

# Public Document Pack



## RUSHMOOR BOROUGH COUNCIL

### CABINET

*at the Council Offices, Farnborough on  
Tuesday, 23rd August, 2016 at 7.00 pm  
in Concorde Room, Council Offices, Farnborough*

To:

Councillor D.E. Clifford, Leader of the Council  
Councillor K.H. Muschamp, Deputy Leader and Business, Safety and Regulation  
Portfolio

Councillor Sue Carter, Leisure and Youth Portfolio  
Councillor Barbara Hurst, Health and Housing Portfolio  
Councillor G.B. Lyon, Concessions and Community Support Portfolio  
Councillor P.G. Taylor, Corporate Services Portfolio  
Councillor M.J. Tennant, Environment and Service Delivery Portfolio

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A full copy of this agenda can be found here:  
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## AGENDA

1. **MINUTES** – (Pages 1 - 8)

To confirm the Minutes of the Meeting held on 26th July, 2016 (copy attached).

2. **FINANCIAL MATTERS –**  
(Leader of the Council)

(1) **REVENUE BUDGET MONITORING AND FORECASTING 2016/17 -  
POSITION AT JULY, 2016 – (Pages 9 - 22)**

To consider the Head of Financial Services' Report No. FIN1615 (copy attached), which sets out the Council's anticipated financial position for 2016/17 based on the monitoring exercise carried out in July, 2016.

(2) **CAPITAL PROGRAMME MONITORING AND FORECASTING 2016/17 -  
POSITION AT JULY, 2016 – (Pages 23 - 26)**

To consider the Head of Financial Services' Report No. FIN1616 (copy attached), which sets out the Council's position regarding the Capital Programme for 2016/17 based on the monitoring exercise carried out during July, 2016.

3. **RUSHMOOR GOOD CAUSES LOTTERY – (Pages 27 - 30)**  
(Concessions and Community Support)

To consider the Corporate Director's Report No. CD1603 (copy attached), which seeks approval in principle to the establishment of a local good causes lottery.

4. **WARD COMMUNITY GRANT SCHEME – (Pages 31 - 32)**  
(Concessions and Community Support)

To consider the Corporate Director's Report No. CD1602 (copy attached), which sets out a proposal to develop a Ward Community Grant Scheme.

5. **KPI LIMITED - ALTERATION TO DEVELOPMENT AGREEMENT – (Pages 33 - 34)**  
(Environment and Service Delivery)

To receive a report from the Chief Executive, which sets out a request from KPI Limited for an amendment to the development agreement, to enable them to bring forward proposals for the next phase.

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## RUSHMOOR BOROUGH COUNCIL

### CABINET

*Tuesday, 26th July, 2016 at 7.00 p.m.  
at the Council Offices, Farnborough*

Councillor D.E. Clifford (Leader of the Council)  
a Councillor K.H. Muschamp (Deputy Leader and Business, Safety and  
Regulation Portfolio)

Councillor Sue Carter (Leisure and Youth Portfolio)  
Councillor Barbara Hurst (Health and Housing Portfolio)  
Councillor G.B. Lyon (Concessions and Community Support Portfolio)  
a Councillor P.G. Taylor (Corporate Services Portfolio)  
Councillor M.J. Tennant (Environment and Service Delivery Portfolio)

Apologies for absence were submitted on behalf of Councillors K.H. Muschamp and P.G. Taylor.

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 **9th August, 2016**.

#### 22. **MINUTES –**

The Minutes of the meeting of the Cabinet held on 28th June, 2016 were confirmed and signed by the Chairman.

#### 23. **DIGITAL ADVERTISING –** (Environment and Service Delivery)

The Cabinet considered the Head of Financial Services' Report No. FIN1614, which set out the proposed next steps in the digital advertising project.

Members were informed that the project formed part of the income

generation strand of the Council's 8-Point Plan for achieving financial sustainability. The project also linked to the second strand of the 8-Point Plan, by seeking to make better use of the Council's existing assets and maximising their revenue return. Members were reminded that the Cabinet had, previously, approved the addition of digital advertising to the interactive wayfinders being installed as part of the Activation Aldershot project and the principle of pursuing further digital advertising opportunities. Since that time, a project team had been set up and initial market testing had identified a number of possible options for digital advertising. It was now proposed to employ a consultant to provide expert industry advice and to advise whether the options identified would be viable. The consultant would be appointed using the Council's normal procurement processes.

It was explained that, in expanding its advertising activities, it was necessary for the Council to consider any risks to its reputation that this might bring about. A draft Advertising Policy was attached to the Report, which set out categories of advertising that would be unacceptable to the Council and other categories that the Council might choose to refuse on a case-by-case basis. Members considered these lists and decided that two items, relating to weapons, dangerous products or materials and religions or religious beliefs, should be moved from the unacceptable list to the list of categories that the Council might refuse.

**The Cabinet RESOLVED** that

- (i) the Head of Financial Services, in consultation with the Head of Service or Director responsible for procurement and the Cabinet Member for Corporate Services, be authorised to procure and appoint a consultant to support the project, to be funded from the flexible use of capital receipts, up to a value of £40,000; and
- (ii) the draft Advertising Policy, as set out in Appendix B of the Head of Financial Services Report No. FIN1614 and amended at the meeting, be approved.

**24. RUSHMOOR LOCAL PLAN WORK PROGRAMME –**  
(Environment and Service Delivery)

The Cabinet considered the Head of Planning's Report No. PLN1624, which provided an update on the future work programme for the preparation for the new Rushmoor Local Plan. It was explained that it was necessary to make some changes to the work programme due to a number of factors, including the need to refresh the Joint Strategic Housing Market Assessment and Employment Land Review. The revised timetable was set out in the Report and this showed a delay of around four months in the adoption of the Local Plan. It was noted that further delays could not be ruled out as the project progressed.

Members discussed the timetable and expressed support for the production of an accurate evidence base. It was noted that, as the Council

had a sound Core Strategy, any risks to the Council would be minimised over the coming period.

**The Cabinet RESOLVED** that

- (i) the revised timetable for the next steps in the preparation of the Rushmoor Local Plan, as set out in paragraph 5.2 of the Head of Planning's Report No. PLN1624, be approved;
- (ii) an updated Rushmoor Local Development Scheme 2016 – 2019, incorporating the timetable changes agreed at resolution (i) above, be approved for publication on the Council's website, with effect from 1st August, 2016; and
- (iii) the Head of Planning, in consultation with the Cabinet Member for Environment and Service Delivery, be authorised to make any necessary minor amendments to the Local Development Scheme.

25. **SECTION 106 DEVELOPER CONTRIBUTIONS ON SMALL SCALE RESIDENTIAL SITES AND AFFORDABLE HOUSING PROVISION –**  
(Business, Safety and Regulation)

The Cabinet considered the Head of Planning's Report No. PLN1622, which set out a proposal to cease seeking contributions, under Section 106 agreements, towards infrastructure from small scale residential development of ten dwellings or less. It was also proposed to implement national planning guidance changes to the way in which affordable housing requirements were sought on sites where a vacant building was to be demolished or re-used.

Members were informed that, in 2014, the Government had introduced changes to the circumstances under which affordable housing and Section 106 contributions could be sought. This had been subject to a successful legal challenge by a group of local authorities and the Government's guidance was therefore withdrawn. Subsequently, the Government had challenged the High Court ruling and the Court of Appeal had overturned the decision. The Government had acted quickly to reinstate the guidance and had informed all local planning authorities. The Report set out the details of the policy changes and how this could affect infrastructure and affordable housing in Rushmoor. It was proposed to cease seeking contributions in respect of developments of smaller sites, in accordance with the guidance. It was further proposed to authorise the Head of Planning to instruct the Solicitor of the Council to enter into deeds of variation to remove obligations seeking contributions from developments of ten dwellings or less, which had been entered into since 2014 but where the development had not yet been implemented.

Members agreed that a representation should be made to the relevant Government Minister to set out the Council's concerns in relation to certain elements of the Government's guidance in this respect.

**The Cabinet RESOLVED that**

- (i) except in special circumstances, infrastructure contributions through planning contributions should no longer be sought from developments of ten units or less and with a maximum combined gross floorspace of no more than 1,000 square metres be approved;
- (ii) in appropriate cases, the vacant building credit provisions be applied in order to comply with the National Planning Practice Guidance, as amended on 19th May, 2016; and
- (iii) the Head of Planning be authorised to instruct the Solicitor to the Council to enter into deeds of variation to amend Section 106 planning obligations previously entered into, in respect of infrastructure contributions from residential developments of ten units or less.

**26. FARNBOROUGH AIRPORT COMMUNITY ENVIRONMENTAL FUND –**  
(Environment and Service Delivery)

The Cabinet considered the Head of Community and Environmental Services' Report No. COMM1615, which sought approval to award grants from the Farnborough Airport Community Environmental Fund to assist local projects and to amend a grant previously awarded to the Mayfield Community Partnership.

The Cabinet Member for Environment and Service Delivery had considered two applications and had recommended that both awards should be made.

It was reported that, in May 2016, the Mayfield Community Partnership had been awarded a £2,000 grant for the first stage of the Hawley Community Garden project. This had been completed under budget at £845 and the Partnership had requested permission to use the remainder of the funds on the next stage of the project.

**The Cabinet RESOLVED that**

- (i) grants be awarded from the Farnborough Airport Community Environmental Fund to the following organisations:

Farnborough Bowling Club	£3,500
Fernhill Primary School	£8,032
- (ii) the Mayfield Community Partnership be authorised to use the remainder of their grant on the next stage of the project.

27. **GRANTS TO VOLUNTARY ORGANISATIONS –**  
(Concessions and Community Support)

The Cabinet received the Head of Community and Environmental Services' Report No. COMM1616, which set out details of applications for grants from voluntary organisations. In accordance with the agreed procedure for the allocation of grants, the Cabinet Member for Concessions and Community Support had approved six grants for £1,000 or less. In addition, the Cabinet Member had approved two awards in respect of the cost of public liability insurance for two street parties to celebrate the Queen's Official 90th Birthday on 11th June, 2016. The Cabinet Member also recommended that Limbicare should receive an award of £1,774 towards the cost of a stand alone ticket validator and replacement tyres and batteries for mobility scooters.

**The Cabinet**

- (iii) **NOTED** that the following grants totalling £3,200 had been approved by the Cabinet Member for Concessions and Community Support:

Aldershot and Fleet RUFC	£550
Aldershot Rotary Club	£500
Friends of Brickfields Country Park	£300
Home-Start Rushmoor and Hart	£350
Mayfield Community Partnership	£500
Southwood Church	£1,000

- (iv) **NOTED** that the following grants totalling £158, in respect of insurance payments for two street parties, had been approved by the Cabinet Member for Concessions and Community Support:

Highfield Gardens, Aldershot	£79
Whites Road, Farnborough	£79

- (v) **RESOLVED** that a grant of £1,774 to Limbicare be approved.

28. **COMMERCIAL PROPERTY ACQUISITIONS –**  
(Corporate Services)

The Cabinet considered the Solicitor to the Council's Report No. LEG1609, which provided an update on the progress towards investing in commercial property assets, using capital resources, in order to generate revenue income.

Members heard that making better use of property and assets was one of the projects forming part of the 8-Point Plan. The Council had been receiving help and advice from Eastleigh Borough Council for some time to help to develop an approach to property investment and refresh the Council's Asset Management Strategy. This work had enabled officers to identify

commercial property opportunities where acquiring such assets would provide a better return for the Council than having the money in a bank.

It was reported that four bids on commercial properties had been successful so far, being: Unit No. 20 Blackwater Valley Industrial Estate, Aldershot; Wellesley House, Eelmoor Road; Farnborough, Optrex Business Park, Rotherwick, Hook; and; No. 168 High Street, Guildford. In each case, the full year effect in terms of revenue that could be generated from rental income and other financial information were set out in the exempt appendix to the Report. The appendix also provided details of a number of properties where a purchase would not be proceeding for various reasons and four properties that the Council was bidding for, currently.

The Cabinet expressed its continued support for this approach.

**The Cabinet NOTED** the good progress being made with this 8-Point Plan project and the effect on the Council's revenue position, as set out in the Solicitor to the Council's Report No. LEG1609.

29. **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:

<b>Minute No.</b>	<b>Schedule 12A Para. No.</b>	<b>Category</b>
30	3	Information relating to financial or business affairs

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

30. **DEVELOPMENT OF A DEPOT –**  
(Corporate Services)

The Cabinet considered the Solicitor to the Council's Exempt Report No. LEG1610, which provided an update regarding the provision of a depot to support the waste, recycling, street cleansing and grounds maintenance contract. It also sought approval to pursue an alternative site in order to provide the Council with the best chance to deliver a depot by Autumn 2017.

Members were reminded that the Council had identified Canna Enterprise Centre, Lysons Avenue, Ash Vale as a suitable site to provide a depot. The Cabinet, at its meeting on 20th October, 2015, had agreed to the purchase of this site and, at the time, it was thought that Guildford Borough Council would treat the site as an allocated employment site and its use as a



depot would be accepted. It later transpired that a planning application was required for change of use and Guildford Borough Council had, at the pre application stage, indicated it was likely to recommend refusal of the planning application. Given this advice, Rushmoor had sought counsel's opinion and this had suggested that the advice from Guildford Borough Council had been misguided and should not result in the planning application being refused. This opinion had been forwarded to Guildford Borough Council and it now appeared that a recommendation for approval of the planning application would be made. In light of this, only essential works would be carried out at present at the alternative site at Hawley Lane, Farnborough, pending the determination of the planning application.

**The Cabinet RESOLVED that**

- (i) the Head of Community and Environmental Services be authorised to:
- in consultation with the Cabinet Member for Environment and Service Delivery and the Solicitor to the Council, appeal against any refusal for a depot on the Canna site or against any inappropriate conditions or to appeal for non determination;
  - undertake the topographic survey and the ground investigations works at Hawley Lane;
  - if planning is refused for the Canna site or if the application is not determined within the eight week period:
    - conduct pre application consultations and to undertake all preliminary work to submit a planning application for the development of the Hawley Lane site as a depot and travelling show persons site;
    - in consultation with the Solicitor to the Council, make an application to the Highway Authority for the diversion of the public footpath across the site at Hawley Lane, using appropriate legal powers;
    - tender and appoint a demolition contractor and submit a prior approval notification to Guildford Borough Council for the demolition works and a Section 80 notice to the building regulation service to secure a developable site at the earliest point in time;
    - undertake the procurement of a design and build contract for the provision of the depot facilities at either site;
- (ii) the Solicitor to the Council be authorised to:

- enter into negotiations to reach agreement to secure the surrender of the current leases at the Hawley Lane site and enter into any legal documentation necessary to secure alternative provision, including any legal documentation to secure alternative community use provision on other land;
  - if an appeal is submitted on the Canna site, submit a planning application to Guildford Borough Council for a small industrial site on that site;
  - if the depot is developed at the Hawley Lane site, take all necessary steps to procure the redevelopment of the Canna site as a small industrial site, subject to a further report to the Cabinet on the costs thereof, or to dispose of the site with the benefit of planning permission;
- (iii) the Head of Planning be authorised to ensure that the evolution of the planning policy context provided in the draft Local Plan includes an appropriate land allocation on the Hawley Lane site, based on the findings of the evidence base, which has identified a need to find land to accommodate Travelling Showpeople and enhance the delivery of small employment sites in the Borough, whilst also protecting the potential for the site to accommodate a depot; and
- (iv) the Head of Financial Services be authorised to vary the Capital Programme to create:
- a budget of £50,000 for the development of a planning application for the construction of a depot on land at Hawley Lane;
  - a budget of £20,000 to allow for the development of a planning application for a small industrial estate at the Canna site, should it be required;
  - a budget of £40,000 to meet the costs of plan preparation for both the Canna site and Hawley Lane site.

The Meeting closed at 7.35 p.m.

CR. D.E. CLIFFORD  
LEADER OF THE COUNCIL

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CABINET  
23 AUGUST 2016

HEAD OF FINANCIAL SERVICES  
REPORT NO. FIN1615

**REVENUE BUDGET MONITORING & FORECASTING 2016/17  
POSITION AT JULY 2016**

**1. INTRODUCTION**

- 1.1 This report informs Members of the Council's anticipated financial position for 2016/17, based on the monitoring exercise carried out during July 2016.

**2. BACKGROUND**

- 2.1 During July, budget officers carried out a regular budget monitoring exercise for their services, identifying any variations from the current approved budget that they anticipate will occur in the financial year.
- 2.2 The current approved budget is the Original Budget for 2016/17 as approved by Council on 25 February 2016 plus any subsequently approved supplementary estimates, virements and budget carry-forwards from 2015/16.
- 2.3 This information is consolidated to produce an updated forecast of the revenue position at the end of 2016/17 at Appendix A.

**3. OPENING BALANCES AND BUDGET ADJUSTMENTS**

- 3.1 The final outturn position for 2015/16 showed a marked improvement in the general fund balance of over £0.5 million, taking the balance from the budgeted £1.492 million to £2 million, which is at the top of range (£1 million - £2 million) set out in the Medium Term Financial Strategy. In addition, a significant transfer was able to be made to the Stability and Resilience reserve of £428,500.
- 3.2 This level of variance was due to a combination of factors including continued spending restraint by budget officers; additional income achieved by services; reduced revenue contributions towards Improvement Grants and additional grant funding.
- 3.3 Whilst this level of variance provided an improved starting point for 2016/17, it was not identified which variances might be on-going permanent reductions in net spend rather than one-off occurrences. The budget challenge exercise carried out by the Director's Management Board sought to address this by identification of realisable, permanent savings to be reflected in the budget for 2016/17, thereby lessening the extent of future variances at each subsequent year-end.
- 3.4 That exercise has identified £357,000 of net reductions (a combination of both reduction in expenditure headings and increases in income budgets) that have now been removed from the 2016/17 budget. This net reduction has been set against the £860,000 savings required in the current year, leaving around £503,000 to be achieved during 2016/17 (before any variances reported for the

current year).

- 3.5 The other key factor in improving the outturn position for 2015/16 was the reduced levy payable to government on growth in business rates. Business Rates income for 2015/16 declined largely due to a significant award of Part-Occupational relief and an increase in the provision for appeals against business rate valuations. This meant that the payment to government reduced by around £483,000. However, it must be noted that the reduction in business rates income is yet to flow through to the general fund as this is reported through the collection fund surplus or deficit in future years.
- 3.6 As indicated in paragraph 2.2, the current approved budget includes carry-forwards of unspent budgets from 2015/16 of £176,000, of which £85,000 is to be met from grants received in prior years, with the remainder being funded from underspends in 2015/16, which were set aside in an earmarked reserve. This means that this expenditure will have no effect on balances in the current year.
- 3.7 A number of supplementary estimates have been approved for both income and expenditure during the first quarter of 2016/17 resulting in a net increase of £126,000 as set out in Appendix B.
- 3.8 A small number of virements have been requested in the first quarter of the current year, all of which simply move costs between detailed budget lines or between cost centres in order to improve budget management.

#### **4 REPORTED VARIANCES - QUARTER 1**

- 4.1 As part of the overall budget for 2016/17, and in order for the Council to maintain a sound position, savings and efficiencies of £860,000 were required for the year, in addition to staff turnover savings of £315,000.
- 4.2 The target of £860,000 has already been reduced by the £357,000 identified during the budget challenge exercise, leaving £503,000 to be achieved.
- 4.3 In this first quarter monitoring exercise, budget officers have identified a net overspend of approximately £429,000 against their non-salary budgets offset by additional income from 8-Point Plan projects of £540,000 giving a net favourable variance of £111,000 as set out in Appendix C of this report.
- 4.4 Significant adverse variances should be noted within the Environment and Service Delivery portfolio for both on- and off-street parking including a shortfall of around £114,000 on penalty charge income (PCN), £178,000 on smartcard sales and £60,000 for pay and display income in car parks. PCN income for the year was based on a full complement of eight Civil Enforcement Officers – estimates have been revised down to reflect recruitment and retention problems.
- 4.5 Within the Business, Safety and Regulation portfolio, variances of some £103,000 have been reported for markets and car-boot sales due to changing footfall in the town centres and increased levels of competition during the summer. A report will be made to the September Cabinet meeting to recommend variation to the pricing and service operation to bring the service back on track.

- 4.6 Some of the variances identified within services by budget holders will be offset by changes to the level of transfers to or from reserves. For example, a reduction in income or an increase in costs for on-street parking will reduce the amount of surplus generated for the Civil Parking Enforcement (CPE) Account and therefore reduce the transfer to the CPE account shown in transfers to reserves. This provides a favourable variance of £63,000 to the general fund. There will also be a greater drawdown on other reserves and grants of an additional £48,000.
- 4.7 Estimates for interest receivable have been reduced in part due to the reduction in rate of return on our property fund, which has fallen slightly since the UK's decision to exit the European Union, although it should be noted that returns are still significant at around 4.99%. The use of funds for commercial property acquisition and other capital schemes also impacts on the funds available for investment and therefore reduces the overall interest received during the year. This has resulted in a total reported variance of £68,000.
- 4.8 In addition, and as described in greater detail in the section below, the increased size of the capital programme for 2016/17 will result in the Council needing to borrow funds during the year with estimated costs of £37,000.
- 4.9 Additional grants have been received of around £48,000 while once again the operation of the business rates retention scheme has resulted in a favourable variance of £123,000. This has arisen for the same reasons as reported in 2015/16 i.e. while business rates estimates are falling against the original budget, this cannot be reported in the current year but will be shown in subsequent years' deficit figures. In the meantime, the reduction in expected levy payment (50% of growth achieved in the year) has to be shown in the year in which it is incurred.
- 4.10 This misleading position pushes balances up again in the current year with the certain knowledge of a shortfall to be found in future years.
- 4.11 The staff monitoring exercise has identified a net projected underspend of £78,000 from turnover savings, based on existing or known up-coming vacancies, recruitment above or below estimated pay points, entry into pension scheme etc. which would normally suggest that the budgeted figure of £315,000 by the year end would be achieved.
- 4.12 The sum of the variances identified above is £288,000. When this is offset against the remaining saving requirement of £503,000, it can be seen that a further £215,000 savings needs to be identified and achieved in the current year.
- 4.13 The reported increase in general fund balance of £508,000 is entirely due to the improved outturn position at the start of the year. This provides a buffer so that if the remaining savings were not found in the current year, the general fund balance would fall to £1.7 million, which would still be above the mid-point of the approved range.

## **5 INCOME GENERATION – PROPERTY ACQUISITIONS**

- 5.1 Exploring new income generation or investment opportunities is a key part of the Council's 8-Point Plan, in order to create additional income that will substantially ease the Council's revenue position, taking due regard of minimising risk whilst

promoting long-term financial sustainability.

- 5.2 A significant project within this stream is the acquisition of commercial property to boost rental income and the Solicitor to the Council has been reporting to Cabinet on the progress of this initiative. At the time of writing this report, the Council has been successful in bidding for five properties, within various commercial sectors including industrial units and town centre retail.
- 5.3 The income generated from these acquisitions will amount to £943,000 in a full year and £527,000 in the current year (as included in Appendix C to this report).
- 5.4 All of the properties have tenants with repairing leases meaning that there are no substantive additional revenue costs associated with owning these properties, other than on-going management fees. These management costs relate to the on-going requirement to monitor property conditions and risks and the general administration involved with rent assessment and collection. Estimates of these costs have been included in Appendix C to this report.
- 5.5 Cash will need to be raised to fund each of the acquisitions shortly, and the Council's net investments are expected to decline from the current average of £34 million down to around £19 million by October 2016. This decline in investment holdings will mean that the Council's net interest income yield will reduce in the current year and for all future years. Further cash will also be required to finance an element of the remainder of the capital programme in the months leading up to the end of the current financial year.
- 5.6 Prevailing market conditions determine that the optimum solution with regard to raising cash to fund the five property acquisitions, and an element of the remaining capital programme costs in the current year can be undertaken by raising some short-term borrowing from other Local Authorities. The Council's estimated position on investments net of borrowing in the current year is provided in the table that follows:

<b>Position on Investments net of Borrowing for the year 2016/17</b>	<b>1st April 2016</b>	<b>1st October 2016</b>	<b>31st March 2017</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Long term investments	27,563	27,600	27,600
Short term investments/ Money Market Funds	11,980	6,000	3,000
Borrowing (LEP)	(4,121)	(3,700)	(3,600)
Borrowing (Short term)	(579)	(10,900)	(11,000)
<b>Net total of all</b>	<b>34,843</b>	<b>19,000</b>	<b>16,000</b>

- 5.7 The effect of these significant changes in investment, cash and borrowing balances for the full year 2016/17 is estimated to be a modest decrease in interest receivable coupled with an interest payable charge of around £37,000 as referred to in section 4 above.
- 5.8 The investment property acquisitions will be capitalised and financed by Prudential Code borrowing, in the current year. For future years, this capital borrowing will require a non-cash transaction to be made in the General Fund

Revenue Account, linked to each asset financed by borrowing and known as minimum revenue provision or MRP. While MRP is a statutory requirement, there is some flexibility for the Council in selecting the methodology for calculating MRP. There is no requirement for MRP to be applied in the current financial year.

- 5.9 The following table summarising the financial effects for the current and next financial year in order to demonstrate the significant net contribution that this initiative is already contributing to the Council's revenue position.

<b>Investment property acquisitions approved to date during 2016/17</b>	<b>Revenue effect</b>	<b>Revenue effect</b>
	<b>2016/17 £000</b>	<b>2017/18 £000</b>
Management costs	17	26
Interest cost	37	171
Minimum revenue provision	-	71
Income	(527)	(943)
<b>Net total of all</b>	<b>(473)</b>	<b>(675)</b>

## **6 RISKS AND RESERVES**

- 6.1 Due to the level of known financial risk, flexibility has been built into the Council's financial plans by setting aside reserves to be used to manage fluctuations in expenditure or income, to mitigate against other known risks and to support key projects such as invest-to-save schemes, which underpin the Council's 8-Point Plan for a sustainable organisation.
- 6.2 This enables the Council to weather fluctuations in its net expenditure while consideration is given to longer-term plans for meeting the funding gap. This means that actions are thought-through and well-considered rather than relying on quick fix, unsustainable solutions.
- 6.3 As has been identified above, considerable progress has been made in the implementation of income generation plans such as those from commercial property acquisition. Other income generation projects such as the in-house delivery of markets and car-boot sales have been embedded into service delivery and are being pro-actively managed to maintain significant income streams, while others such as digital advertising initiatives are being progressed over the medium-term.
- 6.4 However, major unfavourable variances within existing services must be corrected if the long-term sustainability of the organisation is to be achieved. The £540,000 of on-going 8-Point Plan savings should be contributing to the overall reduction in service budgets rather than offsetting significant underachievement of existing income streams or additional costs.
- 6.5 In addition, the reduction in business rates estimates will require additional savings in future years, which are not yet included in the medium term forecast.
- 6.6 When considering the 8-Point Plan and the projects within it that need to be

progressed, some consideration must be given to the resources required to complete the projects and achieve the savings in a timely manner. The plan is supported by both the Service Improvement Fund and the flexible use of capital receipts. An update on the use of these will be reported to a future meeting of Cabinet. The current estimates include a draw-down from the Stability and Resilience reserve which would leave the projected balance on that reserve at £3,007,500.

6.7 Other down-side risks that should be considered are:

- The playing out of the consequences of the UK's decision to leave the European Union. This may include implications for pension schemes and the Council's future contributions to the Hampshire Scheme, the value of properties including those recently purchased, the interest earned on the Council's investments or payable on its borrowings.
- Risks that projects will not deliver efficiency savings to timescale
- Deterioration in income streams due to the economic climate including planning fees, parking income and rents
- The potential centralisation of land charges
- Pressure on services from demographic change
- Pressure on services due to legislative changes. For example, Welfare reform, Housing and Planning Act
- Further reductions in central government funding and risk around the continuation of New Homes Bonus in its current format
- Increasing issue of street homelessness

6.8 Up-side risk includes the fact that the current reporting shows £200,000 revenue contribution towards Improvement Grants (Disabled Facilities Grants) which are a statutory duty for the Council. For 2016/17, funding towards this from the Better Care Fund has considerably increased from £425,000 to £816,000. It is therefore very possible that the top up usually provided from the Council's own revenue resources will not be required in the current year. Officers are monitoring the position while working with partners to assess the likely spend in this area and whether any additional responsibilities will be incorporated due to the increase in resources.

## **7 CONCLUSIONS**

7.1 There will always be variances reported in-year against budgets due to the Council adapting its priorities to manage inevitable changes in demand pressures and having a flexible approach to changing circumstances. While we would not want financial constraints to hamper this responsive approach, which works well for residents, the Council does need to reduce its net cost of services (by reducing costs or increasing income) to achieve financial sustainability.

7.2 This first quarter budget monitoring cycle includes some significant income generation as a result of projects in the 8-Point Plan, which builds towards this sustainable position.

7.3 In addition, the budget challenge exercise removed £357,000 of sustainable savings from the budget.



- 7.4 This provides confidence that the savings required over the medium-term are achievable, through a combination of quick wins as delivered via the budget challenge as well as longer-term changes to the delivery of services and the introduction of new income streams, which reduce net costs on an on-going basis.
- 7.5 However, we are currently experiencing a number of significant downturns to current income streams, which need to be addressed. In addition, the operation of the business rates retention scheme continues to cause annual fluctuations in budgets that are disjointed from their eventual effects due to the operation of the surplus/deficits on the collection fund.
- 7.6 The current monitoring position shows general fund balances close to the top end of the range for balances at £1.915 million, assuming the achievement of an additional £215,000 of savings during the year.
- 7.7 Should the additional savings not be achieved there is flexibility within the current projections to amend the general fund balance, alongside flexibility to amend the contributions to improvement grants and the current estimated contribution from the Stability and Resilience reserve.
- 7.8 While this report provides reassurance for the current financial year, the scale of the challenge over the medium-term is considerably greater and efforts should be concentrated on moving forward the 8-Point Plan to achieve a sustainable financial future.

## **8 RECOMMENDATIONS**

Members are recommended to note the contents of the report

**AMANDA FAHEY**  
**HEAD OF FINANCIAL SERVICES**

	Original Estimate 2016/17 £000	Current Approved Estimate 2016/17 £000	Forecast Outturn 2016/17 £000
<b>PORTFOLIO EXPENDITURE</b>			
1 Corporate Services	1,158	1,048	543
2 Environment and Service Delivery	3,456	3,595	3,933
3 Concessions and Community	1,922	1,890	1,862
4 Health and Housing	1,696	1,697	1,697
5 Business, Safety and Regulation	2,709	2,712	2,812
6 Leisure & Youth	4,574	4,531	4,515
<b>7 PORTFOLIO NET EXPENDITURE</b>	<b>15,515</b>	<b>15,473</b>	<b>15,362</b>
8 Capital Accounting Charges - reversed	(2,285)	(2,285)	(2,285)
9 IAS 19 Pension costs - reversed	298	298	298
<b>16 NET EXPENDITURE AFTER ADJUSTMENTS</b>	<b>13,528</b>	<b>13,486</b>	<b>13,375</b>
11 Reductions in Service Costs/Income Generation	(860)	(503)	(215)
12 Vacancy Monitoring	(315)	(315)	(315)
13 Corporate Income and Expenditure	(580)	(580)	(475)
14 Contributions to/(from) Reserves	136	(53)	(164)
15 Central Government Funding	(6,286)	(6,286)	(6,457)
<b>16 NET TOTAL EXPENDITURE</b>	<b>5,623</b>	<b>5,749</b>	<b>5,749</b>
17 Contribution to/(from) balances	41	(85)	(85)
<b>18 COUNCIL TAX REQUIREMENT</b>	<b>5,664</b>	<b>5,664</b>	<b>5,664</b>

<b>REVENUE BALANCES</b>			
19 1 April	1,492	1,492	2,000
20 General Fund Transfer	41	(85)	(85)
21 31 March	1,533	1,407	1,915

Notes:

<b>13 Corporate Income and Expenditure</b>			
Interest Receivable	(850)	(850)	(782)
Interest Payable			37
Collection Fund (Surplus)/deficit - CTax	(91)	(91)	(91)
Collection Fund (Surplus)/deficit - NNDR	361	361	361
<b>Total</b>	<b>(580)</b>	<b>(580)</b>	<b>(475)</b>
<b>14 Contributions to/(from) Reserve Accounts</b>			
Revenue Contributions to Capital Programme	550	550	550
Revenue Contributions to Improvement Grants	200	200	200
Transfer to CPE Surplus Account	266	266	203
Contributions to/(from) earmarked reserves/prior year grants	(80)	(269)	(317)
Transfer to/(from) Stability and Resilience Reserve	(800)	(800)	(800)
<b>Total</b>	<b>136</b>	<b>(53)</b>	<b>(164)</b>
<b>15 Central Government Funding</b>			
New Burdens Grant/Other non ring-fenced funding	(46)	(46)	(94)
New Homes Bonus	(1,994)	(1,994)	(1,994)
Revenue Support Grant	(1,104)	(1,104)	(1,104)
RBC share of rates collected	(19,018)	(19,018)	(19,018)
Tariff payable	15,305	15,305	15,305
Levy payable	904	904	762
£31 grants in relation to business rates	(333)	(333)	(314)
<b>Total</b>	<b>(6,286)</b>	<b>(6,286)</b>	<b>(6,457)</b>

Supplementary Estimates for Quarter 1 2016/17 of £126,000 are shown below:

<p><b>Corporate Services Portfolio</b></p> <p><b>IT Application Support</b></p> <ul style="list-style-type: none"> <li>- Six month contract extension re regularising electronic data held by the authority</li> </ul> <p><b>Personnel Support</b></p> <ul style="list-style-type: none"> <li>- Hampshire Apprentice Partnership subscription</li> </ul> <p><b>Corporate Policy</b></p> <ul style="list-style-type: none"> <li>- Heart of Hampshire Devolution ideas (PWC to carry out further assessment of structural models, Basingstoke and Deane to procure and share costs with other Local Authorities)</li> </ul>	<p><b>£000</b></p> <p><b>13</b></p> <p><b>2</b></p> <p><b>20</b></p>
<p><b>Environment and Service Delivery Portfolio</b></p> <p><b>Recycling</b></p> <ul style="list-style-type: none"> <li>- RBC contribution to the Hampshire (Project Integra) Review of Recycling Systems</li> <li>- Garden Waste Collection Service – Container Choice.</li> <li>- For the purchase of paper sacks(see line below for funding)</li> <li>- Income re new charges for single use sacks (see line above)</li> </ul> <p><b>Town Centre Management</b></p> <ul style="list-style-type: none"> <li>- Installation of high gate and railings in Union Street, Aldershot</li> <li>- Contracts Team staffing restructure for Domestic Refuse, Recycling, Street Cleansing and Abandoned Vehicles</li> </ul>	<p><b>£000</b></p> <p><b>5</b></p> <p><b>5</b></p> <p><b>(5)</b></p> <p><b>7</b></p> <p><b>22</b></p>
<p><b>Concessions and Community</b></p> <p><b>Major Grants</b></p> <ul style="list-style-type: none"> <li>- Funding to CAB for 2016/17 to support Nepali speaking customer advisor</li> <li>- Funded from Earmarked Reserve)</li> </ul> <p><b>Leisure Grants</b></p> <ul style="list-style-type: none"> <li>- Grants to Organisations – Education Attainment</li> </ul>	<p><b>£000</b></p> <p><b>13</b></p> <p><b>(13)</b></p> <p><b>20</b></p>

<p><b><i>Health and Housing Portfolio</i></b></p> <p><b>Housing Advice</b></p> <ul style="list-style-type: none"> <li>- Costs associated with setting up wet hostel</li> <li>- Grant relating to the costs associated with setting up wet hostel</li> </ul>	<p><b>£000</b></p> <p><b>35</b></p> <p><b>(35)</b></p>
<p><b><i>Business, Safety &amp; Regulation Portfolio</i></b></p> <p><b>Public Conveniences</b></p> <ul style="list-style-type: none"> <li>- Contracts Team staffing restructure</li> </ul> <p><b>CCTV</b></p> <ul style="list-style-type: none"> <li>- Additional cameras etc at Union Street, Aldershot to assist in dealing with rough sleepers</li> </ul> <p><b>Economic Development</b></p> <ul style="list-style-type: none"> <li>- Payment to TECHStart</li> <li>- Payment to Rushmoor Schools Plus</li> </ul>	<p><b>£000</b></p> <p><b>1</b></p> <p><b>11</b></p> <p><b>10</b></p> <p><b>4</b></p>
<p><b><i>Leisure and Youth Portfolio</i></b></p> <p><b>Special Events</b></p> <ul style="list-style-type: none"> <li>- Change to fireworks event</li> </ul>	<p><b>£000</b></p> <p><b>11</b></p>

The variances identified by services during the July 2016 budget monitoring exercise and amounting to a net underspend of approximately £111,000 are shown below:

<b>Corporate Services Portfolio</b>	<b>£000</b>
<b>Industrial Estates</b>	
- Additional income from properties purchased (part of the 8 Point Plan)	<b>(63)</b>
<b>Town Centres</b>	
- Additional income from properties purchased (part of the 8 Point Plan)	<b>(464)</b>
<b>Industrial Estates/Town Centres</b>	
- Management costs for properties purchased (part of the 8 Point Plan)	<b>17</b>
<b>Legal Support Service</b>	
- Engagement of external solicitors and other fees in order to service the legal workload	<b>10</b>
<b>Council Offices</b>	
- Reduced costs for maintenance of the Council Offices' boiler	<b>(11)</b>
- Additional rental income from tenants (part of the 8 point plan)	<b>(8)</b>
Other variances within this portfolio	<b>15</b>
<b>Environment and Service Delivery Portfolio</b>	<b>£000</b>
<b>Domestic Refuse</b>	
- Additional bulky waste income	<b>(14)</b>
<b>Recycling</b>	
- Shortfall in Material Recovery Facility income	<b>47</b>
- Shortfall in glass sales due to decline in value	<b>21</b>
- Additional green waste income	<b>(30)</b>
<i>Environment and Service Delivery Portfolio - continued on the next page</i>	

<b><i>Environment and Service Delivery Portfolio (continued)</i></b>	<b>£000</b>
<b>Car Parks</b>	
- Increase in cost of rebates for those using the Farnborough Leisure Centre due to increased usage of the car park	<b>18</b>
- Reduction in payments to owners of managed car parks due to a decline in income taken at these sites	<b>(20)</b>
- Shortfall in Pay & Display income	<b>60</b>
- Potential shortfall in smartcard sales mainly relating to a reduction in smartcard purchases by one company	<b>178</b>
- Shortfall in the penalty charge notices income due to vacant Civil Enforcement Officer posts	<b>45</b>
- Additional season ticket income	<b>(25)</b>
<b>Parking Management</b>	
- Shortfall in the penalty charge notices income due to vacant Civil Enforcement Officer posts	<b>69</b>
-	
<b>Other Highway Services</b>	
- Additional temporary traffic regulation order income generation (part of the 8 Point Plan)	<b>(15)</b>
<b>Maintenance Team</b>	
- Net income expected from externally funded sources for skilled up projects	<b>(15)</b>
<b>Planning Conservation</b>	
- Reduction in Service Level Agreement with Hart DC for Arboriculture, Conservation & Biodiversity due to decrease in number of hours provided	<b>12</b>
Other variances within this portfolio	<b>6</b>

<p><b><i>Concessions and Community Portfolio</i></b></p> <p><b>Rent Allowances</b></p> <ul style="list-style-type: none"> <li>- Reduction in rent allowance payments of around £1m due to refinement of caseload and benefit calculation changes, offset by directly related government grant reduction.</li> </ul> <p><b>Local Elections</b></p> <ul style="list-style-type: none"> <li>- Increase in contributions for costs relating to Parliamentary and PCC elections</li> </ul>	<p><b>£000</b></p> <p><b>(11)</b></p> <p><b>(17)</b></p>
<p><b><i>Business, Safety and Regulation Portfolio</i></b></p> <p><b>Building Control (Non Fee Earning)</b></p> <ul style="list-style-type: none"> <li>- Reappraisal of external income expected to be received in the year relating to shared Building Control service</li> </ul> <p><b>Building Control (Fee Earning)</b></p> <ul style="list-style-type: none"> <li>- Reappraisal of external income expected to be received in the year relating to shared Building Control service</li> </ul> <p><b>Development Control</b></p> <ul style="list-style-type: none"> <li>- Additional income for S106 administration charges related to planning permissions granted prior to recent legal ruling.</li> </ul> <p><b>Crematorium</b></p> <ul style="list-style-type: none"> <li>- Additional income from cremation fees</li> </ul> <p><b>Markets and Car Boot Sales</b></p> <ul style="list-style-type: none"> <li>- Shortfall in car boot income, together with additional casual staffing and other expenditure</li> </ul> <p><b>Food, Health and Safety</b></p> <ul style="list-style-type: none"> <li>- Income from Health &amp; Safety courses and from Food and Health &amp; Safety consultancy (part of the 8 point plan)</li> </ul> <p>Other variances within this portfolio</p>	<p><b>£000</b></p> <p><b>16</b></p> <p><b>36</b></p> <p><b>(14)</b></p> <p><b>(50)</b></p> <p><b>103</b></p> <p><b>(7)</b></p> <p><b>16</b></p>

<b>Health and Housing Portfolio</b>	<b>£000</b>
None to report	-
<b>Leisure and Youth Portfolio</b>	<b>£000</b>
<b>Community Leisure</b> - External contribution towards project costs carried out by Community Development team	<b>(13)</b>
Other variances within this portfolio	<b>(3)</b>
<b>Total Non-Salary Portfolio Variances</b>	<b>£000</b> <b>(111)</b>
<b>Of which:</b>	
<b>8 Point Plan Variances</b>	<b>(540)</b>
<b>Other Variances</b>	<b>429</b>



**CABINET**  
**23 AUGUST 2016**

**HEAD OF FINANCIAL SERVICES**  
**REPORT NO. FIN1616**

**CAPITAL PROGRAMME MONITORING**  
**POSITION AS AT JULY 2016**

**1. INTRODUCTION**

- 1.1 This report informs Members of the latest forecast regarding the Council's Capital Programme for 2016/17, based on the monitoring exercise carried out during July.

**2. BACKGROUND**

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

**3. CURRENT POSITION**

- 3.1 Point 3 of the Council's 8-Point Plan supporting its objectives of financial and organisational sustainability is to look at income generation and investment opportunities.
- 3.2 As part of the budget process, schemes were robustly reviewed and prioritised and Council approved the core programme on 25 February 2016 at £8,802,000. In addition to this, slippage of £5,673,000 from the 2015/16 programme and approved variations of £15,708,000 substantially comprising the additional property investment acquisitions have already arisen in the year. These changes bring the total approved Capital Programme for 2016/17 to £30,183,000.
- 3.3 There are some projects of major financial significance included in the Council's approved Capital Programme. Several property investment acquisitions will be financed and contracted within the coming months. These acquisitions will generate additional revenue income for the Council within the year 2016/17 and for future years. Their impact on the Council's revenue position is discussed in more detail in the Q1 2016/17 Revenue Monitoring Report on this Cabinet agenda.
- 3.4 The Depot acquisition and development is also of major financial significance currently approved in the total budget sum of £3,035,000. It is likely that works on the new Depot will not be completed in the current year and slippage into 2017/18 of £1,000,000 of the total approved budget is likely to occur. The project is also at risk regarding cost containment and a further report discussing this matter will be brought to Cabinet in due course.
- 3.5 A Portfolio summary of all approved projects is shown in Appendix A to this report. This Appendix includes a list of all variations that have been approved since the Original Estimate for 2016/17 was approved prior to the start of the financial year 2016/17.

- 3.6 Further potential investment property acquisitions generating high ongoing income returns supporting the principles of Point 3 of the 8-Point Plan are being considered at the current time. Each individual business case will be brought forward for consideration by Cabinet as they develop.
- 3.7 Based on the July 2016 monitoring exercise the forecast outturn for 2016/17 is approximately £27,388,000, a net reduction in spend of £2,795,000 against the approved Capital Programme of £30,183,000. It should be noted that a significant element of the net reduction in spend (£2,795,000) relates to two capital projects that have now slipped to the following year (2017/18) amounting to £2,600,000.
- 3.8 The significant over/(under) spend variations to date are as follows:

<b>Scheme</b>	<b>Explanation</b>	<b>Over / (Under) Spend £000s</b>
<b>Farnborough Leisure Centre Foyer Lift</b>	Additional works have been included in the framework contractor's quote following a discussion between the contractor and the consultant.	<b>10</b>
<b>Activation Aldershot Project 2 Phase 6, Aldershot Station</b>	Savings have emerged as a result of the detailed design stage being completed.	<b>(200)</b>

- 3.9 The major areas of slippage identified to date which are included within the (Appendix A) net reduction in spend of £2,795,000 against the approved Capital Programme are as follows:

<b>Scheme</b>	<b>Explanation</b>	<b>Slippage to 2017/18 £000s</b>
<b>Activation Aldershot Project 2 Phase 6, Aldershot Station</b>	Further works have been undertaken in relation to the costing of the scheme and obtaining external funding. The entire project is unlikely to be completed until December 2017.	<b>(1,600)</b>
<b>Depots The New Depot</b>	It is not expected that works on the new depot will be completed in 2016/17. Works on the new depot are anticipated to take place between January 2017 and June 2017.	<b>(1,000)</b>

#### **4. CONCLUSIONS**

- 4.1 Slippage has been identified on several schemes and these are shown above, along with any other material variations.
- 4.2 The Capital Programme is, at present, at a very early stage in its implementation during the new financial year. Any significant variations will be reported to Members on a regular basis as the year progresses.

#### **5. RECOMMENDATION**

- 5.1 Members are requested to note the latest Capital Programme monitoring position.

**AMANDA FAHEY  
HEAD OF FINANCIAL SERVICES**

## CAPITAL PROGRAMME MONITORING SUMMARY QUARTER 1 - 2016/17

PORTFOLIO	SLIPPAGE FROM 2015/16	ORIGINAL BUDGET 2016/17	ADDITIONAL BUDGET APPROVALS 2016/17	TOTAL APPROVED BUDGET 2016/17	ACTUAL AS AT 30.06.16	COMMITMENTS AS AT 30.06.16	TOTAL OF COMMITMENTS & ACTUALS AT 30.06.16	VARIANCE	FORECAST SPEND 2016/17	FORECAST SPEND LESS APPROVED BUDGET	SLIPPAGE TO 2017/18
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
CORPORATE SERVICES	2,845	2,117	14,661	19,623	272	107	378	(19,245)	19,625	2	0
LEISURE & YOUTH	313	725	54	1,092	25	85	109	(983)	1,094	2	0
ENVIRONMENT & SERVICE DELIVERY	2,173	5,119	973	8,265	87	69	156	(8,109)	5,466	(2,799)	2,600
BUSINESS, SAFETY AND REGULATION	0	0	0	0	0	0	0	0	0	0	0
HEALTH & HOUSING	342	841	20	1,203	198	0	198	(1,005)	1,203	0	0
<b>TOTAL</b>	<b>5,673</b>	<b>8,802</b>	<b>15,708</b>	<b>30,183</b>	<b>581</b>	<b>261</b>	<b>842</b>	<b>(29,341)</b>	<b>27,388</b>	<b>(2,795)</b>	<b>2,600</b>

Variations to Programme Approved 2016/17Approved ByDate£

Original Budget 2016/17	Full Council	25.02.2016	8,802,000
Beaumont Park Wall - Emergency works and repairs	Cabinet	26.04.2016	184,000
Slippages from 2015/16	Cabinet	31.05.2016	5,673,000
Phase 6 of the Activation Aldershot project	Cabinet	31.05.2016	760,000
Additional wheeled bins for garden waste service	Cabinet	31.05.2016	17,000
Ground works - Hawley Lane	DMB	21.06.2016	12,000
Farnborough Leisure Centre Foyer Lift	Cabinet	28.06.2016	54,000
Wellesley Site Aldershot Wet Hostel	Cabinet	28.06.2016	20,000
Meetings and Decisions Management System	Cabinet	28.06.2016	15,000
Purchase of Commercial Property	Cabinet	28.06.2016	8,694,000
Purchase of Commercial Property	Cabinet	23.08.2016	5,952,000
		<b>Total Approved Budget</b>	<b>30,183,000</b>

## RUSHMOOR GOOD CAUSES LOTTERY

### 1. PURPOSE

- 1.1 This report seeks approval in principle to the establishment of a local good causes lottery.

### 2. BACKGROUND

- 2.1 Aylesbury Vale District Council launched the first online local authority lottery (Vale Lottery) in November 2015, operating on the principle of raising money within the community for the community and empowering local good causes to raise funds. This initiative has received considerable publicity and is currently well established.
- 2.2 Aylesbury Vale work with an External Lottery Manager (ELM) to provide the infrastructure to enable local good causes to benefit directly from the proceeds of the lottery.
- 2.3 Vale Lottery has over 100 causes signed up to its lottery and is already raising over £60,000 per year for good causes.

### 3. BENEFITS

- 3.1 The provision of a local lottery supports the Council's voluntary and community sector whilst moving the Council away from being a direct funding provider to the role of enabler.
- 3.2 The voluntary and community sector are able to access lottery funding that is designed for them and at no cost to them. It provides a mechanism for them to raise funds whilst maintaining their relationship with their supporters.

### 4. POTENTIAL DELIVERY MODEL

- 4.1 It is proposed to develop a scheme similar in nature to that of the Vale Lottery as illustrated below:
- Tickets are purchased for £1 (per week) and each ticket has a 1 in 50 chance to win
  - Prizes are likely to be in the range of free tickets for matching 2 out of 6 numbers to a maximum prize of £20,000 for matching all 6 numbers
  - Draws are every Saturday with results posted live online
  - Players sign up online and payment is via Direct Debit or payment card (taken either on a monthly recurring plan or a 3 / 6 / 12 month one-off payment)
  - Players can purchase multiple tickets for multiple good causes

- Winning players are notified via email and receive prize money directly into their nominated account or can donate their prize to a nominated good cause
- Good causes are paid their income automatically on a monthly basis

4.2 60% of all ticket sales go to the good causes (of which, 50% goes to the individual cause/s nominated by the purchaser and 10% goes to a central fund supporting many causes).

20% of all ticket sales go into the prize fund .

20% (inclusive of VAT) goes to the ELM for the running costs of the lottery including all banking and transaction fees, running the website, player support and marketing.

4.3 The participating good causes promote the lottery to their supporters (with the assistance of the ELM) and so directly benefit from the level of time and resource they choose to put into the scheme. They will each have a dedicated webpage promoting their cause and players can choose to nominate which good cause/s they wish to support.

4.4 The Council's role is to launch and promote the lottery to the good causes who may wish to sign up, to apply for a Local Authority Lottery Licence from the Gambling Commission and to authorise monthly payments to the good causes and quarterly return forms.

4.5 In addition, the Council will need to define eligibility criteria for good causes wishing to join the lottery and approve applicants based on these criteria. It is recommended that Borough Services Policy and Review Panel in conjunction with the Portfolio Holder for Concessions and Community Support be requested to oversee the development of eligibility criteria, for subsequent consideration by Cabinet.

4.6 The points set out in paragraphs 4.1 to 4.5 are typical features of a local lottery as in the Aylesbury Vale model but other ELM's may offer variants.

## **5 FINANCIAL IMPLICATIONS**

5.1 As the running costs of the ELM are to be met from a proportion of the ticket sales, there is no on-going financial commitment for the Council in terms of running the lottery itself. However, there will be some staff time involved in the authorisation of payments, the completion of quarterly returns, applying for and maintaining the lottery licence and approving new applications from local good causes. It is believed that this can be contained within existing resources.

5.2 There is a small annual cost for the licence (around £1,000) and some marketing costs may be incurred for the launch. Once full details are known these will be agreed in consultation with the Cabinet Member for Concessions and Community Support.

## **6 CONCLUSIONS**

- 6.1 The establishment of a local good causes lottery enables a new, participative way of working with our local voluntary and community sector, allowing the Council to move to an enabling role while providing the infrastructure for local causes to raise funds in a way that might otherwise be cost-prohibitive or not of sufficient scale for them to do alone.
- 6.2 Funds can be raised for specific good causes, giving the community a direct connection to supporting the causes of its choice. In addition, a central fund is built up to benefit a wide range of causes.
- 6.3 The administrative draw on the Council can be kept to a minimum via use of an ELM meaning that scarce resource is not expended in the on-going management of the lottery.

## **7 RECOMMENDATIONS**

It is recommended that Cabinet;

- (a) Approve the principle of establishing a Rushmoor Good Causes Lottery and authorise the Corporate Director, in consultation with the Cabinet Member for Concessions and Community Support, to finalise the details of the scheme
- (b) Request that the Borough Services Policy and Review Panel in consultation with the Portfolio Holder for Concessions and Community Support oversee the development of eligibility criteria for the good causes wishing to apply to join the scheme
- (c) Approve the commencement of the procurement process to secure an External Lottery Manager and to award the contract based on the procurement criteria specified in the tender process

**IAN HARRISON**  
**CORPORATE DIRECTOR**

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## Ward Community Grant Scheme

### 1. Background

- 1.1 For many years the Council has set aside a Community Grants Fund to support bids from local groups for small sums to assist with community projects or to further the aims of a community group.
- 1.2 Historically grants have been awarded following an application process and determined by the Cabinet Member for Concessions and Community Support.
- 1.3 This report proposes to make £6,500 of the current year's Community Grant Fund budget available to support a pilot scheme whereby Ward Councillors play a greater role in sponsoring community and voluntary groups in their own Wards.

### 2 Proposal

- 2.1 The details of the proposed pilot scheme are set out in Appendix 1 to this report overleaf.

### 3 Financial Implications

- 3.1 The total allocation for grants during the pilot period will be £500 per ward per year from the existing Community Grants Fund. This will account for £6,500 from the existing budget and will therefore not require any additional allocation of funds or supplementary estimates.

### 4 Recommendations

- 4.1 Cabinet are requested to agree and endorse the adoption of a Ward Community Grant Scheme on a pilot basis as set out in Appendix 1.
- 4.2 The Cabinet Member for Concessions and Community Support be required to review the effectiveness of this pilot scheme and report back to Cabinet by the 31<sup>st</sup> March 2017.

Ian Harrison  
Corporate Director

## WARD COMMUNITY GRANT SCHEME

### 1. Purpose

- 1.1 To empower Ward Councillors to play a greater role in sponsoring community and voluntary groups to enable them to achieve their local objectives.
- 1.2 In order to achieve this purpose, initially a pilot scheme will be introduced, making available a budget of up to £500 for community grants to local voluntary organisations, community groups and good causes within each electoral Ward.

### 2. How can an application be made

- 2.1 An application can be submitted by or through the Ward Councillors and it must be of benefit for the Ward. An application could be made for one-off projects, equipment/materials, individual events or to develop an organisation. A grant application should not usually be made to pay for day-to-day costs or general running costs of a group or scheme. Ideally, applications should show clear community benefits/need and demonstrate community support.
- 2.2 Applications should use a standard form and should normally be endorsed by all three Ward Councillors.

### 3. Processing applications

- 3.1 The Head of Community and Environmental Services will check applications to ensure that funding sources are not being duplicated from other sources and they are complete and clear. The level of any balances of the applicant will be taken into account in assessing need. The Cabinet Member for Concessions and Community Support will complete an executive decision form and reports will be made to Cabinet periodically on any grants awarded and refused.

### 4. Allocation of Grants

- 4.1 The total allocation for grants during the pilot period will be £500 per Ward per year from the existing Community Grants Fund. This will account for £6,500 from the existing budget.

### 5. Review of Pilot Period

- 5.1 The Cabinet Member for Concessions and Community Support will review the effectiveness of this pilot scheme and report to Cabinet by the 31<sup>st</sup> March 2017.

CABINET  
23 AUGUST 2016

CHIEF EXECUTIVE  
REPORT NO. CEX1601

**KPI LIMITED – ALTERATION TO DEVELOPMENT AGREEMENT**

**1. PURPOSE OF DECISION**

- 1.1 Key Property Investments (KPI) Limited, the joint venture between St Modwen Properties PLC and Sahlia Real Estate Co, has requested an amendment to the existing development agreement with Rushmoor Borough Council in order to enable them to bring forward proposals for the outstanding phases of the Farnborough Town Centre North Queensmead redevelopment.

**2. BACKGROUND**

- 2.1 Outline planning permission was originally granted for a major redevelopment at the northern end of the town stretching across from Queensmead to Firgrove Court and the Kingsmead car park in July 2003. Full planning permission (04/00080/FUL) was subsequently granted on 24<sup>th</sup> November 2004 for the following:

*Demolition and redevelopment to provide retail (A1/A2/A3) space including new superstore, commercial leisure (D2), office (B1a), hotel (C1) and residential accommodation (C3) together with associated provision for access, servicing, parking and landscaping at Kingsmead, The Mead, Firgrove Court and Land at Queensmead, Farnborough*

- 2.2 The proposals were broken down into 4 phases of development, referred to as Blocks 1-4. Blocks 1 and 2 have since been completed and consist of the Sainsbury's superstore, Travelodge hotel, Wetherspoons public house and town centre retail units alongside residential apartments above.
- 2.3 Progress is yet to be made on the delivery of Blocks 3 and 4 and this has been the cause of some frustration, particularly within the local community. Some of this delay can be attributed to the impacts of the financial recession. Further to this, there was a concerted effort to avoid higher 'void rates' within the town centre, which would have been the case had additional units been delivered whilst still seeking tenants for Blocks 1 and 2.
- 2.4 Rushmoor Borough Council, as the freeholder of the site, entered into a Development Agreement with KPI Ltd at the outset of the development scheme. A key component of that agreement is the ability for the Council to 'step in' at a certain point should the development be stalled. Step-in rights would enable the Council to step in to the shoes of another party, in this instance KPI Ltd, in relation to the obligations of the Development Agreement and appoint a new development partner to complete the scheme. The current agreement includes a step-in date of March 2017.

### **3. PROPOSAL**

- 3.1 KPI Ltd has requested an amendment to the Development Agreement that would allow for an extension of time before step-in rights become active. The request is for 5 years, which would revise the date to March 2022. Whilst Rushmoor Borough Council is keen to support the continued implementation of the consented scheme with KPI Ltd as the preferred development partner, there is a reluctance to agree a 5-year extension particularly given that the proposal has been with consent for approximately 12 years.
- 3.2 It is evident that the impending step-in date of March 2017 has delayed progress being made recently on the delivery of further phases due to the uncertainty it provides and the Council is keen to work pro-actively with KPI Ltd to ensure successful delivery of the scheme.
- 3.3 In the circumstances, I have advised KPI Ltd of my intention to recommend a 2-year extension to the current agreement, with the possibility of further extensions being granted subject to there being clear evidence of progress being made.

### **4. RECOMMENDATION**

It is recommended that Cabinet:

Approve a proposed amendment to the Development Agreement between Rushmoor Borough Council and KPI Ltd that would allow an additional 2 years before the 'step-in' rights are activated (March 2019).

**ANDREW LLOYD  
CHIEF EXECUTIVE**

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