and the Council in February 2024. The Council has been able to set a balanced budget in 2024/25 albeit funded through a significant reduction in reserves. This continues the trend of recent years of the Council spending more each year than it receives in funding. The Council has recognised that this is a situation which cannot continue.

The Council's spending has exceeded income in each of the past three financial years (2021/22 to 2023/24), adding to a cumulative use of reserves over the past three financial years to fund this excess of spending over income of £12.605m (taking into account the Q3 2023/24 forecast outturn). This figure is dependent on the final outturn for 2023/24. This is significant for a Council of Rushmoor's size and responsibilities.

The Medium-Term Financial Strategy (MTFS), approved by the Council on 22nd February 2024 sets out a continuation of this trend with a further £16.598m needed in reserves in the period 2024/25 to 2027/28 without the Council taking steps to significantly curb spending.

Without reducing annual spending to align with annual income the Council will not be able to set a balanced budget in 2026/27. Consequently, without mitigation, the Council is not financially sustainable in the medium-term. This is driven by the Council's level of debt. This means the Council has a maximum of two years to make the necessary changes required to achieve a stable and financially sustainable future, including curbing spending so it is aligned with funding.

The MTFS does set out a path to financial sustainability. The "Revenue Budget, Capital Programme and Council Tax Level" report to the Council on 22nd February includes in Appendix 1 the "MTFS – Financial Resilience Plan" and within the report identifies the scale and focus of the savings target required which amount to a reduction in the base budget of £4.040m; £2.000m in service cost reductions and £2.040m in Interest and MRP cost reductions. This would put the Council on a financially sustainable footing.

Whilst 2026/27 may seem some time off, the steps needed to achieve financial sustainability will take time to implement, especially the £40m disposal of assets needed to achieve the reduction in interest and MRP costs. In addition, the savings target requires savings to be made in 2024/25 and in 2025/26 in order to achieve financial sustainability.

The Council is in a position to avoid any future request for intervention from Government, in the form of Exceptional Financial Support (EFS) if it acts in a timely manner and makes some key decisions about its future, in particular in relation to its development programmes.

Securing financial sustainability may entail making difficult decisions that run counter to the Council's ambitions and could result in reductions in service and affect the Council's regeneration goals.

It is, therefore, important that the Council quickly makes decisions and determines the actions it is going to take so that they can be implemented in a planned and structured way.

The Council needs to:

- Identify how it will deliver the £40m of capital receipts required, including confirming land and property assets that it will dispose of, and put in place the necessary detailed plans to achieve these disposals by the target date of September 2025, with a focus on those assets that would not have an impact on net revenue income
- Identify how the recurring service cost reductions in 2024/25 of £0.5m are going to be achieved and develop proposals for additional recurring service cost reductions of £0.5m in 2025/26 and subsequent years are going to be achieved
- Consider, should the proposed new capital flexibilities come into regulation, what needs to be done to take advantage of these if the Council so chooses (for example, through more asset disposals to generate the required capital receipts), noting that the proposed flexibilities provide an alternative to EFS to capitalise general cost pressures

Financial Management and the Centrality of Finance

The Council needs to reassert the importance and centrality of finance to the Council, addressing issues in relation to financial capacity and competencies and the robustness of financial management. We acknowledge steps have already been taken to start to address this.

In our analysis we highlight a historic lack of clarity and consistency in reporting. This suggests a historical lack of financial management capacity and competency which has not been helped by changes in leadership of the finance function. The current S.151 Officer is the fourth in recent years following two Interim S.151 Officers. In addition, the Council's External Auditors, Ernst & Young, refer to issues of capacity in the finance department in the context of their work and identify officer capacity as 'moderate' in their "Annual Audit Letter for the year ended 31 March 2020" dated July 2023.

The Financial Resilience Plan identifies a number of actions in relation to building financial capacity and competency. These align with our conclusions and it is important a plan to implement these improvements is determined and actioned.

We also suggest improvements, including a focus when setting the budget on the 'Net Budget Requirement'. More insightful and transparent, the "Net Budget Requirement" presentation of the budget, which other Councils adopt, more clearly identifies the level of spending the Council has agreed to in setting the budget before any budgeted use of reserves (which is included as a source of funding).

In Rushmoor, the S.151 Officer reports to the Monitoring Officer/Deputy CEO. We recognise the S.151 officer is a member of the Executive Leadership Team and involved in all key organisational decision making. However, The imminent "Code of Practice on Good Governance for Local Authority Statutory Officers" which has been consulted on by LLG, CIPFA and SOLACE will state "The Chief Finance Officer and Monitoring Officer should have a clear and direct relationship to the Head of Paid Service (Chief Executive), normally through line management or other equivalent arrangement". This supports CIPFA's long-held view that the S.151 officer should be a direct report to the CEO.

The Council needs to implement the improvements in financial management discussed in this report and included in the Financial Resilience Plan as a matter of urgency given the importance of good practice financial management in underpinning financial control, supporting effective decision-making and delivering the planned path to financial sustainability.

Alignment of the Council Plan with the MTFS

It also has to be considered, in developing the next iteration of the Council Plan whether the Council's priorities still align with the Council's financial situation, especially given the scaling back of the capital programme and the need to reduce the level of borrowing in order to achieve the interest and MRP savings through the disposal of assets to generate capital receipts of £40m.

In our opinion, the Council should also recognise the need to ensure that the next version of the Council Plan includes, as a core priority, the attainment and maintenance of financial sustainability, enabling the Council to prioritise more effectively its longer-term strategic aims for the area and its residents against the financial limitations that it faces.

We would strongly recommend that the Council needs to explicitly prioritise financial sustainability in the next iteration of the Council Plan and balance its ambitions alongside its core responsibilities and services.

Governance Arrangements and Operational Culture

Our impression is that the Council has had a significant focus on major regeneration projects. This has led to the high levels of debt and the current challenge to financial sustainability.

In our interviews, participants identified that the Council, has accepted a high level of risk in order to progress its regeneration ambitions, acting in an “entrepreneurial” manner. This has contributed to a significant debt position which, alongside the ongoing imbalance between cost of services and income, is now impacting on the Council's financial sustainability.

Given the urgency of the situation, the Council needs to assure itself that the governance and delivery arrangements for the Financial Resilience Plan are supported by clarity of priorities, focus and direction, which leaves no room for competing agendas or diversion from the essential decisions and actions the Council needs to take.

Financial Resilience Plan

It is essential that the governance arrangements put in place to implement the Financial Resilience Plan reflect this need for focus and leadership together with a sense of urgency. This implies a continued and prioritised focus on completing the activities that are fundamental to achieving and maintaining financial sustainability with clear accountabilities and timescales for delivery.

The Financial Resilience Plan includes the key work-streams we would expect to see in such a plan and that DLUHC would expect to see a local authority act on before considering any form of Exceptional Financial Support, including spending controls, savings targets, and the scaling back of the capital programme. However, the February 2024 version of the Financial Resilience Plan does not include an asset disposal programme as a specific work-stream, reference is only made to asset disposal in relation to the Commercial Property Review work-stream when it is clear the Council will have to look more widely across its land and property portfolio in order to identify the £40m capital receipts required.

The implementation of the Financial Resilience Plan is underway and ideally needs to accelerate its delivery. This will require clear accountabilities and agreed realistic timescales for implementation, in particular around the:

- Identification and tracking of the service cost reduction savings target which needs a permanent removal from the base budget of £0.5m each year for the next four years, including 2024/25
- Identification of the £40m asset disposal programme which is the key to achieving the Interest and MRP cost reduction savings target.

The planned refresh of the MTFS is an important milestone. It is vital that, once this is considered, the Council has confidence and visibility of the outcomes, governance and accountabilities included in the Financial Resilience Plan along with the specific actions and their associated timescales so that the MTFS can properly reflect the Council's path to financial sustainability.

Our recommendation, therefore, is that the Council builds on the work to date and quickly develops a more detailed delivery plan which sets out clear timescales, actions and accountabilities setting out:

- The financial outcomes required as adjusted by the outturn, review of reserves and revised MTFS
- The subsequent actions to be taken and when decision are needed
- Reporting and monitoring arrangements to ensure Financial Resilience Plan is on target and there is good visibility on progress

The action plan should include detailed plans in relation to:

- Assets to be disposed of (at an individual asset level)
- Service cost reductions

This is fundamental to achieving the Council's planned journey to a more financially sustainable future.

The revised MTFS should set out key financial targets and dates to be achieved. A detailed delivery plan with clear accountabilities will mitigate the risk of not meeting these target dates, focus minds and provide a clear framework for accountability and implementation.

3. Financial Management and Sustainability

Introduction

Rushmoor faces a significant challenge to its continued financial sustainability. The Council has been able to set a balanced budget in 2024/25 albeit funded through a significant reduction in reserves. This continues the trend of recent years of the Council spending more each year than it receives in funding. The MTFS identifies that the Council will be unable to set a balanced budget in 2026/27 since reserves would, by then, be exhausted. The Council has recognised that this is a situation which cannot continue without significant remedial action being taken.

A summary of the financial trajectory is set out below. In Appendix A we examine the financial history of the Council between 2021/22 to 2023/24 based on its reporting. This highlights in more detail how the current financial challenge developed. Our view is that there has been a lack of clarity and consistency in reporting which makes it more difficult for those without significant financial expertise to fully understand the overall financial position at any specific time.

Financial Trajectory 2021/22 – 2023/24

Summary 2021/22 to 2023/24

In the table below we have summarised and restated the reported 2021/22 and 2022/23 outturn positions together with the latest (Q3) forecast outturn for 2023/24. The purpose of this restatement is to provide insight into the true level of spending (the Net Budget Requirement) and use of reserves that has been required to support this level of spending.

	2021/22	2022/23	2023/24
	£000s	£000s	£000s
Summary 2021/22 to 2023/24			
Net Service Expenditure	9,273	9,738	11,731
Corporate Income & Exenditure	9,583	2,397	5,191
Adjustments	659	2,252	-
Net Revenue Budget Requirement	19,515	14,387	16,922
Funding	- 13,448	- 11,605	- 13,166
Deficit Before Use of Reserves	6,067	2,782	3,756
Balance of Earmarked Reserves			
Earmarked Reserves Opening Balance	27,985	21,918	19,136
Use of Earmarked Reserves	- 6,067	- 2,782	- 3,756
Earmarked Reserves Closing Balance	21,918	19,136	15,380
General Fund Balance	2,000	2,000	2,000
Total Reserves	23,918	21,136	17,380

To do this the use of reserves to support spending included in the reported 'Net General Fund Revenue Budget' has been added back to identify the Net Budget Requirement and adjustments have been made in relation to the issues set out in Appendix A.

The above table also reconciles opening and closing balances on Earmarked Reserves. In addition, the Council maintains a £2.000m General Fund balance (working balance).

It is not clear how the adjustments in the table above should be allocated to either Net Service Expenditure or to Corporate Income & Expenditure. What is clear, however is that spending has exceeded income in each of the past three financial years (2021/22 to 2023/24), adding to a cumulative use of reserves over the past three financial years to fund this excess of spending over income of £12.605m (dependent on the final outturn for 2023/24). This is significant for a Council of Rushmoor's size and responsibilities.

Revenue Budget 2024/25 and MTFS 2024/25 – 2027/28

Revenue Budget 2024/25

The 2024/25 budget was agreed at a meeting of the Council on 22nd February 2024, having been considered by the Cabinet on 6th February 2024. Appendix 4 of the report to Council "Revenue Budget, Capital Programme and Council Tax Level" sets out the General Fund Revenue Budget Summary 2024/25 which was approved by the Council. This approved 2024/25 revenue budget is summarised and restated below to identify the Net Budget Requirement (i.e. before use of reserves). We also include, for comparison, the 2023/24 Original Budget per Appendix 4 and the 2023/24 Q3 Forecast, which was not reported to the Cabinet until 12th March 2024.

	2023/24 Original Budget £000s	2023/24 Q3 Forecast £000s	2024/25 Approved Budget £000s	Change vs 2023/24 Budget £000s	Change vs. 2023/24 Q3 Forecast £000s
Net Service Revenue Budget	11,077	11,731	12,434	1,357	703
Corporate Income & Expenditure	2,450	5,191	6,657	4,207	1,466
Net Budget Requirement Before Use of Reserves	13,527	16,922	19,091	5,564	2,169
Funding	- 12,403	- 13,166	- 13,831	- 1,428	- 665
Net Deficit Before Use of Reserves	1,124	3,756	5,260	4,136	1,504
Deficit Funded By:					
Use of Earmarked Reserves	1,124	1,578	- 119	- 1,243	- 1,697
General Fund Deficit	-	2,178	5,379	5,379	3,201
Total Call on Reserves	1,124	3,756	5,260	4,136	1,504

This in effect means that the Council agreed to a level of spending of £19.091m in 2024/25, which is £5.064m more than in the 2023/24 budget and £2.169m more than the level of spending identified in the Q3 2023/24 forecast.

Medium Term Financial Strategy 2024/25 – 2027/28

The Medium Term Financial Strategy (MTFS) is included in the above mentioned report and was approved by the Council on 22nd February 2024.

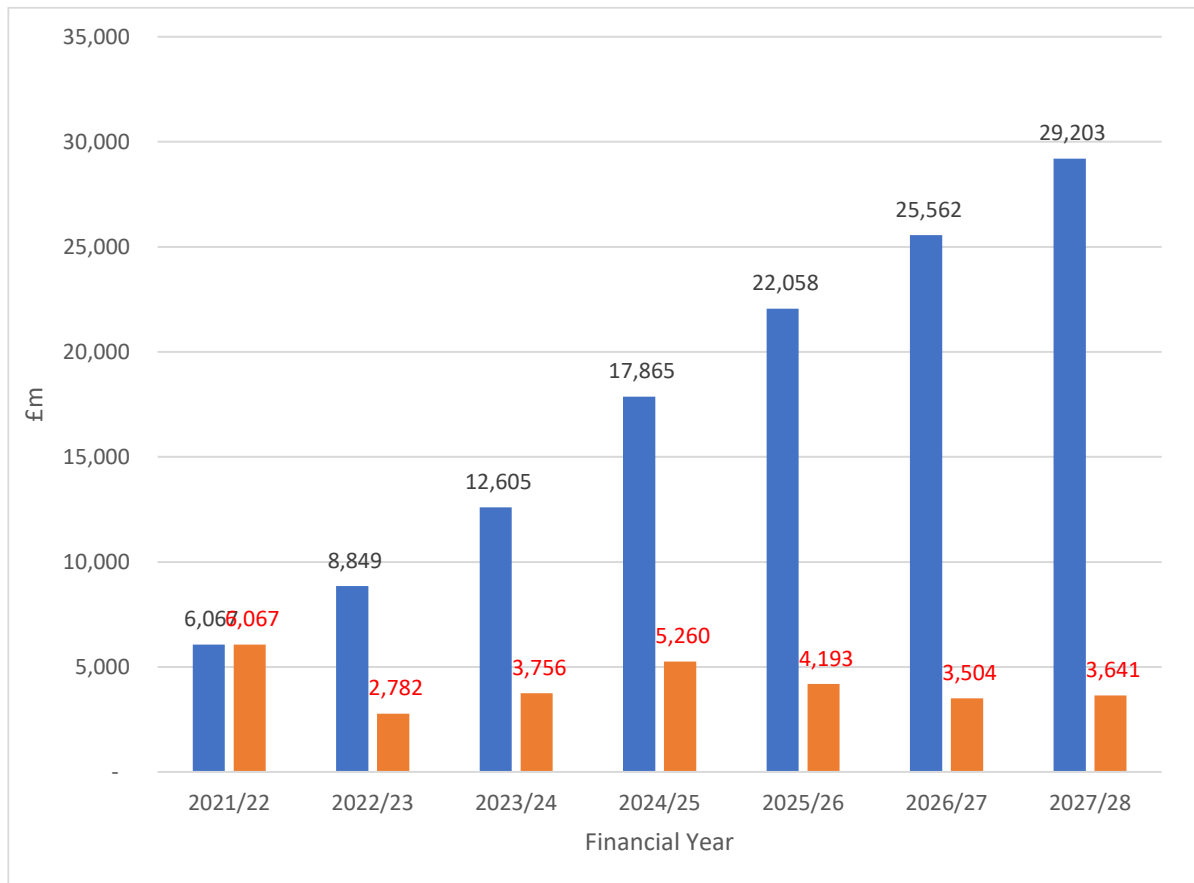
At that time, the forecast use of reserves in 2023/24 identified in the report and in Appendix 4 to the report was £2.500m. The Q3 2023/24 forecast reported to Cabinet on 12th March 2024 revised this upwards by £1.256m as is set out in the table below.

2023/24 Outturn Position Per	24/25 Budget £000s	Q3 Forecast £000s	Forecast +/- £000s
Use of Earmarked Reserves	1,124	1,578	454
Deficit	1,376	2,178	802
Total Call on Reserves	2,500	3,756	1,256

This impacts on the MTFS. In the table below we restate the MTFS presented to the Council to take account of this.

	2023/24 £000s	24/25 £000s	25/26 £000s	2026/27 £000s	2027/28 £000s
Adjusted MTFS Deficit and Reserve Balance					
Deficit Before Use of Reserves	3,756	5,260	4,193	3,504	3,641
Cumulative Deficit Before Use of Reserves	3,756	9,016	13,209	16,713	20,354
Estimated Reserve Balance					
Opening Balance	13,060	9,304	4,044	- 149	- 3,653
Planned Use of Earmarked Reserve	- 1,578	119	- 66	-	-
General Fund Deficit	- 2,178	- 5,379	- 4,127	- 3,504	- 3,641
Closing Balance	9,304	4,044	- 149	- 3,653	- 7,294

The cumulative use of reserves to support spending since 2021/22 and projected to 2027/28 is illustrated below.



This amounts to £29.203m over 7 years, which is the £12.605m identified above in this report for the period 2021/22 to 2023/24 plus £16.598m forecast as required in the period 2024/25 to 2027/28 if no mitigating action is taken.

The adjustment of £1.256m in respect of 2023/24, based on the Q3 2023/24 forecast, means that the Council would not be able to set a balanced budget in 2025/26 without utilising the £2.000m General Fund (working) balance since Earmarked Reserves will not be sufficient to fund the whole of the projected deficit. In 2026/27 the Council would be unable to set a balanced budget even if the General Fund (working) balance was applied as without mitigation the General Fund (working) balance would have reduced to £1.851m and the forecast deficit at £3.504m results in an unfunded deficit of £1.653m as is illustrated below.

Adjusted MTFS Deficit and Reserve Balance including General Fund Working Balance	2023/24 £000s	2024/25 £000s	2025/26 £000s	2026/27 £000s	2027/28 £000s
Deficit Before Use of Reserves	3,756	5,260	4,193	3,504	3,641
Cumulative Deficit Before Use of Reserves	3,756	9,016	13,209	16,713	20,354
Estimated Reserve Balance					
Opening Balance including GF Working Balance	15,060	11,304	6,044	1,851	1,653
Planned Use of Earmarked Reserve	- 1,578	119	- 66		-
General Fund Deficit	- 2,178	- 5,379	- 4,127	- 3,504	- 3,641
Closing Balance	11,304	6,044	1,851	1,653	5,294

Without mitigation, the Council is not financially sustainable in the medium-term. This is largely driven by the Council's level of debt which we discuss in Section 4 below. The position set out above means the S.151 Officer would be obliged, if there is no change, to issue a S.114 Notice in respect of the setting of the 2026/27 budget. This means the Council has a maximum of two years to make the necessary changes to its spending that would be required to set a balanced budget in 2026/27.

The MTFS does set out a path to financial sustainability. The "Revenue Budget, Capital Programme and Council Tax Level" report to the Council on 22nd February includes in Appendix 1 the "MTFS – Financial Resilience Plan" and within the report identifies the scale and focus of the savings target required.

The report to Council on 22nd February 2024 states "There are two significant levers within the Council's control to resolve the deficit. The most controllable lever is the Council's cost base, the second lever is the reduction of interest and MRP through reduction in debt (i.e., a capital solution), however disposal of assets to generate capital receipts is a medium-term action as this takes time to achieve".

These savings targets in relation to these two levers are set out in the table below.

	2024/25 £000s	2025/26 £000s	2026/27 £000s	2027/28 £000s
MTFS Savings Target				
Services Cost Reduction	500	1,000	1,500	2,000
Interest and MRP Reduction	240	1,558	2,040	2,040
Total Recurrent Savings	740	2,558	3,540	4,040
Deficit Before Use of Reserves	5,260	4,193	3,504	3,641
Less Savings Target	- 740	- 2,558	- 3,540	- 4,040
Revised Deficit Before Use of Reserves	4,520	1,635	36	399
Cumulative Deficit Before Use of Reserves	4,520	6,155	6,119	5,720

This target is for a permanent reduction in the base budget of £4.040m by 2027/28 comprising of £2.000m in service cost reductions and of a reduction of £2.040m in the cost of MRP and interest.

The impact of achieving this level of savings on reserves, taking into account the Q3 2023/24 forecast outturn and the General Fund (working) balance) is set out in the table below.

Estimated Reserve Balance If Savings Target Achieved	2024/25 £000s	2025/26 £000s	2026/27 £000s	2027/28 £000s
Opening Balance including GF Working Balance	11,304	6,784	5,149	5,185
Planned Use of Earmarked Reserve	119	- 66		-
General Fund Deficit	- 4,639	- 1,569	36	399
Closing Balance	6,784	5,149	5,185	5,584

This is clearly a significantly improved position. The cumulative impact of recurring savings from 2024/25 to 2027/28 would move the Council from a negative reserves balance of £5.294m to a positive reserves balance of £5.584m, a change of £10.878.

The achievement of the savings target would put the Council on a financially sustainable footing, maintaining the overall level of reserves, including the General Fund (working) balance, in excess of £5.000m throughout the current MTFS period and avoid an unfunded deficit in 2026/27 and 2027/28.

This is a challenging savings target. The table below summarises the MTFS from 2024/25 to 2026/27 set out in “Appendix 2: Detailed MTFS 2024/25 – 2027/28” included in the report to Council on 22nd February 2024 (Note, 2027/28 was not included in the table).

This is prior to the savings target and disaggregates the revenue impact of projects relating to capital expenditure/borrowing on the General Fund, providing a measure of the scale of savings (against spend) to be achieved to attain the degree of financial sustainability sought through the savings target.

	2024/25	2025/26	2026/27
Disaggregation of MTFS 2024/25 to 2025/27	£000s	£000s	£000s
Net Service Revenue Expenditure	20,428	21,235	22,254
Investment Properties	- 1,616 -	2,961 -	3,607
The Meads	427	274	199
Union Yard	1,022	816	459
RHL	- 241 -	515 -	498
Crematorium	- 14 -	596 -	628
Civic Quarter	369	275	222
Other Operating Assets	1,066	862	763
Projects (related to CapEx/Borrowing)	1,013 -	1,845 -	3,090
Interest Receivable from Treasury Investment	- 2,350 -	2,130 -	1,640
Net Budget Requirement	19,091	17,260	17,524
Funding	- 13,831 -	13,067 -	14,020
Net Deficit Before Use of Reserves	5,260	4,193	3,504

The cumulative annual savings target for service cost reduction to 2026/27 of £1.500m is 6.74% of Net Service Revenue expenditure in the table above. This follows a series of savings that the Council has already implemented in recent years.

The report to Council on 22nd February 2024 states that Members should expect to receive proposals that manage the budget shortfall that:

- a) Recognise the Council may no longer be able to afford to deliver the current range of services or maintain some services at existing levels
- b) Prioritise services that deliver statutory obligations as a borough council"

For Interest and MRP cost reduction the cumulative annual savings target to 2026/27 is £2.040m. Projects and assets (related to CapEx/Borrowing) which attract MRP and interest do, overall, have a beneficial impact on the General Fund in 2025/26 and 2026/27 and over the three years from 2024/25 have a beneficial impact of £3.922m.

However, as can be seen in the table above, the beneficial impact is limited to certain projects and assets, namely Investment Properties, RHL and the Crematorium. Over the three years from 2024/25 these contribute £10.676m to the General Fund. In contrast, the Meads, Union Yard, the Civic Quarter and Other Operating Assets are currently a cost to the General Fund of £6.754m.

The report to Council on 22nd February states “The capital solution requires £40million reduction in borrowing (i.e., the Capital Financing Requirement) through the generation of capital receipts (or other external funding) by September 2025”.

Naturally, the MTFS is based on a number of assumptions. Key assumptions relate to falls in interest rates and inflation which are outside the control of the Council. The report to Council on 22nd February 2024 identifies the risk associated with these assumptions.

This places even greater emphasis on making the decisions over which it does have control. As the report to Council on 22nd February identifies, the timing of savings delivery is critical.

Reserves Position

We have reviewed the overall reserves position above in discussing the MTFS, taking into account the Q3 2023/24 forecast outturn. The opening balance for 2023/24 of £13.060m reconciles to the closing balance in the draft Statement of Accounts 2022/23 of £19.136m.

This is set out in Appendix 5 of the “Revenue Budget, Capital Programme and Council Tax Level” report to Council on 22nd February 2024.

Reserves:	as at 31/3/2023
Earmarked reserves	(10,807,303)
Risk reserves	(2,252,797)
Total Earmarked Reserves	<u>(13,060,100)</u>
 SANG/Developers Reserves Sub Total	 (6,076,128)
Total Reserves:	<u>(19,136,228)</u>

The opening balance of £13.060m excludes SANG/Developers Reserves and the General Fund (working) balance of £2.000m. There is no breakdown provided of estimated balances of individual Earmarked Reserves as at 31st March 2024. However, these are identified as at 31st March 2023 in the draft Statement of Accounts 2023/24.

The report to Council on 22nd February 2024 states “A comprehensive reserves review will be completed as part of the 2023-24 outturn. Reserves will be aligned to the updated Financial Resilience plan, with reserve transfer proposals put forward to Full Council in July 2024”. We have highlighted a number of issues in this report that might impact on the reserves position.

The report to the Council on 22nd February 2024 also refers to this in the section on Risks and Uncertainties, stating that the “audit backlog to 2020-21 carries risk around impact on available reserves”. It is important, as part of the planned comprehensive reserves review, that assurance is gained on the level of reserves available to the Council.

The S.151 Officer's Section 25 Statement in the budget report to Council on 22nd February, in relation to the adequacy of reserves, identifies a significant repurposing of Earmarked Reserves is required in relation to 2023/24 to fund the forecast deficit (which increased in the subsequent Q3 2023/24 forecast).

It also states, "the Council has sufficient reserves to set a legal budget for 2024/25, and potentially 2025/26". This accords with our analysis, taking into account the Q3 2023/24 forecast of an increase in the 2023/24 deficit. However, as stated above and indicated in the budget report, there are insufficient reserves, including the General Fund (working) balance to set a balanced budget in 2026/27 without significant mitigation.

As is referred to above, there is a need for repurposing of Earmarked Reserves and a comprehensive reserves review is to be completed by July 2024 as part of the plan to attain financial sustainability.

A local authority relies on its financial reserves to provide funding for investment in future activities and to act as a safety net in case of short-term financial challenges. It is important to note that Earmarked Reserves are set aside for specific purposes and cannot necessarily be repurposed to bridge budget gaps unless the intended use of such reserves is no longer applicable. It is important this is taken into account, as part of the comprehensive reserves review, and that necessary decisions are sought in relation to such repurposing.

It is also important that there is appropriate governance and transparency in relation to the use and drawdown of specific Earmarked Reserves, which has not been the case historically.

CIPFA guidance states that using reserves to fund otherwise unsustainable services or to defer the need to make difficult decisions about service delivery should be avoided. Such an approach does nothing to enhance financial resilience. It also serves to make those difficult decisions even more difficult when they inevitably have to be made in the future.

Financial Management, Risk Management and Compliance

Financial Management

CIPFA has not undertaken a formal assessment of financial management at Rushmoor through, for example, CIPFA's FM Model or indeed, the requirement to undertake an assessment against the financial management code.

We have identified a number of historical issues in relation to financial reporting to Members in our analysis of the Council's financial position as it has evolved to the present day. This includes:

- Conflicting information on the 2022/23 outturn being provided to Members in July 2023
- Lack of Q2 and Q3 forecast outturn reporting to Members in 2022/23
- Presentation of budget/forecast information that does not clearly identify the Net Budget Requirement (the amount the Council plans to spend or is spending compared to funding (including the use of reserves))
- The recasting and presentation of the budget in a way which does not enable visibility of increases in the Net Budget Requirement

This suggests a historical lack of financial management capacity and competency which has not been helped by changes in leadership of the finance function, the current S.151 Officer is the fourth in recent years following two Interim S.151 Officers.

The Council's External Auditors, Ernst & Young, refer to issues of capacity in the finance department in the context of their work and identify officer capacity as 'moderate' in their "Annual Audit Letter for the year ended 31 March 2020" dated July 2023.

Given the financial position of the Council, we question whether quarterly forecasting is frequent enough. There is a lack of "in-flight" information during the course of the financial year which would provide the opportunity to take decisions to mitigate an adverse position, especially when the timing of current quarterly forecasts is taken into account.

The Q2 forecast went to Cabinet in January 2024 and Cabinet did not see the Q3 forecast until March 2024, after the 2024/25 budget had been approved and close to the 2023/24 year-end. Whilst an earlier indication of direction of travel might be possible under the current arrangements, more frequent (monthly) forecasting would provide a more robust foundation for financial management especially given the challenge to financial sustainability Rushmoor is facing. However, we do recognise this might be testing in the context of the current financial management capacity of the Council.

It is our observation that many reports that go to Members do not, as a matter of course, include a separate section on financial implications prepared by or on behalf of the S.151 officer but do contain sections on risk and on legal implications, even where there are significant financial repercussions. This runs the risk of Members taking decisions for which the financial implications have not been properly considered by the S.151 officer or a representative of the S.151 officer.

This may be a symptom of historical financial management capacity but, in our opinion, is a significant omission, especially given the Council's current financial position. We would

expect all reports to Members to include a section on financial implications approved by the S.151 Officer even if this is to confirm there are none.

Achieving financial sustainability will depend on the Council achieving the challenging savings target discussed above. It is vitally important that these form a robust programme which is closely monitored in a visible/transparent way especially given the critical nature of their timing. Finance has a core role to play in validating and tracking the savings that have been achieved against this target.

We are aware that the current S.151 Officer is cognisant of the shortcomings in financial capacity and is taking steps to address them. This has included the recent appointment of the Financial Services Manager & Deputy S151 Officer. It is essential that the Council is supportive of all necessary steps needed to achieve a sufficient level of financial capacity and competency under the direction of the S.151 Officer.

Risk Management

Ernst & Young do draw attention to issues in relation to risk management in their “Annual Audit Letter for the year ended 31 March 2020” dated July 2023 stating “Adequate risk management is required for members and officers to take informed decisions” determining “The Council's Risk Management arrangements are adequate” before making a number of suggested improvements.

In February 2022 an Internal Audit Report in relation to Corporate Risk Management concluded that arrangements were ‘reasonable’ which meant improvements were required. The Internal Audit Report contained six recommendations of which five have been implemented.

The “Risk Management Process 2023/24” report to the Corporate Governance, Audit and Standards Committee on 24th March 2024 reports on the ongoing development and maintenance of the Council’s risk management process and includes as Appendix A the current Corporate Risk Management Policy (v2.0 27/04/22).

The report of 24th March states “Work has continued in response to the internal audit of risk management that concluded in February 2022. Of the 6 actions identified, the final outstanding item has been addressed in the latest draft of the risk management policy”. This is, in our opinion, slightly misleading since whilst there is now a section on ‘risk appetite’ in the policy, as the report states “Further work is however planned to investigate how the Council can establish an effective high level risk appetite policy (or policies)”. The Management Action Plan appended to the Internal Audit Report in February 2022 set a target date of 30th June 2022 to “to define and communicate the Corporate Risk Appetite”.

The latest “Council Plan and Risk Register Quarterly Update” report to Cabinet was made on 6th February 2024. This identifies a number of key corporate risks which we have summarised below.

Key Corporate Risk	Risk Rating		
	Inherent	Residual	Target
Leisure and Cultural Hub	High	High	Medium
Civic Quarter	High	High	Medium
Union Street	High	High	Low
Insufficient Funding to Proceed with Projects	High	High	Medium
External Debt	High	High	Medium
Financial Sustainability	Medium	Medium	Medium

These risks are clearly interrelated and to some extent conflict in their mitigation. For example, as has been set out above, the achievement of the Interest and MRP savings target depends on reducing the level of borrowing. Whilst this reduces risks associated with external debt and financial sustainability it does, without an alternative source of funding, adversely impact on the sufficiency of funding for projects and, therefore, the Council’s ability to deliver the major projects set out in the table above, namely the Leisure and Cultural Hub, the Civic Quarter and Union Street.

Compliance with Local Government Accounting Codes and International Financial Reporting Standards

As set out in the draft Statement of Accounts 2022/23, the financial statements are prepared and published in accordance with the Accounts and Audit Regulations 2015 and the Code of Practice on Local Authority Accounting in the United Kingdom 2023. The Code is issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). The Code is based on International Financial Reporting Standards (IFRS), as adapted for the UK public sector under the oversight of the Financial Reporting Advisory Board.

However, the last audited Statement of Accounts relates to 2019/20. Whilst draft Statement of Accounts for 2020/21, 2021/22 and 2022/23 have been published these are yet to be audited. Rushmoor has, thus, commenced the new financial year with four years of accounts remaining to be audited. Rushmoor is not alone in having a backlog. The Government is currently consulting on a statutory backstop date of 30th September 2024 for the completion of all outstanding audits up to and including 2022/23.

Capital Flexibilities

On 19th December 2023, DLUHC opened a consultation on capital measures to improve local government sector stability and efficiency. Any resulting changes will be available to all local authorities so are separate from and do not replace the EFS process, which is focused

on supporting local failure. The consultation does, however, recognise “where local authorities face cost pressures that are not a consequence of local failure, then further freedoms to use capital resources could allow local management of budget pressures, and facilitate investment that reduces future costs and supports continued sustainability over the long-term”.

The specific options identified in the consultation paper are:

- Option 1: Extend capitalisation flexibilities to include a wider set of eligible costs – allowing local authorities to capitalise general cost pressures and meet these with capital receipts
- Option 2: Extend the flexible use of capital receipts to allow authorities to borrow for the revenue costs of invest-to-save projects, thus allowing local authorities to borrow to finance the revenue costs of eligible projects in addition to using capital receipts
- Option 3: Allow additional flexibilities for the use of the proceeds of selling investment assets – allowing local authorities to use investment asset proceeds to fund financial pressures and potentially having access to other flexibilities such as increasing reserves where they are demonstrably low

Option 1 is significant since at present EFS is the only way for local authorities to capitalise general cost pressures. It would be conditional on putting in place and committing to delivering an efficiency plan to reduce costs, with a defined payback period on any capitalised spend. The intent is that any use of the flexibility must be part of an overall plan to move back to financial sustainability within the MTFS term. It would also depend on the availability of capital receipts.

The intent of Option 3 is to encourage divestment of assets held only for revenue and not for the delivering the objectives of the local authority and to provide additional incentives to recognise that local authorities selling such assets will likely be foregoing future revenue income.

If these flexibilities come into regulation, they do present important opportunities for the Council to manage the financial challenge it is facing and in achieving a stable and financially sustainable future.

However, the ability to make use of these flexibilities will be dependent on the Council having access (in relation to options 1 and 3) to sufficient capital receipts, placing even greater emphasis on the importance of the Council in achieving its asset disposal plans and, since currently this is focused on reducing borrowing, considering a more extensive

programme of asset disposal to take advantage of these flexibilities if they come into regulation.

Conclusion

Whilst Rushmoor has been able to set a balanced budget in 2024/25 this is reliant on a further reduction in reserves. Without reducing annual spending to align with annual income, the Council will not be able to set a balanced budget in 2026/27.

A savings target combining service cost reductions and reductions in interest and MRP costs has been identified which would put the Council on a financially sustainable footing.

Whilst 2026/27 may seem some time off, the steps needed to achieve financial sustainability will take time to implement, especially the £40m disposal of assets needed to achieve the reduction in interest and MRP costs. In addition, the savings target requires savings to be made in 2024/25 and in 2025/26 in order to achieve financial sustainability.

The Council is in a position to avoid any future request for intervention from Government, in the form of Exceptional Financial Support (EFS) if it acts in a timely manner and makes some key decisions about its future, in particular in relation to its development programmes.

There is a great deal of energy being put into identifying the detail of the actions the Council needs to make and a Financial Resilience Plan has been developed. Securing financial sustainability may entail making some politically unattractive decisions that run counter to the Council's ambitions, resulting in reductions in service and affecting the Council's regeneration goals.

It is important that the Council quickly makes decisions and determines the actions it is going to take so that they can be implemented in a planned and structured way.

In so doing, the Council needs to address issues in relation to financial capacity and competencies, which we acknowledge steps have already been taken to address. The Financial Resilience Plan identifies a number of actions in relation to finance including:

- Revision of a regular timetable for financial reporting and budget setting and review
- Review of treasury operations
- Review of capital planning methodology
- Maintenance and improvement of suitable expenditure controls into the medium term
- Management of the Council's balance sheet

- Improvements in the quality of working papers, documents, and reconciliations through establishment of new standards for these materials
- Development of financial skills within the Council
- Design and consultation on the structure of the finance service at a suitable juncture

These align with our conclusions and it is important a plan to implement these improvements is determined and actioned in the short-term.

Good practice in financial management is fundamental to and underpins the delivery of organisational priorities and objectives. It is key to:

- Providing control, probity and accountability
- Enhancing and improving performance
- Supporting better decision-making
- Managing risk
- Enabling change
- Achieving value for money

These are organisation-wide responsibilities, they are not solely the responsibility of Finance but are supported by Finance. Without the actions identified in the Financial Resilience Plan being delivered, the ability of the Council to secure sound financial management and achieve a financially sustainable future is at risk.

4. Debt and Commercial Assets

Debt

Scale of Indebtedness

For its size, Rushmoor has one of the highest levels of debt of any local authority in England. In September 2023 Moody's identified the 20 most indebted local authorities in England relative to size. Rushmoor ranked 7th as is shown in the table below¹.

Top 20 English councils with high levels of debt for their size

Local authorities ranked by borrowing level versus their income

Local authority	Total borrowing	Borrowing to income ratio	Local authority	Total borrowing	Borrowing to income ratio
1. Spelthorne	£1.1bn	86.9x	11. Brentwood	£226m	9.7x
2. Woking	£2.0bn	62.0	12. Mole Valley	£103m	9.6
3. Eastleigh	£522m	41.1	13. East Hampshire	£120m	9.5
4. Runnymede	£643m	23.4	14. Thurrock	£1.5bn	7.5
5. Worthing	£204m	14.4	15. Adur	£165m	7.1
6. Surrey Heath	£170m	13.7	16. Epsom and Ewell	£64m	6.8
7. Rushmoor	£120m	10.6	17. Broxbourne	£58m	6.3
8. Cherwell	£188m	10.3	18. Guildford	£295m	6.0
9. Uttlesford	£302m	10.0	19. Chorley	£78m	5.9
10. Warrington	£1.8bn	9.9	20. Warwick	£268m	5.9

Guardian graphic. Source: Moody's investors service

The level of external debt as at 31st March 2023 was £120m. The Treasury Management and Non-Treasury Investments Operations 2023/24" report to the Corporate Governance, Standards and Audit Committee on 27th November 2023 forecast that external debt would rise to £167m by 31st March 2024 as is set out in the table below.

¹ Due to concerns about the financial information identified earlier in the report we have not been able to use the comparative CIPFA data in our report including the Financial Resilience Index.

External Borrowing Summary

1/4/2023 balance - started before this date	120,000,000
Of which repaid pre November	-
Replaced borrowing in year to date	115,000,000
Of which matured	(16,000,000)
Balance to date	142,000,000
Borrowing contracted in last Quarter	25,000,000
Repaid in last Quarter	(13,000,000)
Required borrowing in last Quarter	13,000,000
Total debt at 31/3/2024	167,000,000

The 2023-24 budget assumed £165m of borrowing. The budget's interest assumption was based on short-term borrowing of £45m (27.3%) at 0.75% and £120m (72.7%) of long-term Public Works Loan Board (PWLb) borrowing at 2%.

At 31st March 2023 long-term loans represented £5m (4.16%) of the £120m external debt. In September 2023, the Council was advised by Arlingclose to transfer 60% of its short-term debt to longer-term PWLB loans. However, this was considered unaffordable. The planned switch to long-term borrowing in the 2023-24 budget did not materialise despite an apparent commitment and understanding across the Council at the time.

The "Annual Treasury Management Strategy and Annual Non-Treasury Investment Strategy 2024/25" approved by the Council on 22nd February 2024 sets out the Council's annual borrowing strategy. This identifies that the majority of current debt is due to mature within 12 months and that the Council will need to borrow £135.4m by the end of 2024/25 to replace existing short-term loans as they mature.

The chief objective of the annual 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". It also identifies as a secondary objective the flexibility to renegotiate loans should the Council's long-term plans change.

The annual borrowing strategy retains the desire to switch to a greater proportion of long-term debt to enable greater in the cost of borrowing. However, this process will not begin until expected falls in current interest rates.

Authorised Limit and Operational Boundary

The Council is legally obliged to set an Authorised Limit (or affordable borrowing limit) for external debt each year. The Authorised Limit is a prudential indicator which controls the overall level of borrowing and is the limit beyond which borrowing is prohibited. In line with

statutory guidance, a lower “operational boundary” is also set as a warning level should debt approach the limit.

The “Annual Capital Strategy 2024/25” approved by the Council on 22nd February 2024 identifies the Authorised Limit of £202m in 2023/24 remaining constant through to 2026/27. Similarly, the Operational Boundary identified of £171.8m in 2024/25 remains constant through to 2026/27.

Debt of £167m as at 31st March 2024 is approaching the Operational Boundary though securely within the Authorised Limit. Given the Council is seeking to reduce the level of debt and both the Authorised Limit and Operational Boundary are constant through to 2026/27, the extent to which debt is less than these indicators should increase over the period to 2026/27.

Capital Financing Requirement

The purpose of the Capital Financing Requirement (CFR) is to demonstrate that Council borrowing is undertaken to fund capital expenditure only. The “Annual Capital Strategy 2024/25” provides the following description “The Council’s cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP and capital receipts used to replace debt”.

In the “Annual Capital Strategy 2024/25” the Council’s estimated CFR in 2024/25 is £167.9m, reducing to £129.1m in 2026/27. As the Council is projecting reducing levels of debt over this period, the Council is expecting to comply with the recommendation in CIPFA’s Prudential Code for Capital Finance in Local Authorities that total debt is lower than the highest forecast CFR in the period 2024/25 to 2026/27.

Minimum Revenue Provision (MRP)

Historically, the Council has charged MRP on a straight-line basis, where equal annual charges for MRP are made over the asset life. Following a review of MRP by Arlingclose, the Councils Treasury Management advisers, the Council has changed to the annuity basis from 2024/25 onwards. This results in a reduction in MRP in earlier years but sees the MRP charge increase each year over the asset.

This change in approach is set out in Appendix 3 - Minimum Revenue Provision Statement 2024/25 to the “Annual Treasury Management Strategy and Annual Non-Treasury Investment Strategy 2024/25” approved by the Council on 22nd February 2024. A detailed review of the Council’s MRP calculation is outside the scope of this review. However, we are able to comment that the approach adopted by the Council is compliant with regulations and guidance and is an approach that is widely adopted.

Interest and MRP Costs

Interest and MRP costs are a function of the scale of borrowing, interest rates and the Council's MRP policy. Interest costs together with the borrowing and interest rate assumptions included in the MTFS approved by the Council on 22nd February 2024 are set out in the table below.

Interest on External Borrowing	2023-24 Original Budget £'000	2023-24 Forecast £'000	2024-25 Draft Budget £'000	2025-26 Draft Budget £'000	2026-27 Draft Budget £'000
1. Investment Properties	1,562	3,391	4,371	3,229	2,591
2. The Meads	363	789	502	371	298
3. Union Yard	669	1,452	1,552	1,168	937
4. RHL Ltd	15	33	855	631	507
5. Crematorium	6	14	239	187	150
6. Civic Quarter	128	278	363	268	215
7. Other Operational Assets	258	560	793	591	479
Total interest on external borrowing	3,002	6,516	8,675	6,446	5,117
Weighted average interest rate	1.67%	3.90%	5.17%	3.86%	3.10%
Short term borrowing	45,000	167,000	167,000	167,000	167,000
Long Term borrowing	120,000	-	-	-	-
Total external borrowing	165,000	167,000	167,000	167,000	167,000
Internal borrowing	-	7,746	15,409	16,474	16,474
Total borrowing	165,000	174,746	182,409	183,474	183,474

The MTFS assumes total external borrowing of £167m in the period 2024/25 to 2026/27. A key assumption is a fall in the weighted average interest rate from 5.17% in 2024/25 to 3.1% in 2026/27. This results in total interest on external borrowing of £8.675m in 2024/25 falling to £5.117m in 2026/27. Whilst not included in the table above, the MTFS indicates that total interest on external borrowing will remain at £5.117m in 2027/28.

The table below provides a breakdown of MRP included in the MTFS approved by the Council on 22nd February 2024.

Minimum Revenue Provision by Scheme	Expenditure funded by borrowing £'000	Minimum Revenue provision				
		2023-24 Original Budget £'000	2024-25 Draft Budget £'000	2025-26 Projected £'000	2026-27 Projected £'000	2027-28 Projected £'000
1. Investment Properties	91,908	1,911	1,299	1,101	1,093	1,113
2. The Meads	10,561	0	142	120	119	121
3. Union Yard	33,246	0	0	380	377	384
4. RHL Ltd	17,970	25	19	211	209	213
5. Crematorium	5,324	12	18	98	103	105
6. Civic Quarter	7,637	68	6	7	7	7
7. Operational Assets	16,827	154	273	271	284	289
Grand Total	183,474	2,170	1,758	2,186	2,192	2,232
Year on year change in MRP			(412)	428	6	40
Funded by:						
External borrowing	167,000					
Internal Borrowing	16,474					
Total borrowing	183,474					

The £0.428m increase in 2025-26 is the effect of Union Yard becoming operational in 2024-25 since MRP is chargeable in the next financial year. This increase is split between Union Yard and RHL, reflecting the proposed transfer of the private rented units from Union Yard to RHL.

DLUHC set an indicative minimum percentage of MRP as a proportion of CFR of 2%. The table below compares the MRP included in the MTFS included in the table above with the estimated CFR identified in the Capital Strategy 2024/25 for the period 2024/25 to 2026/27.

	2024/25	2025/26	2026/27
MRP as % of CFR	£000s	£000s	£000s
Minimum Revenue Provision (MRP)	1,758	2,186	2,192
Capital Financing Requirement (CFR)	167,900	141,400	129,100
MRP as % of CFR	1.05%	1.55%	1.70%

As can be seen in the table above, the Council is below this indicative minimum though it does get closer to it by 2026/27.

The combined impact on the General Fund (interest on external borrowing plus MRP) over the period of the MTFS is set out in the table below.

	2024/25	2025/26	2026/27	2027/28
	£000s	£000s	£000s	£000s
Debt Servicing Costs 2024/25 to 2027/28				
Interest on External Borrowing	8,675	6,446	5,117	5,117
MRP	1,757	2,186	2,192	2,232
Total GF Debt Servicing Costs	10,432	8,632	7,309	7,349

Based on the MTFS assumptions total debt servicing costs do reduce though, of course, this depends on assumed falls in interest rates materialising. The table above does not take account of the Interest and MRP savings target discussed in Section 3 which is dependent on a reduction in borrowing of £40m. The impact of this target is set out in the table below.

	2024/25	2025/26	2026/27	2027/28
	£000s	£000s	£000s	£000s
Impact of Savings Target on Debt Servicing Costs				
Total GF Debt Servicing Costs	10,432	8,632	7,309	7,349
Interest and MRP Savings Target	- 240	- 1,558	- 2,040	- 2,040
Total GF Debt Servicing Costs After Savings	10,192	7,074	5,269	5,309

Treasury Management Investment

The “Annual Treasury Management Strategy and Annual Non-Treasury Investment Strategy 2024/25” approved by the Council on 22nd February 2024 sets out the Council’s Annual Treasury Management Investment Strategy.

This states “The Council’s policy on treasury investments is to prioritise security and liquidity over yield, that is to focus on minimising risk rather than maximising returns”. It goes on to further describe the strategy in the following way:

- Cash that is likely to be spent in the near term is invested securely, for example with the government, other local authorities or selected high-quality banks, to minimise the risk of loss.
- Money that will be held for longer terms is invested more widely, including in bonds, shares and property, to balance the risk of loss against the risk of receiving returns below inflation.
- Both near-term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which particular investments to buy and the Council may request its money back at short notice

The strategy also identifies that the Council will give due consideration to the potential sale of strategic pooled funds as part of an ongoing review of their risk and return to the Council. A sale at the present time is not considered a suitable option due to the current economic climate which would result in realising a loss in these investments.

As at 31st December the Council held the following treasury management investments:

	Portfolio £m	Average Rate
Treasury investments:		
Local authorities	24.7	5.30%
Money market funds	15.0	5.75%
Strategic pooled funds	19.3	7.13%
Total treasury investments	39.7	6.02%

The Council expects to hold a minimum of £25m in such investments in future years.

The MTFS identifies interest receivable from treasury investments as is set out in the table below.

Interest Receivable from Treasury Investment:	Original Budget £'000	2024-25 Draft Budget £'000	2025-26 Draft Budget £'000	2026-27 Draft Budget £'000
Money Market Funds	(31)	(820)	(600)	(400)
Pooled Funds	(1,279)	(1,240)	(1,240)	(1,240)
Farnborough International Loan	(290)	(290)	(290)	0
	(1,600)	(2,350)	(2,130)	(1,640)

The loan to Farnborough International is due to be fully repaid in 2025-26.

In addition to the above, the MTFS also takes account of interest receivable from RHL as is set out below.

RHL Interest	Original Budget £'000	2024-25 Draft Budget £'000	2025-26 Draft Budget £'000	2026-27 Draft Budget £'000	2027-28 Draft Budget £'000
Interest on loan notes	(56)	(968)	(1,220)	(1,085)	(1,085)
Interest on borrowing	(64)	(78)	(67)	(59)	(59)
Total Interest:	(120)	(1,045)	(1,287)	(1,144)	(1,144)
Loans notes	780	17,780	17,780	17,780	17,780
Borrowing	970	970	970	970	970
Interest rate (TM+3%)	6.10%	7.22%	7.99%	6.86%	6.10%

The above assumes that 82 private rental units in the Council's Union Yard development will transfer to RHL during 2024/25.

Commercial Property Investments

The Council has investments in local and regional commercial and residential property with the intention of making a profit that will be spent on local public services. The Council does not have any intention to add to their current portfolio of investment properties since this would impact on access to PWLB loans as a consequence of revised lending terms introduced in 2020.

These investment properties do attract interest and MRP costs, as is set out above in the data relating to these costs in the MTFS. However, as is set out in Section 3 above, the investment property portfolio does make a positive contribution to the General Fund after taking account of these costs. The “Annual Capital Strategy 2024/25” states “Total commercial investments for 2024/25 are forecast to be £128.7m, the portfolio providing a net return after all costs of 6.8%”.

There is a quarterly review of the portfolio, produced by LSHIM, the Council’s commercial property advisers. This is reviewed by a Cabinet working group consisting of Members (from both the Cabinet and the opposition), The CEO, Directors (including the Monitoring Officer) and the S151 officer. To support the Financial Resilience Plan, LSHIM undertook a Commercial Portfolio Asset Review in February 2024, with a view to identifying the potential disposal of any assets to contribute to the reduction in debt the Council seeks to achieve financial sustainability.

The Council is aware that in undertaking any disposals the overall impact on the General Fund must be taken into account but that rationalisation of the portfolio where individual investment properties do not make a positive contribution to the General Fund may still be appropriate in line with the Council’s agreed approach to portfolio management.

Asset Disposal Plan

The reduction in borrowing of £40m to achieve the savings target on Interest and MRP costs is dependent on the sale of assets. Whilst this need is recognised in the MTFS approved by the Council on 22nd February 2024, the Council has not yet confirmed which assets it will dispose of to achieve the savings. As the MTFS also identifies, the timing of disposals is critical, the target date for completing the required asset disposals being September 2025.

In considering which assets to dispose of the Council will wish to consider the overall impact on the General Fund, disposing of assets that are projected to be a net cost to the Council and retaining assets that are projected to benefit the General Fund.

It is important to note, in addition, that should the proposed new capital flexibilities come into regulation, taking advantage of these flexibilities will be dependent on the generation of

capital receipts through asset disposal. This may mean the Council needs to consider a more extensive disposal programme.

Conclusion

Whilst borrowing is within the Authorised Limit and borrowing will not exceed CFR, securing the future sustainability of Rushmoor requires a structured and timely disposal of assets to achieve the Interest and MRP savings target, reducing the interest and MRP costs borne by the General Fund.

The implication of this is that the primary focus should be on assets held in relation to the regeneration projects rather than on the Commercial Property Investments portfolio except where the disposal of individual investment properties does not negatively impact the General Fund.

The timing of disposals and the generation of capital receipts has been identified by the Council as critical, with a target date of £40m of disposals by September 2025. It is vital that the Council identifies its programme of disposals as quickly as possible so that a planned disposal process that realises the value of the assets to be disposed of can be implemented.

It is also vital that Rushmoor has access to the necessary capacity and experience to successfully implement the asset disposal programme. It is unlikely the Council possess all the experience it needs in-house given it has not pursued such an initiative in the past.

Quite apart from the skills needed in respect of the asset disposal programme, the Council also needs to consider whether the Council possesses the necessary Treasury Management expertise commensurate with its needs and, given current capacity was described to us as weak, consider how capacity in this important, specialist area can be improved.

If the Council fails to quickly finalise the assets it plans to dispose of and commence the relevant processes, the achievement of its plans to secure a financially stable future will be put at serious risk.

5. Capital Programme and Companies

Capital Programme

Scale of the Capital Programme

The “Revenue Budget, Capital Programme and Council Tax Level” approved by the Council on 22nd February 2024 sets out the Council’s capital programme. The report states “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”.

The capital programme approved by the Council on 22nd February 2024 is set out below.

Capital Programme	2023-24 Forecast £'000	2024-25 Draft Budget £'000	2025-26 Projected £'000	2026-27 Projected £'000	2027-28 Projected £'000
Capital Expenditure					
Union Yard	16,966	5,384	603	-	-
The Meads	10,456	-	-	-	-
The Galleries	3,400	-	-	-	-
Temporary Housing	2,883	-	-	-	-
Disabled Facilities Grants	1,868	1,632	1,111	1,111	1,111
Civic Quarter	1,550	-	-	-	-
Asset Management R & M	849	671	50	50	-
Section 106 funded projects	827	658	-	-	-
Crematorium	446	4,418	305	-	-
CCTV	300	-	-	-	-
Redan Rd	289	-	-	-	-
ICT Services system upgrades	252	582	-	-	-
Housing PRS Delivery via RHL	169	-	-	-	-
Refuse Bins	127	127	127	127	-
Total Capital Expenditure	40,383	13,473	2,196	1,288	1,111

The forecast for 2023/24 is based the revised capital programme for 2023/24 and reflects the estimated outturn on all projects.

Proposed funding of the capital programme is set out in the table below.

Capital Financing	2023-24 Forecast £'000	2024-25 Draft Budget £'000	2025-26 Projected £'000	2026-27 Projected £'000	2027-28 Projected £'000
Developer contribution to Wheeled bins	(20)	(20)	(20)	-	-
Homes Infrastructure Funding	(5,012)	-	-	-	-
S106 funding	(713)	(658)	-	-	-
LAHF Funding + Ukraine +S106 Commuted	(2,883)	-	-	-	-
LTA Grant	(114)	-	-	-	-
Leveling Up Funding	(1,240)	-	-	-	-
Disabled Facilities Grants	(1,868)	(1,632)	(1,111)	(1,111)	(1,111)
Borrowing	(28,532)	(8,663)	(1,065)	(177)	-
Capital receipts - Vivid Union Yard	-	(2,500)	-	-	-
Total Financing	(40,383)	(13,473)	(2,196)	(1,288)	(1,111)

As can be seen, the scale of the currently approved capital programme tails off dramatically reflecting the Council's understanding of its current financial position, falling from a forecast outturn in 2023/24 of £40.383m to only £1.111m in 2027/28, by which time it is restricted to Disabled Facilities Grants (which are fully funded by grant and, therefore, make no call on the Council's capital resources). Further iterations of the capital programme to be approved by the Council will, no doubt identify additional, required capital spend. The Council will need to identify the source of funding for such additional capital spend in the context of its plans to secure a financially stable future.

The major items of capital expenditure in 2024/25 are in respect of Union Yard (£5.384m) and the Crematorium (£4.418m). Together these comprise 73% of the capital programme in 2024/25. Both of these are included in the capital programme for 2025/26 at a much reduced level of spending, with Disabled Facilities Grants becoming the major item of capital expenditure in 2025/26 and the only item by 2027/28.

Historically, the capital programme has been funded through prudential borrowing. Given the Council's financial position and the objective of reducing the level of debt to support financial sustainability, the report to Council on 22nd February states "any new projects will need to be funded from other sources of external finance such as government grants" until the Council has achieved a financially sustainable position.

Key Schemes in the Capital Programme

The MTFS discusses key schemes in the capital programme. These are summarised below:

- Aldershot Crematorium - Refurbishment of this key operational asset, which contributes to the General Fund, was approved by Cabinet in September 2023. Accurate assessment of refurbishment costs will become available once a Main Contractor has been appointed.
- Union Yard - It is anticipated that the whole of the budget approved to date will be fully spent by 2024-25 and the scheme will be completed. An amount of £0.603m is held back for 2025/26 to cover the contracted retention fee.
- The Meads - Purchase of the Meads was approved by Cabinet in April 2023. There is currently no capital budget for this scheme in 2024-25 as it was intended necessary capital investment would be revenue funded in the business case.
- The Civic Quarter is not included in the capital programme for 2024-25 beyond some limited enabling works primarily funded by approved grants which are included within 2023-24 programme. There is ongoing work to seek support from government agencies and undertake funded work to increase the value of council land assets.

The Leisure and Cultural Hub project which would have relied on prudential borrowing is not included in the capital programme despite the Council being awarded £20million Levelling-up capital funding in 2023 towards this project. Approval of this award assumed matching funding of £20m through prudential (PWLb) borrowing.

The report to the Council on 22nd February 2024 setting out the capital programme states “The overall cost of this project and the associated mobility hub is currently forecast at circa £67million. Based on the current financial forecast, estimated running costs and income projections for the project once complete, there would be a funding gap which was intended to have been met by prudential borrowing in 2026-27. Given this report, the Council cannot today rely on being able to take additional borrowing at that point”. The report further states “a decision will be made on this (the Leisure and Cultural Hub) when the revised MTFS is produced in July”.

There are no indications that the Council is classifying investments within its capital programme incorrectly or pursuing investments primarily for yield or without regard for wider socio-economic benefit.

Rushmoor Companies

Rushmoor Homes Limited (RHL)

Rushmoor Homes Limited (RHL) is a company wholly owned 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. We understand RHL also manages a number of residential properties on behalf of the Council.

The RHL business model is based on the Council lending money to RHL to fund development (and acquisition). In return, the Council receives interest as income on the loans.

The Council makes two kinds of loans to RHL for which interest is due, consisting of the value of land transferred to the company, called loan notes, and cash (borrowing) to fund property development. RHL borrowing is funded by the Council from the Council's own borrowing (debt).

The company has been slow in achieving its stated aims. An update on RHL's progress against its business plan 2021 – 2026 in September 2021 identifies that in 2021/22 RHL owned only one property and managed two properties on behalf of the Council. It was projected at that time that RHL would own fifty-nine properties by 2023/24, with the bulk of these (fifty-three properties) having been developed by RHL and the remainder having been transferred by the Council or acquired on the open market. At that time, it was not part of the plan for RHL to manage properties on behalf of the Council. We understand that RHL currently owns nine properties, substantially less than had been planned.

At its meeting on 12th March 2024, the Cabinet approved the transfer (sale) on a long leasehold basis of eighty-two residential units that form part of the Union yard development for £16.975m. Our understanding is that development of these properties is nearing completion and they will be acquired by RHL on a vacant basis.

The Cabinet decision is subject to due diligence with the final terms of the disposal to be progressed by the Executive Director in consultation with the Major Projects and Property Portfolio Holder. The target date for practical completion and handover is July 2024.

This is a significant change in the operational scale of RHL. The company governance arrangements require a rolling five-year Business Plan to be approved by the Council. A new Business Plan 2024 -2029 is in the process of being produced. We understand that a draft has been produced but that the Council is seeking external validation of the robustness of the Business Plan before it is agreed and prior to the transfer (sale) of the Union Yard properties to RHL is completed.

The 2024/25 to 2027/28 MTFS assumes the transfer (sale) will take place and incorporates the following in relation to RHL.

Detailed Medium Term Financial Strategy	2023-24 Original Budget £'000	2024-25 Draft Budget £'000	2025-26 Projected £'000	2026-27 Projected £'000
RHL Ltd:				
Interest Income - Loan Notes	(522)	(968)	(1,220)	(1,085)
Interest Income - Loans		(78)	(67)	(59)
Operational costs recovered	(70)	(70)	(70)	(70)
Operational costs	-	-	-	-
MRP	25	19	211	209
Interest on Borrowing:	15	855	631	507
Net Revenue Impact	(552)	(241)	(515)	(498)

This shows a net revenue benefit to the Council in 2024/25 and in subsequent years.

Interest on loan notes is based on an outstanding balance due to the Council of £17.870m from 204/25 (£0.780m in 2023/24) and throughout the period of the MTFS. The interest on loans is based on an outstanding balance of £0.970 in 2024/25 and throughout the period of the MTFS. The total indebtedness of RHL to the Council from 2024/25 to 2027/28 is, therefore, being £18.750m.

However, the S.151 Officer's Section 25 report in relation to the 2024/25 budget, in considering the robustness of the estimates, does state "the transfer of property from Union Yard to RHL is a significant budget assumption and investment property long term maintenance commitments and rental income modelling is not reconciled to the MTFS revenue budgets beyond 2024/25".

RHL incurs a 3% interest rate premium on the Council's own cost of borrowing. However, the report to the Council on 22nd February 2024 in relation to the MTFS does state "RHL does not have sufficient cash to settle the interest due each year and therefore the Council has agreed to hold the interest due as a debtor balance on the Council's balance sheet until RHL is generating sufficient cashflow to settle the debtor position. This will have a small impact on the Council's cashflow position".

Validation of the robustness of RHL's Business Plan will support the Council in strengthening the robustness of its own estimates in the MTFS and determining the ability of RHL to meet its obligations to the Council in respect of interest payments on the loans provided by the Council.

Rushmoor Development Partnership (RDP)

Rushmoor Development Partnership (RDP) was established in 2018 as a 50/50 joint venture limited liability partnership (LLP) with Hill Partnerships Ltd, to provide expertise and capacity to support delivery of the Council's regeneration aspirations.

Our understanding is that the design of the RDP the model assumes that once planning is achieved a 'project' plan is submitted and the land 'put in' by the Council with development costs shared and a land value agreed. All costs are then deducted from the profits and residual profit shared.

On 31st January 2024 a "RDP Progress Review" report was presented to the Corporate Governance, Audit and Standards Committee which included as an appendix a progress report prepared by RDP covering the period January 2022 to December 2023. This identifies the involvement RDP has had in a number of schemes including Parsons Barracks, the Civic Quarter and Union Yard.

In relation to Union Yard, following development of the scheme through feasibility and planning by RDP, the Council opted to pursue a direct delivery option and entered into the main build contract with Hill Partnerships.

The RDP report states, "With the exception of concluding the planning consent for the Civic Quarter Masterplan the RDP currently has no live projects". The report to the Corporate Governance, Audit and Standards Committee on 31st January 2024 states "Members should note the current 'on hold' status of the company's business activity given the economic situation and the negative viability of planned schemes".

This report concludes "RDP has made a positive contribution to moving forward the Council's regeneration objectives" and that "The Committee are invited to note the progress achieved and that a future report of the role of the company or new project plans will come forward in due course".

We understand there is a potential liability related to loan notes sitting in the RDP in the region of £1.5m. This relates to the planning costs of the Civic Quarter Masterplan which would need to be settled from early receipts unless the RDP takes forward plots for development. It is considered this liability would only materialise if the RDP partnership is ended.

The S.151 Officer is of the opinion that the Council's potential liability is material and will accordingly be disclosed in the notes to the Statement of Accounts for 2023/24.

Conclusion

As is set out above, the Council's capital programme tails off dramatically over the period of the MTFS. This is what we would expect to see given the Council's challenge in regard to financial sustainability and the need to reduce debt.

However, as indicated in the February 2024 report considered by the Cabinet this does mean that current plans for key schemes such as the Civic Quarter and the Leisure and Cultural Hub need to be rethought and that, potentially these schemes will need to be delayed and/or redesigned to reduce cost. We understand the Council-owned assets related to these schemes are being considered for inclusion in the asset disposal programme set out in the Financial Resilience Plan to contribute to the £40m the Council needs to raise to realise the interest and MRP savings target in the MTFS.

In relation to RHL, the transfer (sale) of Union Yard properties will significantly increase the scale of RHL. Whilst, the Council makes a return on the lending it provides to RHL, this is the only direct financial benefit derived from the arrangement since it is not envisaged the company will be in a position to pay a dividend for some time, if ever, and will not even be in a position to pay the interest due to the Council on the loans made to it at present.

At the same time the Council will need to maintain the level of debt associated with the loans to RHL of circa £17m, resulting in both continuing interest and MRP costs to be met by the Council's General Fund Revenue budget. It is not clear when the principal would be repaid by RHL.

The MTFS does project a positive contribution to the General Fund over the period of the MTFS. It, therefore, makes sense to pursue the current option of transfer (sale) to RHL subject to the new RHL Business Plan providing a robust foundation for the MTFS projections. It is essential that the Council is clear on the priorities and outcomes it is seeking to achieve through this transfer, including the financial priorities and outcomes, and how these support achieving and maintaining financial sustainability. It will also be essential, should the transfer (sale) go ahead that actual performance is measured against the Business Plan projections and that these Business Plan projections are kept under review as key assumptions are subject to change.

Noting the Council has recently considered alternative options for the disposal of the 82 units based on a report produced by Lambert Smith Hampton Investments, we would propose that alternative options in relation to the proposed sale of the eighty-two residential units at Union Yard to RHL could be reconsidered and particularly whether, given the Council's financial challenges, being a private sector landlord is really the kind of non-core business the Council wants to be involved in. For example, sale of the 82 units to a 3rd party would generate a sizeable capital receipt and avoid the borrowing necessary if the units are sold to RHL.

Although this would have a negative impact on the revenue budget this could support a number of objectives in achieving a stable financial position and, should the proposed new

capital flexibilities come into regulation, provide the Council with a capital receipt that can be used to take advantage of these flexibilities.

In relation to RDP, the Council needs to determine the future of this limited liability partnership considering the potential liability that exists and how this is to be resolved. In the meantime, it is appropriate to include a note in the Statement of Accounts in respect of this potential liability given its materiality.

6. Governance

Alignment of the Council Plan with the MTFs

The Council Plan 2023 – 2026 was approved by the Council on 6th July 2023. The Council Plan is refreshed and updated annually, setting out the priorities and key projects / activities the Council will undertake 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. We understand, it is likely work on a refreshed Council Plan will commence in 2024/25.

The Council Plan 2023 – 2026 identifies the Council's priorities, stating "We are an ambitious council, and this plan sets out our aspirations against two key areas of work -- People and Place."

The five People priorities include:

- Support the creation of quality, new homes – referring to RHL and stating the company's focus will be to provide good quality, energy efficient homes for rent;
- Progress the development of a new leisure centre and cultural hub in Farnborough – stating the Council will continue to work on the approach, costs and designs for a new leisure and cultural hub for Farnborough.

The five Place priorities include:

- Complete Aldershot town centre's Union Yard regeneration scheme – stating it will be completed in the summer of 2024;
- Progress the regeneration of Farnborough town centre, including the civic quarter – stating that working as part of the Rushmoor Development Partnership (RDP) we will begin to bring forward plans for the individual plots at the civic quarter and we will progress the purchase of The Meads and Kingsmead shopping centre, together with the car park and business centre, which supports our wider regeneration plans for the town centre and civic quarter;
- Update the facilities at the crematorium in Aldershot – stating architects will be designing a major refurbishment of Aldershot Crematorium and we expect work to be completed in Winter 2024.

These reflect the Council's focus on regeneration, which is on a scale comparable to many larger local authorities. Whilst financial sustainability is recognised as a key corporate risk

and is referred to in the Council Plan under the heading 'Financial uncertainty' in the key opportunities and challenges section of the Plan, it is not identified as a key priority.

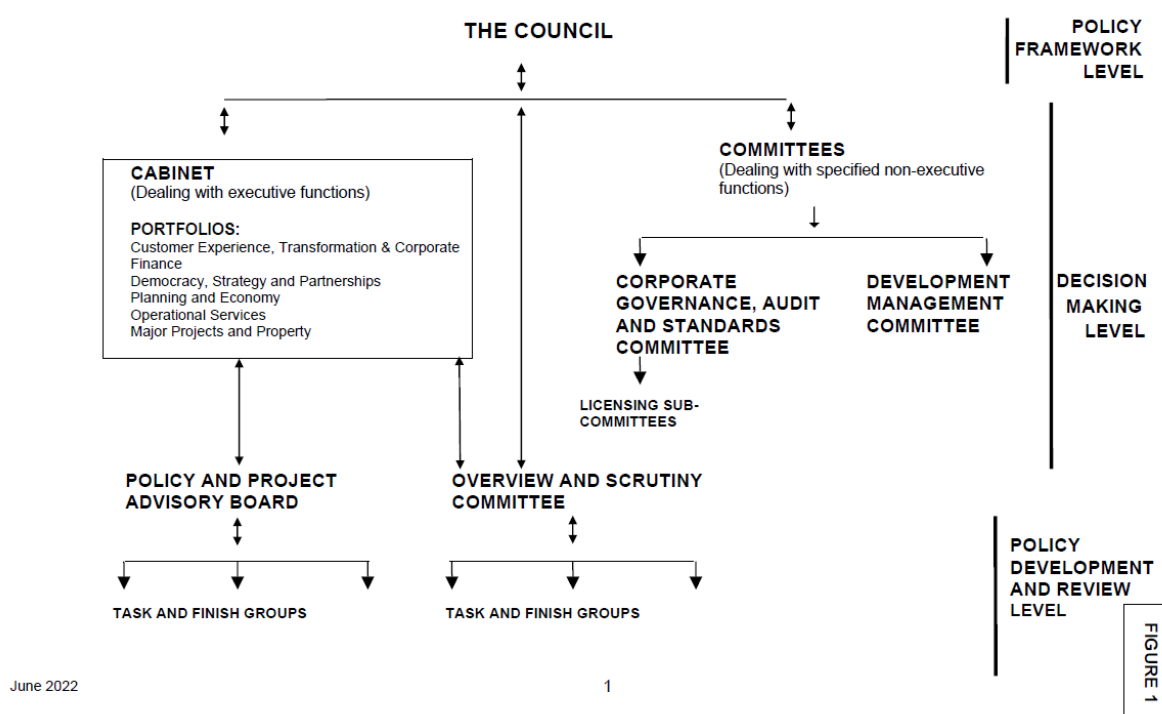
It also has to be considered, in developing the next iteration of the Council plan whether the Council's priorities still align with the Council's financial situation, especially given the scaling back of the capital programme and the need to reduce the level of borrowing in order to achieve the interest and MRP savings through an asset disposal programme of £40m.

In our opinion, the Council should also recognise the need to ensure that the next version of the Council Plan has as a core priority the attainment and maintenance of financial sustainability, enabling the Council to prioritise more effectively its longer-term strategic aims for the area and its residents against the financial limitations that it faces; balancing its ambitions alongside its core responsibilities and services.

Governance Arrangements

Council

The overall governance arrangements set out in the Constitution are set out below.



Whilst not referred to in the Constitution, which we understand is in the process of being updated, we are also aware of the following cross-party Member working groups which also include officers in their membership:

- Budget Strategy Working Group

- Strategic Housing and Local Plan Working Group
- Member Development Group
- Capital Projects and Property Advisory Group (CPPAG)
- Waste and Recycling Options Working Group
- Union Yard Project Board
- Leisure and Cultural Hub Project Board

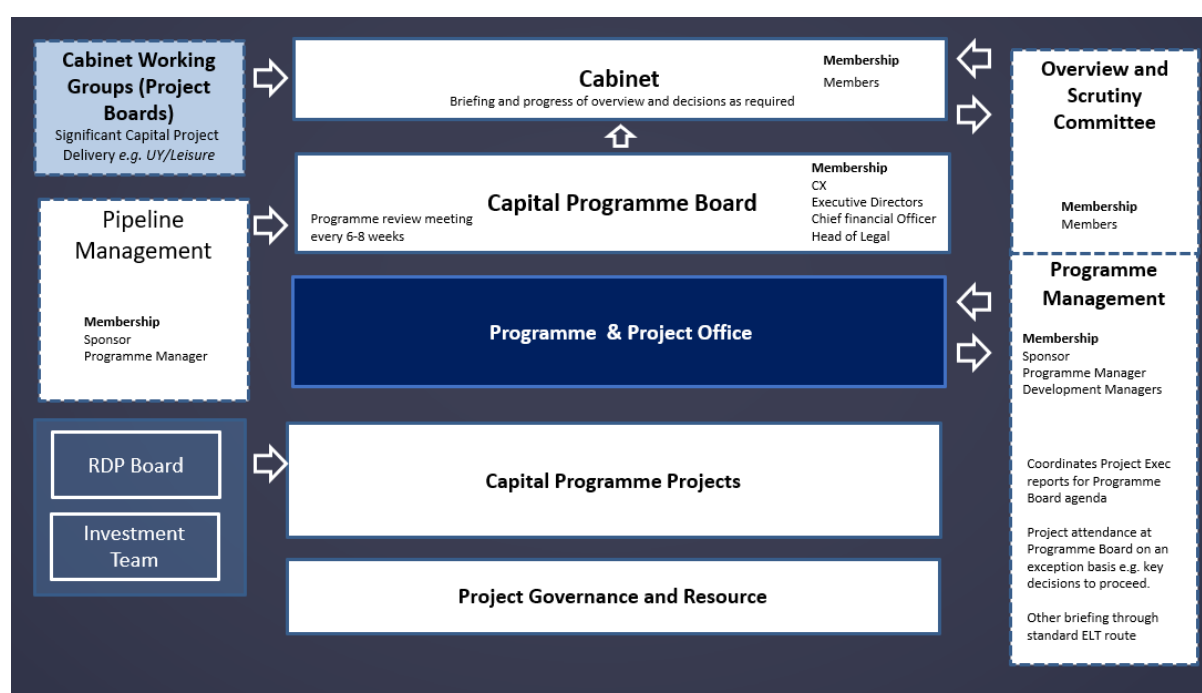
In addition to this the Capital Programme Board provides the opportunity for the Executive team to focus exclusively on the Council's major capital projects. The Board is underpinned by robust programme and project management arrangements reflecting the size of the Council's current capital programme activity.

From the minutes of the various Cabinet Working Groups we were provided with, it appears that some of these are more for updating progress on various matters rather than fulfilling a strategic and advisory role that both provides challenge on progress and provides advice to the Cabinet.

From our interviews, there also appears to be a view that the Overview and Scrutiny Committee does not really provide substantial challenge.

Capital Programme

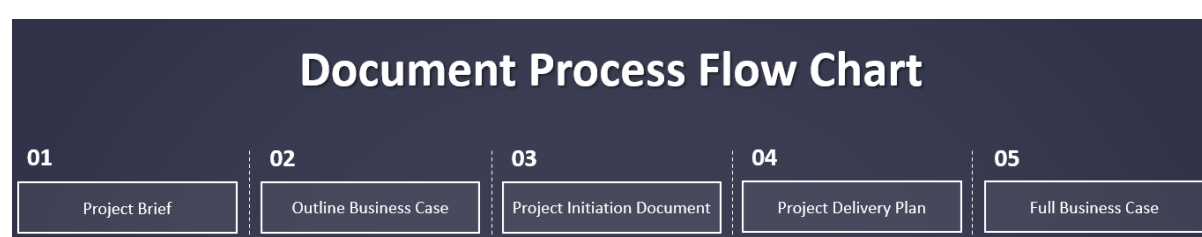
We have been provided with the following in relation to capital programme governance.



In our opinion, it is unclear to us which advice to the Cabinet (the Cabinet Working Groups or the Capital Programme Board) has primacy.

The Cabinet Working Groups include CPPAG (which considers commercial property investments and we understand, more recently, new capital investment) and the Project Boards for Union Yard and the Leisure and Cultural Hub. There is some common officer membership of these Cabinet Working Groups and the Capital Programme Board. It is worth noting that there is a Project Board for the Leisure and Cultural Hub despite not being formally part of the Council's approved Capital Programme for 2024/25 onwards. However, as is stated in the report to the Council of 22nd February 2024 (referenced in Section 5 above) "a decision will be made on this (the Leisure and Cultural Hub) when the revised MTFS is produced in July".

The same document provided to us in relation to capital programme governance identified the following key documents in relation to capital programme governance.



Whilst we have seen comment in relation to Outline and Full Business Cases in reports to Cabinet, we have not had sight of these as standalone documents so are unable to comment on their robustness.

However, we do note, in relation to the Leisure and Cultural Hub the minutes of Capital Programme Board made available to us imply that an Outline Business Case has not yet been completed.

- 15th November 2023 Capital Programme Board state it was "Confirmed the Outline Business Case (for the Leisure and Cultural Hub) will be circulated to the Programme Board for review and comment ahead of the next board meeting" which was on 24th January 2024.
- 24th January Capital Programme Board state, "Action 3.36 (15.11.2023) - Closed-Leisure Outline Business case report to be presented at Cabinet" and also "Advised a pause in progressing the outline business case subject to the outcomes of the Cabinet report and Willmott Dixon cost review / redesign considerations. (On Hold)".

We do not have the minutes of the subsequent meeting of the Capital Programme Board on 21st March 2024 so do not know if there was a further update.

We note that the Capital Programme Board, as an officer body, is not the decision making body for new financial commitment and that all major decisions relating to capital and other significant projects are taken through the Cabinet and Council.

Companies

At present Rushmoor Councillors sit on the boards of the companies it owns. In addition to three representatives of Hill, the RDP Board includes the following:

- Deputy Leader and Major Projects and Property Portfolio Holder
- Chief Executive, Rushmoor Borough Council
- Executive Director, Rushmoor Borough Council

The RHL Board is dominated by Councillors, three of the four members of the RHL Board being Councillors, namely:

- Finance Portfolio Holder
- Non- portfolio holding Cabinet member
- Leader of the Labour group

The shareholder role is undertaken by the Monitoring Officer/Deputy CEO for RDP and the CEO for RHL who provide Shareholder Reports to the Corporate Governance, Standards and Audit Committee (RDP) and the Cabinet (RHL). In our opinion this does not provide clarity of responsibilities. For example, two of the RHL Board members sit on the Cabinet to which the CEO reports as 'shareholder'.

We are aware of other Council's where different arrangements are in place, on the recommendation of External Auditors to strengthen governance arrangements, where Councillors no longer sit on the Boards of local authority owned companies but instead sit on Shareholder Boards (constituted as a Cabinet Sub-committee) in order to provide shareholder oversight, rather than sitting on the Board of the company and being directly involved in the functioning of the company.

CIPFA's "Local Authority Companies: A Good Practice Guide" published in 2022 is a useful reference in this context.

Statutory Officers and the Chief Finance (S.151) Officer

In "The role of the chief financial officer in public service organisations" published in September 2023, CIPFA states, in relation to critical relationships for the chief financial

officer, “The CFO’s primary relationship within the organisation is with the chief executive officer (CEO) or their equivalent. The CEO and CFO share a common vision for the organisation and work effectively as a team to turn this vision into reality. A strong and supportive relationship based on trust and mutual respect allows the CFO to act as an advisor to the CEO and to challenge them when required”.

In local government, the CEO, S.151 Officer and the Monitoring Officer represent a ‘golden triangle’ of statutory officers who work closely together. The imminent “Code of Practice on Good Governance for Local Authority Statutory Officers” which has been consulted on by LLG, CIPFA and SOLACE (consultation closed on 5th April 2024) will state “The Chief Finance Officer and Monitoring Officer should have a clear and direct relationship to the Head of Paid Service (Chief Executive), normally through line management or other equivalent arrangement”.

It will also state “There must be regular meetings between the Head of Paid Service, Chief Finance Officer and Monitoring Officer (Statutory Officer meetings), which should include the Head of Internal Audit on a regular basis, to review current and likely future issues that will raise political, financial, legal, staffing or other issues that may impact on their statutory duties”.

In Rushmoor, the S.151 Officer reports to the Monitoring Officer/Deputy CEO so is not a direct report to the CEO. In our opinion, good practice suggests the S.151 Officer should have a status equivalent to the Monitoring Officer and be a direct report to the CEO.

We do note that the Executive Leadership Team, which is the officer leadership group in the Council does include the ‘golden triangle’ with the addition of the second Executive Director, Assistant CEO and Executive Heads of Service, providing a broader skill base and challenge beyond those of the statutory officers. However, the imminent “Code of Practice on Good Governance for Local Authority Statutory Officers” does suggest regular meetings of the ‘golden triangle’, as the key officer leadership team.

Operational Culture

Comments on the operational culture of the Council are inevitably an impression gained from the information provided to us and the interviews undertaken in the course of our work.

Our impression is that the Council has had a significant focus on major regeneration projects. This has contributed to the high levels of debt and the current challenge to financial sustainability.

In our interviews, participants identified that the Council, in the absence of defining its risk appetite, has accepted a high level of risk in order to progress its regeneration ambitions, acting in an “entrepreneurial” manner

The historic lack of capacity and capability of key individuals in finance identified in Section 3 may have led to insufficient financial involvement and input in some significant decisions. Finance sections in reports are not always written by the finance service which, whilst there is opportunity for review as part of the report approval process, could result in a lack of clarity and ownership of financial implications

The challenge for the Council now, given the need to secure and maintain financial sustainability, is how Members and senior officers can provide the focus and leadership required in making what will inevitably include some difficult decisions adversely impacting on the Council's ambitions, in order to achieve this.

This needs to be supported by effective governance arrangements which provide a clear, strategic direction and ensure all decisions taken are cognisant of the need to secure and maintain financial sustainability.

Conclusion

Governance arrangements need to be coherent and focused on supporting the Council in making good decisions in a timely way, especially given the financial position the Council is in. We have identified a number of issues which, in our opinion, undermine this.

Consequently, in our opinion and given the urgency of the situation, the Council would benefit from a review of governance arrangements supported by clarity of priorities, focus and direction, which leaves no room for competing agendas or diversion from the essential decisions and actions the Council needs to take. The measures the Council need to take are not a ‘menu’ of options so effective leadership is needed to ensure a cohesive approach to implementing them.

7. Improvement Proposals and Recommendations

At the meeting to set the 2024/25 budget and approve the 2024/25 – 2027/28 MTFS on 22nd February, the report included, at Appendix 1, a Financial Resilience Plan.

In relation to this the report states “The Executive Leadership Team have been working with Cabinet to develop a detailed Financial Resilience Plan which includes a range of medium- and shorter-term actions to deliver the above strategy over the next 18 months”.

The report also states, “The work on delivering the Financial Resilience Plan has commenced and current key actions and delivery arrangements are set out in Appendix 1”. It also states “The Financial Resilience Plan will develop over the next few months and will need to be jointly owned by officers and councillors. It will be a priority for the Council moving forward to drive the change and transformation required to support financial recovery”. The current key actions set out in Appendix 1 of the report to Council are included as Appendix B to this report.

The Financial Resilience Plan states “Appropriate delivery and governance measures will be implemented and agreed with Executive Leadership Team and Cabinet Members to approve actions, implementation plans and track progress against proposed targets. Currently oversight on budget, savings and transformation is undertaken by both the Budget Strategy Working Group and the Transformation Task and Finish Group and members will be invited to consider appropriate oversight arrangements for the Financial Resilience Plan”.

As we have commented in Section 6 it is important to have the right focus and leadership in meeting the challenge to secure and maintain financial sustainability. It is essential that the governance arrangements put in place to implement the Financial Resilience Plan reflect this need for focus and leadership together with a sense of urgency. This implies a more directive approach to completing the activities that are fundamental to achieving and maintaining financial sustainability with clear accountabilities and timescales for delivery. Some Councils have successfully adopted a ‘gold command’ approach in similar circumstances, with a small team of officers (such as the ‘golden triangle’ we have referred to in Section 6) taking the lead with oversight from the Leader and key Portfolio holders.

It is important that other governance processes are supportive of this approach and that all members of the ‘improvement team’ have the same focus on the ‘end-game’.

The Financial Resilience Plan includes the key work-streams we would expect to see in such a plan and that DLUHC would expect to see a local authority act on before considering any form of Exceptional Financial Support, including spending controls, savings targets, and the scaling back of the capital programme. However, it does not include an asset disposal

programme as a specific work-stream, reference is only made to asset disposal in relation to the Commercial Property Review work-stream when it is clear the Council will have to look more widely across its property portfolio in order to identify the £40m asset disposal programme required.

Whilst we understand the implementation of the Financial Resilience Plan is underway, the Council ideally needs to accelerate its delivery. This will require clear accountabilities and agreed realistic timescales for implementation, in particular around the:

- Identification and tracking of the service cost reduction savings target which needs a permanent removal from the base budget of £0.5m each year for the next four years, including 2024/25
- Identification of the £40m asset disposal programme which is the key to achieving the Interest and MRP cost reduction savings target.

The Financial Resilience Plan includes a Finance work-stream and it is important that issues in financial management capacity and competencies are addressed. In addition, the Council will need access to capacity (in terms of skills and experience) to implement the asset disposal programme. The planned refresh of the MTFS s an important milestone. It is vital that, once this is considered, the Council has confidence and visibility of the outcomes, governance and accountabilities included in the Financial Resilience Plan along with the specific actions and their associated timescales so that the MTFS can properly reflect the Council's path to financial sustainability.

Our recommendation, therefore, is that the Council builds on the work to date and quickly develops a more detailed delivery plan which sets out clear timescales, actions and accountabilities setting out:

- The financial outcomes required as adjusted by the outturn, review of reserves and revised MTFS
- The subsequent actions to be taken and when decision are needed
- Reporting and monitoring arrangements to ensure Financial Resilience Plan is on target and there is good visibility on progress

The action plan should include detailed plans in relation to:

- Assets to be disposed of (at an individual asset level)
- Service cost reductions

This is fundamental to achieving the Council's planned journey to a more financially sustainable future.

The revised MTFS should set out key financial targets and dates to be achieved. A detailed delivery plan will mitigate the risk of not meeting these target dates, focus minds and provide a clear framework for accountability and implementation.

Appendix A – Financial Trajectory 2021/22 – 2023/24

In this Appendix we examine the financial history of the Council between 2021/22 to 2023/24. This highlights how the current financial challenge developed. In our view, there has been a lack of clarity and consistency in reporting which makes it more difficult for those without significant financial expertise to fully understand the overall financial position at any specific time.

Revenue Budget Outturn 2021/22

At its meeting on 25th February 2021, the Council set a net general fund revenue budget £12.869m for 2021/22. With available funding of £11.855m, this resulted in a 'core deficit' of £1.014m to be met from the planned use of the Sustainability & Resilience Reserve.

The "Final Revenue and Capital Outturn 2021/22" report was not reported to Cabinet until 13th September 2022. Previous reports in April and July 2022 had provided updates to Cabinet on the outturn position. The "P3 Revenue Budget and Capital Programme Monitoring Draft Outturn 2021/22" report to Cabinet on 26th April set out agreed changes to the budget during 2021/22 which increased the budget to £13.076m as at 31st December 2021 (a net increase of £0.207m) with a further increase to £13.360m by virtue of Council decisions on 25th February 2022 (a net increase of £0.285m). With funding of £11.892m (an increase of £0.037m), this revised 'latest' budget had a 'core deficit' of £1.468m to be met from the MTFS Equalisation Reserve (an increase of £0.454m).

On 5th July 2022, the "Draft Outturn 2021/22" report to Cabinet also stated a budget of £13.360m. However, the "Final Revenue and Capital Outturn 2021/22" in September 2022 further revised the 2021/22 budget to £13.386m (a marginal difference of £0.026m) with funding reverting to £11.855 resulting in a 'core deficit' of £1,531m (a further increase of £0.063m) to be met from the Sustainability & Resilience Reserve (Note, alternating of the name of the reserve).

The "P3 Revenue Budget and Capital Programme Monitoring Draft Outturn 2021/22" report in April 2022 forecast a 'core deficit' of £0.826m with provisional carry-forwards of £0.250m resulting in a forecast call on the MTFS Equalisation Reserve of £1.076m.

The "Final Revenue and Capital Outturn 2021/22" to the Cabinet in September 2022 shows a net underspend ('core surplus') of £0.078m (Spend of £13.370m less funding of £13.448m) compared to the latest version of the 2021/22 budget.

However, the spend total of £13.370m includes a net use of earmarked reserves of £5.486m (against a budgeted use of earmarked reserves of £1.546m in the latest version of the

2021/22 budget). The Final Revenue Outturn Report 2021/22 sets out the following accounting for the 'core surplus' of £0.078m.

	2021/22 Original Budget (£'000)	2021/22 Latest Budget (£'000)	2021/22 Outturn (£'000)	2021/22 Variation (£'000)
General Fund Revenue Budget				
Core (Surplus) or Deficit	1,014	1,531	(78)	(1,609)
2021/22 Carry Forwards - Transfer to Reserves			432	432
Balanced by:				
General Fund Balance			(353)	(353)
Stability & Resilience Reserve	(1,014)	(1,531)		1,531
Core Surplus or Deficit after Transfers	0	0	0	(0)

On this basis, the net call on reserves in 2021/22 is £5.408m. This reconciles to the Movement in Reserves Statement and the Expenditure and Funding Analysis in the draft Statement of Accounts 2021/22 which identifies a closing General Fund Balance at 31st March 2022 of £23.750. However, the 2021/22 position is restated in the draft Statement of Accounts 2022/23, increasing the opening General Fund Balance as at 31st March 2021 from £29.156m to £29.985m and restating the use of reserves in 2021/22 to £6.607m to arrive at a closing General Fund Balance at 31st March 2022 of £23.918m (of which Earmarked Reserves are £21.918m), a difference in closing position of £0.168m.

Revenue Budget Outturn 2022/23

At its meeting on 24th February 2022, the Council set a net general fund revenue budget of £12.503m for 2022/23. With available funding of £11.530m, this resulted in a 'core deficit' of £0.973m to be met from the planned use of the MTFs Equalisation Reserve of £0.500m and an 'Additional Cost Reduction and Savings Target/Additional income Target' of £0.473m.

The "Q4 Revenue Budget and Capital Programme Final Outturn Report 2022/23" to Cabinet on 4th July 2023 states "Additional changes to the budget were agreed by Council in April 2022, with a further change to correct the ICE Programme budget, with a further reflection of the projected use of reserves and matching of resources. The revised budget was £11.530m". This revised budget of £11.530m incorporated a net use of reserves of £1.649m and planned savings of £1.028m in arriving at a "Net General Fund Revenue Budget" of £11.530m.

However, the "Revenue and Capital Budget Monitoring Report P1 2022/23" to Cabinet on 9th August 2022 did not reflect this change in budget which was still stated as being £12.503m. It is unclear, therefore, when these changes to the budget were approved.

On 4th July 2022 the “2022-23 High Risk Budgets, Financial Reporting Plan and Budget Monitoring Process” report to Cabinet had set out a timetable for in-year P1, P2 and P3 Budget Monitoring 2022/23 reports to Cabinet together with a P4 Budgeting Monitoring and Draft Outturn Report in July 2023 and a Final Outturn Report in September 2023.

The P1 report (referred to above) was provided to the Cabinet on time on 9th August 2022. This forecast a ‘core deficit’ of £2.578m, £1.605m more than the £0.973m in the original budget approved on 24th February 2022.

There is no evidence of the P2 (due 15th November 2022) and P3 (due 14th March 2023) reports being produced, though a Budget Strategy 2023/24 was produced for the Cabinet meeting on 15th November 2022 which still referred to a 2022/23 budget of £12.503m. Thus, it would appear the P1 report was the only forecast outturn provided to the Cabinet in-year, though the report to Council on 23rd February 2023 (to set the 2023/24 budget) does refer to a forecast overspend in 2022/23 of £0.692m to be mitigated by a reduction in the contribution to the Pension Reserve of £0.500m. This suggests a significant lack of oversight and monitoring of the budget during the year at a time when financial pressures and the use of reserves creates real challenges.

In the event the planned Draft Outturn report to Cabinet on 4th July 2023 became the Final Outturn Report 2022/23 (referred to above). This states an outturn position of net spend of £11.605m (against a budget of £11.530m) with funding of £11.605m (i.e. no ‘core surplus or deficit’). However, net spend of £11.605m is after taking account of a net use of reserves of £0.530m in 2022/23.

The section of the Final Outturn Report 2022/23 in relation to Reserves and Balances reflects this £0.530m use of reserves to support spending, identifying in Table 4 a reduction in Earmarked Reserves from £22.094m as at 31st March 2022 to £21.564m as at 31st March 2023. The report does contain the caveat that “The forecast has been amended to reflect the updated outturn position only. It is likely that the level of specific earmarked reserves will change from those indicated in the table below as the final outturn position will inform the level of reserve-funded expenditure”.

However, the draft Statement of Accounts 2022/23, which was provided to the Corporate Governance, Audit and Standards Committee on 26th July 2023 (i.e. the same month the Cabinet received the Final Outturn 2022/23 report), identifies a net change in Earmarked Reserves of £2.060m from £21.198m to £19.136m in 2022/23. The differences are summarised in the table below.

	Opening Balance £000s		Movement in Year £000s		Closing Balance £000s	
Final Outturn Report 2022/23	22,094	-	530		21,564	
Statement of Accounts 2022/23	21,918	-	2,782		19,136	
Difference	-	176	-	2,252	-	2,428

There is clear inconsistency between these two documents presented to Members in July 2023 in respect of the opening balance, in-year use and the closing balance of Earmarked Reserves.

The difference in the opening balance in the Final Outturn Report is explained by a difference in the opening balance of the Sustainability & Resilience Reserve. The Final Outturn Report 2022/23 overstates the opening balance by £0.176m, mistakenly stating the balance as at 31st March 2021 as the balance as at 31st March 2022.

The difference in net movement is mostly explained (£1.948m or 86.5% of the £2.252m total) by the movement in-year in the Statement of Accounts being greater than in the Final Outturn Report by:

- Stability & Resilience Review – £0.117m
- Affordable Housing Reserve - £0.166m
- Covid BRR EMR reserve - £1.665m

Given Appendix 5 of the report to Council on 22nd February 2024, to set the 2024/25 budget, identifies a balance of Earmarked Reserves of £19.136m as at 31st March 2023 (i.e. the closing balance on the draft Statement of Accounts 2022/23), it might be assumed that reliance should be placed on the draft Statement of Accounts 2022/23 and that the Final Outturn Report 2022/23 is a misleading anomaly.

Consequently, the use of Earmarked Reserves in 2022/23 is £2.782m (per the draft Statement of Accounts 2022/23) rather than £0.530m in the Final Outturn Report 2022/23. It must also be concluded, therefore, that the Final Outturn Report 2022/23 understates spend by the difference between the two of £2.252m. In addition, the Council maintains a General Fund Balance (working balance) of £2.000m giving total reserves of £21.136m as at 31st March 2023.

Forecast Revenue Budget Outturn 2023/24

At its meeting on 23rd February 2023, the Council set a 'Net General Fund Revenue Budget' of £12.393m for 2023/24. With available funding of £12.393m, this resulted in a 'core

surplus/deficit' of zero though this was only after taking into account 'Outcomes Based Budgeting Savings' of £2.291m. This 'Net General Fund Revenue Budget' was contained in Table 3 – Medium Term Financial Forecast in the “Revenue Budget, Capital Programme and Council Tax Level” report to Council.

However, Appendix 1 Medium Term Financial Strategy 2022/23 to 2026/27 to this report (note date error in title), which is what the Council was specifically asked to approve, is not consistent with Table 3 in the report in respect of 2023/24, the Net Revenue Budget and funding) being £0.024m lower at £12.369m. There was no detailed summary of the 2023/24 budget included in the report, which aggregated major areas of spend (i.e.it gave little information about how 'Portfolio Net Expenditure' was made up).

The 'Original Budget' of £12.393m was disaggregated in the “Revenue and Capital Monitoring Report – Q1 2023/24” to Cabinet on 6th August 2023 however an increased 'Approved Budget' is identified of £13.706m, an increase of £1.313m. In the “Approved Budget” this increase is funded by an increase in Business Rates of £1.313m to arrive at a 'core surplus/deficit' of zero. At Q1 there was a forecast 'core deficit' of £0.693m after net use of reserves of £1.337m.

The 'Approved Budget' in both the “Revenue and Capital Monitoring Report – Q2 2023/24” reported to Cabinet on 9th January 2024 and the “Revenue and Capital Monitoring Report – Q3 2023/24” reported to Cabinet on 12th March 2024 revert to an 'Approved Budget' of £12.393m. However, the way in which this is arrived at does change significantly as is illustrated below.

	Original Per Q1 £000s	Approved Per Q1 £000s	Approved Per Q2 £000s	Approved Per Q3 £000s	Change £000s
Changes in 2023/24 Budget Per Q1, Q2 and Q3					
Corporate Services	2,975	3,029	3,629	3,619	644
Customer Experience & Improvement	511	547	27	27	- 484
Democracy, Strategy & Partnerships	2,615	2,989	3,035	3,193	578
major Projects & Property	- 4,875	- 4,875	- 4,634	- 4,651	224
Operational Services	10,567	10,574	10,675	10,982	415
Planning & Economy	2,100	2,188	2,198	2,233	133
Sub-Total	13,893	14,453	14,929	15,404	1,511
Less Reversal of Accounting Entries	- 2,901	- 2,901	- 2,901	- 2,901	-
Net Service Revenue Budget	10,992	11,552	12,028	12,503	1,511
Corporate Income & Expenditure	2,178	3,491	2,173	2,178	-
Movement in Reserves	- 778	- 1,337	- 1,809	- 2,289	- 1,511
Net General Fund Revenue Budget	12,393	13,706	12,393	12,393	-
Funding	- 12,393	- 13,706	- 12,393	- 12,393	-
Core (Surplus)/Deficit	-	-	-	-	-
 Net Budget Requirement (Before Use of Reserves)	 13,171	 15,043	 14,202	 14,682	 1,511

The above analysis demonstrates that compared to the Q1 Original Budget, the Q3 Approved Budget, though coming to the same “Net General Fund Revenue Budget” of £12.393m, represents an increase in the “Net Budget Requirement” of £1.511m funded by an increase in the use of reserves of £1.511m.

More insightful and transparent, the “Net Budget Requirement” presentation of the budget, which other Councils adopt, more clearly identifies the level of spending the Council has agreed to in setting the budget before any budgeted use of reserves (which is included as a source of funding). In effect, the changes in the “Approved Budget” illustrated above imply the Council has agreed to spend £1.511m more during the course of 2023/24 and to fund this from reserves. The forecast outturn at Q2 and Q3 is summarised in the table below.

	Budget £000s	Q2 Forecast £000s	Budget £000s	Q3 Forecast £000s	Forecast +/- £000s
Q2 & Q3 2023/24 Forecasts					
Net Service Revenue Budget	12,029	12,498	12,503	11,731	- 767
Corporate Income & Expenditure	364	3,641	- 110	3,613	- 28
Net GF Revenue Budget	12,393	16,139	12,393	15,344	- 795
Funding	- 12,393	- 13,787	- 12,393	- 13,166	621
Net Deficit	-	2,352	-	2,178	- 174
 Use of Reserves in Net GF Revenue Budget	 1,809	 1,809	 2,289	 1,578	 - 231
Total Call on Reserves	1,809	4,161	2,289	3,756	- 405
 Restated to reflect Net Budget Requirement					
Net Budget Requirement (Before Use of Reserves)	14,202	17,948	14,682	16,922	- 1,026
Less Funding	- 12,393	- 13,787	- 12,393	- 13,166	621
Net Deficit Before Use of Reserves	1,809	4,161	2,289	3,756	- 405

We have also identified the Net Budget Requirement to better reflect the level of spending by the Council before the use of reserves is taken into account. This shows that the forecast Net Budget Requirement at Q3 is £2.240m more than the Q3 version of the budget. This difference of £2.240m is partially offset by an increase in funding against budget of £0.773m, resulting in an overall forecast increased call on reserves of £1.467m compared to budget, increasing to £3.756m from £2.289m.

However, there has been an improvement in the forecast outturn at Q3 compared to Q2, with a reduction in the overall call on reserves of £0.405m, from £4.161m to £3.756m.

Summary 2021/22 to 2023/24

In the table below we have summarised and restated the reported 2021/22 and 2022/23 outturn positions together with the latest (Q3) forecast outturn for 2023/24. The purpose of this restatement is to provide insight into the true level of spending (the Net Budget Requirement) and use of reserves that has been required to support this level of spending.

To do this the use of reserves to support spending included in the reported 'Net General Fund Revenue Budget' has been added back to identify the Net Budget Requirement and adjustments have been made in relation to the issues discussed above, namely:

- The restatement of 2021/22 in the draft Statement of Accounts 2022/23
- The position in respect of 2022/23 in the draft Statement of Accounts as opposed to that set out in the Final Outturn Report 2022/23.

	2021/22	2022/23	2023/24
	£000s	£000s	£000s
Summary 2021/22 to 2023/24			
Net Service Expenditure	9,273	9,738	11,731
Corporate Income & Expenditure	9,583	2,397	5,191
Adjustments	659	2,252	-
Net Revenue Budget Requirement	19,515	14,387	16,922
Funding	- 13,448	- 11,605	- 13,166
Deficit Before Use of Reserves	6,067	2,782	3,756
Balance of Earmarked Reserves			
Earmarked Reserves Opening Balance	27,985	21,918	19,136
Use of Earmarked Reserves	- 6,067	- 2,782	- 3,756
Earmarked Reserves Closing Balance	21,918	19,136	15,380
General Fund Balance	2,000	2,000	2,000
Total Reserves	23,918	21,136	17,380

The above table also reconciles opening and closing balances on Earmarked Reserves. In addition, the Council maintains a £2.000m General Fund balance (working balance).

It is not clear how the adjustments in the table above should be allocated to either Net Service Expenditure or to Corporate Income & Expenditure. What is clear, however is that spending has exceeded income in each of the past three financial years (2021/22 to 2023/24), adding to a cumulative use of reserves over the past three financial years to fund this excess of spending over income of £12.605m (dependent on the final outturn for 2023/24). This is significant for a Council of Rushmoor's size and responsibilities.

Appendix B – Financial Resilience Plan as at February 2024

Current Key Actions

Finance workstream	<ul style="list-style-type: none"> a) Definition of the Minimum Revenue Position, to be adopted for financial accounting and planning purposes. b) Revision of a regular timetable for financial reporting and budget setting and review. c) Review of treasury operations. d) Review of capital planning methodology. e) Maintenance and improvement of suitable expenditure controls into the medium term. f) Management of the Council's balance sheet. g) Improvements in the quality of working papers, documents, and reconciliations through establishment of new standards for these materials. h) Development of financial skills within the Council. i) Design and consultation on the structure of the finance service at a suitable juncture. j) Review of the Council's management of insurance.
Commercial Property Review	<ul style="list-style-type: none"> a) Review of existing commercial investment property portfolio b) Development of an asset sales strategy and a property income optimisation strategy, with external advisors LSHM, to support and to deliver the best return for the "public purse and leave the council with a balanced portfolio" c) Implementation of the resulting disposal programme
Capital Programme Review	<ul style="list-style-type: none"> a) Continued analysis of the capital programme, including phasing and financial commitments b) Analysis of options pertaining to the future operation and ownership of Union Yard following practical completion c) Review of the Leisure and Cultural Hub project including scope, delivery timescales and funding strategy d) Pursuit of further grant and other funding opportunities that can support delivery of the capital programme
RHL	<ul style="list-style-type: none"> a) Review the development schemes supported to reduce the impact on the Council's revenue budget and minimise risk to the Council
Transformation Review	<ul style="list-style-type: none"> a) Delivery of existing savings and transformation activity b) Development of a new transformation strategy which ensures services can be delivered within the financial resources available. This work could include; <ul style="list-style-type: none"> I. Development of options and supporting analysis II. Design and implementation of a revised target operating model III. Design and implementation of revised service designs and associated objectives IV. Design and consultation for proposed organisational changes

ANNEX 2

COUNCIL MEETING – 25TH JULY 2024

AGENDA ITEM NO. 7

OVERVIEW AND SCRUTINY COMMITTEE – ANNUAL REPORT 2023/24

1. INTRODUCTION

- 1.1 In accordance with the Council's procedures for monitoring the overview and scrutiny process, this report reviews the work that has been undertaken by the Overview and Scrutiny Committee in 2023/24. This report is re-presented following the cancellation of the Council Meeting on 25th April 2024.
- 1.2 The Committee's focus has been to keep a watching brief on the Council's activities and local facilities, along with service performance and providing comments and ideas. The aim has been to shape the Council's future policy and services. The Report covers the issues discussed, the processes followed, and the outcomes achieved during the year.

2. RESPONSIBILITIES AND WORK PLAN

- 2.1 The Committee was established as part of the review of the decision making structure which took effect from May, 2018. The Committee's breadth of activity includes all Council services and services provided by other organisations which impact on the Borough and its inhabitants.
- 2.2 The progress meeting (consisting of Cllrs. Gaynor Austin, Diane Bedford, Keith Dibble, Stephen Masterson, Stuart Trussler and, myself) has been used for discussion and consideration of processes and priorities. It also monitors the work plan and undertakes agenda planning.

3. COMMITTEE ISSUES

- 3.1 Over the year, the Committee has endeavoured to ensure that it has kept the Council's activities under review. However, some external scrutiny has been undertaken, in particular, around Public Transport links across the Borough, which resulted in a stakeholder meeting being held to discuss keys issues, in particular around connectivity and safety matters in Aldershot town centre. It has also been important to ensure that there is no duplication of work with the Policy and Project Advisory Board and this issue will continue to be monitored during the 2024/25 Municipal Year.
- 3.2 The main areas of focus in 2023/24 were:

Registered Providers – Through the Task and Finish Group (consisting of Cllrs. Diane Bedford, Keith Dibble, Sophie Porter, Stephen Masterson and myself) the Committee has continued the review of registered providers during the 2023/24 Municipal Year. The scrutiny of performance and activities has been limited to three registered providers (VIVID, A2 Dominion and Defence Estates) for 2023/24. In respect of a meeting with Defence Estates, a number of issues have prevented a meeting taking place, but officers continue to correspond with representatives from Defence Estates to secure a date. The 2023/24 annual report will be considered by the Committee at its first meeting of the Municipal Year (13th June, 2024) at which the recommendations will be considered and endorsement requested to continue with the review programme in 2024/25.

Council Tax Support Scheme – A Task and Finish Group (consisting of Cllrs. Diane Bedford, Christine Guinness, Stephen Masterson, Mike Roberts, Stuart Trussler and myself) has carried out a review of the Council Tax Support Scheme. Following an in-depth review of the current scheme, resulting in a recommendation to allow 100% of a person's council tax liability to be used to calculate their Council Tax Support award, a report was submitted to the Cabinet and the Council at their respective meetings in February 2024, where the recommendations of the Group were agreed.

Farnborough Airport Task and Finish Group – A Group (consisting of Cllr Diane Bedford, Gaynor Austin, Jess Auton, Jules Crossley, Mara Makunura and Calum Stewart) has commenced work on reviewing the environmental and economic impacts of the Airport on the Borough. Key lines of enquiry have been determined and a presentation has been received on work being undertaken with partners on the jet zero cluster. The next step is to meet with representatives from the Airport to take the work forward. Progress has not been made this year as originally envisaged partly due to the complexities that arise from the airport having submitted a major revision to their planning permission during the same period.

Cabinet Champions – The Committee received a presentation from the two Cabinet Champions at its meetings in March 2024 where each Champion reported on their work and activities during the year, the Committee noted the achievements and activities of each Champion and endorsed the recommendations and next steps for priorities in 2024/25. The work of the Champions would continue to be reviewed during 2024/25.

Corporate Customer Services Indicators – Following an initial meeting in the previous Municipal Year, the Committee have continued to receive progress reports on the Customer Services Unit during 2023/24. Feedback has been provided on the evolving working arrangements of the Customer Services Unit at two of its meetings. A watching brief will be maintained on the work of the service and reports provided as necessary.

Community Safety and Policing – At the meeting in September 2023, the Committee heard from Police representatives and the Safer North Hampshire team on current issues across the Borough. During the discussion, the

Committee addressed issues raised in the Notice of Motion on Youth Crime Prevention which had been referred to the Committee for scrutiny. The Committee were made aware of a number of local initiatives which addressed this issue. A watching brief on community safety and policing matters will be maintained during 2024/25.

Stagecoach - At the meeting in July, representatives from Stagecoach addressed the Committee on a number of matters, including service levels, performance and challenges, impacts of recent changes and funding impacts. The meeting resulted in a separate stakeholder meeting involving local transport providers, Hampshire County Council representatives and the Police, to further discuss matters of safety and connectivity around the Aldershot town centre, where a number of concerns have been raised. The meeting was productive and had highlighted a number of quick wins and longer term initiatives that would address the concerns.

Support for the Local armed Forces Community and British Gurkha Veterans – A special meeting was held in September to carry out an assessment of ongoing issues and support needs of our local Armed Forces Community, including welfare concerns raised in a Notice of Motion on British Gurkha Veterans – Welfare Issues. A number of recommendations were made to the Cabinet at its meeting on 17 October, 2023, which the Cabinet approved.

Call-in – Lawn Tennis Association – In November, 2023, the Committee received a call-in on a Cabinet decision relating to investment in public tennis courts in parks. Following a discussion around the provision of free tennis within the Borough, the Committee voted on the call-in and it was declared that the decision would not be referred back to the Cabinet for review.

Asset Management Strategy – In January 2024, the Committee received a presentation detailing progress on the Asset Management Strategy and future delivery, and a review of the portfolio and principles of disposal, in light of the budget. A watching briefing will be maintained on the progress of the strategy and the principles for disposals during 2024/25.

Climate Change Action Plan – In November 2023 and February 2024, the Committee considered matters relating to Climate Change. In February, a review of the Climate Change Action Plan was undertaken and recommendations/comments made for consideration by the Policy and Project Advisory Board at its meeting in March 2024 when a refresh of the Action Plan would be completed.

Public Health – Representatives from Hampshire County Council's Public Health Service attended the meeting in March 2024 to give a presentation on the recently published Public Health Report. Consideration would be given to holding a work shop to better understand the Public Health data and impacts locally.

- 3.3 Other items considered during the year included performance monitoring and Arts and Culture, which would be picked up again during 2024/25.

- 3.4 When appropriate, Cabinet Members have been in attendance at meetings to support items and answer the Committee's questions. Cabinet Members who have attended include, Cllr Maurice Sheehan (Deputy Leader and Environment & Neighbourhood Portfolio Holder), Cllr Martin Tennant (Deputy Leader and Major Projects & Property Portfolio Holder), Cllr Sue Carter (Community Portfolio Holder) and Cllr Ade Adeola (Digital First and Corporate Portfolio Holder).

4. CONCLUSIONS

- 4.1 The Committee has worked well during the year and carried out a range of activities, which have a significant impact on the Borough and the Council. The work of the Committee will be reviewed at the start of the 2024/25 Municipal Year to ensure that the Work Plan is realistic, and the focus is on issues where it can make a difference.
- 4.2 Finally, and importantly, I feel that the Committee has worked effectively together during the year, in particular cross-party co-operation and the depth of scrutiny achieved. All Members have contributed at meetings, and I would like to express my thanks for their support and especially the two Vice-Chairman. In addition, I am also grateful for the support given by the officers to the Committee and myself as Chairman.

5. RECOMMENDATION

- 6.1 The Council is asked to note and endorse the Committee's work.

CLLR. M. SMITH
CHAIRMAN - OVERVIEW AND SCRUTINY COMMITTEE (2023/24)

CABINET

Report of the meeting held on Tuesday, 12th March, 2024 at the Council Offices, Farnborough at 7.00 pm.

Voting Members

Cllr G.B. Lyon, Leader of the Council
 Cllr M.L. Sheehan, Deputy Leader and Environment & Neighbourhood Portfolio Holder
 Cllr M.J. Tennant, Deputy Leader and Major Projects & Property Portfolio Holder

Cllr A. Adeola, Digital First & Corporate Portfolio Holder
 Cllr J.B. Canty, Development & Economic Growth Portfolio Holder
 Cllr Sue Carter, Community Portfolio Holder
 Cllr P.G. Taylor, Finance Portfolio Holder
 Cllr S. Trussler, Member of the Cabinet

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 **25th March, 2024**.

54. DECLARATIONS OF INTEREST –

Having regard to the Council's Code of Conduct for Councillors, the following declarations of interest were made:

Item No.	Member	Interest	Reason
61	Cllr P.G. Taylor	Personal and non-pecuniary	Council appointed Director of Rushmoor Homes Limited
61	Cllr S. Trussler	Personal and non-pecuniary	Council appointed Director of Rushmoor Homes Limited

Cllrs Taylor and Trussler each declared a non-pecuniary interest as Board Members of Rushmoor Homes Limited. In accordance with the dispensation granted by the Council's Corporate Governance, Audit and Standards on 27th May, 2021, both Councillors remained in the meeting and participated in the decision.

55. MINUTES –

The Minutes of the meeting of the Cabinet held on 6th February, 2024 were confirmed and signed by the Chairman.

56. REVENUE AND CAPITAL BUDGET MONITORING REPORT - Q3 2023/24 – (Cllr Paul Taylor, Finance Portfolio Holder)

The Cabinet considered Report No. FIN2407, which set out the anticipated financial position for 2023/24, based on the budget monitoring information provided by Heads

of Service and Service Managers as at the end of February 2024. Members were informed that the Council continued to face a number of external budget pressures that were having an impact on the 2023/24 budget and the Council's finances over the medium term, including higher than expected interest rates and the rate of inflation. It was reported that, at this stage of the financial year, the projected General Fund net adverse variation was £2.178 million, which represented an overall improvement of £169,000 compared to the previous quarter. The Report set out the reasons for this variance and confirmed that, overall, the financial position was stable. It was confirmed that the risks and pressures were being closely monitored by budget holders. The Cabinet expressed appreciation for the work that had been carried out by the Council's financial officers.

The Cabinet RESOLVED that

- (i) the revenue budget forecast and impact on reserve balances, as set out in paragraphs 2.4 to 2.12 of Report No. FIN2407, be noted; and
- (ii) the Capital Programme forecast, as set out in paragraphs 2.13 to 2.18 of the Report, be noted.

57. INTRODUCTION OF ANTISOCIAL BEHAVIOUR POLICY –
(Cllr Maurice Sheehan, Environment & Neighbourhood Portfolio Holder)

The Cabinet considered Report No. OS2401, which set out a new Antisocial Behaviour Policy for the Council.

Members were informed that there was not, currently, a formal Antisocial Behaviour Policy in place. The Policy set out what response residents should expect from the Council and also the processes to be followed. The draft policy had been considered by the Policy and Project Advisory Board and the Board had recommended it to the Cabinet for adoption. The Cabinet was supportive of the proposed approach in relation to dealing with incidents of antisocial behaviour and was pleased to see the Council's new Place Protection Team in operation.

The Cabinet RESOLVED that the Antisocial Behaviour Policy, as set out in Appendix 1 of Report No. OS2401, be approved.

58. ADOPTION OF THE CAR AND CYCLE PARKING STANDARDS SUPPLEMENTARY PLANNING DOCUMENT –
(Cllr Jonathan Canty, Development and Economic Growth Portfolio Holder)

The Cabinet considered Report No. PG2405, which set out an updated Car and Cycle Parking Standards Supplementary Planning Document (SPD) for adoption.

Members were reminded that the purpose of the update was to reflect a number of factors, including changes to policy, recent town centre planning applications, 2021 Census data and factual changes since the adoption of the current SPD in 2017. A consultation exercise had been carried out during December 2023 and January 2024. Whilst this had generated a number of responses, there had only been minor changes made to the SPD since the Cabinet had considered the draft document in November 2023.

The Cabinet RESOLVED that the adoption of the Car and Cycle Parking Standards Supplementary Planning Document, as set out in Report No. PG2405, be approved.

59. **RUSHMOOR LOCAL PLAN - LOCAL DEVELOPMENT SCHEME MARCH 2024 –**
(Cllr Jonathan Canty, Development and Economic Growth Portfolio Holder)

The Cabinet considered Report No. PG2406, which set out a Local Development Scheme in relation to the Council's Local Plan.

The Cabinet was reminded that it had agreed, in November 2023, that the current Rushmoor Local Plan was in need of updating. It was explained that the Local Development Scheme set out an indicative timetable for the preparation of this updated Local Plan. In considering this, Members discussed matters around the expected level of housing provision and the availability of areas of Suitable Alternative Natural Greenspace.

The Cabinet RESOLVED that the publication and submission to the Department of Levelling Up, Housing and Communities of an updated Local Development Scheme for the new Local Plan, as set out in Report No. PG2406, be approved.

60. **EXCLUSION OF THE PUBLIC –**

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

Minute No.	Schedule 12A Para. No.	Category
61	3	Information relating to financial or business affairs

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

61. **UNION YARD, ALDERSHOT - DISPOSAL OF PRIVATE RENTED RESIDENTIAL UNITS –**
(Cllr Martin Tennant, Major Projects and Property Portfolio Holder)

The Cabinet considered Exempt Report No. REG2403, which set out a proposal to dispose of a leasehold interest for the private residential units contained within the Union Yard scheme.

Members were informed that there was a total of 82 private units being delivered. The Report set out the next steps for the disposal with a view to the scheme achieving practical completion and handover in Summer 2024.

The Cabinet RESOLVED that

- (i) the market review of disposal options provided by Lambert Smith Hampton Investment Management, as set out at Appendix 3 of Exempt Report No. REG2403, be noted;
- (ii) 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 value set out in paragraph 3.3 of the Exempt Report, be approved; and
- (iii) on the conclusion of due diligence, the Executive Director, in consultation with the Major Projects and Property Portfolio Holder, be authorised to confirm the final terms and to enable the disposal.

The Meeting closed at 7.47 pm.

CABINET

Report of the meeting held on Tuesday, 16th April, 2024 at the Council Offices, Farnborough at 7.00 pm.

Voting Members

Cllr G.B. Lyon, Leader of the Council
Cllr M.L. Sheehan, Deputy Leader and Environment & Neighbourhood Portfolio Holder
Cllr M.J. Tennant, Deputy Leader and Major Projects & Property Portfolio Holder

Cllr A. Adeola, Digital First & Corporate Portfolio Holder
Cllr J.B. Canty, Development & Economic Growth Portfolio Holder
Cllr P.G. Taylor, Finance Portfolio Holder
Cllr S. Trussler, Member of the Cabinet

An apology for absence was submitted on behalf of Councillor Sue Carter.

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 **29th April, 2024**.

62. DECLARATIONS OF INTEREST –

Having regard to the Council's Code of Conduct for Councillors, the following declaration of interest was made:

Item No.	Member	Interest	Reason
64	Cllr M.L. Sheehan	Personal and non-pecuniary	Cllr Sheehan stated that the interest declared was of a personal nature and had been disclosed in writing to the Council's Monitoring Officer and, in accordance with the Members' Code of Conduct, left the meeting during the discussion and voting thereon.

63. MINUTES –

The Minutes of the meeting of the Cabinet held on 12th March, 2024 were confirmed and signed by the Chairman.

64. COUNCIL TAX - CARE LEAVERS DISCOUNT – (Cllr Paul Taylor, Finance Portfolio Holder)

The Cabinet considered Report No. FIN2404, which set out a proposed local policy to enable the Council to award a discount from the Council Tax liability in respect of Rushmoor residents that qualified as care leavers and were aged up to 25 years.

Members were informed that the scheme would provide up to 100% discount if the resident fulfilled the qualification criteria, which were set out in the policy. There were, currently, six individuals that were liable for Council Tax that had been identified as qualifying as care leavers and the total value of the discount would be around £7,063, of which the Council's proportion would total £791.

The Cabinet RESOLVED that the establishment of a local Care Leavers Discount Policy, as set out in Report No. FIN2404, be approved.

65. **RESERVIST POLICY –**
(Cllr Ade Adeola, Digital First & Corporate Portfolio Holder)

The Cabinet considered Report No. DEM2403, which set out a new Reservist Policy for the Council.

Members were informed that this policy would demonstrate that the Council supported and recognised the need to ensure flexible working practices to help staff to maintain their working responsibilities if they were, or were to become, Reservists in the Armed Forces. The adoption of the Policy would support the Council's ambition to reach the Gold Award standard in the Defence Employer Recognition Scheme. In discussing the policy, the Cabinet expressed support for the proposed approach and felt that this may encourage other local employers to adopt similar arrangements.

The Cabinet RESOLVED that the Reservist Policy, as set out in Appendix 1 of Report No. DEM2403, be approved.

66. **LOCAL AUTHORITY HOUSING FUND - ROUND 3 –**
(Cllr Martin Tennant, Major Projects and Property Portfolio Holder / Cllr Sue Carter, Community Portfolio Holder)

The Cabinet considered Report No. ACE2405, which set out proposed governance arrangements in relation to the third round of the Local Authority Housing Fund.

Members were informed that Round 3 of the Local Authority Housing Fund had been established by the Government to provide better quality, affordable temporary accommodation to prevent people becoming homeless. In March, 2024, the Government had announced that £518,000 of capital funding was being made available to the Council. This would be used to provide temporary homeless accommodation and sustainable settled housing to those on the Afghan Citizens Resettlement Scheme. Match funding for Local Authority Housing Fund Round 3 had been identified from unallocated grant funding.

The Cabinet

(i) **RESOLVED** that:

- (a) the agreement in principle with the purchase of homes for temporary homelessness accommodation and to accommodate an Afghan Citizens Resettlement Scheme household using Local Authority

Housing Fund Round 3 funding with match funding from unallocated grant funding from the wider Resettlement Programme and Homeless Prevention Grant, as set out in Report No. ACE2405, be approved;

- (b) the signing of the Memorandum of Understanding relating to the Local Authority Housing Fund Round 3, following the principle set out in the Report, be approved;
 - (c) the governance arrangements associated with the purchase of properties, as set out in paragraphs 3.4 to 3.6 of the Report, be approved; and
 - (d) the providing of grant funding to Rushmoor Homes Limited for the purchase of a property to accommodate an Afghan Citizens Resettlement Scheme household be approved; and
- (ii) **RECOMMENDED TO THE COUNCIL** that the Capital Programme for 2024/25 be increased by £742,000, to be fully funded from a combination of Local Authority Housing Fund and resettlement grants.

67. **VOTE OF THANKS - CLLR J.B. CANTY –**

It was confirmed that Cllr J.B. Canty was standing down at the forthcoming Borough elections and the Leader (Cllr G.B. Lyon) wished to place on record his thanks for Cllr Canty's excellent service to the Council and to the Cabinet.

The Meeting closed at 7.20 pm.

CABINET

Report of the meeting held on Tuesday, 4th June, 2024 at the Council Offices, Farnborough at 7.00 pm.

Voting Members

Cllr Gareth Williams, Leader of the Council and Finance Portfolio Holder
Cllr Sophie Porter, Deputy Leader and Community & Residents Portfolio Holder

Cllr Abe Allen, Enabling Services Portfolio Holder
Cllr Jules Crossley, Policy, Climate & Sustainability Portfolio Holder
Cllr Keith Dibble, Development & Economic Growth Portfolio Holder
Cllr Christine Guinness, Regeneration & Property Portfolio Holder
Cllr Becky Williams, Neighbourhood Services Portfolio Holder

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 **17th June, 2024**.

1. DECLARATIONS OF INTEREST –

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

2. MINUTES –

The Minutes of the meeting of the Cabinet held on 16th April, 2024 were confirmed and signed by the Chairman.

3. COUNCIL PLAN AND RISK REGISTER QUARTERLY UPDATE JANUARY TO MARCH 2023/24 –

(Cllr Jules Crossley, Policy, Climate & Sustainability Portfolio Holder)

The Cabinet received Report No. ACE2406, which set out progress in delivering the Council Plan projects during the fourth quarter of 2023/24. Members were informed that progress against key activities and projects was included in the Report, along with the Council's business performance monitoring information and the Council's Corporate Risk Register. It was reported that, at the end of the third quarter, 50% of projects/activities were on track, with 30% showing an amber status and 20% a red status.

In considering the Report, Members expressed disappointment that these performance figures showed a clear deterioration since the previous report, which had shown 90% of projects on track, with 10% on amber and no projects on red. Members confirmed a commitment to monitor these projects closely over the coming period. It was also confirmed that the Cabinet would be carrying out a fundamental review of the Council Plan to reflect the priorities of the new administration.

The Cabinet NOTED the progress made towards delivering the Council Plan and the changes highlighted in the Corporate Risk Register, as set out in Report No. ACE2406.

4. SUPPORTING LOCAL BUSINESSES IN NORTH CAMP - BUSINESS RECOVERY RELIEF - LYNCHFORD ROAD –

(Cllr Gareth Williams, Leader of the Council and Finance Portfolio Holder / Cllr Keith Dibble, Development & Economic Growth Portfolio Holder)

The Cabinet considered Report No. FIN2408, which set out a proposed local policy to enable the Council to award business rates relief to local businesses that had been adversely affected by Hampshire County Council's North Camp Accessibility Scheme, along with further measures to support the local business community.

Members were informed that the policy would allow for up to 100% business rate relief, for the period from 1st April, 2024 to 30th September, 2024, to those retail and hospitality businesses on Lynchford Road that had received the original Business Interruption Relief. It was also proposed that the existing free parking in the Peabody Road and Napier Gardens Car Parks should be extended for a further six months, up to 30th September, 2024 and that a package of measures should be implemented to encourage footfall and trade in the local area.

In discussing this, Members expressed support for the proposed approach and acknowledged that, although works were now completed, the considerable impacts of the disruption were still being felt by local businesses. The Cabinet was disappointed that Hampshire County Council had declined to provide any further support to local businesses in this respect and it was confirmed that the Development & Economic Growth Portfolio Holder would continue to discuss this with the County Council.

The Cabinet RESOLVED that

- (i) the establishment of a Business Recovery Relief Policy, to reduce by up to 100% the business rates payable by those retail and hospitality businesses on Lynchford Road that had received the original Business Interruption Relief, as set out in Report No. FIN2408, be approved;
- (ii) the extension until 30th September, 2024 of the amendments in car parking charges at Peabody Road and Napier Gardens Car Park, as set out in the Report, be approved; and
- (iii) the endorsement of further measures to boost footfall and trade in North Camp, as set out in the Report, be approved.

5. APPOINTMENTS TO CABINET WORKING GROUPS 2024/25 –

The Cabinet RESOLVED that

- (i) the following Cabinet Working Groups be appointed for the 2024/25 Municipal Year based on the membership as set out below:

(1) Strategic Housing and Local Plan Working Group

Cabinet Member with responsibility for the Local Plan
(Cllr Keith Dibble)

Chairman of Development Management Committee
(Cllr Gaynor Austin)

Chairman or Vice-Chairman of Policy and Project Advisory Board
(Cllr M.J. Roberts)

Plus 1 Labour Group Member

2 Conservative Members

1 Liberal Democrat Member

(2) Member Development Group

Cabinet Member with responsibility for Member Development
(Cllr Sophie Porter)

Plus 3 Labour Members

2 Conservative Members

1 Liberal Democrat Member

(3) Capital Projects and Property Advisory Group

Leader of the Council and Finance Portfolio Holder
(Cllr Gareth Williams)

Two Cabinet Members

Two Conservative Members

(4) Farnborough Leisure and Cultural Hub Project Board

Regeneration & Property Portfolio Holder
(Cllr Christine Guinness)

Neighbourhood Services Portfolio Holder
(Cllr Becky Williams)

Leader of the Council and Finance Portfolio Holder
(Cllr Gareth Williams)

Two Conservative Members

(5) Union Yard Project Board

Leader of the Council and Finance Portfolio Holder
(Cllr Gareth Williams)

Regeneration & Property Portfolio Holder
(Cllr Christine Guinness)

Two Conservative Members
(Cllrs Martin Tennant and Paul Taylor)

- (ii) the Corporate Manager - Democracy, in consultation with Group Leaders, be authorised to finalise the appointments to the Groups as required.

The Meeting closed at 7.32 pm.

DEVELOPMENT MANAGEMENT COMMITTEE

Report of the meeting held on Wednesday, 6th March, 2024 at the Concorde Room, Council Offices, Farnborough at 7.00 pm.

Voting Members

Cllr S.J. Masterson (Chairman)
Cllr Marina Munro (Vice-Chairman)

Cllr Jib Belbase
Cllr P.J. Cullum
Cllr A.H. Gani
Cllr C.P. Grattan
Cllr Michael Hope
Cllr Halleh Koohestani
Cllr Sophie Porter
Cllr Calum Stewart

Apologies for absence were submitted on behalf of Cllr D. Sarki.

Cllr Christine Guinness attended the meeting as a Standing Deputy.

Non-Voting Member

Cllr J.B. Canty (Development & Economic Growth Portfolio Holder) (ex officio)

58. DECLARATIONS OF INTEREST

There were no declarations of interest for this meeting.

59. MINUTES

The Minutes of the Meeting held on 7th February, 2024 were approved and signed as a correct record of proceedings.

60. PLANNING APPLICATIONS

RESOLVED: That

- (i) permission be given to the following application, as set out in Appendix “A” attached hereto, subject to the conditions, restrictions and prohibitions (if any) mentioned therein:

* 23/00879/FULPP Mons Barracks, Princess Avenue, Aldershot

- (ii) the applications dealt with by the Executive Head of Property and Growth, where necessary in consultation with the Chairman, in accordance with the Council's Scheme of Delegation, more particularly specified in Section "D" of the Executive Head of Property and Growth's Report No. PG2407, be noted
- (iii) the current position with regard to the following applications be noted pending consideration at a future meeting:

	21/00271/FULPP	Block 3, Queensmead, Farnborough
*	22/00340/REMPP	Land at Blandford House and Malta Barracks
**		Development Site, Shoe Lane, Aldershot
	23/00713/FUL	Manor Park Cottage, St. Georges Road East, Aldershot
	23/00794/REVPP	Farnborough Airport, Farnborough
	24/00063/OUT	Proposed Development Site at Site of Buildings 4.2 & 4.3, Frimley Business Park, Frimley, Camberley
* The Executive Head of Property and Growth's Report No. PG2407 in respect of these applications was amended at the meeting.		
** It was agreed that site visits would be arranged to these sites		

61. APPEALS PROGRESS REPORT

The Committee received the Executive Head of Property and Growth's Report No. PG2408 concerning the following appeal decisions:

Application / Enforcement Case No.	Description	Decision
Former Park Road Garage, No. 107 Park Road, Farnborough	Appeal against an Enforcement Notice against a breach of planning control for the unauthorised change of use of a mixed-use vehicle sales and repair premises to a hand car wash and valeting premises. The Planning Inspectorate turned away the appeal, confirming it was permanently invalid.	Dismissed

RESOLVED: That the Executive Head of Property and Growth's Report No. PG2408 be noted.

62. **ENFORCEMENT AND POSSIBLE UNAUTHORISED DEVELOPMENT**

Enforcement Reference No.	Description of Breach
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22/00161/XPLANS	Partial construction of a first floor rear extension at No. 32 Union Street, Aldershot. The structure has been removed.
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RESOLVED: That the Executive Head of Property and Growth's Report No. P2409 be noted.

63. **HIPPODROME HOUSE, BIRCHETT ROAD, ALDERSHOT - APPLICATION NO. 23/00019/FULPP**

The Committee received the Executive Head of Property and Growth's Report No. PG2410 regarding Planning Application No 23/00019/FULPP – Hippodrome House, Birchett Road, Aldershot. It was advised that, in consultation with the Chairman, the requirements of the Committee on 22 March 2023, had been resolved satisfactorily and despite the lapsed extension of time to resolve the requirements, it would be neither expedient or serve any useful purpose to refuse permission and as such planning permission was granted.

The report was **NOTED**.

The meeting closed at 7.19 pm.

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CORPORATE GOVERNANCE, AUDIT AND STANDARDS COMMITTEE

Report of the meeting held on Wednesday, 20th March, 2024 at the Council Offices, Farnborough at 7.00 pm.

Voting Members

Cllr P.J. Cullum (Chairman)
Cllr S. Trussler (Vice-Chairman)

Cllr C.W. Card
Cllr D.E. Clifford
Cllr Christine Guinness
Cllr Nadia Martin
Cllr Sarah Spall
Cllr Jacqui Vosper
Cllr Gareth Williams

Apologies for absence were submitted on behalf of Cllr A.H. Gani and Cllr Nem Thapa.

Cllr S.J. Masterson attended the meeting as a Standing Deputy.

Non-Voting Member

Mr Tom Davies (ex officio)

38. MINUTES

The minutes of the meeting held on 31st January 2024 were agreed and signed as a correct record of the proceedings.

39. RISK MANAGEMENT PROCESS 2023/24

The Committee received the Assistant Chief Executive's Report No. ACE2402, which provided an update on the ongoing development and maintenance of the Council's risk management process over 2023/24.

It was noted that, as in previous years, 2023/24 had continued to be a period of significant uncertainty across a broad range of economic, social and political matters. The wider financial implications for the Council had been a focus in recent times, with mitigation plans adapting to meet the ongoing challenges presented. The Council, however, continued to embed risk management within the organisation successfully and the Risk Management Policy and arrangements continued to be reviewed and developed in order to remain effective, and to provide continual improvement. An updated draft was expected to be published in Quarter 1/2 of the 2024/25 Municipal Year, this would incorporate improvements in the way that the Council carried out its annual strategic analysis, determined its risk appetite and

would more closely link the risk management process with the Council Plan and performance management arrangements. It was also noted that further work was planned to investigate how the Council could establish an effective high level risk appetite policy (or policies), in addition to risk appetite being determined on a risk-by-risk basis.

It was noted that, as set out in the Risk Management Policy, reports on risk had been presented to the Council's Corporate Management Team (CMT) on a quarterly basis and presented to the Cabinet, alongside the quarterly performance report. The Overview and Scrutiny Committee also considered performance and risk as part of their work plan.

ACTION:

What	By Whom	When
Incorporate into the Committee's Work Plan quarterly reporting on the Risk Management Process.	The Lead Officer, Assistant Chief Executive and Committee Administrator	May 2024

RESOLVED: That the Assistant Chief Executive's Report No. ACE2402 be noted.

40. **TREASURY MANAGEMENT AND NON-TREASURY INVESTMENT OPERATIONS 2023-24**

The Committee considered the Executive Head of Finance Report No. FIN2404 which set out the activities of the Treasury Management Strategy and Non-Treasury Investment Operations as at 31st December, 2023 and reported on compliance with Prudential Indicators. These were a statutory requirement under the Chartered Institute of Public Finance Accountants (CIPFA) Code of Practice on Treasury Management.

The Committee noted that total borrowing, to fund previous and current years' capital programmes, on 31st December 2023 had been £162 million, which was a £42 million increase from 31st March 2023.

It was advised that the Council invested surplus cash as part of its day-to-day cash flow management. Investment was made in Money Market Funds, which had a same day maturity and Pooled Funds that had no defined maturity date, but were available for withdrawal after a notice period of a week (with the exception of CCLA funds which had a notice period of six months). It was noted that £21.9m of the Council's investments were held in externally managed strategic pooled funds spread across equity, multi-asset, bond and property funds. The value of the pooled fund portfolio had decreased to £19.28m as reported at the end of Quarter 2 (September 2023), this had since improved to £19.49m an increase on value of £212,000 since March 2023.

The committee discussed the report and asked questions around the impact of a 1% increase in interest rates, affordable borrowing limits and choices around where funds are invested. The timetable for the disposal of assets was also discussed and

it was noted that the Cabinet and Overview and Scrutiny Committee would consider the process and timescales as required.

RESOLVED: That the Executive Head of Finance Report No. FIN2404 be noted.

41. **ACCOUNTING POLICIES FOR THE YEAR**

The Committee considered the Executive Head of Finance's Report No. FIN2403 which reviewed the proposed accounting policies to be applied for the closure of the 2023/24 accounts and provided an update regarding the 2024/25 accounts. These were prepared in line with Chartered Institute of Public Finance Accountants (CIPFA) Code of Practice on Local Authority Accounting in the UK.

The report stated the changes to the accounting policies and informed members of additional/amended disclosures and the level of internal materiality to be applied in the Annual Statement of Accounts for 2023/24.

It was also noted that an approved set of accounting policies enabled the Finance team to complete the Annual Statement of Accounts with considered rules and assumptions and provided clarity to the readers of the Accounts as to how they have been prepared.

RESOLVED: That the Executive Head of Finance Report No. FIN2403 be noted.

42. **ANNUAL STATEMENT OF ACCOUNTS/EXTERNAL AUDIT OPTIONS**

The Committee received a verbal report on the current position concerning the Annual Statement of Accounts/External Audit Options.

The Committee were apprised of the current national picture, which evidenced that over 900 sets of accounts remained unaudited, an average of three years of accounts per council. Unaudited accounts for Rushmoor included 2020/21, 2021/22 and 2022/23. An agreement had been made between the Government, Financial Reporting Council, CIPFA and the National Audit Office, with formal legislation due in June 2024 which would state that all local authorities, in agreement with their auditors, should sign off their outstanding accounts with a disclaimer highlighting the national audit issues.

An agreement had been made with the Council's auditors, Ernst Young, to sign off the outstanding accounts by 30 September, 2024 and to complete the external audit opinion of the 2023/24 accounts by December 2024.

During discussions, it was advised that local authorities had been consulted on the proposed process for dealing with the outstanding accounts.

In response to a query regarding the delay in finalising the 2019/20 accounts, due to issues around asset values, it was advised that since a point of agreement was achieved with the auditors, the starting point for any future audits was clearer.

The report was NOTED and the approach ENDORSED.

43. INTERNAL AUDIT - AUDIT UPDATE ON 2023/24

The Committee received the Audit Manager's Report No. AUD2402 which provided a progress update on the 2023/24 Audit Plan.

The Committee were advised of an update to the table at 3.2 of the report where the figures had changed since publication to ?? and ?? It was noted that all audits were on track to be completed during 2023/24.

A query was made on data relating to raised invoices, and it was advised that the system had been updated and the issue was now resolved. A query regarding Temple Lifts was also made and enquiries would be made and reported back to the Committee.

RESOLVED: That the Audit Manager's Report No. AUD2402 be noted.

44. OUTSTANDING AUDIT RECOMMENDATIONS

The Committee received a verbal update on outstanding audit recommendations from the Executive Head of Finance.

It was advised that the majority of the outstanding recommendations were low level and the few high level ones had been looked at by the Corporate Management Team and themes identified. It was noted that there were around 30 outstanding audits over a three year period, the majority of which were from the 2022/23 financial year.

In response to a query it was advised that there was a risk and the position was recorded on the Risk Register. In addition, consideration was being given to advancing the financial system (Integra) to allow for a great ability to challenge data across the organisation on a more regular basis.

The Report was NOTED.

45. INTERNAL AUDIT - AUDIT PLAN 2024/25

Annual The Committee received the Audit Manager's Report No. AUD2403 which sets out the annual Audit Plan for 2024/25. The Audit Plan is produced annually to provide a framework for the use of Audit resources and to ensure that resources are focused on activities that will enable the Audit Manager to provide the Council with an overall assurance level on the Council's governance, risk management and internal control (GRC) environment.

The Committee were advised that the delivery of the internal audit plan for 2024/25 would be carried out by contract auditors, with all work being signed off by the Audit Manager. It was noted that the use of external auditors resulted on a cost saving.

RESOLVED: That the Audit Manager's Report No. AUD2403 be noted.

46. **ANNUAL GOVERNANCE STATEMENT**

It was noted that an informal session had been held before the meeting to provide an overview on the Annual Governance Statement. A number of actions had been noted during the informal discussion for consideration going forward and the establishment of an informal Working Group would be considered in the new Municipal Year.

The meeting closed at 8.24 pm.

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DEVELOPMENT MANAGEMENT COMMITTEE

Report of the Meeting held on Wednesday, 17th April, 2024 at the Concorde Room, Council Offices, Farnborough at 7.00 pm.

Voting Members

Cllr S.J. Masterson (Chairman)
Cllr Marina Munro (Vice-Chairman)

Cllr Jib Belbase
Cllr P.J. Cullum
Cllr A.H. Gani
Cllr C.P. Grattan
Cllr Michael Hope
Cllr Sophie Porter
Cllr Calum Stewart

Apologies for absence were submitted on behalf of Cllr Halleh Koohestani and Cllr Dhan Sarki.

Cllr Christine Guinness and Cllr Gareth Williams attended the meeting as Standing Deputies.

Non-Voting Member

Cllr J.B. Canty (Development & Economic Growth Portfolio Holder) (ex officio)

64. DECLARATIONS OF INTEREST

There were no declarations of interest for this meeting.

65. MINUTES

The Minutes of the Meeting held on 6th March, 2024 were approved and signed as a correct record of proceedings.

66. PLANNING APPLICATIONS

RESOLVED: That

- (i) the following application be determined by the Executive Head of Property and Growth, in consultation with the Chairman:

*	24/00063/OUT	Proposed Development at Site of Building 4.2 and 4.3, Frimley Business Park, Frimley, Camberley
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(ii) the applications dealt with by the Executive Head of Property and Growth, where necessary in consultation with the Chairman, in accordance with the Council's Scheme of Delegation, more particularly specified in Section "D" of the Executive Head of Property and Growth's Report No. PG2411, be noted

(iii) the current position with regard to the following applications be noted pending consideration at a future meeting:

21/00271/FULPP Block 3, Queensmead, Farnborough

* 22/00340/REMPP Land at Blandford House and Malta Barracks
** Development Site, Shoe Lane, Aldershot

23/00713/FUL Manor Park Cottage, St. Georges Road East,
Aldershot

23/00794/REVPP Farnborough Airport, Farnborough

24/00117/REVPP MacDonalds, 1 North Close, Aldershot

* The Executive Head of Property and Growth's Report No. PG2411 in respect of these applications was amended at the meeting.

** It was agreed that site visits would be arranged to these sites

NOTE:

Executive Head of Property and Growth Report No. PG2411, Item iii - 23/00695/FULPP, The Range, Ivy Road, Aldershot was listed on the future items in error. Planning permission had been granted in January 2024 on this application.

67. ENFORCEMENT AND POSSIBLE UNAUTHORISED DEVELOPMENT

Enforcement Reference No.	Description of Breach
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23/00062/BOUND	The erection of a 1m high wall with 2m high pillars at No. 26 Avondale Road, Farnborough.
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An update was provided to the Committee, advising that a Planning Enforcement Notice had been served to require the reduction of the wall and pillar height to 1m.

RESOLVED: That the Executive Head of Property and Growth's Report No. P2412 be noted.

The meeting closed at 7.25 pm.

Development Management Committee

Appendix "A"

**Application No.
& Date Valid:** 23/00879/FULPP

18th December 2023

Proposal: Demolition of existing office building and erection of a new build workshop for military vehicles, together with hardstanding areas and associated drainage, infrastructure and landscaping at Mons Barracks, Princes Avenue, Aldershot

Applicant: MOD

1. The development hereby permitted shall be begun before the expiration of three years from the date of this permission.

Reason - As required by Section 91 of the Town and Country Planning Act 1990 as amended by Section 51 of the Planning and Compulsory Purchase Act 2004.

- 2 The permission hereby granted shall be carried out in accordance with the following approved drawings. Drawing numbers: 31-MN0613-18-TP-A1-001 REVB (06.12.23); 31-MN0613-18-TP-A1-001 REVB (06.12.23) - GROUND FLOOR PLANS; 31-MN0613-18-TP-A1-002 REVB - FIRST AND SECOND FLOOR PLANS; 31-MN0613-18-TP-A1-003 REVB - ROOF PLAN; 31-MN0613-18-TP-A1-004 REVB – ELEVATIONS; 31-MN0613-18-TP-A1-005 REVB – SECTIONS; 31-MN0613-18-TP-A1-006 REVB (06.12.23) - SECTIONS; 31-MNRGEN-43-GA-A1-006 A - EXISTING SITE PLAN; 31-MNRGEN-43-GA-A1-007 A - PROPOSED SITE PLAN; 31-MNRGEN-43-GA-A1-008 A - PROPOSED LEVELS PLAN; 31-MNRGEN-43-GA-A1-009 A (06.12.23) - SITE LOCATION PLAN; 31-MN0613-18-GA-E4-701 A (BUILDING LIGHTING); 31-MNRGEN-43-GA-A1-300 C - LIGHTING PLAN; 31-MNRGEN-43-GA-A1-810 A - LAND OWNERSHIP PLAN; 31-MNRGEN-43-GA-U10-351 A (PERIMETER FENCE LUX LEVELS); 20-XXXGEN-41-SD-U10-001; T - STREET LIGHTING INFORMATION SCHEDULE; LANDSCAPE PROPOSALS PLAN; TREE PROTECTION PLAN - ALDERSHOT-002 - 402.065044.00001-ARB-D-002 03.

Reason - To ensure the development is implemented in accordance with the permission granted.

- 3 All works to trees shall be carried out in accordance with the details contained in the Arboricultural Report prepared by SLR Consulting Limited, dated 21 September 2023.

Reason - To preserve the amenity value of the tree(s) and shrubs.

- 4 A Sustainable Drainage System shall be provided as detailed in the Flood Risk Assessment and Surface Water Drainage Strategy, prepared SLR Consulting Limited, dated 29 November 2023 Revision 03.

Reason - To ensure that satisfactory provision is made for surface water drainage, as required by Policy NE6.

- 5 Notwithstanding the provisions within Class A - general development by the Crown of Part 19 of Sch.2 of the Town & Country Planning (General Permitted Development) (England) Order 2015(as amended), any external lighting installed shall comprise warm white lighting at a maximum of 2700K and any luminaires mounted so that there is no upward light spill or cowed accordingly.

Reason - In the interest of not harming protected species.

- 6 No works in connection with the development hereby approved (including ground works and vegetation clearance) shall commence until a Biodiversity Gain Plan for the development hereby approved has been submitted to, and approved in writing by, the Local Planning Authority. The Biodiversity Gain Plan should have regards, as far as is reasonably possible, to current DEFRA guidance and template documents here; <https://www.gov.uk/government/publications/biodiversity-gain-plan>

The Gain Plan should clearly show locations of all on-site and off-site biodiversity gain sites, including mapping. The gain plan should have regards to existing habitat distinctiveness and condition and clearly indicate how gains will be achieved. Gains and losses should be clearly demonstrated in accordance with the DEFRA Metric - the excel spreadsheet showing baseline and post-development site conditions should be included in support.

The Gain Plan should clarify how post-development habitats are to be restored, enhanced and / or created in order to achieve the distinctiveness and condition presented within the DEFRA Metric. Management methods should be presented including how these habitats are to be maintained for 30 years in accordance with BNG statutory ambitions.

Reason - In the interests of safeguarding protected wildlife species from harm and disturbance; and to comply with the requirements of the NPPF and Local Plan Policy NE4. *

- 7 The development hereby permitted shall be designed and implemented to meet the BREEAM 'excellent' standard for water consumption. On completion of the development, a post-construction BREEAM certificate shall be submitted to the Council demonstrating that this standard has been met.

Reason - To ensure that the development manages water consumption efficiently in accordance with Policy DE4 of the Rushmoor Local Plan. *

INFORMATIVES

- 1 The Local Planning Authority's commitment to working with the applicants in a positive and proactive way is demonstrated by its offer of pre-application discussion to all, and assistance in the validation and determination of applications through the provision of clear guidance regarding necessary supporting information or amendments both before and after submission, in line with the National Planning Policy Framework.
- 2 The Council has granted permission because it is concluded that the proposed workshop building would be appropriate in terms of its scale, appearance and function to the surrounding area of the barracks, that it would not adversely affect visual amenity, residential amenity, views into/out from the Basingstoke Canal Conservation Area or highway safety, and that it would make satisfactory provision for surface water drainage, landscaping and biodiversity enhancements. The proposals would accord with Policies SS1, SS2, IN2, HE3, HE4, DE1, DE10, NE3, NE4, NE6 and NE8 of the Rushmoor Local Plan.

It is therefore considered that subject to compliance with the attached conditions, and taking into account all other material planning considerations, including the provisions of the development plan, the proposal would be acceptable. This also includes a consideration of whether the decision to grant permission is compatible with the Human Rights Act 1998.

- 3 Your attention is specifically drawn to the conditions marked *. These condition(s) require either the submission and approval of details, information, drawings etc. by the Local Planning Authority BEFORE WORKS START ON SITE, BEFORE SPECIFIC ELEMENTS OF THE PROPOSAL ARE CARRIED OUT or, require works to be carried out BEFORE COMMENCEMENT OF USE OR FIRST OCCUPATION OF ANY BUILDING.

Development started, carried out or occupied without first meeting the requirements of these conditions is effectively development carried out WITHOUT PLANNING PERMISSION.

The Council will consider the expediency of taking enforcement action against any such development and may refer to any such breach of planning control when responding to local searches. Submissions seeking to discharge conditions or requests for confirmation that conditions have been complied with must be accompanied by the appropriate fee.

- 4 Badgers are legally protected under The Protection of Badgers Act 1992 and Schedule 6 of the Wildlife and Countryside Act (1981 as amended), which makes it illegal to wilfully kill, injure, take, possess or cruelly ill-treat a badger, or attempt to do so. It is also an offence to damage, destroy or interfere with a badger sett or disturb a badger while it is occupying a sett. It is proposed to close a sett to facilitate the development and the applicant must obtain a badger mitigation licence from Natural England following the receipt of planning permission and prior to any works which may affect badgers or their setts

commencing and to work in accordance with the mitigation, compensation and enhancement actions required within the licence.

The applicant is advised that works will need to be undertaken between 1st July and 30th November, outside the badger breeding season. The applicant is also advised that immediately prior to the start of development works, a survey of the site by an appropriately qualified and experienced ecologist should be undertaken within the proposed development boundary and a 30m buffer, to search for any new badger setts and confirm that the active / inactive status of setts is known and sett closure proposals remains relevant to planning proposals.

The applicant should also ensure that construction activities on site have regard to the presence of terrestrial mammals to ensure that these species do not become trapped in trenches, culverts or pipes. All trenches left open overnight should include a means of escape for any animals that may fall in.

If badger activity is detected, works should cease and advice from a suitably experienced ecologist sought to prevent harm to this species. Fencing is to be used at the site should remain permeable to badgers. It is recommended that holes are included in the base of 20cmx20cm to allow Badgers and to move freely through the site.

DEVELOPMENT MANAGEMENT COMMITTEE

Report of the Meeting held on Wednesday, 22nd May, 2024 at the Concorde Room, Council Offices, Farnborough at 7.00 pm.

Voting Members

Cllr Gaynor Austin (Chairman)
Cllr C.P. Grattan (Vice-Chairman)

Cllr Thomas Day
Cllr Peace Essien Igodifo
Cllr A.H. Gani
Cllr Lisa Greenway
Cllr Julie Hall
Cllr S.J. Masterson
Cllr Dhan Sarki
Cllr Calum Stewart
Cllr Ivan Whitmee

Non-Voting Member

Cllr Keith Dibble (Development & Economic Growth Portfolio Holder) (ex officio)

1. DECLARATIONS OF INTEREST

Having regard to the Members' Code of Conduct, the following declarations of interest were made. All Members who had or believed that they had any interest under Rushmoor Borough Council's Councillor Code of Conduct, adopted in April 2021, in any matter to be considered at the meeting disclosed that interest at the start of the meeting or as soon as possible thereafter and took the necessary steps in light of their interest as to any participation in the agenda item:

Member	Application No. and Address	Interest	Action
Cllr Gaynor Austin	24/00117/REVPP – MacDonalds, No. 1 North Close, Aldershot	Personal	Cllr Austin did not take part in the meeting during the discussion and voting thereon
Cllr Calum Stewart	24/00117/REVPP – MacDonalds, No. 1 North Close, Aldershot	Personal	Cllr Stewart did not take part in the meeting during the discussion and voting thereon

2. MINUTES

The Minutes of the Meeting held on 17th April, 2024 were approved and signed as a correct record of proceedings.

3. PLANNING APPLICATIONS

RESOLVED: That

- (i) for the purposes of the appeal for non-determination submitted by the applicant, permission be refused for the following application, as set out in Appendix “A” attached hereto:
 - * 22/00340/REMPP Land at Blandford House and Malta Barracks Development Site, Shoe Lane, Aldershot
- (ii) permission be refused for the following application, as set out in Appendix “A” attached hereto:
 - * 24/00117/REVPP MacDonalds, No. 1 North Close, Aldershot
- (iii) permission be given to the following application, as set out in Appendix “A” attached hereto, subject to the conditions, restrictions and prohibitions (if any) mentioned therein:
 - * 24/00222/COUPP No. 29 West Heath Road, Farnborough
- (iv) the following application be determined by the Executive Head of Property and Growth, in consultation with the Chairman:
 - 24/00266/FULPP Union Yard Development Site, Union Street, Aldershot
- (v) the applications dealt with by the Executive Head of Property and Growth, where necessary in consultation with the Chairman, in accordance with the Council’s Scheme of Delegation, more particularly specified in Section “D” of the Executive Head of Property and Growth’s Report No. PG2413, be noted
- (vi) the current position with regard to the following applications be noted pending consideration at a future meeting:
 - 21/00271/FULPP Block 3, Queensmead, Farnborough
 - 23/00713/FUL Manor Park Cottage, St. Georges Road East, Aldershot
 - 23/00794/REVPP Farnborough Airport, Farnborough

- * The Executive Head of Property and Growth's Report No. PG2413 in respect of these applications was amended at the meeting.
- ** It was agreed that site visits would be arranged to these sites

NOTE: For Planning Application No. 24/00117/REVPP, the Vice Chairman, Cllr C.P. Grattan, chaired the meeting whilst the Chair, Cllr Gaynor Austin, excused herself from proceedings as a result of her Declaration of Interest. Cllr Austin retook the chair once the item had been determined.

4. **APPEALS PROGRESS REPORT**

The Committee received the Executive Head of Property and Growth's Report No. PG2414 concerning the following appeal decisions:

Application / Enforcement Case No.	Description	Decision
Garage Block, Cold Harbour Lane, Farnborough	Appeal against refusal of planning permission for the demolition of 14 garages and the erection of two light industrial units with parking.	New appeal
Land at Blandford House and Malta Barracks Development Site, Shoe Lane, Aldershot	Appeal against non- determination of planning application for "part approval of reserved matters" for the erection of 71 dwellings and associated access roads, public spaces, parking, lighting and infrastructure.	New appeal
No. 94 Field Way, Aldershot	Appeal against refusal of planning permission for the erection of a two storey side extension.	Dismissed

RESOLVED: That the Executive Head of Property and Growth's Report No. PG2414 be noted.

5. **ENFORCEMENT AND POSSIBLE UNAUTHORISED DEVELOPMENT**

Enforcement Reference No.	Description of Breach
23/00145/AERIAL & 23/00146/AERIAL	Installation of satellite dishes to the front elevation of Nos. 1 & 2 Ramsden Close, Wellesley, Aldershot. The owners have been invited to submit planning applications, but have not done so to date. An enforcement notice could be issued, but the development is considered acceptable and it is not expedient in this circumstance.

RESOLVED: That the Executive Head of Property and Growth's Report No. PG2415 be noted.

6. **PLANNING (DEVELOPMENT MANAGEMENT) SUMMARY REPORT FOR THE QUARTER JANUARY 2024 - MARCH 2024 AND FOR THE YEAR 2023/24**

The Committee received the Executive Head of Property and Growth's Report No. PG2416 which provided an update on the position with respect to achieving performance indicators for the Development Management Section of the Planning Service and the overall workload of the Section for the quarter from 1st January to 31st March 2024 and for the year 2023/24.

RESOLVED: That the Executive Head of Property and Growth's Report No. PG2416 be noted.

The meeting closed at 8.42 pm.

Development Management Committee

Appendix "A"

**Application No.
& Date Valid:** 24/00063/OUT

2nd February 2024

Proposal: **Outline Planning Application (with appearance reserved for future consideration) for flexible use development, including demolition of all existing structures and erection of two buildings comprising Use Class B2, B8 and E (g) at Proposed Development At Site Of Building 4.2 And Building 4.3 Frimley Business Park Frimley Camberley**

Applicant: Rushmoor Borough Council

1. The development hereby permitted shall be begun before the expiration of three years from the date of this permission.

Reason - As required by Section 91 of the Town and Country Planning Act 1990 as amended by Section 51 of the Planning and Compulsory Purchase Act 2004.

2. The first application for approval of reserved matters shall be made to the Local Planning Authority before the expiration of three years from the date of this permission. All subsequent reserved matters shall be submitted no later than 5 years from the date of this permission.

Reason - To comply with the provisions of section 92(2) of the Town and Country Planning Act 1990.

3. Details of a Phasing Strategy for the development of the site shall be submitted to and approved in writing by the Local Planning Authority prior to the submission of the first Reserved Matters Application (RMA). The details shall include the following:
 - a. A layout plan confirming the extent of each Development Zone/ Phase to which future RMAs will relate;
 - b. An indicative phasing programme for the submission of the RMAs;
 - c. An indicative phasing programme for the implementation of the consent;
 - d. The development shall be carried out in accordance with the approved Phasing Strategy.

Reason: To facilitate the future submission of the Reserved Matters and redevelopment of the site in a phased approach.*

4. No development shall take place in any Development Zone identified on details submitted pursuant to condition 3, until an application for details relating to appearance, landscaping, layout and scale of the development hereinafter called "the reserved matters" shall be submitted to and approved in writing by

the Local Planning Authority in respect of that Development Zone/Reserved Matters Area. Notwithstanding any indications on the illustrative and parameter plans submitted with the outline planning application, each Reserved Matters Application shall include details of the following:

- a. Details relating to appearance, landscaping, layout and scale of the development;
- b. Plans detailing existing and proposed site levels;
- c. A fully detailed surface water drainage strategy, including SuDs drainage features;
- d. Details of measures to demonstrate that the buildings will be appropriately flood resistant and resilient.
- e. Provision for storage and removal of refuse and recycling;
- f. Energy performance & sustainable construction statement;
- g. Water Efficiency Statement;
- h. Ecological Management Plan;
- i. Landscape Management Plan;
- j. Detailed Transport Plan;
- k. Construction Environmental Management Plan;
- l. Construction Traffic Management Plan;
- m. Arboricultural Development Statement;
- n. Lighting Assessment;

The development shall be carried out in accordance with the details as approved.

Reason - As required by Section 91 of the Town and Country Planning Act 1990 as amended by Section 51 of the Planning and Compulsory Purchase Act 2004.

5. Construction or demolition work of any sort within the area covered by the application shall only take place between the hours of 0800-1800 on Monday to Fridays and 0800-1300 on Saturdays. No work at all shall take place on Sundays and Bank or Statutory Holidays.

Reason - To protect the amenities of neighbouring residential properties and to prevent adverse impact on traffic and parking conditions in the vicinity.

6. In the event that unforeseen ground conditions or materials which suggest potential or actual contamination are revealed at any time during implementation of the approved development it must be reported, in writing, immediately to the Local Planning Authority. A competent person must undertake a risk assessment and assess the level and extent of the problem and, where necessary, prepare a report identifying remedial action which shall be submitted to and approved in writing by the Local Planning Authority before the measures are implemented.

Following completion of measures identified in the approved remediation scheme a verification report must be prepared and is subject to approval in writing by the Local Planning Authority.

Reason - To ensure that the site is safe for the development permitted and in the interests of amenity and pollution prevention

7. No vehicles, machinery, equipment, materials, spoil, skips, scaffolding, or anything else associated with the works or operation of the development, shall be parked, stored or positioned on or near to Rushmoor Footpath 19, as to cause obstruction, hindrance or hazard to its legitimate users

Reason - To ensure that the Public Right of Way remains open at all times.

8. Notwithstanding the provisions of the Town and Country Planning (Use Classes) Order, 1987, (or any other Order revoking or re-enacting that Order) the land and/or building(s) shall be used only for the purpose of Classes B2, B8 and E(g) ; and for no other purpose, including any other purpose within Class E;, without the prior permission of the Local Planning Authority.

Reason - To protect the amenities of neighbouring residential properties and to prevent adverse impact on traffic and parking conditions in the vicinity.

9. Notwithstanding the provisions of the Town and Country Planning (General Permitted Development) (England), Order 2015 (or any Order revoking and re-enacting that Order), no development falling within Classes A, E, H, I and J of Part 7; of Schedule 2 shall be carried out without the prior permission of the Local Planning Authority.

Reason - To prevent the encroachment of development into the buffer zone of the adjacent Blackwater River and to prevent adverse impact on traffic and parking conditions in the vicinity.

10. Each phase of the development hereby approved shall not be occupied until the off-street parking facilities shown on the approved plans have been completed and made ready for use by the occupiers. The parking facilities shall be thereafter retained solely for parking purposes (to be used by the occupiers of, and visitors to, the development). *

Reason - To ensure the provision and availability of adequate off-street parking.

11. All plant and machinery shall be enclosed with soundproofing materials and mounted in a way which will minimise transmission of structure-borne sound in accordance with a scheme to be first submitted to and approved in writing by the Local Planning Authority. All plant and machinery shall be switched off between the hours of 11pm and 7am.

Reason - To protect the amenity of neighbouring occupiers.*

12. No display or storage of goods, materials, plant, or equipment shall take place other than within the buildings.

Reason - To protect the amenities of neighbouring property.

13. No building materials shall be stored within 8 metres of the River Blackwater.

Reason: To maintain the character of the watercourse.

14. The permission hereby granted shall be carried out in accordance with the following approved drawings. Drawing numbers: 23020-TP-001 Rev A, TP 002A EXISTING SITE PLAN_ 23020, 23020 - TP-003 Rev C and 23020-TP-010 Rev C.

Reason - To ensure the development is implemented in accordance with the permission granted.

INFORMATIVES

- 1 The Local Planning Authority's commitment to working with the applicants in a positive and proactive way is demonstrated by its offer of pre-application discussion to all, and assistance in the validation and determination of applications through the provision of clear guidance regarding necessary supporting information or amendments both before and after submission, in line with the National Planning Policy Framework.
- 2 The Council has granted Outline permission because it is considered that the proposal would result in a type and form development that would be broadly compatible with the other more recent developments that have been permitted in both the Rushmoor and Surrey Heath Borough Council sections of Frimley Business Park, which would be provided with suitable vehicular access and parking, would have no material adverse impact on highway safety, upon residential amenity and subject to the submission of Reserved Matters applications, it is considered that the development will accord with Policies SS1, SS2, PC2, IN2, DE1, DE4, DE10, NE2, NE4, NE6 and NE8 of the Rushmoor Local Plan.

It is therefore considered that subject to compliance with the attached conditions, and taking into account all other material planning considerations, including the provisions of the development plan, the proposal would be acceptable. This also includes a consideration of whether the decision to grant permission is compatible with the Human Rights Act 1998.

- 3 Your attention is specifically drawn to the conditions marked *. These condition(s) require either the submission and approval of details, information, drawings etc. by the Local Planning Authority BEFORE WORKS START ON SITE, BEFORE SPECIFIC ELEMENTS OF THE PROPOSAL ARE CARRIED OUT or, require works to be carried out BEFORE COMMENCEMENT OF USE OR FIRST OCCUPATION OF ANY BUILDING.

Development started, carried out or occupied without first meeting the requirements of these conditions is effectively development carried out WITHOUT PLANNING PERMISSION.

The Council will consider the expediency of taking enforcement action against any such development and may refer to any such breach of planning control when responding to local searches. Submissions seeking to discharge conditions or requests for confirmation that conditions have been complied with

must be accompanied by the appropriate fee.

- 4 The applicant is recommended to achieve maximum energy efficiency and reduction of Carbon Dioxide emissions by:
 - a) ensuring the design and materials to be used in the construction of the building are consistent with these aims; and
 - b) using renewable energy sources for the production of electricity and heat using efficient and technologically advanced equipment.
- 5 Measures should be taken to prevent mud from vehicles leaving the site during construction works being deposited on the public highway throughout the construction period.
- 6 No materials produced as a result of site preparation, clearance, or development should be burnt on site. Please contact the Head of Operational Services for advice.
- 7 It is a legal requirement to notify Thames Water of any proposed connection to a public sewer. In many parts of its sewerage area, Thames Water provides separate public sewers for foul water and surface water. Within these areas a dwelling should have separate connections: a) to the public foul sewer to carry waste from toilets, sinks and washing machines, etc, and b) to public surface water sewer for rainwater from roofs and surface drains. Mis-connections can have serious effects: i) If a foul sewage outlet is connected to a public surface water sewer this may result in pollution of a watercourse. ii) If a surface water outlet is connected to a public foul sewer, when a separate surface water system or soakaway exists, this may cause overloading of the public foul sewer at times of heavy rain. This can lead to sewer flooding of properties within the locality. In both instances it is an offence to make the wrong connection. Thames Water can help identify the location of the nearest appropriate public sewer and can be contacted on 0800 316 9800.
- 8 The applicant is advised that during the demolition and construction phases of the development measures should be employed to contain and minimise dust emissions, to prevent their escape from the development site onto adjoining properties. For further information, please contact the Head of Operational Services.
- 9 In order to avoid risk arising from overbuilding of the gas network, the applicant is advised to check their proposals against the information at <https://www.linsearchbeforeudig.co.uk> and contact the Plant Protection Team at Scotland Gas Networks Plc plantlocation@sgn.co.uk Tel: 0800 912 1722
- 10 The applicant's attention is drawn to Network Rail's "Asset Protection Informatives for works in close proximity to Network Rail's Infrastructure", which is enclosed with this decision notice.

CORPORATE GOVERNANCE, AUDIT AND STANDARDS COMMITTEE

Report of the meeting held on Thursday, 23rd May, 2024 at the Council Offices,
Farnborough at 7.15 pm.

Voting Members

Cllr A.H. Crawford (Chairman)
Cllr Bill O'Donovan (Vice-Chairman)

Cllr A. Adeola
Cllr Gaynor Austin
Cllr C.W. Card
Cllr Rhian Jones
Cllr M.J. Roberts
Cllr M.D. Smith
Cllr Sarah Spall
Cllr P.G. Taylor
Cllr Jacqui Vosper

1. MINUTES

The minutes of the meeting held on 20th March 2024 were agreed and signed as a correct record of the proceedings.

2. ANNUAL GOVERNANCE STATEMENT 2023/24

The Committee considered the Audit Manager's Report No. AUD2404 which presented the Annual Governance Statement 2023/24 for review and approval.

The Accounts and Audit Regulations 2015 stated that, for each financial year the Council must conduct a review of the effectiveness of the Council's internal control and prepare an annual governance statement for review and approval by the Committee prior to it being signed by the Chief Executive and Leader of the Council.

The Report set out the methodology for compiling the Annual Governance Statement and the requirements of the Committee to ensure a meaningful review of the Annual Governance Statement. Members were reminded that they needed to be satisfied that the Annual Governance Statement reflected the governance environment and any actions required to improve it. Members also had to be satisfied that it demonstrated how governance supported the achievement of the Council's objectives.

During discussion, reference was made to the significant challenge to the future financial sustainability of the Council and concerns about achieving a balanced budget. It was confirmed that a Financial Resilience Plan had been prepared to put the Council on a financially stable footing, and that an independent review of the

Financial Resilience Plan by the Chartered Institute of Public Finance and Accounting (CIPFA) was near completion for publication. This would be published in reports to the Cabinet and Council in July.

Further to both the outcomes of the CIPFA Report and the forthcoming Peer Review, which had been invited by the Council, Members of the Committee indicated support to invite the Leader of the Council, Cllr Gareth Williams, to a future meeting with a view to achieving a better understanding of the new leadership's priorities in relation to the governance issues for the Council. The point was also raised that the opportunity should be taken as part of the Peer Review to consider the effectiveness of the working arrangements for the Overview and Scrutiny function.

Further to the current Annual Governance Statement, the Committee asked that a report be brought to the next meeting with more details on Freedom of Information performance, particularly on response rates and how the Council compared to other local authorities and the subject areas for requests.

RESOLVED: That the Council's Annual Governance Statement 2023/24 be approved for signing by the Chief Executive and Leader of the Council and for publishing alongside the Statement of Accounts.

3. **INTERNAL AUDIT - AUDIT UPDATE**

The Committee received the Audit Manager's Report No. AUD2405 which provided a progress update on the 2023/24 Audit Plan.

The Committee was advised of an update to the table at 3.1 of the report where the figures had changed since publication to eight finalised reports and six draft reports. The two finalised reported were noted as the CIPFA Report and the Parking Report.

In response to a question, it was noted that there were a number of levels of assurance, including full, substantial, reasonable and limited, and that more information explaining these could be found in the Audit Charter. A training session for the Committee on Internal Audit was planned for 16th July 2024.

RESOLVED: That the Audit Manager's Report No. AUD2405 be noted.

4. **APPOINTMENTS TO OUTSIDE BODIES, LICENSING SUB-COMMITTEES AND CONSTITUTION WORKING GROUP**

(1) **Outside Bodies –**

RESOLVED: That the appointment of representatives to outside bodies for the 2024/25 Municipal Year, as set out in the attached Appendix, be approved.

(2) **Appointments and Appeals Panels –**

RESOLVED: That the Corporate Manager - Democracy be authorised to make appointments to Appointments and Appeals Panels in accordance with

the membership criteria set out in the Officer Employment Procedure Rules in the Constitution.

(3) **Licensing Sub-Committee –**

RESOLVED: That the following Members be appointed to serve on the Licensing Sub-Committee for the 2024/25 Municipal Year (three Labour representatives; two representatives of other Groups):

Labour Group: Cllrs A.H. Crawford, Bill O'Donovan and Sarah Spall

Conservative Group: Cllr Jacqui Vosper

Liberal Democrat: Cllr C.W. Card

(4) **Licensing Sub-Committee (Alcohol and Entertainments) –**

RESOLVED: That the Corporate Manager - Democracy be authorised to make appointments from the membership of the Corporate Governance, Audit and Standards Committee in accordance with the procedure agreed by the Committee at its meeting on 21st May 2009 and detailed in the Licensing Sub-Committee (Alcohol and Entertainments) Hearings Protocol and Procedure.

(5) **Licensing Sub-Committee (Taxis) –**

RESOLVED: That the Corporate Manager - Democracy be authorised to make appointments from the membership of the Corporate Governance, Audit and Standards Committee, in accordance with the procedure agreed by the Committee at its meeting on 27th June 2021 and detailed in the Licensing Sub-Committee (Taxis) Hearings Protocol and Procedure.

(6) **Constitution Working Group –**

RESOLVED: That the following Members be appointed to serve on the Constitution Working Group for the 2024/25 Municipal Year (seven Members, including a Cabinet Member, the Chairman of the Committee and representatives of other groups):

- Cabinet Member (Cllr Sophie Porter)
- the Chairman of the Corporate Governance, Audit and Standards Committee (Cllr A.H. Crawford)
- two representatives of the Labour Group (Cllrs Gaynor Austin and Bill O'Donovan)
- two representatives of Conservative Group (Cllrs G.B. Lyon and Calum Stewart)
- one representative of the Liberal Democrats (Cllr Craig Card)

The meeting closed at 8.20 pm.

**CORPORATE GOVERNANCE, AUDIT AND STANDARDS COMMITTEE
23RD MAY 2024**

REPRESENTATION ON OUTSIDE BODIES

NAME OF ORGANISATION	REPRESENTATIVE(S) 2024/25
Aldershot & Farnborough Festival of Music & Art	Cllrs Lisa Greenway, Ivan Whitmee and Sue Carter
Blackbushe Airport Consultative Committee	Cllr Jules Crossley with Cllr Alex Crawford as Standing Deputy
Blackwater Valley Advisory Panel for Public Transport	Cllrs Mike Roberts and Steve Harden with Cllr Alex Crawford as Standing Deputy
Blackwater Valley Countryside Partnership	Cllrs Clive Grattan and Jules Crossley with Cllr Gareth Lyon as Standing Deputy
Brickfield Country Park, Friends of	Three Manor Park Ward Members
Cove Brook Greenway Group	Cllrs Clive Grattan and Rhian Jones
District Council's Network (DCN)	Leader of the Council (Cllr Gareth Williams)
Hampshire Place Board	Leader of the Council (Cllr Gareth Williams)
Frimley Integrated Care Partnership Assembly	Cabinet Member (Cllr Sophie Porter)
Farnborough Aerodrome Consultative Committee	Cabinet Member (Cllr Keith Dibble) and Cllr Craig Card (as a representative of an adjoining ward) with Cllr Alex Crawford as Standing Deputy
457 Squadron Farnborough RAF Air Cadets	Cllr Nadia Martin

NAME OF ORGANISATION	REPRESENTATIVE(S) 2024/25
Hampshire and Isle of Wight Local Government Association	Leader of the Council (Cllr Gareth Williams) and Deputy Leader of the Council (Cllr Sophie Porter)
Hampshire Police and Crime Panel	Cllr Becky Williams (Cabinet Member) Cllr Halleh Koohestani as Standing Deputy
Hampshire Buildings Preservation Trust AGM	Cllrs Thomas Day and Lisa Greenway
Local Government Association - General Assembly	Leader of the Council (Cllr Gareth Williams)
North Hampshire Area Road Safety Council	Cllr Mike Roberts with Cllr Jules Crossley as Standing Deputy
PATROL	Cllr Becky Williams
Parity for Disability	Cllr Lisa Greenway with Cllr Steve Masterson as Standing Deputy
Project Integra Strategic Board	Cllr Becky Williams (Cabinet Member)
Royal British Legion (Farnborough Branch) Remembrance Day Arrangements	Cllrs Nadia Martin and Clive Grattan
Rushmoor Voluntary Services Board	Cllr Sophie Porter
South East Employers – Annual General Meeting	Cllr Abe Allen (Cabinet Member) and Cllr Keith Dibble as Standing Deputy
Thames Basin Heaths Joint Strategic Partnership Board	Cllr Keith Dibble (Cabinet Member)
Wellesley Residents Trust Ltd	Cllr Nadia Martin

REPRESENTATION ON COUNCIL GROUPS, PARTNERSHIPS AND BOARDS

GROUP	REPRESENTATIVE(S) 2024/25
Hampshire Cultural Trust – Aldershot Military Museum Strategic Local Agreement and West End Centre Management Committee	Cllrs Jules Crossley and Leola Card
Safer North Hampshire Community Safety Partnership	Cllr Becky Williams (Cabinet Member)
Crime and Disorder Joint Scrutiny Committee	Cllrs Halleh Koohestani, Alex Crawford and Martin Tennant
Rushmoor Development Partnership LLP (RDP) Board	Cllr Christine Guinness, Chief Executive and Executive Director (KE)
Rushmoor Housing Ltd (RHL) – Board of Directors	Cllrs Gareth Williams, Ivan Whitmee and Stuart Trussler

OVERVIEW AND SCRUTINY COMMITTEE

Report of the meeting held on Thursday, 8th February, 2024 at the Council Offices, Farnborough at 7.00 pm.

Voting Members

Cllr M.D. Smith (Chairman)
Cllr Mrs. D.B. Bedford (Vice-Chairman)
Cllr K. Dibble (Vice-Chairman)

Cllr Gaynor Austin
Cllr Jessica Auton
Cllr Jules Crossley
Cllr Mara Makunura
Cllr S.J. Masterson
Cllr Sophie Porter

Apologies for absence were submitted on behalf of Cllr D.E. Clifford and Cllr S. Trussler.

Cllr Peter Cullum attended the meetings as Standing Deputy.

26. MINUTES OF THE PREVIOUS MEETING

The minutes of the meetings held on 2nd January, 2024 were agreed as a correct record.

27. CLIMATE CHANGE STRATEGY

The Committee welcomed Rachel Barker, Assistant Chief Executive and Sophie Rogers, Climate Change Officer, who were in attendance to provide an update on the Climate Change Action Plan and to report on the latest carbon footprint data. Cllr Martin Tennant, Major Projects and Property Portfolio Holder responsible for Climate Change, was also in attendance.

The Committee reviewed the progress made on the twelve actions within the Action Plan. The Actions were as follows:

- Action 1 – **Transition electricity across the Council's sites to 100% renewable tariffs** – It was noted that the contracts needed to be repocured by October 2024, and work to identify options for the Council had commenced in January 2024.
- Action 2 – **Switch the Council's car fleet to electric vehicle alternatives and investigate options for other Council vehicles** – It was noted that the Place Protection Officer (PPO) vehicles, of which there were two, were both hybrid, however the Committee were advised that the majority of the patrols

were now carried out on foot. Further work was required on scoping the best alternatives for the larger Council vehicles used by the Maintenance Team

- **Action 3 – Achieve 5% annual reduction in overall travel from employee-owned vehicles for business purposes and refresh the Council's Workplace Travel Plan** – It was noted that work was underway to refresh the Workplace Travel Plan in 2024, the Plan would include signposting to relevant resources. It was advised that the reduction did not include the commuting of staff from home to the workplace but the staff travel plan would include a reference to staff commuting.
- **Action 4 – Consider opportunities arising from a relocation of the Council's offices to reduce gas consumption and/or increase renewable energy generation onsite** – It was advised that the proposed new council offices within the Leisure and Cultural Hub, would be the first Net Zero Carbon building in the Borough and was being designed to achieve PassivHaus certification, which would significantly reduce operational carbon by at least 70%.
- **Action 5 – To continue to engage young people on climate change through the schools' programme** – It was noted that the Winchester Science Museums' Wonderseekers outreach programme was now running in four local schools, for years 4 and 5 children. The Climate Trackers scheme was aimed at raising climate awareness, whilst developing an interest in Science, Technology, Engineering and Maths (STEM). For 2024 the scheme would continue to be funded through the climate change allocation fund with the aim of seeking other funding sources going forward to ensure sustainability and possible expansion. It was suggested that the programme could be extended to all levels of school aged young people and funding could be sought from businesses with a STEM link.
- **Action 6 – To use the Council's communications channels to promote opportunities for residents and local businesses to reduce their own carbon footprint and improve energy efficiency** – It was noted that a number of schemes for both residents and businesses had been shared during 2023/24.
- **Action 7 – To hold an Eco Fair to allow residents to find out more about climate change and opportunities to reduce their carbon footprint** – It was noted that an Eco Fair had been held in the Southwood Country Park Visitors Centre in September 2023, and the aim was to make this an annual event.
- **Action 8 – To work with Hampshire County Council (HCC) to improve access to EV charging facilities across Rushmoor** – It was advised that the Council continued to work with HCC on EV infrastructure, and it was noted that HCC were currently applying for Local Electric Vehicle Infrastructure (LEVI) funding. The Council would continue to support this work. In response to a query, it was noted that the Jet garage on the Farnborough Road were looking to install EV charging points to include a

substation to boost charging times, this could benefit the EV points at the Meads car park. In addition, the Committee noted that an upgrade to the National Grid was due in 2025.

- **Action 9 – To refresh the Council's procurement strategy to ensure that the goods and services that the Council buys support the aims of the Council being carbon neutral by 2030** – It was reported that work was underway to refresh the strategy and consideration would be given to the reforms arising from the Procurement Act during this process.
- **Action 10 – To review the processes for the Council's capital programme so that environmental impacts are incorporated into business case development and whole life cycle carbon assessments are undertaken** – The Committee noted that this was now being implemented with environmental impacts embedded into the development of the Leisure and Cultural Hub. A specialist piece of work on the carbon footprint of the Crematorium refurbishments had also been commissioned. The approach would be reviewed during 2024.
- **Action 11 – to develop the Council's offsetting approach with the view of ensuring that any offsetting has a local impact** – It was advised that this project would be actioned nearer to 2030 when offsetting may be required and to take account of the latest opportunities and best practice.
- **Action 12 – To review, update and publish the Council's carbon footprint on an annual basis and to publish an annual report detailing what has been achieved in relation to the Action Plan** – It was noted that the report would be published in Spring 2024 and include the updated carbon footprint calculations.

The Committee reviewed the latest carbon footprint data and noted that the Council's footprint had reduced since the previous year. A number of key actions had been taken, within the council offices, to reduce the footprint, these included the replacement of the ceiling lights to energy efficient LED lighting, the reduction in the number of and replacement of printers and the introduction of food waste bins.

The Committee discussed the report and were advised that the Policy and Project Advisory Board (PPAB) would be looking at the Climate Change Action Plan at its March meeting, the main purpose of which would be to refresh the documents.

In response to a query, regarding the climate change reserve allocation and the option to allow community groups/organisations to draw on the fund for projects, it was noted that as a reserve fund, it had a limited life span and the Council were looking to external funding to ensure current and future projects were sustainable. Alternative funding streams were available to groups to apply for funding.

In regard to the A331, it was noted that the 50mph speed limited introduced before the junction with the M3 had been successful in improving air quality. It was advised that consideration was currently being given to retaining the speed limit and extending it to other parts of the A331, in particular the junction with the A31.

ACTION:

What	By Whom	When
To request that PPAB consider the following, as part of the refresh process: <ul style="list-style-type: none">• the option of pool cars for business use• provision of pool bicycles for staff use to travel to local meetings• consider a commitment to have no single use plastic at events and for use in Council owned buildings, in particular the Princes Hall	Rachel Barker, Assistant Chief Executive	21st March, 2024
To provide more data on take up of schemes and activities in future reports.	Sophie Rogers, Climate Change Officer	Ongoing
To consider a refresh of the climate change page on the Council's website to make more user friendly (examples to consider included HCC and Bracknell Forest websites)	Sophie Rogers, Climate Change Officer	??

The Chairman thanked Cllr Tennant, Ms Barker and Ms Rogers for their presentation.

28. ASSET MANAGEMENT

The Committee welcomed Tim Mills, Executive Head of Property and Growth who was in attendance to give a presentation on the Asset Management Strategy future delivery and a review of the portfolio and principles for disposal in light of the current budget position. Cllr Martin Tennant, Major Projects and Property Portfolio Holder was also in attendance.

The Committee were apprised of the reasons for asset management planning and the purpose of the meeting, which had been to:

- update on progress since September 2022, when the Committee had last considered Asset Management,
- to consider the next steps in implementing the Asset Management Plan and portfolio review, and,
- to outline the proposed approach to the review.

Since September 2022, it was advised that a number of activities had taken place, these included:

- An audit on Asset Management and Health and Safety of Council Properties – both achieving “Substantial Assurance”.

- The purchase of The Meads, Farnborough, in June 2023 and procurement and mobilisation of new managing and letting agents for the site and the Union Yard, Aldershot, site.
- Forfeiting of the lease at No. 168 High Street, Guildford, and the agreement of a short term let whilst longer term interest was secured.
- Energy Performance Certification (EPC) Plus on a number of Council properties to inform investment going forward.
- Improvements at Princes Hall, Aldershot and the Aldershot Indoor Pools (part funding through a grant) based on a five year time horizon for savings. Lighting at Princes Hall would also be considered going forward.
- Ongoing discussions on rent and rent relief levels with community groups. It was advised that an increase in levels would be implemented.
- Planning submitted for the development of Frimley Business Park, Units 4.3 and 4.4.

The next steps were to:

- Deliver the letting of Union Yard over the next 12-18 months.
- Continue to seek letting opportunities for vacant properties, in particular the Wilko unit in The Meads, Farnborough and No. 168 High Street and Ashbourne House, Guildford.
- Review service charge costs at The Meads to increase sustainability and to maximise ancillary income.
- Plan repair and maintenance projects at sites such as The Meads and Aldershot Indoor Pools.
- Plan energy efficiency investment.
- Continue the rent and rent relief review in line with the Asset Management process and principles.
- Continue the review of the property portfolio to achieve £40 million from the disposal of land and property whilst maintaining a property income stream.

The Committee were advised of the principles for the review of the property portfolio, these included:

- ensuring that the retained portfolio provided an income return that enabled the Council to afford the related borrowing and wider financial requirements and provide an improved rate of return
- consideration of the impact on the Council's balances/reserves and need for provisions
- that the retained portfolio (post disposal) continued to allow the Council to meet its strategic objectives
- the Council retaining assets that could release value or allow for capital to be raised through long leasehold agreements
- the portfolio continuing to offer diversification to manage risk
- that properties with known significant capital expenditure in the short term/medium term be considered for disposal
- the ease of which significant capital could be realised through disposal without a lengthy sales process

The Committee discussed the presentation and raised a number of issues:

- Union Yard, Aldershot – it was advised that there was some serious interest in two of the retail units and considerable interest in the container units as part of the markers yard. An open day for the containers would be held in April, 2024 and a promotional video of the spaces was also being created.
- The Meads – it was advised that the Meads car park was not currently covering its costs and increased charges would be implemented in February, 2024. Residents using parking spaces would also have their charges gradually increased, to bring them in line with other similar facilities. Blocks 1 and 2 were realising a good income, however work was required to ensure that the other developed elements delivered the necessary income, and costs were reduced. Single lettings or vacancies could make a substantial difference.
- Disposal of Assets – it was important that each property was looked at as a whole when being considered for disposal. The ease of letting, sustainability of tenants and saleability of a site, where all things to consider as part of the review process.

The Chairman thanked Cllr Tennant and Mr Mills for their presentation.

29. **WORK PLAN**

The Committee noted the current work plan.

The Chairman reported that he had recently been in attendance at a meeting with County Councillor Rob Humby, Leader of Hampshire County Council and Cllr Gareth Lyon, Leader of Rushmoor Borough Council, at which the matter of the local County Councillors attending a future meeting of the Committee was addressed. It was noted that Cllr Humby would reconsider the response in his last letter.

An update would be sought regarding the schedule for the next meeting of the Farnborough Airport Task and Finish Group and reported to Members of the Group.

The meeting closed at 9.19 pm.

POLICY AND PROJECT ADVISORY BOARD

Report of the virtual meeting held on Tuesday, 13th February, 2024 at 6.30 pm.

Voting Members

Cllr Marina Munro (Chairman)
Cllr Jessica Auton (Vice-Chairman)

Cllr A. Allen
Cllr Jib Belbase
Cllr Michael Hope
Cllr Peace Essien Igodifo
Cllr T.W. Mitchell
Cllr M.J. Roberts
Cllr Calum Stewart
Cllr Becky Williams

Apologies for absence were submitted on behalf of Cllr G. Williams.

Cllr Gaynor Austin attended the meeting as Standing Deputy.

16. MINUTES

The minutes of the meeting held on 29th November, 2023 were agreed as a correct record.

17. DEFIBRILLATORS AND BLEED KITS

The Notice of Motion, as set out below, was referred to the Policy and Project Advisory Board by the Council at its meeting in December 2023:

“This Council recognises the importance of having defibrillators and bleed kits accessible across Rushmoor – especially in public spaces and sports grounds.

To date, this Council has funded several defibrillators through ward grants, and would like to build on this provision across our Borough by working in collaboration with the voluntary and community sector, businesses and partner organisations.

This Council also acknowledges the benefits of the roll-out of defibrillators by the Government to all state-funded schools this year, and notes that they will be installed at Aldershot and Farnborough train stations.

Going forward, this Council commits to working with the local community to find suitable places for defibrillators and bleed kits.

Therefore, this Council asks the Policy and Projects Advisory Board to:

- Produce a report into the current accessibility and maintenance of defibrillators and bleed kits in Rushmoor
- Assess the cost commitments in expanding provision of defibrillators and bleed kits in Rushmoor
- Make recommendations for expanding the provision of defibrillators and bleed kits across Rushmoor.”

The Board welcomed Emma Lamb, Community and Partnerships Service Manager and Nick Seal of the Artery Project, who were in attendance to provide a presentation on the current position and requirements for defibrillators and bleed kits across the Borough. The presentation gave details on current accessibility and maintenance, an assessment of cost commitments and recommendations for expanding the provision of defibrillators and bleed kits, across the Borough.

The Board were made aware of The Circuit, a national defibrillator network that mapped the location of devices across the UK, and connected them directly to the appropriate ambulance service, who held access details for each unit in their area. It was noted that not all defibrillators were registered on The Circuit, therefore not allowing for a true picture of the number of devices across the UK to be known. Locally, it was estimated that there were 138 defibrillator units in Rushmoor, (51 in Aldershot and 87 in Farnborough), 30 of which were accessible to the public and available 24/7. It was advised that 95 of these were registered on The Circuit.

The Board reviewed the cost of purchasing and maintaining defibrillators. A unit cost between £850 - £1400 and additional costs included installation, storage cabinets and running, training and maintenance costs. It was noted that there were a number of funding streams to apply for to assist in purchasing and installing defibrillators.

It was advised that there was currently no central database for the location of Bleed Kits, however the ambulance service were currently working on the implementation of a service to register kits. It was noted that bleed kits cost in the region of £85 - £200 and had an expiry date, which required them to be replaced more frequently.

In conclusion, it was felt that there had been a range of coverage across the Borough, but the full picture was unknown. It had also been important to ensure that all defibrillators were registered on The Circuit. Gaps that had been identified were linked to areas of deprivation and high footfall, i.e. town centres. The Board discussed other areas where gaps may be an issue, including public open spaces, including tennis courts and other sporting facilities, industrial sites, supermarkets, 24hr garages etc.

The Board discussed the presentation and were advised that training sessions lasted 1-1.5hrs, but training was not necessary to use the equipment. It was also noted that defibrillator units were subject to vandalism and theft and some were fitted with a code to access them, the code was provided by the ambulance service as required.

Other matters raised by the Board, included:

- The need for more bleed kits and knowledge of their location
- Consideration be given to bulk buying of equipment to secure discounts

- Engage the community to take the lead on securing defibrillators and bleed kits in their areas

The Board agreed that a survey and needs assessment was necessary to assess the full picture of provision for both defibrillators and bleed kits across the Borough. The work should also consider on-going costs and training needs. It was also suggested that a meeting could be held with a local company, that provided such equipment, to scope possible ways of working.

The Chairman thanked Emma and Nick for their presentation.

18. **WORK PLAN**

The Board noted the Current Work Plan, and were advised on the following issues:

- at the meeting in March 2024, the Board would consider a refresh of the Climate Change Action Plan 2023-26
- Executive Head of Operations, James Duggin would provide a written update on the Bins for Boys project raised at the previous Progress Group meeting
- A meeting would be held on 26th February, for Members of the Board's Progress Group to consider the Council's response to the Hampshire County Council Future Services Consultation

The meeting closed at 8.01 pm.

POLICY AND PROJECT ADVISORY BOARD

Report of the meeting held on Thursday, 21st March, 2024 at the Council Offices, Farnborough at 7.00 pm.

Voting Members

Cllr Marina Munro (Chairman)
Cllr Michael Hope (Vice-Chairman)

Cllr Abe Allen
Cllr Peace Essien Igodifo
Cllr T.W. Mitchell
Cllr M.J. Roberts
Cllr Calum Stewart
Cllr Gareth Williams

Apologies for absence were submitted on behalf of Cllr Jib Belbase and Cllr Becky Williams.

Cllrs P.J. Cullum and Halleh Koohestani attended the meeting as Standing Deputies.

19. MINUTES

The minutes of the meeting held on 13th February, 2024 were agreed as a correct record.

20. APPOINTMENT OF VICE-CHAIRMAN

RESOLVED: That, following the resignation of Cllr Jessica Auton, Cllr Michael Hope be appointed as Vice-Chairman for the remainder of the 2023/24 Municipal Year.

21. DEFIBRILLATORS AND BLEED KITS

The Board welcomed Emma Lamb, Community and Partnerships Service Manager, who provided an update on the work that had been undertaken, as recommended by the Board, since the last meeting.

It was advised that a survey had been carried out. The results of the survey had shown an additional seven publicly accessible defibrillators, totalling 37 defibrillators accessible 24/7 across the Borough. As a result of the survey, officers were in discussion with a number of groups who had shown an interest in installing a defibrillator and bleed kit, one of these had been North Camp Matters, who had funding in place to install two defibrillators in the area. The number of bleed kits had been much lower, but five had been identified in Farnborough and two in Aldershot.

A needs assessment was also carried out to identify areas that needed a defibrillator. Using Lower Layer Super Output Areas (LSOA's), each area had been

scored against a set criteria. The outcomes had identified six locations with a gap in provision, these were, Aldershot Town Centre, Farnborough Town Centre, Aldershot Park (south of the ward) Fernhill (north of the ward), Cove and Southwood (St. Christopher's Estate) and the Prospect Centre, Cherrywood.

The Board were asked to consider the following recommendations, in response to the Notice of Motion submitted on 7th December, 2023:

- Funding of up to £10,000 to be assigned from the UK Shared Prosperity Fund (SPF) neighbourhood interventions project fund, to allow for six public access defibrillators to be purchased for the priority locations identified through the survey and needs assessment
- Existing defibrillators, located inside Council buildings, be relocated to outside walls to make them permanently accessible to the public
- The Council to work with communities to encourage community owned defibrillators located inside building to be relocated outside to ensure more units were publicly accessible
- Work with partners to enhance CPR skills by providing defibrillator awareness training sessions and engage with young learners currently involved in The Duke of Edinburgh Award Scheme to actively involve them in maintenance checks as part of their volunteering element
- Continued work between the Community Safety Team and the Police and Hampshire and Isle of Wight Licensing Officers Group to identify suitable locations for additional bleed kits.

The Board discussed the report and recommendations and made the following comments:

- Consideration be given to encouraging organisations providing wider CRP training to work together to ensure sustainability and reduce competition
- Provision on data of usage for both defibrillators and bleed kits
- Consideration to be given to how organisations/business are held responsible for community owned defibrillators and bleed kits and whole life costs, e.g. the provision of a contract and assurance process to ensure the Council is not responsible and has no liability
- Identify, on each unit, a responsible contact

The Board ENDORSED the recommendations, as set out above, on the provision that the comments set out were taken account of.

The Chairman thanked Mrs Lamb for her report.

22. CLIMATE CHANGE ACTION PLAN 2020-2030

The Board welcomed Sophie Rogers, Climate Change Officer, who was in attendance with Emma Lamb, Community and Partnerships Service Manager, to facilitate a discussion on the refresh of the Climate Change Action Plan 2020-2030.

An overview of the current Climate Change Action Plan was provided and the Board noted that the Overview and Scrutiny Committee had considered progress on the current plan at its last meeting and had made a number of suggestions, as set out below, for consideration by the Board as part of the refresh process.

- Provision of pool cars
- Provision of pool bikes
- Single use plastic free Council buildings

With the aim of assisting the discussion, some guiding principles had been identified as follows:

- The majority of the actions should, when implemented, reduce the Council's own Carbon Footprint
- Actions needed to be deliverable within 3 years and cost/resource implications of delivery would need to be clearly identified
- The Action Plan should consist of a relatively small number of clear focused actions, ideally 15 actions or fewer

Following a discussion a number of comments were made and considered by the Board, as set out below:

- Consideration should be given to a two pronged Action Plan, one looking inwards at the Council's own carbon footprint and the other looking outwards in an enabling and facilitating role to encourage residents and businesses to consider their actions in reducing the Borough's carbon footprint
- Make better use of communications and engagement to promote climate change actions, through the Communications Team, and other Council services, such as business rates/council tax
- Action and enforce a single use plastic ban in all Council owned facilities, in particular the Princes Hall
- Identify the estimated amount of impact each Action should have on the carbon footprint to get a better picture of the outcomes

It was noted that officers would take account of the suggestions made by the Board and consider the implications of a fundamental reshaping of the Action Plan and report back at a future meeting.

The Chairman thanked Ms' Rogers and Lamb for their report.

23. **WORK PLAN**

The Board noted the current Work Plan.

It was noted that the Cabinet had considered the Council's response to the Hampshire County Council Future Services Consultation and made a number of amendments. The final copy would be shared with Members.

With regard to the Communications Strategy, it was felt important that consideration be given to set guidelines and a structured schedule of work.

The Climate Change Action Plan Refresh would be added to potential items for discussion during 2024/25.

The meeting closed at 9.02 pm.

OVERVIEW AND SCRUTINY COMMITTEE

Report of the meeting held on Wednesday, 27th March, 2024 at the Council Offices, Farnborough at 7.00 pm.

Voting Members

Cllr M.D. Smith (Chairman)
Cllr Mrs. D.B. Bedford (Vice-Chairman)
Cllr K. Dibble (Vice-Chairman)

Cllr Gaynor Austin
Cllr D.E. Clifford
Cllr Mara Makunura
Cllr S.J. Masterson

Apologies for absence were submitted in behalf of Cllrs Jules Crossley and Sophie Porter.

30. MINUTES OF THE PREVIOUS MEETING

The minutes of the meetings held on 8th February, 2024 were agreed as a correct record.

31. PUBLIC HEALTH - HEALTH PROTECTION ANNUAL REPORT 2022-23

The Committee welcomed Hampshire County Council's Director for Public Health, Simon Bryant and Associate Director for Public Health, Johanna Jefferies, who attended the meeting virtually to provide a presentation on Public Health.

The Committee noted that upper tier local authorities had a statutory duty to improve health and wellbeing and reduce health inequalities by reducing the need for people to access health and social care. These duties were delivered by working closely with partners and were funded through a ring fenced grant. Part of the duty included commissioning mandated services including sexual and reproductive health, drug and alcohol treatment, school nursing, health visiting, the National Childhood Measurement Programme and NHS health checks.

The vision of the Hampshire Public Health Strategy was to improve the health of everyone living in Hampshire and to create a healthier Hampshire. This was achieved by increasing the number of years residents could expect to live in good health and by reducing the unfair gap in healthy life years between the most and least healthy. The Strategy was in place to create conditions that enabled residents to maintain healthy behaviours that help to prevent illness with a focus on reducing conditions that contributed most to poor health (smoking, cardiovascular disease, diabetes, poor mental health etc.). The activities within the Strategy were achieved through working with a wide range of partners, such as the local NHS, district and borough councils, local businesses and the voluntary and community sector. To

make an impact, and reduce the gaps in health, local government were uniquely placed to act on the building blocks of health, these included, money and resources, surroundings, work, education and skills, housing, family, friends and community, food and transport. The Strategy links with other key population level strategies including the Economic Strategy, Climate Change Strategy and the Local Transport Plan and aligned its objectives with the Children and Young People's Plan, the Adult Health and Care Strategy, the Hampshire Health and Wellbeing Strategy and contributed to the delivery of the Hampshire and Isle of Wight and Frimley Integrated Care System Strategic Vision.

It was advised that the Strategy had three main themes:

- Healthy Places, Settings and Communities – rooted in the work with communities undertaken primarily by local authorities with Hampshire County Council acting as the anchor institution.
- Healthy People – to provide health protection, respond to Public Health emergencies, provide health intelligence and deliver programmes that help to reduce the impacts of violence within the criminal justice system.
- Healthy Lives – enabling residents to live longer by encouraging physical activity and activities on stopping smoking and substance abuse

It was advised that a high level Action Plan had been drawn up to set key actions and identify contributors and a liaison officer had been appointed to work directly with Rushmoor. The Committee also noted current work areas in Rushmoor which included, a focus on smoking services, a whole system approach to healthy weights and health walks, Balance, Glide and Ride and Energise Me activities.

Following a discussion, it was advised that the Public Health team were heavily engaged with the Frimley Health Partnership and Mr Bryant chaired a number of the groups active within the partnership. It was noted that health needs within communities were identified and services/interventions targeted accordingly. For example, it was advised that in Rushmoor, over the last 20 years, work had been undertaken to drive down the rate of HIV infection (1.92 per 1,000 population), which were higher than in other areas of the county (Hampshire (as a whole) 1.18 per 1,000 population).

In response to how Elected Members could raise issues affecting their communities, it was advised that first contact should be made with the Community and Partnerships Team.

Other issues discussed were:

- Emerging threats – there was an element of uncertainty in this area and the Public Health team had to take all precautions to tackle threats that could emerge, through targeted vaccinations and monitoring the national picture
- Antimicrobial Resistance – due to increased usage of antibiotics, their effectiveness has decreased over time, resulting in health practitioners not being able to protect the population. This was identified as a huge issue and national leadership was required address the matter

- Links with Planning/Environmental Health – It was advised that the Public Health team responded to planning applications despite not being a statutory consultee and worked closely with both the planning and environmental health teams.

ACTION:

What	By Whom	When
The potential to hold a workshop session to explain the dashboard data available via the public health website and to provide information on data available at a district level.	Simon Bryant, Director of Public Health	2024/25

The Chairman thanked Mr Bryant and Ms Jefferies for their presentation and contribution to the meeting.

32. **CABINET CHAMPIONS**

The Committee welcomed Cabinet Champion for Equalities and Diversity, Cllr Jib Belbase, and Cabinet Champion for Armed Forces, Cllr Nem Thapa, who were in attendance to give their annual reports for the 2023/24 Municipal Year. The Cabinet Member for Democracy, Strategy and Partnerships, Cllr Sue Carter was also in attendance to support the item.

(1) Cabinet Champion for Equalities and Diversity

Cllr Belbase reported that he had invested significant time establishing and strengthening links with community leaders from a number of underrepresented and hard to reach groups. These included leaders from Asian communities including, Afghan and Keralan, and European communities including, Bulgarian and Ukrainian. On 13 March, 2024, a Cultural Awareness Event was held which give community leaders access to key partners to raise awareness about UK culture and offered advice about accessing benefits, help reporting crime, fire safety at home, mental health and cost of living support, and volunteering.

It was also noted that arrangements had been made to host Gender Identity training for both officers and Elected Members in summer 2024 and Neurodiversity training had been undertaken with officers with further session planned for Elected Members. Cllr Belbase encouraged all Members to attend the sessions.

Cllr Belbase advised that all activities undertaken had been in line with the Council's Equality and Diversity Action Plan and recommended that the Council continued to review the Action Plan taking into consideration revised working arrangements around the independence of the Rushmoor Accessibility Access Group (RAAG). Cllr Belbase also acknowledged the contribution and continued work of former Champion, Cllr Makunura, in relation to the RAAG.

The Committee discussed the report and raised a number of issues:

- Ease of engagement – it was noted that most were hesitant in the first instance, but once connections had been made most were happy to engage
- Asylum Seekers – it was advised that a dedicated officer was now in post to support the Council's broader resettlement work
- Briefings with the Cabinet – It was noted that frequent briefing were held with the Leader/Cabinet and it was suggested that Members could contact the Champions should an issue arise in their ward that could benefit from Champion input

The Chairman thanked Cllr Belbase for his report.

(2) Armed Forces Champion

Cllr Thapa reported on his achievements and activities during 2024, these included addressing cost of living pressures for veterans, continued attendance and development of connections with veterans' hubs in both Aldershot and Farnborough and work to update the Council's webpages with links, organisations and information to aid signposting. Work has also been underway to achieve the Gold Employee Recognition Award and since attending a workshop in January the Council had taken a number of steps to close the gap by meeting some of the criteria required. It was advised that there was still some work to be completed to achieve gold around understanding current staff connections to the armed forces, internal promotion and understanding of forces friendly policies, support for cadets and advocacy for the signing of the Armed Forces Covenant to the Council's networks. It was hoped that an evidence based submission would be made in 2024/25.

The Committee discussed the report and the difficulty in engaging veterans from different nationalities and the need for a single venue in the Borough to bring veterans together. It was suggested that consideration could be given to a space in Union Yard, Aldershot or The Meads, Farnborough.

In response to achieving the Gold Award, it was noted that a policy on Reservists was due to be presented to the Cabinet at its next meeting for approval.

The Chairman thanked Cllr Thapa for his report.

33. WORK PLAN

The Committee noted the Work Plan.

Consideration was given to the draft annual report and a number of suggestions made, these included an update on the work of the Farnborough Airport Task and Finish Group and involvement of the Cabinet Members at meetings.

In addition, a couple of suggestions were made for future meetings, these included:

- Union Yard, Aldershot - lettings
- SERCO

The Committee extended thanks to the Chairman, Cllr Mike Smith, for his leadership during the 2023/24 Municipal Year.

The meeting closed at 9.11 pm.

POLICY AND PROJECT ADVISORY BOARD

Report of the meeting held on Wednesday, 12th June, 2024 at the Council Offices, Farnborough at 7.00 pm.

Voting Members

Cllr M.J. Roberts (Chairman)
Cllr Julie Hall (Vice-Chairman)

Cllr Sue Carter
Cllr A.H. Gani
Cllr Lisa Greenway
Cllr Steve Harden
Cllr Peace Essien Igodifo
Cllr Rhian Jones
Cllr Halleh Koohestani
Cllr Ivan Whitmee

Apologies for absence were submitted on behalf of Cllr T.W. Mitchell.

Cllr C.W. Card attended the meeting as Standing Deputy.

1. APPOINTMENT OF VICE-CHAIRMAN

RESOLVED: That Cllr Julie Hall be appointed as Vice-Chairman for the 2024/25 Municipal Year.

2. MINUTES

The minutes of the meeting held on 21st March 2024 were agreed as a correct record.

3. ARTS COUNCIL PLACE PARTNERSHIP PROJECT - BID FEEDBACK

The Board welcomed Mr Lee McQuade, Economy and Growth Service Manager, who provided an update on recent work that had been undertaken. Also present was Cllr Keith Dibble, Development & Economic Growth Portfolio Holder, who had been invited to attend for this item.

The Board was advised that the Arts Council England had classified 54 areas across the country as 'Priority Places', with eleven named in the South West region, including Rushmoor. These were defined as areas with 'high need and opportunity' in relation to the arts. The challenges in addressing this were outlined to Members and these included current low levels of engagement with arts and culture and the presence of areas of deprivation and health inequalities, especially when compared to surrounding areas. Regeneration projects in both town centres had presented the Council with a unique opportunity to reshape arts provision in each town.

Mr McQuade went on to define a Place Partnership Project. In summary:

- Value of over £100,000
- Strategic place-based intervention intended to make a long-term difference to the cultural and/or creative life of the community
- Making clear step change in provision in that place
- Informed by robust needs analysis and responsive to relevant local strategies
- Led by a consortium of partners relevant to delivering the project.

Members were informed that the Rushmoor bid had been provisionally titled 'Inspiring Farnborough' and had two strands, Creative Communities and Creative People. The Expression of Interest had been approved and the Council had been invited to submit a full application. The bid would contain a number of core elements, including:

- procuring 'inspiring artistic leadership' to help inform the development of the bid itself and to develop a three-year cultural placemaking programme for Farnborough
- offering opportunities for residents to engage in high quality culture, innovative experiences and ambitious art installations
- testing ideas, including immersive and digital art, which would, in turn, inform the uses of the Hub and wider spaces in the town
- commissioning experienced national/international community co-production artists and groups to work with all the communities in Rushmoor
- engaging the Borough's most deprived and culturally disengaged communities, including students/young people, military families and other stakeholders
- supporting new and expanding on existing events and activities led by and involving the community
- building the capacity, skills and reputation of the not-for-profit organisations working in the Borough alongside local freelance creatives and artists, event organisers and performers to lead cultural development
- aligning with corporate priorities, including vibrant and distinctive town centres and strong communities
- aligning with UKSPF priorities and agreed projects.

It was explained that the full application was due by 7th August and that a decision would be received in October, 2024.

The Board discussed the report and made the following comments:

- Important to consider the deprived areas outside of the town centre
- Could consider a 'cultural bus' to visit the Borough's outlying deprived areas
- Need to consider how to include those with special needs and disabilities
- Important to direct the limited funding to a few priorities that can be delivered
- Should engage young people – generally very enthusiastic
- Need to acknowledge and protect existing assets, such as West End Centre and Princes Hall in Aldershot
- Consider bandstand in Farnborough – originally proposed 25 years ago
- Need to take the public along with any project plans

The Board ENDORSED the process set out in the presentation.

The Chairman thanked Mr McQuade for his report.

4. **APPOINTMENTS 2024/25**

(1) Progress Group

RESOLVED: That the following members be appointed to serve on the Policy and Project Advisory Board Progress Group for the 2024/25 Municipal Year:

PPAB Chairman	Cllr M.J. Roberts
PPAB Vice-Chairman	Cllr Julie Hall
Labour Group (2)	Cllrs Lisa Greenway and Ivan Whitmee
Other Groups (3)	Cllrs Sue Carter, Peace Essien Igodifo and T.W. Mitchell

(2) Elections Group

RESOLVED: That the following members be appointed to serve on the Elections Group for the 2024/25 Municipal Year:

PPAB Vice-Chairman	Cllr Julie Hall
Cabinet Member with responsibility for Electoral Issues	Cllr Sophie Porter
Vice-Chairman of Corporate Governance, Audit and Standards Committee	Cllr Bill O'Donovan
Labour Group (1)	Cllr Gaynor Austin
Conservative Group (2)	Cllrs Steve Harden and Calum Stewart
Liberal Democrat Group (1)	Cllr C.W. Card

5. **WORK PLAN**

The Board noted the current Work Plan.

It was agreed that the Climate Change Action Plan would be discussed at the next Progress Group meeting.

The meeting closed at 8.10 pm.

OVERVIEW AND SCRUTINY COMMITTEE

Report of the meeting held on Thursday, 13th June, 2024 at the Council Offices, Farnborough at 7.00 pm.

Voting Members

Cllr Halleh Koohestani (Chairman)
Cllr Nadia Martin (Vice-Chairman)
Cllr S. Trussler (Vice-Chairman)

Cllr Leola Card
Cllr A.H. Crawford
Cllr P.J. Cullum
Cllr Thomas Day
Cllr C.P. Grattan
Cllr G.B. Lyon
Cllr Bill O'Donovan
Cllr M.J. Tennant

1. APPOINTMENT OF VICE-CHAIRMAN

RESOLVED: That Cllrs. Nadia Martin and S. Trussler be appointed as Vice-Chairmen of the Committee for the 2024/25 Municipal Year.

2. MINUTES OF THE PREVIOUS MEETING

The minutes of the meeting held on 27th March, 2024 were agreed as a correct record.

3. REGISTERED PROVIDERS TASK AND FINISH GROUP - ANNUAL REPORT 2023/24

The Committee welcomed, Tim Mills, Executive Head of Property and Growth, Zoe Paine, Strategy and Enabling Manager, and Sarah Clark, Strategic Housing Officer, who were in attendance to provide the Registered Providers Task and Finish Group 2023/24 Annual Report. Report No. PG2418, set out the purpose of the Group, which allowed Members to monitor the performance of the local Registered Providers and helped build working relationships to resolve residents issues. Outlined in the Report were areas that were working well, where there was cause for concern and any issues that needed to be monitored.

During 2023/24 the Group had met with A2 Dominion, VIVID Homes and Riverside Group. It was also noted that the team had extended an invite to Vivo/Pinnacle, who managed army accommodation situated within the Borough, however a response had not been forthcoming and this had been escalated to senior management based at the Aldershot Garrison to assist in setting up a meeting.

Following a discussion, the Committee identified a number of points, these included:

- Provision on a direct line to all registered housing providers, similar to that set up with VIVID
- A list of contacts for each provider, including Area Managers and Chief Executive Officers
- Data on retrofitting, including insulation – what had been done and where?
- Better understanding of vacancies within the military area
- Request to meet with the larger providers more frequently to ensure continuity and ease of holding to account
- Data on the number of complaints received by each provider and the nature of the complaints, damp/mould etc.
- Provision of a schedule of who has been seen in recent years, to help guide the discussion on who should be seen in 2024/25 (VIVID seen every year)
- Use of a questionnaire for smaller providers to help keep a watching brief on the current situation and highlight areas of concern should they arise
- Better understanding of service level agreements (SLA) on response times to customer queries/complaints

In response to the issues engaging with Vivo/Pinnacle, it was recommended that a letter be written to the Defence Select Committee and future Veterans Minister raising the issue and asking for support.

The recommendations set out in the Report were ENDORSED and the Committee felt that developing a more strategic relationship with the Registered Providers would help understand the providers business objectives and how they aligned with the Council's priorities.

4. HOUSING AND HOMELESSNESS PREVENTION STRATEGY

The Committee again welcomed, Tim Mills, Executive Head of Property and Growth, Zoe Paine, Strategy and Enabling Manager, and Sarah Clark, Strategic Housing Officer, who were in attendance to report on the Housing and Homelessness Prevention Strategy. Report No. PG2417, set out the aims of the strategy which was in place to ensure all residents had access to good quality housing at all stages of life and could access a range of appropriate support and advice to deal with housing related issues, including preventing homelessness and maintaining housing standards.

The Strategy had three themes, and the progress against each was set out in the report. It was advised that Service and Technical Managers had included action points within their service plans to enable effective progress tracking and reporting. Cross team collaboration and a project management approach to delivery had ensured that actions were appropriately planned for and resourced. The approach also ensured a greater transparency of monitoring and reporting.

The Board discussed the Report and the following comments/queries were made:

- With regard to the delivery of housing need, what is the number of stalled developments in the Borough? How many developments are started but not completed? and, how many have not been started to date?
- What is the amount of SANG available after 2032?
- Data required to help understanding of future reports:
 - Affordability of housing on a local and national level
 - Local employment data
- Use of social media for engagement with young people – is it the correct platform, what will we learn from it? Use of local charities, such as Step by Step and church organisations, to assist with engaging with young people
- Extend engagement to a wider audience, such as the Nepalese community, the elderly, disabled residents, carers, those suffering from mental health issues etc.
- Is the Council on track to provide the right number of affordable homes?
- How many people are currently homeless or at risk of becoming homeless, in the Borough?
- Recommendation to request that the Cabinet review the Housing and Homelessness Prevention Strategy

It was advised that the additional requests for data would be added to the Committee's action tracker and shared with officers. The request to review the strategy had been noted and a meeting of the Progress Group would be identified to scope the purpose of the review.

The Chairman thanked, Mr Mills and Ms' Paine and Clark for their Reports.

5. **APPOINTMENTS 2024/25**

RESOLVED: That the following Members be appointed to serve on the following Groups for the 2024/25 Municipal Year:

Overview and Scrutiny Progress Group

Chairman	Cllr Halleh Koohestani
Vice-Chairmen	Cllr S. Trussler
Labour Group	Cllr Thomas Day
	Cllr C.P. Grattan
	Cllr Bill O'Donovan
Conservative Group	Cllr P.J. Cullum
Liberal Democrat	Cllr Leola Card

Council Tax Support Task and Finish Group

Vice-Chairman	Cllr S. Trussler
Labour Group	Cllr C.P. Grattan
	Cllr Lisa Greenway
	Cllr M.J. Roberts
Conservative Group	Cllr P.J. Cullum

Farnborough Airport Task and Finish Group

Chairmen	Cllr Halleh Koohestani
Labour Group	Cllr A.H. Crawford
*	Cllr Bill O'Donovan
Conservative Group	Cllr P.J. Cullum
	Cllr G.B. Lyon
Liberal Democrat	Cllr C. Card

*Cllr Jules Crossley would be invited to the meeting as and when appropriate

Review of Registered Providers Task and Finish Group

Chairman	Cllr Halleh Koohestani
Labour Group	Cllr Gaynor Austin
	Cllr Bill O'Donovan
Conservative Group	Cllr S.J Masterson
	Cllr M.D. Smith

6. WORK PLAN

The Committee noted the current Work Plan and the proposed items for the August and September meetings. In August SERCO would be attending the meeting and in September, the Police and Community Safety Team would be in attendance.

Following a discussion, the items below would be considered by the Progress Group at their first meeting:

- Financial Position/CIPFA Report
- Key Priorities for the New Leadership
- Union Yard
- Leisure Facilities
- Hampshire Highways
- Water Quality

The meeting closed at 9.21 pm.
