

Public Document Pack



RUSHMOOR BOROUGH COUNCIL

CABINET

*at the Council Offices, Farnborough on
Tuesday, 21st August, 2018 at 7.00 pm*

To:

Cllr D.E. Clifford, Leader of the Council
Cllr K.H. Muschamp, Deputy Leader

Cllr Barbara Hurst, Planning and Economy Portfolio Holder
Cllr G.B. Lyon, Corporate and Democratic Services Portfolio Holder
Cllr M.L. Sheehan, Operational Services Portfolio Holder
Cllr P.G. Taylor, Customer Experience and Improvement Portfolio Holder
Cllr M.J. Tennant, Major Projects and Property Portfolio Holder

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

A G E N D A

1. **MINUTES** – (Pages 1 - 6)

To confirm the Minutes of the meeting held on 24th July, 2018 (copy attached).

2. **REVENUE BUDGET MONITORING AND FORECASTING 2018/19 - POSITION AT JULY, 2018** – (Pages 7 - 22)

(Cllr Gareth Lyon, Corporate and Democratic Services Portfolio Holder)

To consider Report No. FIN1825 (copy attached), which sets out the Council's anticipated financial position for 2018/19, based on the monitoring exercise carried out during July, 2018.

3. **CAPITAL PROGRAMME MONITORING AND FORECASTING 2018/19 - POSITION AT JULY, 2018** – (Pages 23 - 30)
(Cllr Gareth Lyon, Corporate and Democratic Services Portfolio Holder)

To consider Report No. FIN1826 (copy attached), which sets out the Council's position regarding the Capital Programme for 2018/19, based on the monitoring exercise carried out during July, 2018.

4. **COUNCIL PLAN 2018/19 - QUARTERLY UPDATE ON KEY ACTIONS APRIL - JUNE 2018** – (Pages 31 - 44)
(Cllr Gareth Lyon, Corporate and Democratic Services Portfolio Holder)

To receive Report No. ELT1803 (copy attached), which sets out the Council's performance information for the first quarter of 2018/19.

5. **TREASURY MANAGEMENT OPERATIONS 2017/18** – (Pages 45 - 64)
(Cllr Gareth Lyon, Corporate and Democratic Services Portfolio Holder)

To consider Report No. FIN1823 (copy attached), which provides details of the main treasury management operations for 2017/18.

6. **APPLICATION FOR DISCRETIONARY RATE RELIEF** – (Pages 65 - 74)
(Cllr Gareth Lyon, Corporate and Democratic Services Portfolio Holder)

To consider Report No. FIN1828 (copy attached), which gives details of an application for discretionary rate relief.

7. **FARNBOROUGH AIRPORT COMMUNITY ENVIRONMENTAL FUND** – (Pages 75 - 78)
(Cllr Maurice Sheehan, Operational Services Portfolio Holder)

To consider Report No. COMM1808 (copy attached), which sets out details of an application for a grant from the Farnborough Airport Community Environmental Fund.

8. **ALDERSHOT DIGITAL-GAMES HUB** – (Pages 79 - 114)
(Cllr Martin Tennant, Major Projects and Property Portfolio Holder)

To consider Report No. ED1802 (copy attached), which sets out an update on progress towards the development of a Digital-Games Hub in Aldershot.

9. **CORPORATE SANCTIONS AND ENFORCEMENT POLICY** – (Pages 115 - 128)
(Cllr Gareth Lyon, Corporate and Democratic Services Portfolio Holder)

To consider Report No. FIN1827 (copy attached), which sets out a proposed Corporate Sanctions and Enforcement Policy to replace the Council's existing Corporate Enforcement Policy.

10. **ALDERSHOT CREMATORIUM - REPAIRS TO CREMATORS** – (Pages 129 - 132)
(Cllr Maurice Sheehan, Operational Services Portfolio Holder)

To consider Report No. COMM1807 (copy attached), which seeks approval for a supplementary estimate to undertake urgent works at the Aldershot Crematorium.

11. **VOYAGER BUILDING - CPO APPROVAL OF ORDER** – (Pages 133 - 158)
(Cllr Martin Tennant, Major Projects and Property Portfolio Holder)

To consider Report No. LEG1808 (copy attached), which provides an update on the proposed acquisition of the Voyager Building, Farnborough to deliver, in partnership with the North East Hampshire and Farnham Clinical Commissioning Group, an Integrated Care Centre for the Farnborough locality.

12. **HYDE HOUSING ASSOCIATION STOCK DISPOSALS** – (Pages 159 - 166)
(Cllr Barbara Hurst, Planning and Economy Portfolio Holder / Cllr Martin Tennant, Major Projects and Property Portfolio Holder)

To consider Report No. LEG1809 (copy attached), which sets out a request by Hyde Housing Association for the Council to release legal covenants and reinvestment clauses in relation to a number of properties in its ownership in the Borough.

13. **EXCLUSION OF THE PUBLIC** –

To consider resolving:

That, subject to the public interest test, the public be excluded from this meeting during the discussion of the undermentioned items to avoid the disclosure of exempt information within the paragraphs of Schedule 12A to the Local Government Act, 1972 indicated against such items:

Item Nos.	Schedule 12A Para. No.	Category
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14 and 15	3	Information relating to financial or business affairs
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14. **PLANNING CONSENT - NEW ACCESS ROAD AT INVINCIBLE ROAD, FARNBOROUGH** – (Pages 167 - 172)
(Cllr Martin Tennant, Major Projects and Property Portfolio Holder)

To consider Report No. COMM1809 (copy attached), which seeks approval to apply for planning consent for a new access road between Invincible Road and Elles Road, Farnborough.

15. **THE GALLERIES AND THE HIGH STREET MULTI-STOREY CAR PARK, ALDERSHOT** – (Pages 173 - 176)
(Cllr Martin Tennant, Major Projects and Property)

To consider Exempt Report No. CEX1804 which provides an update on the approach to the Galleries redevelopment and redevelopment of the High Street Multi-Storey Car Park, Aldershot.

CABINET

Meeting held on Tuesday, 24th July, 2018 at the Council Offices, Farnborough at 7.00 pm.

Voting Members

Cllr D.E. Clifford, Leader of the Council
Cllr K.H. Muschamp, Deputy Leader

Cllr Barbara Hurst, Planning and Economy Portfolio Holder
Cllr G.B. Lyon, Corporate and Democratic Services Portfolio Holder
Cllr M.L. Sheehan, Operational Services Portfolio Holder
Cllr P.G. Taylor, Customer Experience and Improvement Portfolio Holder
Cllr M.J. Tennant, Major Projects and Property 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 **6th August, 2018**.

11. MINUTES –

The Minutes of the meeting of the Cabinet held on 29th May, 2018 were confirmed and signed by the Chairman.

12. BUSINESS RATES - DISCRETIONARY RATE RELIEF POLICY FOR DISCRETIONARY REVALUATION RELIEF –

(Cllr Gareth Lyon, Corporate and Democratic Services Portfolio Holder)

The Cabinet considered Report No. FIN1821, which set out a proposed amendment to the Council's Discretionary Rate Relief Policy to reduce business rates liabilities to those businesses that had been worst affected by the 2017 Business Rates national revaluation.

Members were informed that the proposed amendment was in respect of the percentage reduction to be awarded to qualifying businesses for the 2018/19 financial year in line with the reduced funding available from central government for the second year of this four-year scheme.

The Cabinet RESOLVED that, for qualifying businesses, where the increase in Business Rates payable between 2016/17 and 2017/18 was greater than 10%, the application of relief at a rate of 17% for 2018/19, as set out in Report No. FIN1821, be approved.

13. APPOINTMENT OF AN INVESTMENT PARTNER TO SUPPORT THE REGENERATING RUSHMOOR PROGRAMME –

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

The Cabinet considered Report No. CEX1802, which provided an update on the process to appoint an Investment Partner to support the 'Regenerating Rushmoor' programme and to set out the proposed next steps.

Members were informed that the selection process had produced a shortlist of three strong applicants. It was confirmed that the two companies that had not been selected at the final evaluation stage would be held as reserves should it prove difficult to secure agreement with the preferred provider on the required business plan and legal agreements. It was confirmed that Hill Investment Partnership Limited had performed strongly during the selection process and was considered to be best placed to provide the expertise and investment required to deliver a joint venture of this type.

The Cabinet RESOLVED that

- (i) the appointment of Hill Investment Partnership Limited as the Council's preferred Investment Partner, as set out in Report No. CEX1802, be approved;
- (ii) the commencement of a period of due diligence with the preferred partner be approved, with a further recommendation to be presented to the Cabinet and the Council in due course, with the Chief Executive authorised in the meantime to undertake necessary preliminary actions and to incur expenditure as required, within the budget agreed at (iv) below, to enable the effective establishment of an Investment Partnership;
- (iii) the establishment of a Shadow Partnership Board and Shadow Investment Team to oversee the development of the proposals be approved, the make-up of which in terms of Council representation being delegated to the Chief Executive, in consultation with the Council's Monitoring Officer; and
- (iv) a supplementary estimate of up to £50,000 for the next phase of the process, as set out in Report No. CEX1802, be approved.

14. **SURREY HEATH DRAFT LOCAL PLAN ISSUES AND OPTIONS / PREFERRED OPTIONS CONSULTATION –**
(Cllr Barbara Hurst, Planning and Economy Portfolio Holder)

The Cabinet considered Report No. PLN1817, which sought agreement to submit comments in response to the Surrey Heath Draft Local Plan Issues and Options/Preferred Options consultation.

The Report set out the context of this consultation in terms of the National Planning Policy Framework and explained how Surrey Heath, Rushmoor and Hart Councils together formed a Housing Market Area. It was predicted in the document that Surrey Heath Borough Council would fall short of its objectively assessed housing need within its administrative area. The Council's proposed response encouraged Surrey Heath to explore further potential opportunities to increase capacity for housing and to continue to work proactively to address this unmet need within its area.

The Cabinet discussed several elements of the consultation, including whether the changes just announced by the Government to the National Planning Policy

Framework would have implications for the proposed response to the consultation. It was agreed that this would be investigated prior to the response being submitted.

The Cabinet RESOLVED that the Council makes representations on the Surrey Heath Draft Local Plan Issues and Options/Preferred Options consultation, based on the response set out in Report No. PLN1817 and subject to any alterations as a result of the changes to the National Planning Policy Framework, with any proposed amendments to the response being agreed by the Head of Planning, in consultation with the Planning and Economy Portfolio Holder.

15. **PROPOSED REVISION TO THE COUNCIL'S STATEMENT OF LICENSING POLICY –**

(Cllr Maurice Sheehan, Operational Services Portfolio Holder)

The Cabinet considered Report No. EHH1821, which outlined a number of proposed changes to the Council's Statement of Licensing Policy in relation to the Licensing Act 2003.

Members were informed that there had been some legislative changes and changes to associated guidance issued by the Secretary of State since the Policy had been last reviewed in 2010. The Report set out the proposed changes to the Policy which included the withdrawal of neighbourhood notifications and how the Council's Cumulative Impact Policy in relation to Aldershot town centre had lapsed and was not being proposed to be reinstated. It was confirmed that, following a period of consultation, any material representations would be reported to the Cabinet prior to the Policy being submitted to the Council for approval.

The Cabinet RESOLVED that the revised Statement of Licensing Policy be approved for public consultation.

16. **FARNBOROUGH AIRPORT COMMUNITY ENVIRONMENTAL FUND –**

(Cllr Maurice Sheehan, Operational Services Portfolio Holder)

The Cabinet considered Report No. COMM1806, which sought approval to award grants from the Farnborough Airport Community Environmental Fund to assist local projects.

The Operational Services Portfolio Holder had considered two applications and had recommended that both awards should be made.

The Cabinet RESOLVED that grants be awarded from the Farnborough Airport Community Environmental Fund to the following organisations:

Rotary Club of Aldershot	£6,000
Friends of Basingbourne Park	£5,000

17. **COUNCIL OFFICES IMPROVEMENT PROGRAMME –**

(Cllr Paul Taylor, Customer Experience and Improvement Portfolio Holder)

The Cabinet considered Report No. IT1801, which set out a summary of the Council's Council Offices Improvement Programme and sought authority to access

the current Capital Programme budget to implement the associated projects. The Report also set out the associated costs of Citizens Advice Rushmoor relocating to the Council Offices.

The Report set out proposed expenditure on a number of routine maintenance issues, including the repair of the passenger lift. It was confirmed that most of the cost of repairing the lift would be recoverable through the Council's insurance policy. In considering the proposal for the Council to install an electrical connector to enable connection to an externally provided mobile electricity generator in the event of a major power failure, Members requested that further consideration should be given to the risks associated with this approach compared with the Council purchasing its own generator. In response to a question, it was confirmed that the Council already owned a generator capable of providing emergency power to an Emergency Control Centre and other essential services. The Report also set out further costs associated with various proposed improvements to the Council Offices.

The Cabinet RESOLVED that

- (i) the improvement projects, as set out in Report No. IT1801, be approved;
- (ii) the release of £95,000 from the Council's Capital Programme in respect of the projects, as set out in the Report, be approved, subject to the preferred option in respect of the Council's business continuity provision being agreed by the Head of IT and Facilities, in consultation with the Customer Experience and Improvement Portfolio Holder; and
- (iii) variations to the Council's Capital Programme of £10,000 in respect of the relocation of Citizens Advice Rushmoor and £27,000 in respect of repairs to the passenger lift, as set out in the Report, be approved.

NOTE: Cllr Barbara Hurst declared a personal but non prejudicial interest in this item in respect of her involvement as a Board member and the Council's representative with Citizens Advice Rushmoor and, in accordance with the Members' Code of Conduct, remained in the meeting during the discussion and voting thereon.

18. RENDER REPAIR AT NO. 168 HIGH STREET, GUILDFORD –
(Cllr Martin Tennant, Major Projects and Property Portfolio Holder)

The Cabinet considered Report No. LEG1807, which requested funding for urgent repair works at No. 168 High Street, Guildford, which was owned by the Council.

The Report explained that works totalling £65,000 were required to repair the external render to several parts of the property. Members were informed that the cost of the works was fully recoverable, in due course, from the tenants but that the works would need to be funded, initially, by the Council. It was anticipated that the full cost of the works would be recovered from the tenants by 2020.

The Cabinet RESOLVED that a supplementary estimate of £65,000 to fund the works, as set out in Report No. LEG1807, be approved.

19. **SALE OF FORMER HIGHWAY LAND AT PEGASUS AVENUE - NORTH TOWN REDEVELOPMENT PHASE 6 –**
(Cllr Martin Tennant, Major Projects and Property Portfolio Holder)

The Cabinet considered Report No. LEG1806, which sought approval to sell former highway land at Pegasus Avenue, Aldershot to VIVID, following the redevelopment of North Town – Phase 6.

The Report explained that the redevelopment had involved the redesign of the site and that this had led to areas of former highway and footpath land remaining in the ownership of the Council. Where this was the case, VIVID would require a transfer of ownership to them to enable the letting or sale of the newly constructed properties. Whilst Savills had placed a valuation of nil on the land, the District Valuer had been asked to value the land and VIVID had committed to pay the District Valuer's valuation, along with the cost of the District Valuer's report and any associated legal costs relating to the transfer of the land.

The Cabinet RESOLVED that the Executive Director, in consultation with the Major Projects and Property Portfolio Holder, be authorised to sell the former highways land at North Town Phase 6, shown on the plan at Appendix 1 of Report No. LEG1806, to Vivid for a price to be determined, based on advice from the District Valuer.

The Meeting closed at 7.55 pm.

CLLR D.E. CLIFFORD, LEADER OF THE COUNCIL

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CABINET
21 AUGUST 2018

COUNCILLOR GARETH LYON
CORPORATE AND DEMOCRATIC SERVICES
PORTFOLIO HOLDER

REPORT NO. FIN1825

REVENUE BUDGET MONITORING & FORECASTING 2018/19
POSITION AT JULY 2018

SUMMARY:

This report sets out the anticipated financial position for 2018/19, based on the monitoring exercise carried out during July 2018.

RECOMMENDATIONS:

Members are requested to note the latest Revenue Budget monitoring position

1 INTRODUCTION

- 1.1 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.
- 1.2 The current approved budget is the Original Budget for 2018/19 as approved by Council on 22 February 2018 plus any subsequently approved supplementary estimates, virements and budget carry-forwards from 2017/18.
- 1.3 This information is consolidated to produce an updated forecast of the revenue position at the end of 2018/19 at Appendix A.

2 OPENING BALANCES AND BUDGET ADJUSTMENTS

- 2.1 The final outturn position for 2017/18 showed a marked improvement in the general fund balance when compared to budget, taking the balance to the top of the range of £1m - £2m set in the Medium Term Financial Strategy and allowing for a transfer to the Stability and Resilience Reserve of £550,000.
- 2.2 This improvement was due to a combination of factors including continued spending restraint by budget officers; additional income achieved by services; further savings on employee costs across the organisation and some additional grant funding.
- 2.3 As indicated in paragraph 1.2, the current approved budget includes carry-forwards of unspent budgets from 2017/18 of £341,440, of which £109,280 is to be met from grants received in prior years, with the remainder being funded from underspends in 2017/18, which were set aside in an earmarked reserve. This means that this expenditure will have no effect on balances in the current year.

- 2.4 A number of supplementary estimates have been approved for both income and expenditure during the first quarter of 2018/19 resulting in a net increase to the budget of £110,620.
- 2.5 A number of virements have been requested in the first quarter of the current year, which simply move costs between detailed budget lines or between cost centres in order to improve budget management or to move resources against priorities. Budget holders are required to look first to existing resource before seeking supplementary estimates and to work collaboratively to fund in-year budget pressures from one-off, in-year underspends/savings. This is likely to increase the number of virements requested but should be expected to reduce the pressure for growth in the year.
- 2.6 In order to balance the revenue budget for 2018/19, and to support the future financial sustainability of the Council, savings and efficiencies of £1,550,000 are required for the year, in addition to staff turnover savings of £325,000.
- 2.7 Savings of £614,020 have already been delivered and removed from the base budget during quarter 1. This includes £408,000 from commercial property rent, £111,000 additional income from planning fees, £114,000 saving in staffing costs and £15,000 procurement savings partially offset by a one-off increase in IT costs of £34,000, which delivers savings in future years. This leaves a savings target of £935,980 to deliver during the year.
- 2.8 This new approach of adjusting the budget as soon as savings are certain, rather than waiting until revised budgets are confirmed in February, means that savings are easily tracked via a separate dataset within the Council's financial management system. This makes the process more transparent and easier for budget holders to manage their remaining budgets. In addition, procurement savings are now tracked and budgets adjusted at the close of each procurement exercise, giving greater clarity on the outcome of procurement work.

3 REPORTED VARIANCES - QUARTER 1

- 3.1 Service managers have identified a net favourable variance (underspend) of £260,810 as likely to occur in 2018/19. Major variances are set out in Appendix B.
- 3.2 Some of the identified variances will be offset by changes to the level of transfers to or from reserves. For example, a decrease in income from on-street parking will decrease 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 results in a favourable variance of £82,000 to the general fund. Income received in the year for the maintenance of Suitable Alternative Natural Green Space (SANG) is transferred to earmarked reserves to support SANG maintenance in future years. This increases the transfer to reserves by approximately £375,000 and shows as an unfavourable variance. Additional grants of £160,600 have been received during quarter 1, some of which will also be transferred to

reserves for use in future years.

- 3.3 There is a net increase of £24,500 in corporate expenditure resulting from minor reductions in both interest payable on borrowing and receivable on investments, offset by a one-off refund for Licensing Fees and an increase in the provision for doubtful debts resulting from an increase in the number of unpaid rent deposits and bond claims.
- 3.4 The other significant savings target within the budget comes from expected savings due to staff turnover i.e. the short-term savings occurring in the gap between employees leaving the Council and their replacements starting. Turnover is relatively consistent year on year but does fluctuate in times of high unemployment, for example. Normally, around £70,000 - £100,000 of saving can be identified at the first quarter, which would then support the achievement of the full £325,000 by the year-end. This has again been the case for the current year after adjusting for the effects of staffing changes already planned as part of the savings requirement.
- 3.5 The original budget had built in sufficient savings to enable a transfer of £240,960 to be made to the General Fund to boost balances to the top of the approved range (£2m). The approval of supplementary estimates (additional expenditure) of £110,620 reduces the available transfer to £130,340. However, the improved outturn for 2017/18, as referred to in paragraph 2.1, had already increased the general fund balance to the maximum £2m so the transfer is no longer required and can be offset against the savings target.
- 3.6 Once combined, the above variances total £116,115 in savings and efficiencies or increased income, which can be set against the remaining target of £935,980. This report assumes that the remaining £819,825 savings will be achieved during the year. This is not unreasonable, given the further property purchases expected to be completed during the year, alongside return on other local investments currently nearing completion.
- 3.7 As a result of the variations referred to above, the general fund forecast continues to show a projected year-end balance of £2 million. A summary of the movement is set out in the following table:

	£000
Forecast balances at original budget setting	1,703
Less:	
Supplementary Estimates	(111)
Transfer to GF no longer required	(130)
Plus:	
Improvement in balances at close of 2017/18	538
Current forecast balances for end of 2018/19	2,000

4 RESERVES

- 4.1 The two reserves key in supporting the revenue budget are the Stability and

Resilience Reserve (SARR) and the Service improvement Fund (SIF). While the SARR is available to manage one-off fluctuations in the Council's net expenditure budgets the SIF is designed to support invest-to-save schemes that provide a long term benefit to the Council. The latest forecast of spending from the Service Improvement Fund is shown below:

	2018/19 Original Budget	2018/19 Supplementary Estimates	2018/19 Total Approved Budget	2018/19 Forecast	2019/20 Forecast
SERVICE IMPROVEMENT FUND					
Opening balance on Fund			890,766	890,766	99,432
Additional Income			0		
HR Policy	9,950	0	9,950	9,756	0
Finance Improvement Projects	10,810	0	10,810	10,810	2,970
Legal Compliance	6,050	0	6,050	6,050	0
Temporary Property Assistant	24,930	0	24,930	24,930	8,390
Regeneration Support	60,000	0	60,000	60,000	60,000
Organisational Redesign & Structure Review	0	300,000	300,000	300,000	0
Rushmoor 2020	0	379,788	379,788	379,788	0
Expenditure in year	111,740	679,788	791,528	791,334	71,360
Closing balance			99,238	99,432	28,072

4.2 The Service Improvement Fund received an injection of income towards the end of 2017/18 of just under £380,000 from proceeds the Council received for the release of a covenant. This was a vital injection of funds to support key projects such as Rushmoor 2020.

4.3 Based on the existing Medium-Term Financial Forecast adjusted for the current monitoring position and use of the SIF as set out above but with the addition of a significant drawdown in 2018/19 as new projects come on stream, the overall effect on the key working balances would be as follows:

Revenue Balances	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
General Fund Balance	2,000	2,000	2,000	2,000
Stability & Resilience Reserve	4,358	4,358	4,358	4,358
Service Improvement Fund	891	99	28	-
Estimated Balances at 31 March	7,249	6,457	6,386	6,358
	9.06%	8.07%	7.98%	7.95%

This will maintain working balances above the 5% target (of gross expenditure) approved in the Medium-Term Financial Strategy. The Council intends to work to a more risk-based analysis of its reserves in the next iteration of the Medium-Term Financial Strategy in order to provide a more in-depth analysis of its reserves make-up and ensure that the level of reserves adequately mitigates the financial risks facing the Council.

4.4 Efficiency projects can also be supported by capital receipts from the sale of surplus assets for a limited three-year period, which commenced in 2016/17 but has now been extended for a further three years.

4.5 The forecast of expenditure for these projects is shown in the following table:

Project	Actuals 2016/17	Actuals 2017/18	Original Budget 2018/19	Slippage/ (Pre- Spend) from 2017/18	Total Approved Budget 2018/19	Forecast Spend 2018/19	Variance (Forecast Spend Against Total Approved Budget 2018/19)	Completed (C)
Opening Balance	500,000	338,224	484,873		520,509	520,509	520,509	
Additional Capital Receipt		480,000						
Income Generation & Commercial								
Creation of new income generating assets	24,226	-	-	-	-	-	-	C
To support the delivery of the Housing and Regeneration Programme	-	58,157	13,765	25,338	39,103	39,103	0	
To invest in property, diversifying the asset portfolio and securing greater returns	10,000	20,000	-	-	-	-	-	C
To explore new ways of delivering services while maintaining or improving service standards and reducing costs	-	-	45,000	35,000	80,000	80,000	-	
Making better use of existing assets by utilising land for advertising hoardings in order to maximise revenue return.	6,500	-	-	-	-	-	-	C
Making better use of existing assets by utilising land for advertising hoardings in order to maximise revenue return (Phase 2)	-	-	33,500	-	33,500	-	33,500	
To understand sales trends, price demand and ticket buying behaviour	-	-	-	12,000	12,000	12,000	-	
Organisational Development								
Review the functional and organisational arrangements of the Council, identifying a range of possible options for the design of the organisation and the implications of future ways of working	98,200	23,391	-	80	80	-	80	C
Review the functional and organisational arrangements of the Council, identifying a range of possible options for the design of the organisation (Phase 2)	-	32,547	289,305	32,547	256,758	256,758	0	
Customer & Digital								
A comprehensive IT approach to integrate the client and contractor systems	-	48,351	32,535	4,114	36,649	36,649	-	0
Feasibility and implementation of an expanded customer hub model	-	51,076	67,740	11,076	56,664	56,664	-	0
Setting up new governance arrangements and project management support to overall transformation programme	16,852	5,900	-	0	0	-	-	C
To successfully implement the new waste contract	6,000	58,293	2,980	2,727	5,707	-	5,707	C
Total Expenditure	161,777	297,715	484,825	35,636	520,461	481,174		
Closing Balance	338,224	520,509			48	39,335		

- 4.6 The Flexible Use of Capital Receipts Strategy 2018/19 was approved at Full Council on 22 February 2018. An update on the 2017/18 Strategy was provided to Full Council on 22 February 2018, when the Strategy for 2018/19 was agreed. The Strategy set aside a total of £980,000 for a period of 3 years, which commenced on 1 April 2016, for projects designed to generate ongoing revenue savings or for income generation. The table details the projects included in the Strategy and shows a forecast position following the latest budget monitoring. A summary of the main variances are as follows:
- 4.7 *Making better use of existing assets by utilising land for advertising hoardings in order to maximise revenue return:* £33.5k was included for major motorway advertising. However, due to the nature of the motorway in the area now being a 'smart' motorway, Highways England has advised permission is unlikely to be granted and therefore the project has ceased.
- 4.8 *To successfully implement the new waste contract:* The waste contract mobilisation is substantially completed and any additional works to ensure all the value added items are mobilised can now be resourced within the service.

5 RISKS

- 5.1 The most significant risk facing the Council is the non-achievement of its financial savings targets over the medium-term. This could be caused by non-delivery of projects due to lack of resources and essential skills. This risk is mitigated by the use of the reserves as set out in the previous section.
- 5.2 In addition, governance of major projects has been strengthened by the introduction of new, Officer/Member steering groups for both Rushmoor 2020 (modernisation and transformation programme) and for the Regeneration Programme and a preferred investment partner has been selected to support regeneration. The Chief Executive's new organisational structure proposals are being implemented and recruitment to key posts is progressing. All of this supports the Council's ability to deliver its key priorities and achieve the necessary savings (through increased income or reduced expenditure) to provide for a sustainable financial future.
- 5.3 Another major risk is the operation of the business rates retention scheme, including potential changes due to the introduction of a 75% retention scheme in 2020/21. Of particular concern, is the Fair Funding Review currently taking place, which could see the baselines for individual authorities' funding being reset, leading to redistribution of resources across the country and between local government tiers (Counties and Districts). The Council is responding to consultation on these issues and will be considering the recently released consultation on the 2019/20 Local Government Finance Settlement, which includes issues such as New Home Bonus and negative Revenue Support Grant.
- 5.4 Other risks that should be considered are:
- The delivery of major change programmes in the organisation

- 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 Pension Fund; the value of properties including those recently purchased; the interest earned on the Council's investments or payable on its borrowings
- 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, such as Welfare reform or the Housing and Planning Act
- Risk of change to the growth threshold within the New Homes Bonus which could raise the point at which NHB becomes payable and therefore reduce local funding if local growth is not keeping pace with the national picture
- Maintaining a balance between new priorities and achieving savings targets
- The effect of decisions made by other external institutions to reduce/cease funding that may affect the financing of Council activities, or place pressure on Rushmoor to meet the shortfall in order to maintain service levels
- Pressure on employee costs from job evaluation for existing posts and potential for costly interim arrangements if recruitment to new roles is unsuccessful

6 CONCLUSIONS

- 6.1 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.
- 6.2 This first quarter budget monitoring cycle includes some significant savings and the anticipated further investment in commercial property and other local investment plans, should generate additional income which will meet the current year's savings target and build towards a sustainable future.
- 6.3 However, unfavourable variances within existing services must be corrected if the long-term sustainability of the organisation is to be achieved. On-going savings should be contributing to the overall reduction in service budgets rather than offsetting underachievement of existing income streams or additional costs.
- 6.4 The current monitoring position shows general fund balances at the top of the range for balances at £2 million, at the close of 2018/19, assuming the achievement of an additional £819,825 of savings during the year.

- 6.5 Should the additional savings not be achieved there is short-term flexibility to support the general fund balance through use of the Stability and Resilience reserve but reductions in net expenditure must be achieved in the longer-term to avoid reliance on one-off funding.
- 6.6 At the same time as delivering on-going core services and major change programmes (Rushmoor 2020/Regeneration), the Council is making significant changes to its leadership team and its operating structure, the effect of which needs to be monitored closely to avoid any slippage in delivery of priorities and/or savings which could jeopardise the financial future of the authority.

CONTACT DETAILS:

Report Author/Head of Service
Amanda Fahey – Executive Head of Finance
Amanda.Fahey@Rushmoor.gov.uk
01252 398440

GENERAL FUND REVENUE BUDGET SUMMARY

APPENDIX A

	Original Estimate 2018/19 £000	Current Approved Estimate 2018/19 £000	Forecast Outturn 2018/19 £000
PORTFOLIO EXPENDITURE			
1 Corporate and Democratic Services	5,553	5,577	5,544
2 Customer Experience and Improvement	(6)	(3)	38
3 Major Projects and Property	(1,354)	(1,688)	(1,608)
4 Operational Services	7,819	7,957	7,596
5 Planning and Economy	2,634	2,710	2,722
6 PORTFOLIO NET EXPENDITURE	14,646	14,553	14,292
7 Capital Accounting Charges - reversed	(1,491)	(1,491)	(1,491)
8 IAS 19 Pension costs - reversed	(613)	(613)	(613)
9 NET EXPENDITURE AFTER ADJUSTMENTS	12,542	12,449	12,188
10 Reductions in Service Costs/Income Generation	(1,550)	(936)	(820)
11 Vacancy Monitoring	(325)	(325)	(325)
12 Corporate Income and Expenditure	163	163	188
13 Contributions to/(from) Reserves	(35)	(445)	(34)
14 Central Government Funding	(4,888)	(4,888)	(5,049)
15 NET TOTAL EXPENDITURE	5,907	6,018	6,148
16 Contribution to/(from) balances	241	130	0
17 COUNCIL TAX REQUIREMENT	6,148	6,148	6,148

REVENUE BALANCES			
18 1 April	1,462	1,462	2,000
19 General Fund Transfer	241	130	0
20 31 March	1,703	1,592	2,000

Notes:

12 Corporate Income and Expenditure			
Interest Receivable	(846)	(846)	(835)
Interest Payable	296	296	269
Minimum Revenue Provision	807	807	807
Collection Fund (Surplus)/deficit - CTax	(100)	(100)	(100)
Collection Fund (Surplus)/deficit - NNDR	22	22	22
Other corporate income and expenditure	(16)	(16)	25
Total	163	163	188
13 Contributions to/(from) Reserve Accounts			
Transfer to CPE Surplus Account	212	212	130
Contributions to/(from) earmarked reserves/prior year grants	(247)	(657)	(164)
Transfer to/(from) Service Improvement Fund	-	-	-
Transfer to/(from) Stability and Resilience Reserve	-	-	-
Total	(35)	(445)	(34)
14 Central Government Funding			
New Burdens Grant/Other non ring-fenced funding	-	-	(161)
New Homes Bonus	(1,095)	(1,095)	(1,095)
Revenue Support Grant	(190)	(190)	(190)
RBC share of rates collected	(19,797)	(19,797)	(19,797)
Tariff payable	15,709	15,709	15,709
Levy payable	1,267	1,267	1,267
S31 grants in relation to business rates	(782)	(782)	(782)
Total	(4,888)	(4,888)	(5,049)

**GENERAL FUND REVENUE ACCOUNT 2018/19
PRINCIPAL VARIATIONS FROM CURRENT APPROVED BUDGET**

The variances identified by service during July 2018 budget monitoring exercise and amounting to a net underspend of approximately £260,810 are shown below

Corporate and Democratic Services Portfolio		VARIANCES RELATED TO EXPENDITURE BUDGETS	£000
Corporate Manager Legal Services	Support Service	Counsel's Fees have a potentially favourable variance due to increase in last year's budget and subsequently this years to cover additional costs that have not materialised	(20)
	Community Transport	Reduction in spend on the Community Transport grant to Dial A Ride due to efficiency savings	(8)
All other expenditure variances for this portfolio			(3)
Total Expenditure Variances in Corporate and Democratic Services Portfolio			(31)

Total Expenditure Variances in Corporate and Democratic Services Portfolio	(31)
Total Income Variances in Corporate and Democratic Services Portfolio	(1)
Total Net Variance in Corporate and Democratic Services Portfolio	(32)

Customer Experience and Improvement Portfolio		VARIANCES RELATED TO EXPENDITURE BUDGETS	
Head of Customer Experience	Customer Services Unit	Reduction in spend on postages	(5)
	Communications	Budget for web development not included at budget process stage	16
Head of IT, Projects and Facilities	Applications Support	Increase in spend on applications software due to a number of upgrades and patches required to several systems	10
	Council Offices	Significant increase in disposal of confidential waste as a result of GDPR. There will be an ongoing increase in shredding due mainly to GDPR	10
All other expenditure variances for this portfolio			15
Total Expenditure Variances in Customer Experience and Improvement Portfolio			46

Customer Experience and Improvement Portfolio		VARIANCES RELATED TO INCOME BUDGETS	
Head of Customer Experience	Communications	Increase in income due to income generation through advertising space in Arena magazine	(6)
All other income variances for this portfolio			0
Total Income Variances in Customer Experience and Improvement Portfolio			(6)
Total Expenditure Variances in Customer Experience and Improvement Portfolio			46
Total Income Variances in Customer Experience and Improvement Portfolio			(6)
Total Net Variance in Customer Experience and Improvement Portfolio			40

Major Projects and Property Portfolio		VARIANCES RELATED TO EXPENDITURE BUDGETS	
Executive Head of Regeneration and Property	Estates	Adverse variance for valuation and viability costs due to increase in number of surveys	8
	168 High Street, Guildford	Adverse variance on repairs and maintenance for render repair to exterior of Steamer Trading building	60
	Wellesley House, 10a Eelmoor Road	Adverse variance on repairs and maintenance due to unforeseen work on Wellesley House; water leak and drain damage repairs plus works to secure the site from fly tipping and tarmac damage. Also, adverse variance for Management Fee and Service Charges due to new managing agent and additional costs for support and out-of-hours help desk that they provide	6
	36-63 Union Street, Aldershot	Additional NNDR bill for 52 Union Street. Newly purchased property and tenant has vacated	5
All other expenditure variances for this portfolio			8
Total Expenditure Variances in Major Projects and Property Portfolio			87

Major Projects and Property Portfolio		VARIANCES RELATED TO INCOME BUDGETS	
Executive Head of Regeneration and Property	Wellesley House, 10a Eelmoor Road	Favourable variance in rents received and service charge income due to new tenant	(6)
All other income variances for this portfolio			(1)
Total Income Variances in Major Projects and Property Portfolio			(7)

Total Expenditure Variances in Major Projects and Property Portfolio			87
Total Income Variances in Major Projects and Property Portfolio			(7)
Total Net Variance in Major Projects and Property Portfolio			80

Operational Services Portfolio		VARIANCES RELATED TO EXPENDITURE BUDGETS	
Head of Operational Services	Parks and Recreation Grounds	Spend on Prospect Tree Project (offset by funding from Prospect Estate Big Local)	7
	Car Parks	Reduction in spend on car park lift maintenance as the lift is no longer in operation	(6)
	Parking Management	Reduction in spend on gantry barriers	(8)
	Grounds Maintenance Contract	Reduction in contractor cost due to inventory changes within the contract	(8)
	Domestic Refuse	Additional contractor payment on domestic refuse routine works	15
		Additional spend on bulky waste contract payment due to increased demand in service (covered by additional income)	12
	Recycling	Reduction in spend on contractor payment	(15)
		Additional spend as the contractual inflationary uplift was more than the budgeted inflationary uplift:	
		Grounds Maintenance Contract	5
		Domestic Refuse	9
		Recycling	6
	Street Cleansing	8	
	Additional contract leisure contract payment following a revised percentage being used when calculating the Business Rates saving: Aldershot Indoor Pool	6	
All other expenditure variances for this portfolio			24
Total Expenditure Variances in Operational Services Portfolio			55

Operational Services Portfolio		VARIANCES RELATED TO INCOME BUDGETS	
Head of Operational Services	Health and Safety	Shortfall in Health and Safety courses and Primary Authority income due to insufficient capacity to promote income generation	7
	Food, Health and Safety	Additional income from work required for the airshow	(5)
	Licensing General	Additional premises licences income	(6)
	Alpine Snowsports Centre	Additional profit share anticipated for 2017/18 activities over and above the accrued estimate	(10)
	Parks and Recreation Grounds	Income for Prospect Tree Project (offset by expenditure)	(7)
		Developers income received for Southwood Woodlands SANG	(146)
		Developers income received for Rowhill SANG * These SANG receipts will be transferred to the SANG earmarked reserve from the general fund at year-end	(229)
	Car Parks	Additional season ticket income	(63)
		Shortfall in penalty charge notice fine income due to staff vacancies	45
	Parking Management	Shortfall in penalty charge notice fine income due to staff vacancies	50
	Crematorium	Additional memorial income mainly from memorial renewals	(18)
	Domestic Refuse	Additional bulky waste income expected due to increased demand in service	(40)
	Recycling	Additional Material Recovery Facilities income due to market conditions	(33)
		Additional recycling credit income due to increased volume	(5)
All other income variances for this portfolio			44
Total Income Variances in Operational Services Portfolio			(416)
Total Expenditure Variances in Operational Services Portfolio			55
Total Income Variances in Operational Services Portfolio			(416)
Total Net Variance in Operational Services Portfolio			(361)

Planning and Economy Portfolio		VARIANCES RELATED TO EXPENDITURE BUDGETS	
Head of Economy, Planning and Strategy Housing	Princes Hall	Reduction in spend on publicity and advertising	(7)
	Special Events	Reduction in spend on the firework event in 2018 Additional spend on the Victoria Day event (of which £3,700 is funded by sponsorship and stalls and funfair income and £1,000 is funded from the Community Grant received at the end of 2017 for the 2018 event and is held in the earmarked reserves)	(16) 5
All other expenditure variances for this portfolio			4
Total Expenditure Variances in Planning and Economy Portfolio			(14)

Planning and Economy Portfolio		VARIANCES RELATED TO INCOME BUDGETS	
Head of Economy, Planning and Strategy Housing	Special Events	Reduction in firework event income	30
	Development Control	Favourable variance for S106 Admin/Monitoring charge. No income is budgeted for as monies relate to historic S106 agreements Adverse variance on sales, due in part to an increase in the availability of information online	(6) 5
All other income variances for this portfolio			(4)
Total Income Variances in Planning and Economy Portfolio			25

Total Expenditure Variances in Planning and Economy Portfolio	(14)
Total Income Variances in Planning and Economy Portfolio	25
Total Net Variance in Planning and Economy Portfolio	12

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CABINET
21 AUGUST 2018

COUNCILLOR GARETH LYON
CORPORATE AND DEMOCRATIC SERVICES
PORTFOLIO HOLDER

REPORT NO. FIN1826

**CAPITAL PROGRAMME MONITORING AND FORECASTING 2018/19 -
POSITION AT JULY 2018**

SUMMARY AND RECOMMENDATIONS:

SUMMARY:

This report informs Members of the latest forecast of the Council's Capital Programme for 2018/19 based on the monitoring exercise carried out during July 2018.

RECOMMENDATION:

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

1. INTRODUCTION

- 1.1 This report informs Members of the latest forecast regarding the Council's Capital Programme for first quarter of 2018/19, 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 The Council approved the Capital Programme £28,718,000 on 22 February 2018.
- 3.2 Based on July 2018 monitoring exercise the table that follows shows the current approved budget together with the projected actual capital expenditure for the year 2018/19.

Analysis of capital expenditure and approved budget for the year 2018/19	£000
Total approved budget for the year 2018/19	28,718
Additional budget approvals made for the year 2018/19	7,399
Slippage from 2017/18	19,936
Total approved budget for 2018/19	56,053
Forecast capital expenditure for the year	54,052
Net favourable variance (against the approved budget)	(2,001)
<i>Element of the above variance that will be slipped into 2019/20</i>	<i>1,055</i>

- 3.3 There are some projects of major financial significance included in the Council's approved Capital Programme for 2018/19. These projects are (a) continued construction of the Council's new Depot, (b) Aldershot Town Centre Integration, (c) Union Street (Aldershot) developments, (d) finalisation of a loan to Farnborough International & (e) further acquisition of investment properties.
- 3.4 A Portfolio summary of all approved projects is shown at Appendix A to this report. This Appendix includes a list of all expenditure and grant/contribution variations that have been approved since Full Council approved the Original Estimate for 2018/19 on 22nd February for the financial year 2018/19.
- 3.5 At the time of compiling this report, the new Depot site is continuing development. The scale of the project is vast, identifying various unforeseen issues and there continues to be a risk of overspend against budget. A report was taken to Cabinet on 6th March 2018 to seek a variation to the 2018/19 Capital Programme. The additional budget requested was £210,000 to cover the estimated overspend assessed by the Quantity Surveyor at the time and an additional £100,000 for contingency. The new Depot has continued to overspend above the additional £210,000 and is reporting a £692,000 overspend against 2018/19 budget.
- 3.6 The Capital Programme is a significant undertaking for the Council in terms of magnitude and complexity. The scale of slippage into 2018/19 and variation in programme highlights the need for close monitoring and clear project management across the whole Council. Delivery of the existing approved Capital Programme must be the clear focus.
- 3.7 The significant over/(under) spend variations to date are as follows:

Scheme	Explanation	Over / (Under) Spend £000s
Flexible Use of Capital Receipts Redevelopment Use of Reserve	£33.5k was set aside for major motorway advertising. However, due to the nature of the motorway in the area being a 'smart' motorway, Highways England has advised permission is unlikely to be granted and therefore the project has ceased. £5.7k was set aside to conclude the waste contract mobilisation, however this is now substantially completed and any additional works to ensure all the value added items are mobilised can now be resourced within the service.	(39)
NEW DEPOTS Lysons Avenue Depot	The project has experienced multiple delays most recently with cables not being sufficiently buried below the ground surface and dewatering issues. The attenuation tanks which have been installed are currently faulty but Neilcott are responsible for remediation costs for this and any overrun directly attributable to this element. Forecast overspend reflects the issues experienced with the site which members are aware of. Target completion date is mid-September 2018. 1.5% of the Neilcott contract sum won't be paid over to Neilcott in 2018/19 but won't forecast this slippage until project completion and full value of contract with Neilcott is known.	692
COUNCIL OFFICES Co-Location	It is unlikely this project will proceed in 2018/19 as the initial feasibility work with HCC was postponed due other priorities at both Councils. Some minor works to accommodate Citizens Advice may be required. The new Customer Experience project will reconsider during 2019/20.	(45)
CAR PARKS Pinehurst Car park security	This budget can be released, as £50k is already included for Pinehurst under car park enhancements.	(50)

ACTIVATION ALDERSHOT Town Centre Improvements	Monies to be paid back to LEP and Grainger no longer need monies to advance works due to the delay in HCC signing off Grainger's plans under the S278 Agreement. Waiting for a Deed of Variation from the LEP for the original loan agreement so we can send it back.	(1,500)
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3.8 The major areas of slippage identified to date which are included within the (Appendix A) net reduction in spend of £1,055,170 against the approved Capital Programme are provided in the table that follows:

Scheme	Explanation	Slippage to 2018/19 £000s
MANOR PARK Lake Improvements	The Thames Water SUD project is still in design phase, it is unlikely these works will be completed in 2018/19, Atkins Global working up plans for Spring 2019; spend likely in 2019-20. Consultants working for Thames Water are finalising plans for water attenuation scheme in Manor Park, this is to encompass the current pond and cover most of the works that we wanted to do. Likely that S106 monies contracted for this purpose can be utilised, works planned for Spring 2019 start.	(15)
PARKS AND OPEN SPACES Ivy Road Sports Pavilion	General delays in the project. It is likely that both the Ivy Road Sports Pavilion and Moor Road Recreation Ground Development will slip to 19/20.	(510)
PARKS AND OPEN SPACES Moor Road Recreation Ground Development	General delays in the project. It is likely that both the Ivy Road Sports Pavilion and Moor Road Recreation Ground Development will slip to 19/20	(530)

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

Scheme	Explanation	Grant funding £000s
MANOR PARK Lake Improvements	As stated earlier in this report, this project is due to slip to 2019/20 and therefore S106 monies will not be	15

	utilised in 2018/19.	
PARKS AND OPEN SPACES Ivy Road Sports Pavilion	As stated earlier in this report, this project is due to slip to 2019/20 and therefore various grants/contributions will not be utilised in 2018/19.	510
PARKS AND OPEN SPACES Moor Road Recreation Ground Development	As stated earlier in this report, this project is due to slip to 2019/20 and therefore various grants/contributions will not be utilised in 2018/19.	530
ACTIVATION ALDERSHOT Town Centre Improvements	As stated earlier in this report, monies are to be paid back to the LEP as Grainger no longer need monies to advance works.	1,500

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.

Contact Details:

Report Author: Alan Gregory alan.gregory@rushmoor.gov.uk 01252 398441

Head of Service: Amanda Fahey amanda.fahey@rushmoor.gov.uk 01252 398440

CAPITAL PROGRAMME MONITORING SUMMARY 2018/19

Expenditure	SLIPPAGE FROM 2017/18	ORIGINAL BUDGET 2018/19	ADDITIONAL BUDGET APPROVALS 2018/19	TOTAL APPROVED BUDGET 2018/19	ACTUAL AS AT 20.06.2018	COMMITMENTS AS AT 20.06.2018	ACTUALS PLUS COMMITMENTS	VARIANCE	FORECAST SPEND 2018/19	FORECAST SPEND LESS APPROVED BUDGET	SLIPPAGE TO 2019/20
PORTFOLIO	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
MAJOR PROJECTS AND PROPERTY	19,262	24,310	4,872	48,444	6,488	114	6,602	(41,842)	46,954	(1,490)	0
CORPORATE AND DEMOCRATIC SERVICES	36	525	2,200	2,761	7	62	69	(2,692)	2,721	(40)	0
CUSTOMER EXPERIENCE AND IMPROVEMENT	(5)	376	0	371	(19)	51	32	(339)	331	(40)	0
OPERATIONAL SERVICES	643	3,507	327	4,477	1,001	346	1,347	(3,130)	4,046	(431)	1,055
TOTAL	19,936	28,718	7,399	56,053	7,477	573	8,050	(48,003)	54,052	(2,001)	1,055

Variations to Programme Approved 2018/19

	Approved By	Date	£
Original Budget 2018/19 - Various Projects	Full Council	22.02.18	28,717,700
Slippage from 2017/18 - Various Projects	Cabinet	29.05.18	19,974,560
Prespend of 2018/19 - Various Projects	Cabinet	29.05.18	-38,970
New Depot	Cabinet	06.03.18	310,000
Purchase of Commercial Property	Cabinet	17.04.18	Exempt Item
Farnborough International Limited Development Funding	Cabinet	17.04.18	Exempt Item
Brickfield Park Improvement Works	Cabinet	12.06.18	17,000
Total Approved Budget			56,052,790

S106 and Grants & Contributions	SLIPPAGE FROM 2017/18	ORIGINAL BUDGET 2018/19	ADDITIONAL BUDGET APPROVALS 2018/19	TOTAL APPROVED BUDGET 2018/19	FORECAST S106 AND GRANTS & CONT'S AS AT 20.06.2018	VARIANCE
PORTFOLIO	£'000	£'000	£'000	£'000	£'000	£'000
MAJOR PROJECTS AND PROPERTY	(2,400)	(5,380)	0	(7,780)	(6,280)	1,500
CORPORATE AND DEMOCRATIC SERVICES	0	0	0	0	0	0
CUSTOMER EXPERIENCE AND IMPROVEMENT	(7)	0	0	(7)	(3)	4
OPERATIONAL SERVICES	(277)	(2,266)	(17)	(2,560)	(1,505)	1,055
	0	0	0	0	0	0
TOTAL	(2,684)	(7,646)	(17)	(10,347)	(7,788)	2,559

Variations to Programme Approved 2018/19

	Approved By	Date	£
Original Budget 2018/19 - Various Projects	Full Council	22.02.18	-7,645,560
Slippage from 2017/18 - Various Projects	Cabinet	29.05.18	-2,688,210
Prespend of 2018/19 - Various Projects	Cabinet	29.05.18	3,800
Brickfield Park Improvement Works	Cabinet	12.06.18	-17,000
Total Approved Budget			-10,346,970

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CABINET

COUNCILLOR GARETH LYON
CORPORATE AND DEMOCRATIC SERVICES
PORTFOLIO HOLDER

21 AUGUST, 2018

REPORT NO. ELT1803

KEY DECISION? NO

**COUNCIL PLAN 2018/19 – QUARTERLY UPDATE ON KEY ACTIONS
APRIL – JUNE 2018**

SUMMARY AND RECOMMENDATIONS:

This paper sets out the Council Plan performance information for the first quarter of 2018/19, building on the four priorities and 34 key actions identified by Cabinet.

The Cabinet is asked to note the progress made towards delivering the Council Plan 2018/19.

1. Introduction

1.1 This paper sets out performance monitoring information for the key actions in the Council Plan for the first three months of 2018/19.

2. Detail

2.1 The Council Plan is based around the Council’s stated purpose - **Rushmoor Borough Council, working with others to improve the quality of people’s lives**. This purpose is supported by four priorities.



2.2 The four priorities are to be delivered through 34 key actions as set out below. For each action we have identified which role(s) Rushmoor may undertake, the key to this is : **F** = Facilitate, **E** = Enable, **D** = Deliver

Sustaining a thriving economy and boosting local business

- Set up new partnership and company arrangements to enable regeneration and the development of private rented and affordable housing on Council owned land **(D)**
- Finalise and consult on a development scheme for the Union Street East Scheme in Aldershot and agree proposals for other sites to support regeneration of Aldershot **(F,E,D)**
- Produce a retail plan for Aldershot town centre **(D)**
- Finalise and consult on the Masterplan for the Civic Quarter area of Farnborough town centre. Agree the approach for moving forward each site in the Masterplan **(F,E,D)**
- Support HCC to implement the Farnborough Transport Package **(E)**
- Submit the Local Plan to Government and prepare for its examination **(D)**
- Work with schools, local FE providers, the County Council and employers to improve skills, raise aspirations and increase educational attainment **(F)**
- With partners start developing a centre of excellence for aerospace built on the Farnborough brand **(F)**
- Exploit the economic and social benefits of the Farnborough Air show 2018 and the new conference centre. **(E)**
- Develop a more strategic and proactive approach to economic development, building on the Borough's assets and offer to investors **(F,E,D)**

Supporting and empowering our Communities and meeting local needs

- Continue to address the rough sleeping and street drinking issues in our town centres through enforcement, deterrent and prevention **(F,E,D)**
- With partners reshape the Rushmoor Strategic Partnership to focus on fewer, more strategic issues that deliver outcomes through shared leadership **(F,E,D)**
- Use Council and community led events and other initiatives to foster civic pride and increase engagement **(F,E,D)**
- Determine a clearer focus on what the Council and partners are doing to tackle pockets of significant deprivation in parts of the Borough **(F,E,D)**
- Generate and support targeted employment and skills opportunities to improve outcomes for residents **(F,E,D)**
- Take tangible steps to address the loss of temporary accommodation in 2021 and the current shortage of social housing **(F,E,D)**
- Continue the Council's review of grants and support and work with affected voluntary sector organisations to become more sustainable **(F,E,D)**
- Agree future shape of the CCTV service and procure new cameras and maintenance and supply contracts **(D)**
- Support the CCG to open a facility in west Farnborough **(E,D)**
- Enable decisions to be made as close to customers and communities as possible **(F,E,D)**

A cleaner, greener and more cultural Rushmoor

- Work with Serco to increase recycling rates **(F,E,D)**
- Complete and open the new depot **(D)**
- Commence new leisure contract procurement **(D)**
- Develop options for a new leisure centre in Farnborough as part of the Civic Quarter Development **(D)**
- Build the new pavilions and changing rooms at Ivy Road and Moor Road recreation grounds **(D)**
- Develop the management plan for delivering the new natural open parkland at Southwood **(D)**
- Develop the options and future maintenance arrangements for the public open space transferring to the Council's ownership as part of the Wellesley Development **(F,E,D)**
- Put in place and review the environmental enforcement pilot with East Hampshire DC **(E,D)**

Financially sound with services fit for the future

- Develop and implement "Rushmoor 2020", a modernisation and improvement plan based on the "Listen, Learn, Deliver - Better" ethos and the findings from the Peer Challenge, Staff Survey and IESE work **(D)**
- Take forward the new operating model and implement structural review **(D)**
- Deliver the Customer & Digital Strategy plan for 2018/19 **(D)**
- Invest further in commercial property and explore other opportunities to generate income / reduce costs **(D)**
- Develop and renew the Asset Management Plan and implement a programme of review of the Council's asset and property holdings **(D)**
- Review of the constitution including changes to the scheme of delegation and procedures to enable improved democratic arrangements and to ensure better customer service and improved delivery **(D)**

2.3 So that Cabinet can have an overview of performance across the organisation and be reassured that progress is being made to deliver against their priorities, key areas of work and service measures are monitored. The full detailed set of monitored information is available on the Council's website at <http://www.rushmoor.gov.uk/councilplan>. Annex A to this report is an exceptions document which contains those monitored activities that are facing challenges or issues.

2.4 A summary of the progress made against the variety of actions and activities monitored is set out in the following table. The colour coding system used is:

- Green indicates that the action or initiative is on course
- Amber flags up that achieving the action or indicator is in question or requires attention
- Red shows that we have not been able to achieve what we had expected at this time

Green	Amber	Red
85.2%	14.8%	0%

3. Conclusion

- 3.1 Cabinet's views are sought on the performance made in delivering the Council Plan in the first three months of the 2018/19 Municipal Year.

BACKGROUND DOCUMENTS:

None

CONTACT DETAILS:

Report Author - Jon Rundle, Strategy, Performance and Partnerships Manager - 01252 398801, jon.rundle@rushmoor.gov.uk

Executive Leadership Team

First Quarter 2018/19 Exception report

This annex to the Council Plan quarterly performance update report to Cabinet contains extracts from the full detailed set of monitored information and concentrates on those monitored activities that are facing challenges or issues, have been completed or are new to the quarterly monitoring report. In essence these are items that have been coded amber or red* in the monitoring exercise or have been amended in some way – for instance a change in a deadline date.

* The colour coding system used for the monitoring process is:

- Green indicates that the action or initiative is on course
- Amber flags up that achieving the action or indicator is in question or requires attention
- Red shows that we have not been able to achieve what we had expected at this time

Summary of colour coding from full detailed set of monitored information:

Green	Amber	Red
85.2%	14.8%	0%

Exception items set out under the Priorities

Priority: Sustaining a thriving economy and boosting local business

Action: Set up new partnership and company arrangements to enable regeneration and the development of private rented and affordable housing on Council owned land (D)

Activity	Timescales	Outcomes/deliverables
Establish a local housing company and increase rental income	December 2018	To support the provision of well-designed and appropriately located homes in sufficient numbers to

<ul style="list-style-type: none"> Council approval for establishment of company 		meet the needs of our residents and support the economic future of the borough. <ul style="list-style-type: none"> 20 homes by 2019 60 homes by 2021 	
Q1	Q2	Q3	Q4
Comment: Business case to be considered by the Policy and Projects Advisory Board prior to decision by Cabinet/Council			

Action: Finalise and consult on a development scheme for the Union Street East Scheme in Aldershot and agree proposals for other sites to support regeneration of Aldershot (F,E,D)

Activity	Timescales	Outcomes/deliverables	
Union Street East	By 2021	Mixed use, residential-led redevelopment to provide new homes alongside new ground floor commercial uses.	
Q1	Q2	Q3	Q4
Comment: Site assembly continuing			

Action: Finalise and consult on the Masterplan for the Civic Quarter area of Farnborough town centre. Agree the approach for moving forward each site in the Masterplan (F,E,D)

Activity	Timescales	Outcomes/deliverables	
Civic Quarter <ul style="list-style-type: none"> Complete masterplan 	2019	Enable a mixed use development, including new homes, leisure and community use alongside the introduction of new uses that will enhance the town centre and improve connectivity with the Business Parks.	
Q1	Q2	Q3	Q4
Comment: To be taken forward with Investment Partner			

Action: Support HCC to implement the Farnborough Transport Package (E)

Activity	Timescales	Outcomes/deliverables	
Invincible Road <ul style="list-style-type: none"> Commence on site by Oct 2018 Complete by Dec 2018 	October 18 December 18	Improved access from Invincible Road onto Elles Road	
Q1	Q2	Q3	Q4
Comment: Negotiations on going. Planning application to be submitted August 18.			

Action: Work with schools, local FE providers, the County Council and employers to improve skills, raise aspirations and increase educational attainment (F)

Activity	Timescales	Outcomes/deliverables	
Teen Tech Event - The Council is supporting 40 local students from all 4 secondary schools to attend the annual teen tech event.	June 2018	Teen Tech is about inspiring young people to understand the opportunities in STEM and raising their aspirations by engaging them with innovative companies and programmes.	
Q1	Q2	Q3	Q4
Comment: A successful event well attended by our schools. Continued involvement with Teen Tech and ongoing discussions to bring future events to Farnborough Action complete for 2018/19			

Priority: Supporting and empowering our communities and meeting local needs

Action: Continue to address the rough sleeping and street drinking issues in our town centres through enforcement, deterrent and prevention (F,E,D)

Activity	Timescales	Outcomes/deliverables
The Positive Change campaign aims to encourage people to donate to local charities, rather than giving	Commenced December 2017 and is ongoing with	Tackle negative behaviour and begging locally, but also bring about long-term change to the lives of people,

cash to people who are begging on our streets.	a soft re-launch mid May 2018.	previously associated with rough sleeping, who continue to socialise, drink and potentially commit antisocial behaviour in our town centres.	
Q1	Q2	Q3	Q4
Comment: The soft re-launch of the campaign and press release are ready and will coincide with the deployment of joint patrols between Hampshire police and accredited council officers (joint patrols are due to start in September 2018)			
Public Space Protection Orders (PSPO) were launched in September 2017 for both Farnborough and Aldershot town centres. Police have been issuing Fixed Penalty Notices (FPN) for violations of the Orders. Both Community Patrol Officers (CPO) and Civil Enforcement Officers (CEO) have now received Community Safety Accreditation Scheme (CSAS) training to empower them also to issue FPNs and will partner with police officers initially.	CSAS accreditation process due to be finalised (including vetting) by end May 2018.	Increased partnership working with the police to enforce, deter and prevent antisocial behaviour in our town centres.	
Q1	Q2	Q3	Q4
Comment: CSAS vetting now complete and final accreditation evidence being submitted			
Developing a Community Protection Notice (CPN) to address persistent unreasonable behaviour such as graffiti, rubbish and noise considered to be affecting the quality of life in an area.	Looking to put in place by end of July 2018.	Enforcement of action by those responsible for, or those with some control over the antisocial behaviour resulting in a warning in the first instance, and if the behaviour continues a fixed penalty or summons.	
Q1	Q2	Q3	Q4
Comment: On course to put into practice beginning August 2018 Date to be changed to August 2018			

Actions: Use Council and community led events and other initiatives to foster civic pride and increase engagement (F,E,D)

Activity	Timescales	Outcomes/deliverables
Budget agreed for events programme for 2019 and beyond	July 2018	Report produced – ‘Providing a Sustainable Events Programme’

Q1	Q2	Q3	Q4
Comment: Report in hand but slipped to September 2018, due to late appointment of Events Officer Date to be changed to September 2018			
Support delivery of community led integration events and initiatives	2018/19	<ul style="list-style-type: none"> BAMER led Rushmoor Community Food Festival- September 18 Bi-annual "Life in UK" new arrival information days- GRNC/RBC/CA/Can International- September/March Greater Rushmoor Nepali Community- capacity building training programme- bi-annual workshops 	
Q1	Q2	Q3	Q4
Comment: Food Festival postponed to September 2019 due to BAMER group capacity Food festival to be removed from document			

Action: Agree future shape of the CCTV service and procure new cameras and maintenance and supply contracts (D)

Activity	Timescales	Outcomes/deliverables	
Joint Hart & Rushmoor CCTV Progress Group commissioned a consultant review on current system capability and likely needs for future proofing as part of the procurement process for a new maintenance contract. An Options Report will be presented for Cabinet approval before procurement can begin.	Report going to Cabinet 29 th May 2018	Defined specification for maintenance contract renewal procurement and possible network/equipment updates for service optimisation.	
Q1	Q2	Q3	Q4
Comment: Tender for new short-medium term Maintenance Contract (18-24 months) to be sought through procurement process with likely new contract start date around mid-October 2018. A detailed report on possible network/equipment updates for service optimisation scheduled for Autumn 2018. Date to be changed to Autumn 2018			

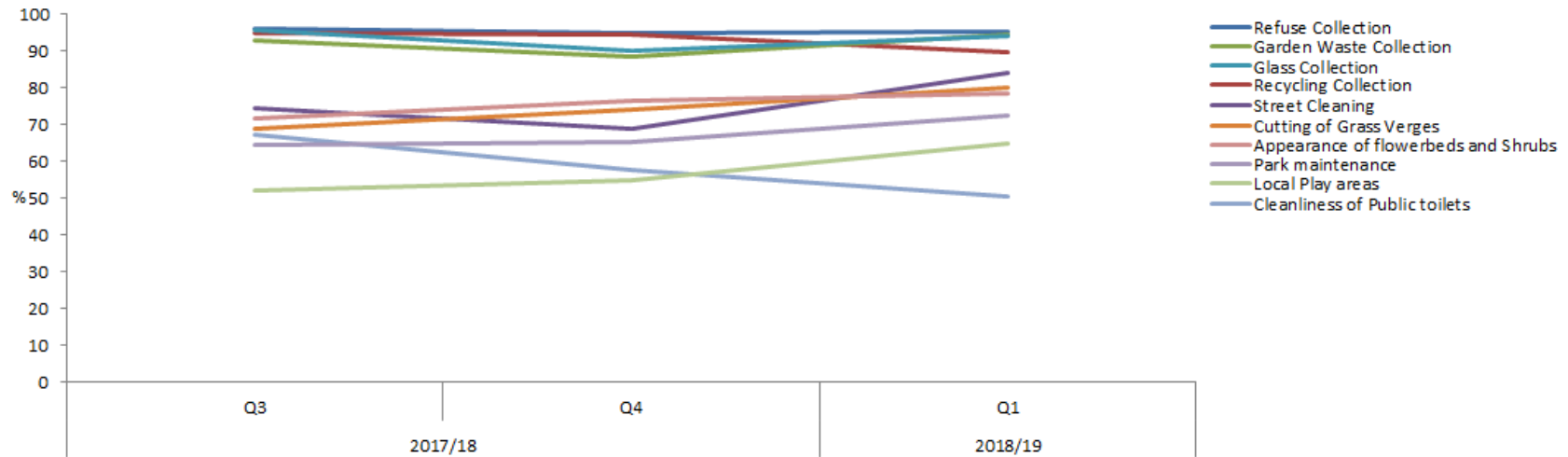
Homelessness caseload quarterly data	This quarter	Last quarter	This quarter last year
Homelessness enquiries – All cases	286	N/A	N/A
Advice only - Advice given no further action	5 (1.7%)	N/A	N/A
Closed no further action - Case closed/ general enquiries	88 (30.8%)	N/A	N/A
Ineligible for assistance - Ineligible for help	4 (1.4%)	N/A	N/A
Main duty accepted - Duty to assist	1 (0.3%)	N/A	N/A
Prevented from becoming homeless - Successful action taken to prevent applicant leaving their accommodation	6 (21.0%)	N/A	N/A
Relieved homelessness - Provided with alternative accommodation	8 (2.8%)	N/A	N/A
In triage - Waiting for further information from the customer	60 (21.0%)	N/A	N/A
Under (early) intervention - Early work – pre 56 days	22 (7.7%)	N/A	N/A
Under prevention (still within 56 days of being made homeless) - Prevention work to keep applicant in their home	42 (14.2%)	N/A	N/A
Under relief (after 56 days technically homeless) - Currently homeless and being provided with alternative accommodation	50 (17.5%)	N/A	N/A
Key: ↑ numbers have increased this quarter in comparison, ↓ numbers have decreased this quarter in comparison.			
Comments: In April 2018 the Homelessness Reduction Act came into force which has resulted in a new recording system for homelessness caseload data. Therefore, there is no data for last quarter or this quarter last year. New data added to quarterly report			

Priority: A cleaner, greener and more cultural Rushmoor

As part of the new waste contract working arrangements and performance management processes, Serco undertake quarterly customer satisfaction surveys, the results are in the table below.

Satisfaction with contracted services	This quarter	Last quarter	This quarter last year
Refuse Collection	95.5%	94.8% ●	N/A
Recycling Collection	89.9%	94.7% ●	N/A
Garden Waste Collection	94.4%	88.5% ●	N/A
Street Cleaning	83.9%	68.9% ●	N/A
Glass Collection	94.3%	90.1% ●	N/A
Cutting of Grass Verges	80.1%	74.1% ●	N/A
Cleanliness of Public toilets	50.4%	57.7% ●	N/A
Appearance of flowerbeds and Shrubs	78.6%	76.5% ●	N/A
Local Play areas (Inc. cleanliness and appearance/maintenance)	64.7%	54.9% ●	N/A
Park maintenance (Inc. cleanliness and cutting of grass)	72.3%	65.2% ●	N/A
Comment: Still collecting base line data New data added to quarterly report			
Key: ● this quarter's performance is better in comparison or performance can not get better in comparison			
● this quarter's performance is the same in comparison			
● this quarter's performance is worse in comparison			

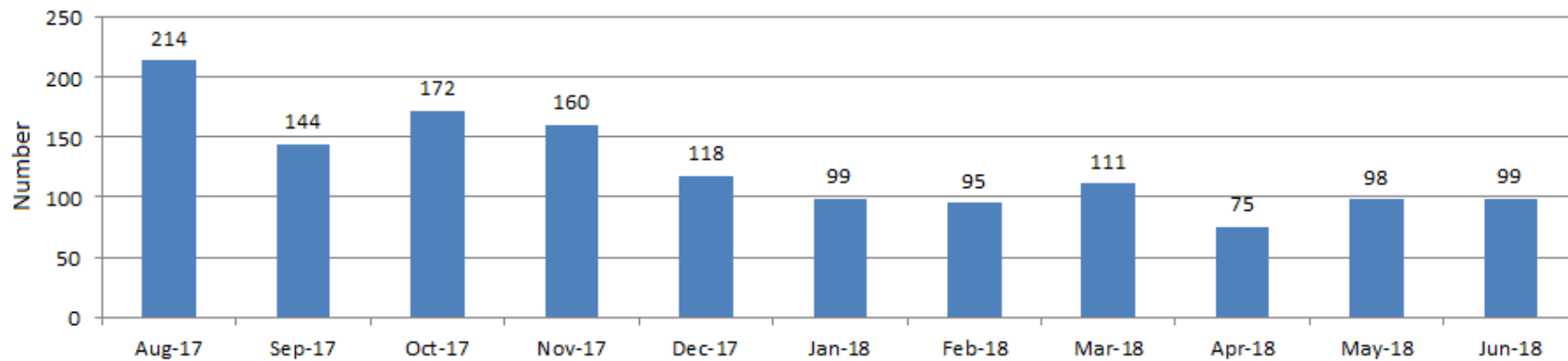
Percentage of residents fairly and very satisfied with contracted services



Street Cleaning- Litter and detritus (formerly NI 195) – monitored every four months	Latest data	Last data (baseline data from old contract)	Data a year ago
Litter - % of areas failing to achieve a grade b or above (contract target 4%)	5%	3% ●	N/A
Detritus - % of areas failing to achieve a grade b or above (contract target 8%)	9%	15% ●	N/A
Comment: Worst areas for litter were rural roads (17% failing to achieve a grade b or above) and the worst area for detritus were industry and warehousing (25% failing to achieve a grade b or above) <i>New data added to quarterly report</i>			
Key: ● this data's performance is better in comparison or performance can not get better in comparison ● this data's performance is the same in comparison ● this data's performance is worse in comparison			

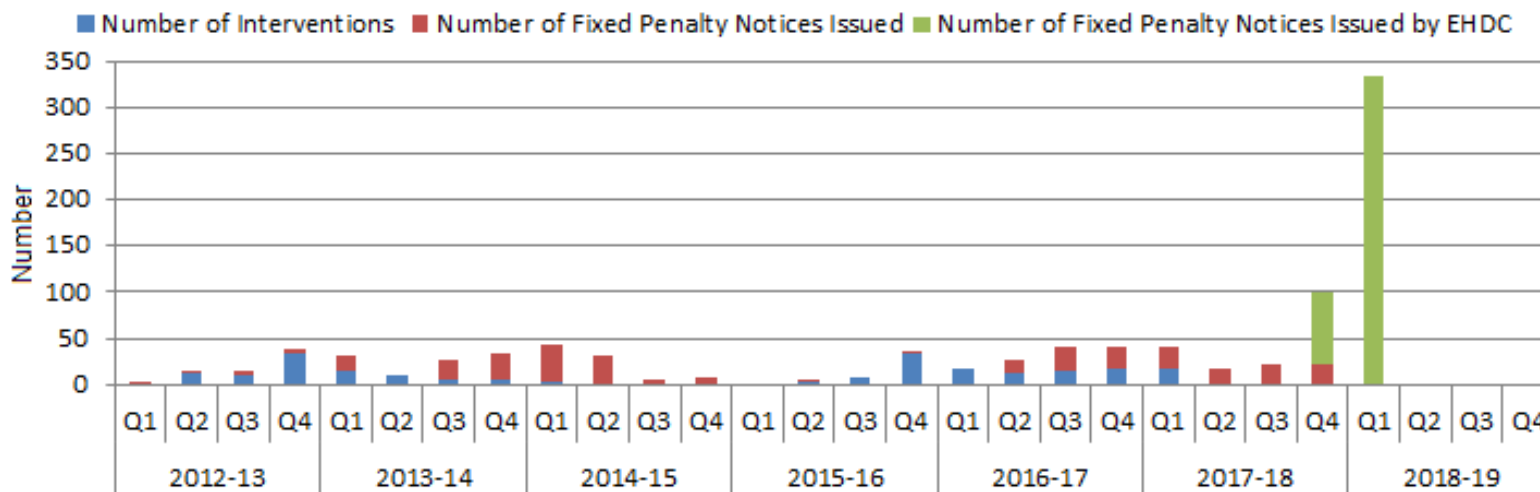
Number of missed bins	This quarter	Last quarter	This quarter last year
Missed bins (April 18- June18)	272	305 ●	N/A
Comment: <i>New data added to quarterly report</i>			
Key: ● this quarter's performance is better in comparison or performance can not get better in comparison ● this quarter's performance is the same in comparison ● this quarter's performance is worse in comparison			

Number of missed bins by month



Clean -Fixed Penalty Notices (FPN's) quarterly data	This quarter	Last quarter	This quarter last year
Number of Fixed Penalty Notices Issued by East Hants District Council (EHDC)	332	80 (16 th - 31 st March)	N/A
Number of Fixed Penalty Notices Issued by Community Patrol Officers	2	21	24
Number of Interventions by Community Patrol Officers	N/A	N/A	N/A
Comment: The Community Patrols Officers are not issuing FPN's for litter while the trial with EFDC is underway. The recording of interventions by Community Patrol Officers will start next month. Number of FPN's issued by East Hants District Council (EHDC) added to quarterly report			

Fixed Penalty Notices over time



Priority: Financially sound with services fit for the future

Action: Deliver the Customer & Digital Strategy plan for 2018/19 (D)

Activity	Timescales	Outcomes/deliverables		
General Data Protection Regulation (GDPR) Legal	Ongoing	Compliance		
Q1	Q2	Q3	Q4	
<p>Comment: Work on the ongoing implementation and embedding of GDPR continues. 95% of privacy notices have now been completed and approx. 50% of them have been uploaded to the website. The project team continue to liaise with the service representatives on a monthly basis. Regular governance meetings with the Project Sponsor (Ian Harrison) and Senior Information Risk Owner (Amanda Fahey) are ongoing and focus on mitigation of risk. Separate training for Members has been provided, work underway to ensure all Members are using their Rushmoor email address. Full requirements of the Data Protection Officer are being incorporated into the Corporate Legal Manager post.</p>				
Waste Contract - Public Access Web Portal	End – Sept 18	End to end solution		
Q1	Q2	Q3	Q4	
<p>Comment: Supplier unable to deliver satisfactory solution – alternative options being assessed by the contracts, customer & digital group</p>				

CABINET
21 AUGUST 2018

COUNCILLOR GARETH LYON
CORPORATE AND DEMOCRATIC SERVICES
PORTFOLIO HOLDER

REPORT NO. FIN1823

TREASURY MANAGEMENT OPERATIONS 2017/18

SUMMARY:

Treasury management operations for 2017/18 are presented in accordance with strategic requirements. All treasury management activity during 2017/18 was carried out in accordance with the Annual Treasury Management Strategy and complied with the treasury and prudential indicators set out in that report, and with the Treasury Management Code of Practice.

RECOMMENDATIONS:

Members are requested to note the contents of this report in relation to the treasury management operations carried out during 2017/18.

1 INTRODUCTION

- 1.1 There are three core elements within this report:
- (a) Presentation of the Treasury Management operations for 2017/18
 - (b) An update on future changes to treasury management practices and schedules
 - (c) A summary of changes in capital expenditure

2 TREASURY MANAGEMENT OPERATIONS FOR 2017/18

- 2.1 The Council's treasury management activity is underpinned by CIPFA's Code of Practice on Treasury Management ("the Code"), which includes the requirement for determining a treasury strategy on the likely financing and investment activity for the forthcoming financial year. The Code also recommends that members be informed of Treasury Management activities at least twice a year. This report therefore ensures this authority is embracing best practice in accordance with CIPFA's recommendations.
- 2.2 The Council has invested substantial sums of money and is therefore, exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. This section of the report covers treasury activity and the associated monitoring and control of risk.
- 2.3 Full Council originally approved the Annual Treasury Management Strategy for 2017/18 on 23 February 2017. However, subsequent substantial capital budget additions were approved during the financial year 2017/18, mainly in relation to the acquisition of regeneration properties. These additional capital

budgets approved for 2017/18 had a fundamental effect on the Council's prudential indicators and Full Council on 22 February 2018 approved revisions to the 2017/18 prudential indicators within the Annual Treasury Management Strategy for 2018/19.

- 2.4 **Appendix A** shows the actual prudential indicators relating to treasury activities and capital financing for 2017/18 and compares these to the indicators set in the Annual Treasury Management Strategy for the year 2017/18.

Treasury Management Advice

- 2.5 The Council continued to engage the services of Arlingclose for independent treasury advice during the year 2017/18. Arlingclose provide specialist treasury support to 25% of UK local authorities. They provide a range of treasury management services including technical advice on debt and investment management and long-term capital financing. They advise on investment trends, developments and opportunities consistent with the Council's Treasury Management Strategy.

- 2.6 With the exception of pooled funds all investment activity is carried out by the Council's own treasury team with advice from Arlingclose, and having due regard to information from other sources such as the financial press and credit-rating agencies.

- 2.7 Pooled funds are managed at the discretion of the external fund managers associated with each fund. It should however be noted that whilst the funds are externally managed, the decision as to whether to invest lies solely with the Council in accordance with its Treasury Management Strategy.

- 2.8 The needs of the Council's treasury management staff for training in investment management are assessed on an ongoing basis and as part of the staff appraisal process, and additionally when the responsibilities of individual members of staff change. During 2017/18, staff attended relevant workshops provided by Arlingclose and other service providers.

Economic Background

- 2.9 The Council's treasury management advisors have provided commentary on the economic background that prevailed during the year 2017/18. This commentary is provided at **Appendix B**.

Borrowing Activity in 2017/18

- 2.10 The Council commenced the financial year 2017/18 carrying £2.1m of borrowing obtained from the Enterprise M3 Local Enterprise Partnership (EM3). This sum was advanced in order to assist the temporary financing of some specific capital projects.

- 2.11 During 2017/18, an amount of £0.435 million was repaid to EM3 in accordance with the pre-agreed repayment schedule. The Council raised an additional £12 million short-term borrowing during the financial year. The need for this additional borrowing was in relation to an approved in-year

increase in capital expenditure. Total borrowing therefore amounted to £14.1 million at 31st March 2018.

Investment Activity in 2017/18

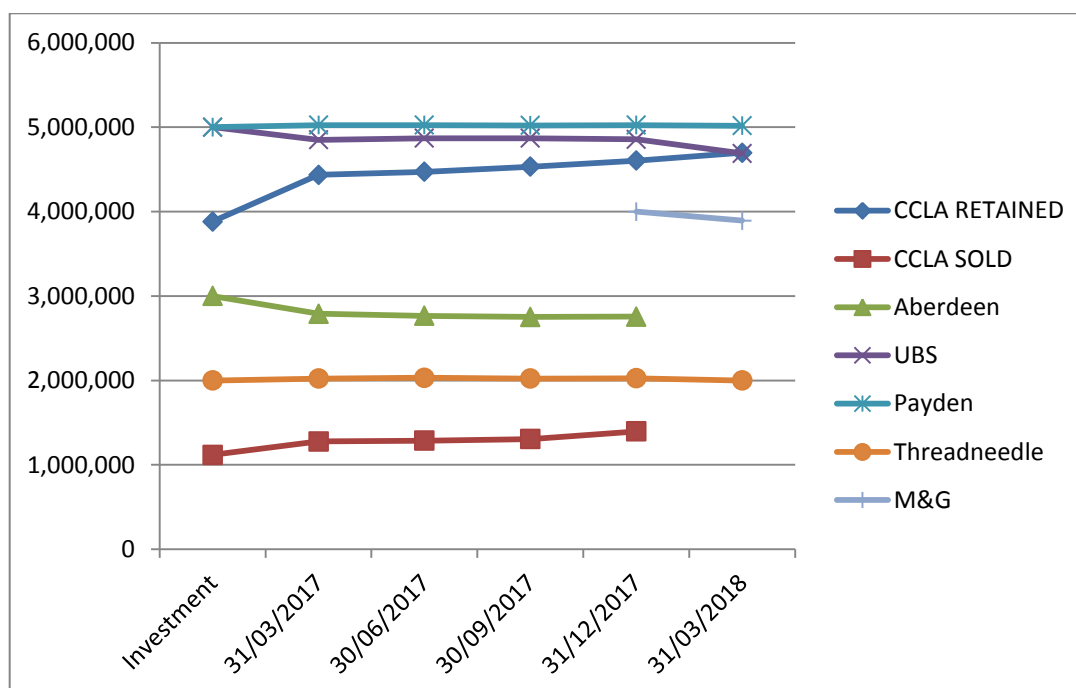
- 2.12 The Guidance on Local Government Investments in England gives priority to security and liquidity and the Council's aim is to achieve a yield commensurate with these principles. The total income yield return on the Council's investments amounted to 2.96% for the financial year 2017/18 excluding capital gains and losses.
- 2.13 The rate of return has been calculated as (1) External pooled funds (income return for the past year), (2) Over investments (effective rate of investments held at the end of the financial year). It should be noted that it is a "snapshot" of returns for the year. For 2017/18, the Council continued to use secured investment options or diversified alternatives such as covered bonds, non-bank investments and pooled funds over unsecured bank and building society deposits. Details of the Council's investment activity together with returns generated during 2017/18 are outlined as follows:
- 2.14 **Pooled Funds** – the Council's pooled funds have continued to experience some variations in performance during the year 2017/18.

Pooled Funds Capital Growth/Losses – Aggregation of the Council's pooled funds resulted in an overall net decrease in fair value for the year 2017/18 of around £51,000, although this net decrease is relatively modest compared to the overall investment sum (an aggregate increase of 0.2%).

The significant exceptions within this group are CCLA Property Fund showing exceptional growth of 29% since acquisition, but offset by a capital reductions for the UBS Multi-Asset Fund, which has declined by 7% since acquisition. Aberdeen Absolute Return Bond Fund, which has declined by 8% since acquisition, was sold in December 2017 to mitigate future predicted underperformance. The sale of this investment acquired at £3m resulted in a capital loss of £243K. To offset this loss on sale, Arlingclose advised a portfolio restructuring, involving the sale of a proportion of Rushmoor's highest performing investment (CCLA) and the purchase of an alternative fund. £1.1m holding in CCLA was sold resulting in a gain on sale of £279K producing a net gain of the combined sales of £36K. £4m was then placed in M&G's Corporate Bond. Since acquisition, the capital value of the Council's holding in the M&G Corporate Bond Fund has declined by 3%.

This group of investments are long term (3-5 year window) and monitoring of the capital value continues to be made on a monthly basis.

Movement in capital value of pooled funds during 2017/18



Pooled Fund Income Returns – The income returned by fund for the period to 31st March 2018 is analysed below:

- Payden & Rygel's Sterling Reserve Fund - £5 million investment. The Fund seeks to provide capital security, liquidity and income through investment in Sterling denominated investment-grade debt securities. The fund's performance for the 12 months to 31st March 2018 is 0.69% income return.
- CCLA's Local Authorities' Mutual Investment Trust - £5 million investment at commencement of the year, reduced to £3.9m in December 2017 as a result sale of £1.1m. The Property Fund is designed to achieve long-term capital growth and income from investments in the commercial property sector. The fund has returned 5.11% income during 2017/18.
- Aberdeen Absolute Return Bond Fund - £3 million investment at commencement of the year, Total holding sold in December 2017. This fund aims for a target total return of 3-5% from a combination of investment income or capital appreciation. The fund's performance for 2017/18 is a 1.13% income return.
- UBS Multi-Asset Income Fund - £5 million investment. This fund follows a strategy of reducing volatility exposure levels by spreading investments across a diversified range of asset classes. This fund has generated a 3.61% income return for the year.

- Threadneedle Strategic Bond Fund - £2 million investment. The fund aims to provide income and capital appreciation through investment grade and high yield bonds. This fund has generated a 3.48% income return during the period to 31st March 2018
- M & G Corporate Bond Fund - £4m invest in December 2017. This fund aims for a target total return of 3-5% from a combination of investment income or capital appreciation. This fund has generated a 0.85% income return during the period to 31st March 2018 (3% annualised).

2.15 **Bonds** - debt instruments in which an investor lends money for a specified period of time at a fixed rate of interest. **Covered bonds** are conventional bonds that are backed by a separate group of loans (usually prime residential mortgages). When the covered bond is issued, it is over collateralised, with the pool of assets being greater than the value of the bond. During the year, one covered bond was redeemed. The Council is actively managing down its covered bonds, with all due for redemption in 2018/19.

2.16 **Other Investments** – During the year a number of other investments matured and were redeemed and the Council made no new investments:

2.17 The following table summarises deposit/investment activity during the year to 31st March 2018. Overall, there was a net decrease of £6.2m invested during the period.

Investment Counterparty	<i>Balance on 31/03/17 £m</i>	<i>Investments Made £m</i>	<i>Maturities/ Investments Sold £m</i>	<i>Balance on 31/03/18 £m</i>	<i>Avg Rate % and Avg Life (yrs)</i>
<i>UK Local Authorities</i>	2.0	-	(2.0)	-	1.0% - 2 years
<i>Covered Bonds/ Floating Rate Notes</i>	6.5	-	(2.0)	4.5	(1.18%-1.47%)& - 1.3 Yrs
<i>AAA-rated Money Market Funds</i>	5.0	-	(1.8)	3.2	Varies daily – average 0.22%
<i>Pooled Funds:</i>					
• <i>Payden</i>	5.0	-	-	5.0	0.69
• <i>CCLA</i>	5.0	-	(1.4)	3.6	5.11
• <i>Aberdeen Absolute</i>	3.0	-	(3.0)	-	1.13
• <i>UBS</i>	5.0	-	-	5.0	3.61
• <i>Threadneedle</i>	2.0	-	-	2.0	3.48
• <i>M & G</i>	-	4.0	-	4.0	3.0
TOTAL INVESTMENTS	33.5	4.0	(10.2)	27.3	
<i>Increase/(Decrease)</i>				(6.2)	

Additional information in relation to investments is contained in **Appendix C**.

2.18 The following charts illustrate the spread of investments by counterparty and maturity analysis. These illustrate continued diversity within the Council's portfolio:

Maturity Analysis as at 31st March 2018	Amount invested £m	%
Instant *	3.2	12
0-3 months	2.0	7
3-6 months	-	-
6-9 months	2.5	9
9-12 months	5.0	18
> 1 year	14.6	54
Total for all duration periods	27.3	100

* Instant refers to the use of Money Market Funds

3 TREASURY MANAGEMENT INDICATORS

3.1 The Treasury Management Code requires that local authorities set a number of indicators for treasury management performance. The Council has also adopted a voluntary measure for credit risk as set out in paragraphs 3.2 to 3.4.

3.2 Credit Risk (Credit Score Analysis): Counterparty credit quality is assessed and monitored by reference to credit ratings. Credit ratings are supplied by rating agencies Fitch, Standard & Poor's and Moody's. Arlingclose assign values between 1 and 26 to credit ratings in the range AAA to D, with AAA being the highest credit quality (1) and D being the lowest (26). Lower scores mean better credit quality and less risk.

3.3 The advice from Arlingclose is to aim for an A-, or higher, average credit rating, with an average score of 7 or lower. This reflects the current investment approach with its focus on security. The scores are weighted according to the size of our deposits (value-weighted average) and the maturity of the deposits (time-weighted average).

3.4 The table below summarises the Council's internal investment credit score for deposits during the 2017/18. The Council's scores fall comfortably within the suggested credit parameters. This represents good credit quality deposits on the grounds of both size and maturity. The improved credit risk scores during the year reflect the increasing diversity within the Council's investment portfolio.

Date	Value Weighted Average – Credit Risk Score	Value Weighted Average – Credit Rating	Time Weighted Average – Credit Risk Score	Time Weighted Average – Credit Rating
Q4 2016/17	2.97	AA	1.21	AAA
Q1 2017/18	3.08	AA	1.08	AAA
Q2 2017/18	3.46	AA	1.03	AAA
Q3 2017/18	3.63	AA-	1.05	AAA

- 3.5 **Interest Rate Exposure:** This indicator is set to monitor the Council's exposure to the effects of changes in interest rates. The indicator calculates the relationship between the Council's net principal sum outstanding on its borrowing to the minimum amount it has available to invest. The upper limits on fixed and variable rate interest rate exposures expressed as the amount of net principal borrowed is:

	2017/18 Approved Limit	2017/18 Actual
Upper limit on fixed interest rate exposure	£35m	£4.5m
Upper limit on variable interest rate exposure	-£50m	-£22.8m

- 3.6 **Maturity Structure of Borrowing:** This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of fixed rate borrowing will be:

	Upper	Lower	2017/18 Actual Performance
Under 12 months	100%	0%	88%
12 months and within 24 months	100%	0%	6%
24 months and within 5 years	100%	0%	6%
5 years and within 10 years	100%	0%	-
10 years and above	100%	0%	-

- 3.7 The Council commenced the financial year 2017/18 carrying £2.1m of borrowing obtained from the Enterprise M3 Local Enterprise Partnership (EM3). This sum was advanced in order to assist the temporary financing of some specific capital projects.
- 3.8 During 2017/18, an amount of £0.435 million was repaid to EM3 in accordance with the pre-agreed repayment schedule. The Council raised an additional £12 million short-term borrowing during the financial year. The need for this additional borrowing was in relation to an approved in-year increase in capital expenditure. Total borrowing therefore amounted to £14.1 million at 31st March 2018. The above table demonstrates the elements of

principal repayment that arise from the sum borrowed expressed as a percentage of the original amount borrowed.

- 3.9 **Principal Sums Invested for Periods Longer than 364 days:** The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. Performance against the limits on the total principal sum invested to final maturities beyond the period end is:

	2017/18 Approved Limit	2017/18 Actual Performance
Limit on principal invested beyond year end at any one time	£40m	£14.6m

- 3.10 The Council's revised estimates regarding investment yields and costs compared to the actual outturn for 2017/18 is shown in the table below.

Budgeted income and outturn	Revised Estimate 2017/18 £000	Actual 2017/18 £000	Variance £000
Interest receivable	(839)	(820)	(19)
Interest Payable	106	73	33
Net Amount	(733)	(747)	14

4 TREASURY MANAGEMENT PRINCIPLES AND SCHEDULES

- 4.1 Full Council approved the Annual Treasury Management Strategy for 2018/19 on 22 February 2018. In addition to that approval the CIPFA code requires the setting out of responsibilities and duties of members and officers, allowing a framework for reporting and decision making on all aspects of treasury management.
- 4.2 One of the recommendations of the Code is for the creation and maintenance of Treasury Management Practices that incorporate the Principles & Schedules that achieve treasury management policies and objectives. These prescribe how the Council will manage and control those activities.
- 4.3 CIPFA has conducted reviews of the "Prudential Code" and the "Treasury Management Code of Practice" in 2017, and the Ministry of Housing, Communities and Local Government (MHCLG) has also recently undertaken consultation on treasury management issues.
- 4.4 CIPFA published revised editions of the Treasury Management and Prudential Codes in December 2017. The required changes from the 2011

Code are being incorporated into Treasury Management Strategies and monitoring reports for the 2019/20 financial year

5 CAPITAL EXPENDITURE FOR THE YEAR 2018/19

- 5.1 The Council undertook a succession of approved capital acquisitions during the previous financial year, 2017/18, driven by an aim to regenerate the local economy contained in the key theme of sustaining a thriving economy and boosting local business as part of the Council's "Listen, Learn, deliver better" strategy. These approved 2017/18 property acquisitions amounted to around £12.4m. They will generate significant revenue gains to the General Fund revenue account from the point of acquisition and into the future. In order to finance these acquisitions and some other capital expenditure in the year a significant proportion of the Council's capital receipts was utilised for the purposes of financing the capital programme for that year.
- 5.2 The approved revised capital programme for 2017/18 was set at £32.4m. The actual capital outlay during 2017/18 was £12.4m. The variance in actual spend to approved capital programme was due to slippage in the purchasing of capital assets. It is the intention of the Council to continue with the capital purchase as revised in 2017/18, producing a slippage of £20m from 2017/18 into 18/19. The approved capital spend in 2018/19 is £28.7m. Including the slippage from 2017/18 and additional approvals of £7.4m raises capital expenditure to £56.1m.
- 5.3 The Council commenced the current financial year with £1.3m of capital receipts. However, all of this available capital receipt resource is held ready to finance the remainder of the approved capital loan to Farnborough International, the ongoing flexible capital receipts initiative and a range of shorter life non-current assets. Hence, the method of capital financing for continuing capital budget of £56.1m in 2018/19 can only be achieved by prudential code borrowing. The Council is able to finance the 2018/19 capital programme including the slippage from 2017/18 within its set borrowing limits from 2018/19 of £58m.

6 CONCLUSIONS ON THE TREASURY MANAGEMENT OPERATIONS 2017/18

- 6.1 The Council's treasury team continued to concentrate on the security of investments taking due regard for the returns available. Continued low interest rates throughout the financial year coupled with a lack of suitable counterparties with whom to invest continued to make the activity challenging. However, overall investment income still managed to produce a buoyant return to the General Fund revenue account.
- 6.2 All treasury management activity during 2017/18 was carried out in accordance with the Annual Treasury Management Strategy and complied with the treasury and prudential indicators set out in that report, and with the Treasury Management Code of Practice

Contact Details:

Report author:

Alan Gregory - Finance Manager

01252 398443

Alan.Gregory@rushmoor.gov.uk

Head of Service:

Amanda Fahey - Executive Head of Finance

01252 398440

Amanda.Fahey@rushmoor.gov.uk

APPENDIX A

PRUDENTIAL INDICATORS

1.1 Prudential Indicators

Estimates of Capital Expenditure: The Council's planned capital expenditure and financing may be summarised as follows.

Capital Expenditure and Financing	2017/18 Revised £m	2017/18 Actual £m
General Fund	32.401	12.395
Total Expenditure	32.401	12.395
Capital Grants & Contributions	2.189	1.2370
Revenue	0.261	0.123
Capital Receipts	5.325	5.325
Borrowing	24.626	5.710
Total Financing	32.401	12.395

Estimates of Capital Financing Requirement:

The Capital Financing Requirement (CFR) measures the Council's underlying need to borrow for a capital purpose.

Capital Financing Requirement	31.03.18 Revised £m	31.03.18 Actual £m
General Fund	34.1	15.6
Total CFR	34.1	15.6

During 2017/18, the Council made use of a revolving infrastructure fund from the Local Enterprise Partnership (EM3 LEP). This will not give rise to any minimum revenue provision charges into the General Fund as the annual instalments will be funded from capital receipts received from the developer.

The Council therefore now carries a capital financing requirement within the terms of the Prudential Code.

Gross Debt and the Capital Financing Requirement: In order to ensure that over the medium term debt will only be for a capital purpose, the Council

should ensure that debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years. This is a key indicator of prudence.

Debt	31.03.18 Revised £m	31.03.18 Actual £m
Borrowing	34.3	14.14
Total Debt	34.3	14.14

The information above refers to the use of a revolving infrastructure fund from the Local Enterprise Partnership (EM3 LEP).

Operational Boundary for External Debt: The operational boundary is based on the Council's estimate of most likely, i.e. prudent, but not worst case scenario for external debt. It links directly to the Council's estimates of capital expenditure, the capital financing requirement and cash flow requirements, and is a key management tool for in-year monitoring. Other long-term liabilities comprise finance lease, Private Finance Initiative and other liabilities that are not borrowing but form part of the Council's debt.

Operational Boundary	2017/18 Revised £m	2017/18 Actual £m
Borrowing	40.0	14.14
Other long-term liabilities	-	-
Total Debt	40.0	14.14

Authorised Limit for External Debt: The authorised limit is the affordable borrowing limit determined in compliance with the Local Government Act 2003. It is the maximum amount of debt that the Council can legally owe. The authorised limit provides headroom over and above the operational boundary for unusual cash movements.

Authorised Limit	2017/18 Revised £m	2017/18 Actual £m
Borrowing	44.0	14.14
Other long-term liabilities	1.0	-
Total Debt	45.0	14.14

Ratio of Financing Costs to Net Revenue Stream: This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs, net of investment income.

Ratio of Financing Costs to Net Revenue Stream	2017/18 Revised %	2017/18 Actual %
General Fund	-5.2	-6.4

Incremental Impact of Capital Investment Decisions: This is an indicator of affordability that shows the impact of capital investment decisions on Council Tax levels. The incremental impact is the difference between the total revenue budget requirement of the current approved capital programme and the revenue budget requirement arising from the capital programme proposed.

Incremental Impact of Capital Investment Decisions	2017/18 Estimate £	2017/18 Actual £
General Fund - increase in annual band D Council Tax	-	-

Adoption of the CIPFA Treasury Management Code: The prudential indicator in respect of treasury management is that the Council adopt CIPFA's Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. The aim is to ensure that treasury management is led by a clear and integrated forward treasury management strategy, with recognition of the existing structure of the Council's borrowing and investment portfolios. The revised edition of the Code (November 2011) was adopted by the Council on 20th February 2014.

APPENDIX B

Market commentary regarding the year 2017/18 from the Council's treasury management advisors Arlingclose

External Context

Economic commentary

2017-18 was characterised by the push-pull from expectations of tapering of Quantitative Easing (QE) and the potential for increased policy rates in the US and Europe and from geopolitical tensions, which also had an impact.

The UK economy showed signs of slowing with latest estimates showing GDP, helped by an improving global economy, grew by 1.8% in calendar 2017, the same level as in 2016. This was a far better outcome than the majority of forecasts following the EU Referendum in June 2016, but it also reflected the international growth momentum generated by the increasingly buoyant US economy and the re-emergence of the Eurozone economies.

The inflationary impact of rising import prices, a consequence of the fall in sterling associated with the EU referendum result, resulted in year-on-year CPI rising to 3.1% in November before falling back to 2.7% in February 2018. Consumers felt the squeeze as real average earnings growth, i.e. after inflation, turned negative before slowly recovering. The labour market showed resilience as the unemployment rate fell back to 4.3% in January 2018. The inherent weakness in UK business investment was not helped by political uncertainty following the surprise General Election in June and by the lack of clarity on Brexit, the UK and the EU only reaching an agreement in March 2018 on a transition which will now be span Q2 2019 to Q4 2020. The Withdrawal Treaty is yet to be ratified by the UK parliament and those of the other 27 EU member states and new international trading arrangements are yet to be negotiated and agreed.

The Bank of England's Monetary Policy Committee (MPC) increased Bank Rate by 0.25% in November 2017. It was significant in that it was the first rate hike in ten years, although in essence the MPC reversed its August 2016 cut following the referendum result. The February *Inflation Report* indicated the MPC was keen to return inflation to the 2% target over a more conventional (18-24 month) horizon with 'gradual' and 'limited' policy tightening. Although in March 2 MPC members voted to increase policy rates immediately and the MPC itself stopped short of committing itself to the timing of the next increase in rates, the minutes of the meeting suggested that an increase in May 2018 was highly likely.

In contrast, economic activity in the Eurozone gained momentum and although the European Central Bank removed reference to an 'easing bias' in its market communications and had yet to confirm its QE intention when asset purchases end in September 2018, the central bank appeared some way off normalising interest rates. The US economy grew steadily and, with its policy objectives of price stability and maximising employment remaining on track, the Federal Reserve Open Market Committee (FOMC) increased interest rates in December 2017 by 0.25% and again in March, raising the policy rate target range to 1.50% - 1.75%. The Fed is expected to deliver two more increases in 2018 and a further two in 2019. However, the

imposition of tariffs on a broadening range of goods initiated by the US, which has led to retaliation by China, could escalate into a deep-rooted trade war having broader economic consequences including inflation rising rapidly, warranting more interest rate hikes.

Financial markets: The increase in Bank Rate resulted in higher money markets rates: 1-month, 3-month and 12-month LIBID rates averaged 0.32%, 0.39% and 0.69% and at 31st March 2018 were 0.43%, 0.72% and 1.12% respectively.

Gilt yields displayed significant volatility over the twelve-month period with the change in sentiment in the Bank of England's outlook for interest rates. The yield on the 5-year gilts which had fallen to 0.35% in mid-June rose to 1.65% by the end of March. 10-year gilt yields also rose from their lows of 0.93% in June to 1.65% by mid-February before falling back to 1.35% at year-end. 20-year gilt yields followed an even more erratic path with lows of 1.62% in June, and highs of 2.03% in February, only to plummet back down to 1.70% by the end of the financial year.

The FTSE 100 had a strong finish to calendar 2017, reaching yet another record high of 7688, before plummeting below 7000 at the beginning of 2018 in the global equity correction and sell-off.

Credit background:

Credit Metrics

In the first quarter of the financial year, UK bank credit default swaps reached three-year lows on the announcement that the Funding for Lending Scheme, which gave banks access to cheaper funding, was being extended to 2018. For the rest of the year, CDS prices remained broadly flat.

The rules for UK banks' ring-fencing were finalised by the Prudential Regulation Authority and banks began the complex implementation process ahead of the statutory deadline of 1st January 2019. As there was some uncertainty surrounding which banking entities the Authority would be dealing with once ring-fencing was implemented and what the balance sheets of the ring-fenced and non ring-fenced entities would look like, in May 2017 Arlingclose advised adjusting downwards the maturity limit for unsecured investments to a maximum of 6 months. The rating agencies had slightly varying views on the creditworthiness of the restructured entities.

Barclays was the first to complete its ring-fence restructure over the 2018 Easter weekend; wholesale deposits including local authority deposits will henceforth be accepted by Barclays Bank plc (branded Barclays International), which is the non ring-fenced bank.

Money Market Fund regulation: The new EU regulations for Money Market Funds (MMFs) were finally approved and published in July and existing funds will have to be compliant by no later than 21st January 2019. The key features include Low Volatility Net Asset Value (LVNAV) Money Market Funds which will be permitted to maintain a constant dealing NAV, providing they meet strict new criteria and minimum liquidity requirements. MMFs will not be prohibited from having an external fund rating (as had been suggested in draft regulations). Arlingclose expects most of

the short-term MMFs it recommends to convert to the LVNAV structure and awaits confirmation from each fund.

Credit Rating developments

The most significant change was the downgrade by Moody's to the UK sovereign rating in September from Aa1 to Aa2 which resulted in subsequent downgrades to sub-sovereign entities including local authorities.

Changes to credit ratings included Moody's downgrade of Standard Chartered Bank's long-term rating to A1 from Aa3 and the placing of UK banks' long-term ratings on review to reflect the impending ring-fencing of retail activity from investment banking (Barclays, HSBC and RBS were on review for downgrade; Lloyds Bank, Bank of Scotland and National Westminster Bank were placed on review for upgrade).

Standard & Poor's (S&P) revised upwards the outlook of various UK banks and building societies to positive or stable and simultaneously affirmed their long and short-term ratings, reflecting the institutions' resilience, progress in meeting regulatory capital requirements and being better positioned to deal with uncertainties and potential turbulence in the run-up to the UK's exit from the EU in March 2019. The agency upgraded Barclays Bank's long-term rating to A from A- after the bank announced its plans for its entities post ring-fencing.

Fitch revised the outlook on Nationwide Building Society to negative and later downgraded the institution's long-term ratings due to its reducing buffer of junior debt. S&P revised the society's outlook from positive to stable.

S&P downgraded Transport for London to AA- from AA following a deterioration in its financial position.

Other developments:

In February, Arlingclose advised against lending to Northamptonshire County Council (NCC). NCC issued a section 114 notice in the light of severe financial challenge and the risk that it would not be in a position to deliver a balanced budget.

In March, following Arlingclose's advice, the Authority removed RBS plc and National Westminster Bank from its counterparty list. This did not reflect any change to the creditworthiness of either bank, but a tightening in Arlingclose's recommended minimum credit rating criteria to A- from BBB+ for FY 2018-19. The current long-term ratings of RBS and NatWest do not meet this minimum criterion, although if following ring-fencing NatWest is upgraded, the bank would be reinstated on the Authority's lending list.

APPENDIX C

RUSHMOOR BOROUGH COUNCIL - INVESTMENT OPENING/CLOSING IN 2017/18

<u>31 03 17</u>			<u>31 03 18</u>				
£m	£1m	£2m	£3m	£4m	£5m	£m	
<u>UK Local Authorities</u>							
2.0						Dumfries and Galloway Council	0.0
<u>Covered Bonds/Floating Rate Notes</u>							
1.0						Leeds Building Society (FRN via K&S)	0.0
2.2						Leeds Building Society (Fixed Bond via K&S)	2.2
2.3						Yorkshire Building Society (Fixed Bond via K&S)	2.3
1.0						Lloyds Bank	0.0
<u>AAA - Rated Money Market Funds</u>							
0.1						Aberdeen	0.4
1.5						Deutsche Bank	0.8
1.6						Insight	1.1
1.8						Standard Life	0.9
0.0						Svenska	0.0
<u>Pooled Funds</u>							
5.0						CCLA	3.6
3.0						SWIP Absolute Fund	0
5.0						UBS Multi-Asset Fund	5
5.0						Payden and Rygel	5
2.0						Threadneedle Investment	2
0.0						M&G Investment	4
33.5						<u>Total</u>	27.3

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CABINET

COUNCILLOR GARETH LYON
CORPORATE AND DEMOCRATIC SERVICES
PORTFOLIO HOLDER
REPORT NO. FIN1828

21 AUGUST 2018

KEY DECISION? ~~YES~~/NO

APPLICATION FOR DISCRETIONARY RATE RELIEF

SUMMARY AND RECOMMENDATIONS:

SUMMARY

This report sets out one new application for Discretionary Rate Relief for The Brain Tumour Charity.

RECOMMENDATIONS

Cabinet are recommended to approve the award of 5% Discretionary Rate Relief to The Brain Tumour Charity for the period 1 April 2018 to 31 March 2021, which coincides with the end of the current rating list.

1. INTRODUCTION

1.1 The purpose of this report is to:

- Outline the background and financial implications of Discretionary Rate Relief.
- Consider one new application for Discretionary Rate Relief.
- Examine the overall budget position for cost impact of Discretionary Rate relief applications for 2018/19.

2. BACKGROUND

2.1 Mandatory Relief is available at 80% of the rates payable, and to qualify an organisation must:

- Occupy a property or rating hereditament which is used wholly or mainly for charitable purposes, and
- Be established for charitable purposes only, or
- Be accredited as a community amateur sports club.

2.2 A local authority had discretion to grant “top up” relief of up to the additional 20% to charities that have received the 80% mandatory relief.

2.3 In addition, an authority can grant relief of up to 100% to other ratepayers.

3 APPLICATION FOR RELIEF

- 3.1 Full details of the application is set out in Appendix 1 and is for The Brain Tumour Charity, formerly known as Samantha Dickson Brain Tumour Trust which is located on Victoria Road, Farnborough.
- 3.2 The Brain Tumour Charity is entitled to 80% Mandatory Relief and therefore this application is for the “top up” 20% Discretionary Relief.
- 3.3 The Brain Tumour Charity had previously applied for Discretionary Rate Relief in 2013 under their former name, Samantha Dickson Brain Tumour Trust.
- 3.4 The application was unsuccessful as Cabinet felt that at that time, the Charity did not have a specific enough local focus. Cabinet did stipulate that once the Charity has been established in this area for a while they would be happy to receive another application with more information based on the impact the charity has on the local community.
- 3.5 The Charity has now applied for Discretionary Rate Relief under their new name, The Brain Tumour Charity.
- 3.6 The portfolio holder for Concessions and Community Support met with the Principal Revenues and Benefits Officer on 11th July 2018 in respect of this application.
- 3.7 During this meeting the Portfolio Holder examined the application in detail, and has set out a recommendation for the level and period of support that could be provided for The Brain Tumour Charity as outlined in paragraph 3.8 to 3.12 below.
- 3.8 The suggested level of support is 5% Discretionary Rate Relief for the period 1 April 2018 to 31 March 2021, which coincides with the end of the current rating list.
- 3.9 This decision was made on the basis that the Charity are in a good financial position and although they show some involvement within the community, they do not have a specific local focus.
- 3.10 However, should their position change in the future, then the level of relief can be reviewed?
- 3.11 If 5% Discretionary were to be awarded this would reduce The Charity’s business rates payable from £10,057.20 to £7,542.90 for the year 2018/19.
- 3.12 The level of award is consistent with other Large Charitable Organisations where the level of support ranges from 10% to 20%, meaning that these organisations are contributing towards the local economy.

4 FINANCIAL IMPLICATIONS

- 4.1 Since 1st April 2013, the Business Rates Retention Scheme has introduced a fundamentally new set of arrangements for dealing with the cost of rates. The cost to the Council of granting any relief is most reliably estimated at being 40% of the value of relief granted. Although the total cost is ultimately determined by a range of factors, such as the Council's total rate receipts measured against its estimated threshold for growth, taking into account any payment levies or safety net contributions payable or receivable.
- 4.2 Appendix 2 shows those charitable organisations that qualify for 80% mandatory relief and which have been granted additional "top up" discretionary relief. The organisations are grouped together under generic headings, and the period of grant.
- 4.3 Appendix 2 also sets out summary details of the non-charitable organisations that are currently in receipt of relief. The appendix includes the value and costs of relief and period of grant.

5 RISKS

- 5.1 If the suggested level of Discretionary Relief is awarded, the financial effect on the Council remains relatively low at £1,005.72 for the year 2018/19.

6 CONCLUSIONS

- 6.1 In conclusion, Cabinet are asked to approve the award of Discretionary Rate Relief to The Brain Tumour Charity to the value of 5%.
- 6.2 The Portfolio Holder for Corporate and Democratic Services is supportive of the application from The Brain Tumour Charity.
- 6.3 This case was reviewed on its own merit and the decision made is within the criteria of the Discretionary Relief Policy and is in line with other similar organisation.

BACKGROUND DOCUMENTS:

1. Local Government Finance Act 1988, Section 47.
2. Non-Domestic Rating (Discretionary Relief) Regulations 1989 (SI 989/1059).
3. Office of Deputy Prime Minister "Guidance on rate reliefs for charities and other non-profit organisations, issued December 2002.
4. Full application case file in respect of the applicant.

CONTACT DETAILS:

Report Author – David May / david.may@rushmoor.gov.uk / 01252 398330

Head of Service – Amanda Fahey / amanda.fahey@rushmoor.gov.uk 01252
398440

Application for Discretionary Rate Relief
The Brain Tumour Charity
Hartshead House, 61-65 Victoria Road, Farnborough, Hampshire, GU14 7PA
Billing No. 92105019



The Brain Tumour Charity are a charity dedicated to funding research, raising awareness of brain tumours, reducing diagnosis times and providing support and information for people with brain tumours, their families and friends. They have a range of support and facilities available to those affected by brain tumours.

The Brain Tumour Charity head office is in Farnborough and they receive a large amount of support from local businesses and have extensive volunteering opportunities for local residents.

On their website, they state the following:

We are determined to increase survival and reduce the effect that brain tumours have on quality of life. We are funding clinical trials and novel methods of drug development to help drugs get to the clinic. We will invest in new technologies that will aid the early and accurate diagnosis of brain tumours.

As an organisation, we are committed to funding research that will increase survival and will take every step necessary to improve quality of life for everyone affected by brain tumours.

More information about The Brain Tumour Charity can be found on their website:
www.thebraintumourcharity.org

The Brain Tumour Charity currently occupy Hartshead House, 61-65 Victoria Road, Farnborough, Hampshire, GU14 7PA. As a registered charity, The Brain Tumour Charity are entitled to 80% Mandatory Relief and this application is for 20% Discretionary Rate Relief.

The Brain Tumour Charity have been liable for rates at this premise since 12th July 2012. They applied for Discretionary Rate Relief in April 2013, and were declined the 20% top up as it was felt the charity did not demonstrate the impact they have on the local community.

The Brain Tumour Charity business rates liability for 2018/19 is £10,057.20. If the 20% Discretionary Rate Relief were to be awarded, the financial effect on Rushmoor Borough Council would be £4,022.88

In their application The Brain Tumour Charity advise the following:-

What are the main objects of the charity?

To Support research into caring and treating brain tumours; To provide support and information to brain tumour patients and their carers; To promote awareness of brain tumours.

Outline ways in which the local organisation is involved, at local, regional or national level, in developing its particular interests:

We work across the UK providing direct support to people through our regionally based teams and our central support office here in Farnborough. This includes a support line, information and facts about brain tumours, live chat and various closed Facebook groups. We offer regular meet ups and Lab tours for supporters to see first-hand the important work they are funding. We hold a variety of national and regional events ranging from information days for healthcare staff, family days for people affected by a brain tumour and hospital based information stands.

What purpose does your organisation use the premises and facilities?

Head Office

How would an award of relief to your organisation benefit the local community?

The Brain Tumour Charity is a major employer in and contributor to the local economy in the Rushmoor area. 91 of its 106 employees are based at the Farnborough office with the 15 regional staff making regular visits, 19 of the head offices based staff (i.e. 21%) live in the borough.

By being based in Farnborough the charity brings a significant amount of spending into the area. The charity uses local suppliers where possible and entertains staff and visitors in local venues. Staff and visitors make purchases in local shops and visitors use local hotels.

The charity provides an opportunity for local residents to take up volunteering opportunities. This particularly benefits the unemployed, particularly where this is due to a change in circumstance as a result of a brain tumour, to make a valuable contribution and to develop skills and experience that will help improve their employability. The charity benefits from the contributions of 612 volunteers, 20 of whom volunteer at the Farnborough office and 9 of whom live in the borough. In a recent survey 88% of volunteers said that volunteering with the Charity has had a positive impact on their wellbeing.

The charity engages many local businesses as corporate partners providing the opportunity for them to fundraise and/or volunteer for a local based good cause. Through being a local charity, the Rushmoor community have a local cause to support and fundraise for and are more aware of brain tumours than residents in other areas. The Charity's strong local support resulted in it winning a vote to be Eagle Radio's Morning Mat's London Marathon.

People affected by brain tumours in the Rushmoor area are able to obtain face-to-face support by visiting the office. The Charity campaigns for equal access to the best treatment for brain tumours. At present Rushmoor residents receive a lower standard of treatment than e.g. Cambridge residents. The Charity is campaigning to change this.

More generally, Rushmoor residents benefit from the national impact of the charity. One example is the reduction in diagnosis times for children with brain tumours achieved through HeadSmart programme, which has halved diagnosis times and consequently saved lives. The charity is developing a similar campaign for adults. Rushmoor residents also benefits from the improvements in treatment that result from the research that the Charity funds.

9206753	Places For People Leisure Limited	Farnborough Leisure Centre, Westmead, Farnborough	352,500	173,782.50	-	-	100	173,782.50	69,513.00	Feb-19
9206754	Places For People Leisure Limited	Aldershot Pools Complex, Guildford Road, Aldershot	208,000	102,544.00	-	-	100	102,544.00	41,017.60	Feb-19
9207023	Boro FC Limited	The Aimita Stadium, Cherrywood Road, Farnborough	29,500	14,160.00	-	-	80	11,328.00	4,531.20	31/03/2022
9207025	Love Of The Game Ltd T/A Aldershot Town Fc	Recreation Ground, High Street, Aldershot	41,500	19,920.00	-	-	80	15,936.00	6,374.40	31/03/2022
				338,734			0	306,830.50	122,732.20	
	NEW APPLICATION									
9210501	The Brain Tumour Charity	Hartshead House, Victoria Road, Farnborough	102,000	50,286	80	40,228.80	5	2,514.30	1,005.72	31/03/2021
				50,286				2,514.30	1,005.72	
Total Yearly Rates		695,396.13								
Total Mandatory Relief		285,329.94								
Total 20% Top Up Relief		56,504.21								
Total 20% CASC Relief		5,146.92								
Total Sports and Non-Profit		306,830.50								
Total Discretionary Rate Relief		368,481.63								
Total Hardship Relief		-								
Total Relief Awarded		368,481.63								
Total Cost to RBC		147,392.65								

Cabinet
21 August 2018

Councillor Maurice Sheehan
Operational Services
Portfolio Holder
Report No. COMM1808

Key Decision – No

FARNBOROUGH AIRPORT COMMUNITY ENVIRONMENTAL FUND

Summary and Recommendation

The Operational Services Portfolio Holder has considered one application and is recommending Cabinet approve the following award:

- **St Patrick’s Catholic Primary School - £5,000**

1. Introduction

1.1 This paper seeks approval to award a grant from the Farnborough Airport Community Environmental Fund to assist one local project.

2. Background

2.1 The Community Environmental Fund commenced in 2001. It is levied by Farnborough Airport on business aviation movements at a rate of £2 per aircraft movement and £5 per aircraft movement where the aircraft is a Boeing Business Jet or an Airbus Corporate Jet.

2.2 The fund is available to groups and organisations under the following criteria:

- Located within 5 kilometres (3 miles) from the centre of Farnborough Airport (taken to be halfway down the main runway) and is demonstrably and regularly affected by aircrafts travelling to and from Farnborough Airport
- Will result in the improvement or provision of an outdoor facility or area that is accessible to the public and able to be enjoyed by the community as a whole
- Is a community or environment based bid, projects may include: -
 - Green or open spaces
 - Natural habitats
 - Environmental improvements or outdoor play
 - Community projects with an emphasis on improving the local environment or outdoor education

3. Details of Bids

3.1 The Cabinet Member for Operational Services has considered one application (Appendix A) and is recommending the following award:

- **St Patrick’s Catholic Primary School** **£5,000**

4. Financial Implications

- 4.1 The Community Environmental Fund is currently £27,467. Taking the application recommended in this paper totalling £5,000 would leave £22,467 available for allocation.

Contact Details:

Alison Nicholls – Grants and Administration Officer
Alison.nicholls@rushmoor.gov.uk / 01252 398766

Head of Service

Peter Amies – Head of Community and Environmental Services
Peter.amies@rushmoor.gov.uk / 01252 398750

Background Documents:

Completed application form - Appendix A

Environment Fund applicant bid	
Name & address of Applicant	St Patrick's Catholic Primary School Avenue Road, Farnborough GU14 7BW
Grant requested (Total cost of project)	£5,000 (£90,657)
Purpose of grant	Multi-use games area
Previous grants from this fund	None
Distance from centre of runway (within 5 kilometres (3 miles))	Within distance
Other sources of funding for this project	£48,000 – Healthy Pupils Capital Fund £8,160 – Hampshire County Council £10,000 – School £19,500 – to come from fundraising (unsecured)
Accounts	Income £966,824 Expenditure: £1,017,132 Balances: £43,576
Additional Information	<p>The schools' playing field is in a poor state of repair through drainage issues due to the large number of surrounding trees. The school has worked with Hampshire County Council (HCC) to try to rectify this but for most of the year the field is bare and muddy or dusty depending on the season. It is also very uneven and stony which limits its use on health and safety grounds. The best solution is to provide an artificial multi-use games area.</p> <p>This will include a quarter size football and hockey pitch with a circular and straight running track. The school and the local community including holiday clubs and adult training sessions will use it throughout the year. This will result in the children having better fitness facilities and the school will be able to host football and hockey matches.</p> <p>HCC are covering the planning application, ecological and topographical surveys costs. The new games area will not affect the tree roots or be under any foliage.</p>
Aim of organisation/group	St Patrick's School is a community school providing education and childcare for children aged two to 11, starting with a pre-school run by the school governors, and wrap around childcare through breakfast and after school clubs.
Application recommendation	£5,000

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CABINET

COUNCILLOR MARTIN TENNANT
 MAJOR PROJECTS AND PROPERTY
 PORTFOLIO HOLDER

21st AUGUST 2018

KEY DECISION: NO

REPORT NO. ED1802

ALDERSHOT DIGITAL-GAMES HUB

SUMMARY AND RECOMMENDATIONS:

The report updates Members on progress with respect to the development of a Digital-Games Hub in Aldershot – a key project within the Regenerating Rushmoor programme - including information on:

- Progress with respect to the use of the Old Town Hall (in liaison with partners), and
- Financial support from the Enterprise M3 Local Enterprise Partnership

The report also explains what the next steps are to progress the project and seeks approval to undertake further development work, including the preparation of a specification for external and internal (including fit-out) works to the building and the submission of required planning and listed building applications with respect to the modifications to the building.

Recommendations:

- To delegate authority to the Chief Executive to approve further project development work (of approximately £40K – from within the approved regeneration budget and/or LEP funds) including the preparation of a specification for external and internal works to the building and management of these works
- To approve the submission of required planning and listed building applications, with respect to the modifications to the building
- To approve the principle of the Council ‘underwriting’ the revenue costs of the facility in Years 1 and 2 (as described in para 3.10), with formal approval to be considered as part of the annual budget setting process

1. INTRODUCTION

1.1 The report updates Members on progress with respect to the development of a Digital-Games Hub in Aldershot – a key project within the Regenerating Rushmoor programme - including information on:

- Progress with respect to the use of the Old Town Hall (in liaison with partners), and

- Financial support from the Enterprise M3 Local Enterprise Partnership
- 1.2 The report also explains what the next steps are to progress the project and seeks approval to undertake further development work including the preparation of a specification for external and internal (including fit-out) works to the building and the submission of required planning and listed building applications with respect to the modifications to the building.

2. BACKGROUND

- 2.1 The Council has been developing a 'Digital-Games Hub' proposal for a number of years, with the support of the Enterprise M3 Local Enterprise Partnership (EM3 LEP) and other partners, following an initial suggestion from Hampshire County Council (HCC).
- 2.2 There is a strong and growing digital economy in the Guildford-Aldershot axis and there is evidence (Tech Nation Report – 2018) to suggest the development of a 'Digital-Games Hub' in Aldershot will contribute towards the growth of this sector and thus boost economic activity in the Borough. The digital economy sector is the fastest growing sector in the UK – growing 2.6 times faster than the rest of the UK. The number of jobs in the sector grew by 13% in the 3 years to 2017. Productivity in the sector is very high - worth an additional £10K per annum. Jobs are better paid than many others – by an average of £10K per annum (Tech Nation Report – 2018).
- 2.3 An Expression of Interest (EOI) was submitted to EM3 LEP and approved at a level of £1.2M in March 2016 related to the development of a Games Hub and associated residential development in Aldershot. It was proposed at that time to acquire a building and convert it to create the Games Hub, together with associated "specialist worker-type" accommodation. The EOI was approved subject to the production of a detailed business case. The detailed business case has not been progressed because the property acquisition has not proceeded as expected, due to a combination of landowner reluctance and unacceptable asking price etc.
- 2.4 An alternative building has now been identified, with a willing landlord (see paras 3.6 below), and which requires less overall investment, albeit the scheme does not now propose to directly deliver the residential component.
- 2.5 Rather than amend the existing EOI, the EM3 LEP encouraged the Council to submit a fresh application for support for the project under its 'Projects Deliverable in 2018/19' programme. This application was submitted in June 2018 (with a value of £867K) and on 5th July was approved by the Programme Management Group (PMG) of the LEP subject to 'due diligence'. This process will be completed in early September 2018. The projected timescale for project delivery will see the Digital-Games Hub open for business in April 2019.
- 2.6 This rest of the report provides further information on the project, including details of:

- The proposal
- The building
- The partners
- The business plan, including demand
- Economic impact and VFM
- Project risks and mitigation
- Next steps

2.7 The Aldershot Games Hub is a key project within the Regenerating Rushmoor programme as it has the potential to deliver a major boost to the digital economy of Aldershot, Rushmoor and the wider sub-region. The project also aligns with the Council's Digital Strategy and supports the priority around engaging with young people, creating a digital community and improving skills.

3. DETAILS OF THE PROPOSAL

The Proposal

3.1 The Aldershot Games/Digital Hub will comprise a 60-place collaborative workspace for existing and aspiring entrepreneurs, micro, small and developing businesses, and others working in the Gaming/Digital sector.

3.2 The Hub will provide a physical base for a supportive and collaborative, shared working environment, offering a combination of "state of the art" facilities (including Mobile Edge Computing (MEC) services developed in partnership with the 5G Innovation Centre in Guildford that game developers can use for future marketing and sales activity) and flexible working arrangements together with essential support services for new and fledgling businesses. This will support an increase in the number of business start-ups in this key sector and help existing businesses 'scale-up', and so build upon the strength of the sector along the Guildford-Aldershot axis whilst contributing to the growth of the digital sector (and associated sectors, including defence and aeronautical – all of which are Council and EM3 LEP priorities) within the sub-region.

3.3 These services will also support the growth and development of other similar businesses in the locality and sub-region who will benefit from the increased investment and focus on digital and games technologies the project will support.

3.4 The Hub will comprise the following services and facilities:

- Secure premises
- Meeting rooms
- Office space
- Collaborative work space
- Support services with respect to accountancy, legal, marketing, branding, Intellectual Property etc

- Virtual Reality Suite
- Auditorium
- Café/Restaurant (potentially)
- High speed broadband

The Building and the main Partners

- 3.5 It is proposed to house the 'Digital-Games Hub' within the Old Town Hall in Aldershot.
- 3.6 The Old Town Hall is presently owned by HCC, who have declared the building surplus to operational requirements. Following an approach by the Council and in the context of other discussions with key partners in the town, HCC is investigating the option to dispose of the building to the Rock and Pop Foundation (CISS Limited) (who acquired the adjoining Registry Office building from HCC a few years ago) *on condition that* the Rock and Pop Foundation lease the building to the Council for a period of 2 – 3 years (with the first 2 years being *on a peppercorn*) for use as a Digital-Games Hub. The Rock and Pop Foundation is supportive of this approach. Legal discussions have commenced across all 3 parties with draft heads of terms agreed.
- 3.7 The Rock and Pop Foundation has agreed to provide a 'day to day' facilities management service (as they own and manage the building next door) and discussions have commenced with Rocket Desk in Guildford related to their assistance with specialist operational management of the specific 'Games Hub' aspects. This is expected to result in one of the games developers taking on responsibility for daily operational matters (desk and room bookings, invoicing etc) within their working day after the first few months (as happened at Rocket Desk). The detail of this will be worked up by Christmas.
- 3.8 The works needed for the proposed Digital-Games Hub are likely to require planning and listed building consent and building control approval. Cabinet approval to submit a planning application is required, hence the recommendation above. Initial discussions have taken place with relevant colleagues and it is not anticipated, subject to consultation, that approval will not be achievable within a reasonable timescale (see programme in Next Steps, para 3.26, below). The specification for these works needs to be developed and the works programme managed. It is anticipated the cost of this task will be c.£40K. The current 2018/19 capital budget for the regeneration of Aldershot town centre (£6.45m) can accommodate this sum. The revenue effect of this capital budget (financed by borrowing) is already contained within the Council's General Fund budget plan. Utilisation of this budget therefore presents no additional revenue budgetary effect. It should be noted however that any utilisation of this capital budget is subject to the submission of a business case. The potential to obtain an allocation from the LEP will also be pursued.
- 3.9 It is estimated that the building requires approximately £682K (ex VAT) of work (external and internal refurbishment and fit out) to enable it to be used for the Games Hub. The entirety of this sum has been applied for from the EM3

LEP. The LEP has approved this application “in principle” subject to ‘due diligence’ (expected to be completed in September). If the “Hub’ does prove to be successful within the first 2 years, it is anticipated that a ‘bespoke’ facility can then be designed to be incorporated into the Union Street development (or similar location), helping to support the ‘re-invention’ of the High Street; contributing to the diversification of the town centre offer and re-invigorating it in an innovative way. The LEP has been asked to confirm in writing the detail of this plan and understand that its funds, if approved, will be contributing towards the development of a Digital-Games Hub, initially in the Old Town Hall for probable transfer as described above, with the Old Town Hall subsequently utilised as a “Dance Academy” helping to create a further 30 full-time and 600 part-time jobs, as well as safeguarding 44 existing jobs at the Rock and Pop Foundation, and that the Council will have no grant repayment obligations at the end of the trial period.

The Business Plan, Economic Impact and Demand Survey

- 3.10 A high-level ‘financial plan’ accompanied the EM3 LEP application (attached at Appendix 1), detailing expected income and expenditure during the first 3 years of operation. This suggests annual running costs of approximately £95,000 per year and projected income of £22,000 in Year 1, £66,000 in Year 2 and £100,000 in Year 3. Business Rates need to be added to the costs (though this cost will be passed on to individual businesses, most of whom would be eligible for 100% relief), and a market rental figure for Year 3. Cabinet is being asked to approve, in principle, to ‘underwrite’ the revenue deficit in Year 1 and 2 (though it is intended to secure other contributions to help ‘bridge’ this gap – see para 3.14 below), with formal approval to be considered as part of the annual budget setting process. The Council must obtain an option to tax from HMRC on the building. This will ensure that VAT on expenditure incurred by the Council can be reclaimed, and all charges to users of the building for accommodation and services will be made with the addition of VAT.
- 3.11 As these costings illustrate, and in line with evidence from elsewhere (see para 3.12 below), it is not expected that the Digital-Games Hub will make a significant revenue surplus for a number of years. However, it is believed that the Hub will kick-start the growth and development of a significant number of games/digital enterprises that will make a significant contribution to the local economy. There is also potential for additional income to be generated over and above that indicated through forging partnerships with like-minded organisations (like those listed in para 3.14 below), sponsorship, special events, etc.
- 3.12 Evidence from all of the other Games Hubs across the country (eg Guildford, Brighton, and Leamington Spa) indicates that such facilities require initial pump-priming funding to help put them on a financially sustainable footing. Equally, evidence from national research (Tech Nation report - 2018) demonstrates that a successful Games Hub will make a significant and growing contribution to the local economy (in the order of £7M per annum -

analysis by Olsberg SPI and Mordacity in February 2015 concluded that the GVA per FTE in the video games sector in 2013 was £67,992).

- 3.13 Officers have developed and negotiated a proposal which limits the Council contribution and financial exposure to the minimum, (and which enables the Council to 'terminate' the project early should circumstances suggest this is prudent) in the context of the economic benefits the project has the potential to deliver.
- 3.14 There are potential contributions from other partners (subject to further negotiation and consideration of procurement implications as appropriate):
- EM3 LEP contribution towards running costs - £40,000
 - Asmodee/Virgin Media contribution - marketing costs - up to £50,000
 - Virgin Media contribution – broadband connectivity - up to £100,000
 - 5G Innovation Centre – broadband and 5G connectivity - up to £100,000
 - MOD – apprenticeship programme - tbc
- 3.15 In early 2018, officers conducted a 'Demand Survey' of the offer. This entailed the distribution of 3,000 questionnaires across a number of 'platforms' including existing Council databases, Twitter and Facebook pages together with the 'mailing lists' of partner organisations.
- 3.16 The questionnaire was completed by 71 individuals or organisations, of which 71% (employing over 370 people) expressed positive interest in using the Games Hub on a part or full-time basis. The study confirmed there is an existing unmet demand for the Digital-Games Hub and that it has potential to produce significant economic benefits.(See appendix 2 of this report)
- 3.17 The reasons cited in the survey for supporting the Games Hub in Aldershot included:
- The proximity to Guildford specialist sector expertise without the added costs associated with a Guildford address
 - The scope to create all of the collaborative benefits within one facility as described above
 - Property values in Aldershot are presently significantly less than anywhere else in the sub-region
 - The strength of the complementary sectors in and around Aldershot – especially defence and aeronautics (both priority sectors for EM3 LEP).
- 3.18 In the comments section associated with the survey, and in follow-up conversations, respondents particularly emphasised the strength of the collaborative working possibilities and the value of both the networking opportunities afforded by our proposed scheme (which they consider does not exist elsewhere) and the specialist facilities being proposed (especially the Virtual Suite and the 5G linkage).
- 3.19 The high-level 'financial plan' (Appendix 1) suggests indicative 'desk rental' figures of approximately 75% of the rates charged at a similar venue (Rocket

Desk) in Guildford (because Aldershot commands lower values than Guildford because of its reduced attractiveness (connectivity, housing offer, nighttime economy etc)). When phased utilisation rates are modelled in (as indicated in the Financial Plan), together with modest sponsorship and special event revenues, the income projections quoted in para 3.10 above are revealed.

3.20 The Digital-Games Hub will deliver the following economic outputs:

- 100 new jobs created in the Digital-Games Hub together with 370 jobs safeguarded in the wider digital economy by 2021
- 30 new jobs created in the Rock and Pop Foundation 'college'/training centre and 44 jobs safeguarded from 2021 onwards, as well as 600 part-time music teacher training jobs created at the same time (through facilitating the retention of the Rock and Pop Foundation on the wider 'town hall' site)

3.21 On the basis of the predicted economic impact of the Digital-Games Hub as a whole referred above, and in the light of the risks and mitigations referred below, this is considered a sound business case on which to proceed.

Risks and mitigation

3.22 The project is considered to have the following risks and mitigations:

- **Demand not realised** – The Council has undertaken a demand survey which has revealed a strong appetite for the facility as planned. The Council also plan to work closely with Rocket Desk (as well as Desklodge in Basingstoke and The Base at Bordon) to learn from their experience
- **Competition from other areas** – The Council believes Aldershot has an immediate competitive advantage over other areas in terms of rental values, the existing strength of the digital games and associated sectors (defence and aeronautics) etc., but this advantage could be lost if the Hub is not developed with all urgency
- **Costs of works outstrip budgets** – The Council has sought match-funding contributions from project partners as referred above. It will continue to pursue these and other possibilities. Estimates have been prepared for works (based on specialist knowledge from HCC and others) and the budgets will form the basis of the specification for the works. Liaison has taken place with planning and building control colleagues, and a specialist heritage architect, and these conversations suggest the budgets will be adequate to meet the requirements of the works
- **The needs of the sector are rapidly changing** – The Council has built flexibility into the plan – both for the Old Town Hall building and the later bespoke Games Hub development within the Union Street scheme – to enable it to respond creatively and nimbly to these changes
- **Income projections not achieved** – The lease arrangement being negotiated with the Rock and Pop Foundation enables the Council to terminate the project, and thus cease any future responsibilities and liabilities should revenue projections (in the form of desk rental, sponsorship or special events income) not materialise as projected

Alternative Options

3.23 Two alternative options have been considered and rejected:

- **Leave to the private sector to develop** – there is no evidence from elsewhere in the country that the private sector will develop such a facility, at least not without a significant public-sector subsidy. This proposal does entail a public-sector subsidy, but it keeps the public sector in control of its use
- **Let another public sector partner take the lead** – The Council is working very closely with HCC and EM3 LEP and each of these organisations are being very supportive - but it is equally clear that neither of them would be willing or able to take the lead themselves with the development of the project with the urgency that is needed

Consultation

3.24 The development of the Digital-Games Hub has been included in the plans for the regeneration of Aldershot for a number of years and has been discussed at the Aldershot Regeneration Group on a number of occasions. The group has always been supportive of the proposal.

3.25 The Digital-Games Hub is a project within the 'Regenerating Rushmoor' work plan, which has been approved by Cabinet. The project also aligns with the Council's Digital Strategy.

Next steps

3.26 Subject to Cabinet approval it is proposed that the following actions will occur:

- Develop specification for works (August-September)
- EM3 LEP due diligence completed (September)
- Works out to tender (September)
- Planning, listed building and building control applications submitted (September)
- HCC recommends sale to Rock and Pop Foundation (CISS Ltd) and onward lease to RBC (September)
- Tenders returned (October)
- Lease agreement finalised with RPF and HCC (October)
- Continue to secure additional finance (ongoing)
- Formal completion (December – or earlier)
- Commence works (January 2019)
- Market Games Hub (ongoing)
- Complete operational plan (with Rocket Desk, RPF, other partners) – (January 2019)
- Complete works (March 2019)
- Open Games Hub (April 2019)

4. IMPLICATIONS

Risks and Mitigation

4.1 See para 3.22 above.

Legal Implications

4.2 Property matters are being led by the Council's property team in liaison with property colleagues at HCC. The LEP contract and associated funding conditions will be considered utilising the process agreed for previous LEP awards to the Council.

Financial and Resource Implications

4.3 The following financial matters result from the proposed development of the Digital-Games Hub described in this report.

Financial implications	£		
<u>Capital</u>			
Initial work programme	40,000	To be financed from Aldershot Town Centre Regeneration budget (subject to business case)	Revenue effect of utilisation of this budget already contained in budgets #
Main works to building	682,000	Financed by grant/contribution from LEP	No overall revenue effect, as expenditure is totally financed from external source
<u>Revenue</u>			
Overall net revenue effect - year 1 Costs £95k less income £22k	73,000	Growth in General Fund revenue budget plan	
Overall net revenue effect - year 2 Costs £95k less income £66k	29,000	Growth in General Fund revenue budget plan	
Overall net revenue effect - year 3 Costs £95k less income £100k	-5,000	Growth (contribution) in General Fund revenue budget plan	

A recommendation is included to delegate the Chief Executive to approve further project development work (of approximately £40K). The remainder of

the above financial implications are not included as recommendations to this report, and will be considered within the forthcoming budget process.

Equalities Impact Implications

- 4.4 The proposed Digital-Games Hub aims to meet the employment needs of aspiring entrepreneurs in the Borough, and as such, meets the needs of young and disadvantaged people. The facilities within the proposed Digital-Games Hub and access arrangements will be designed to ensure that no section of the community is disadvantaged.

Other

- 4.5 The proposal is expected to:
- Make a significant positive impact to the economic health of Aldershot
 - To boost economic activity in a fast-growing sector in the wider sub-region
 - Contribute to the diversification of the town centre offer in Aldershot
 - Help support the 're-invention' of the High Street; re-invigorating it in an innovative way

5 CONCLUSIONS

- 5.1 The Digital-Games Hub has the potential to make a significant, positive impact to economic activity in Aldershot and the wider sub-region through the creation of up to 100 jobs.
- 5.2 The proposal is a key project within the Regenerating Rushmoor programme that has been approved by Cabinet.
- 5.3 The proposal as described in this report will facilitate the development of this important project through leveraging significant partner contributions whilst minimising the financial exposure and risk to the Council.

BACKGROUND DOCUMENTS:

Initial Financial cost plan
Tech Nation report – 2018
Games Hub Survey and Summary Report

CONTACT DETAILS:

Report Author

Steve Pearce, steve.pearce@easthants.gov.uk - 07961 111988

Head of Service

Karen Edwards, karen.edwards@rushmoor.gov.uk - 01252 398800

	2019 Q1	Q2	Q3	Q4	2020 Q1	Q2	Q3	Q4	2021 Q1	Q2	Q3	Q4
Costs												
Running costs	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000
Building maintenance	7500	7500	7500	7500	7500	7500	7500	7500	7500	7500	7500	7500
Officer manager	3750	3750	3750	3750	3750	3750	3750	3750	3750	3750	3750	3750
Marketing	2500	2500	2500	2500	2500	2500	2500	2500	2500	2500	2500	2500
Total	23750	23750	23750	23750	23750	23750	23750	23750	23750	23750	23750	23750
Income												
Average Occupancy	10%	10%	25%	25%	50%	50%	50%	50%	75%	75%	75%	75%
Permanent desks	1755	1755	4387.5	4387.5	8775	8775	8775	8775	13162.5	13162.5	13162.5	13162.5
Casual desks	810	810	2025	2025	4050	4050	4050	4050	6075	6075	6075	6075
Daily desks	300	300	750	750	1500	1500	1500	1500	2250	2250	2250	2250
Special events		600	600	600	1200	1200	1200	1200	1800	1800	1800	1800
Sponsorship etc					1000	1000	1000	1000	2000	2000	2000	2000
Total	2865	3465	7762.5	7762.5	16525	16525	16525	16525	25287.5	25287.5	25287.5	25287.5
Profit/loss	-20885	-20285	-15987.5	-15987.5	-7225	-7225	-7225	-7225	1537.5	1537.5	1537.5	1537.5

Permanent Desk - 30 total	£195 pcm
Casual Desk - 30 total	£90 pcm
Daily Desk - as above	£15 per day
Special events	£300 per event

Aldershot Games Hub Survey

March 2018

Consultation report by Strategy, Performance and Partnerships

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Purpose of the consultation

Rushmoor Borough Council believes there is a significant community of games developers and associated specialists working in and around, Aldershot. The Council wants to support this community and is considering providing a specialist "Games Hub" to help.

The aim of the Games Hub is to provide a collaborative, shared workspace in Aldershot town centre with excellent broadband connectivity, innovative and locally-unique Mobile Edge Computing (MEC) services developed in partnership with the 5G Innovation Centre in Guildford that game developers can use for future marketing and sales activity.

Before this idea was explored further, Rushmoor wanted to gauge demand for the Games Hub and make sure it provides what possible future users say they want.

Method

An online survey (Appendix A) was designed to collect potential user views on a Games Hub. Links to the survey were emailed to a database of over 500 people involved in the gaming sector and to a range of business support organisations and industry experts. The survey was also posted on Rushmoor4business twitter account and on Rushmoor's Facebook account.

To encourage people to fill in the survey there was an option to enter a prize draw to win a £250 gift voucher.

The survey ran from 9th February until the 4th March 2018.

Response rate

In total 71 people filled in the survey and 52 people entered the prize draw.

Consultation results

Summary

There was interest in a Games hub in Aldershot with 70.7% (41 respondents) indicating that they were very likely or likely to use it. The main reason why respondents indicated that they wouldn't use the Games Hub was because they were already set up elsewhere. 34 respondents were interested in joining the Games Hub if it was developed and 16 respondents indicated that they would use the Games Hub full time.

The majority of respondents were from businesses that were full time and micro-businesses (under 10 employees), based in the GU postcode and 80.0% (40 respondents) indicated that they were developers. 46.4% (32 respondents) run their businesses from home and 31.9% (22 respondents) run their business from a rented office.

Kitchen facilities, on-site parking and access 24/7 are in the top five things respondents current have access to and that they think the hub should have access to. In addition top of the list of facilities that should be included in the Hub are hot desk / ad hoc office space, and conference and meeting rooms.

The most popular option which would make the Hub more attractive was virtual reality booths (63.6% 35 respondents), followed by a green room (61.8% 34 respondents), followed by an audio/editing suite (58.2% 32 respondents). The least popular was an eSports suite (25.5% 14 respondents).

The prices respondents were willing to pay to be based at the Hub ranged wildly. The median price respondents were willing to pay for an ad hoc hot desk was £50-£100 a month, for a dedicated desk £101-£150 a month, for an ad hoc office was £151-£200 a month and for a dedicated office £201-£250 a month.

The two largest responses for what other services the respondents would like to benefit from were access to networks and development partners and for advice about funding and finance.

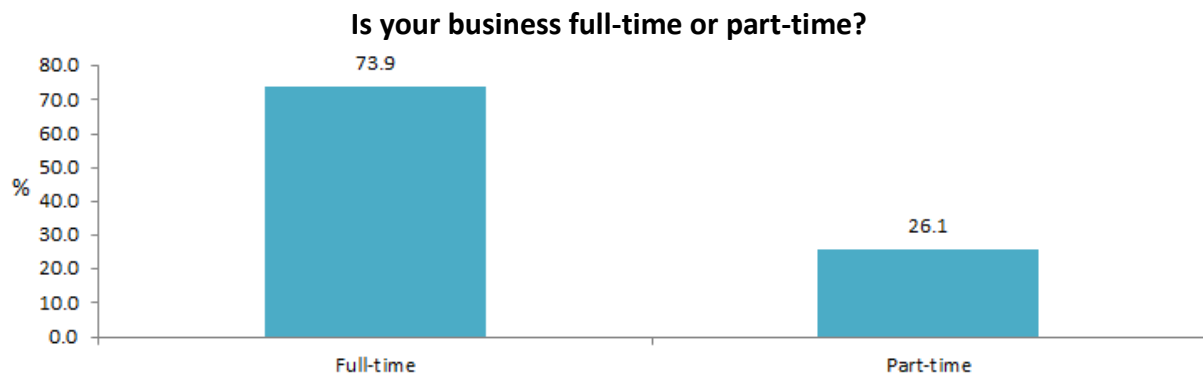
Detailed Responses

Section one – about you and your business

Question 1 and 2 asked the respondents their name and their businesses name.

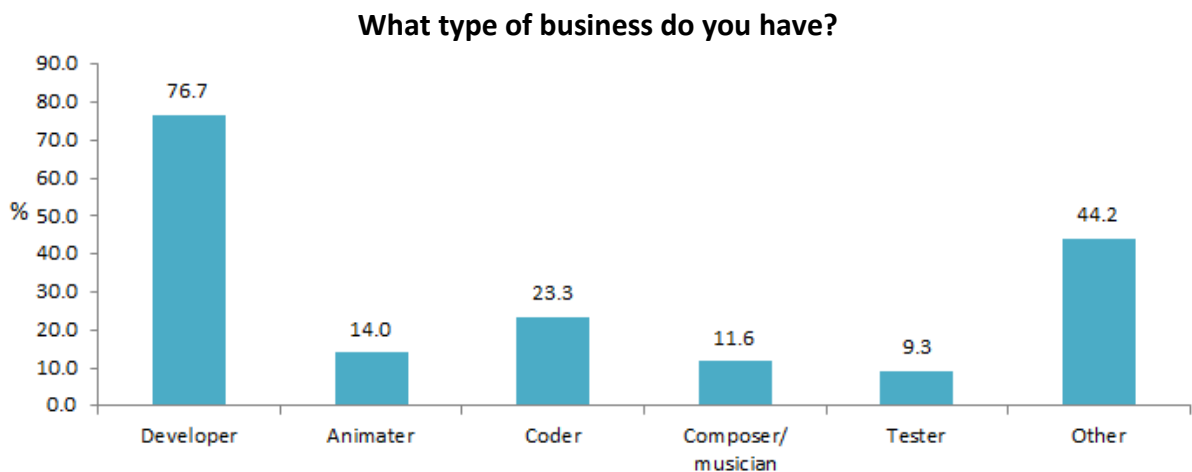
Question 3 – Is your business full-time or part-time?

In total 69 respondents filled in this question. The majority of respondents, 73.9% (51 respondents) indicated that their businesses were full-time.



Question 4 - What type of business do you have?

In total 50 respondents filled in this question, they could tick more than one answer. The majority of respondents, 80.0% (40 respondents) indicated that they had a developer businesses.



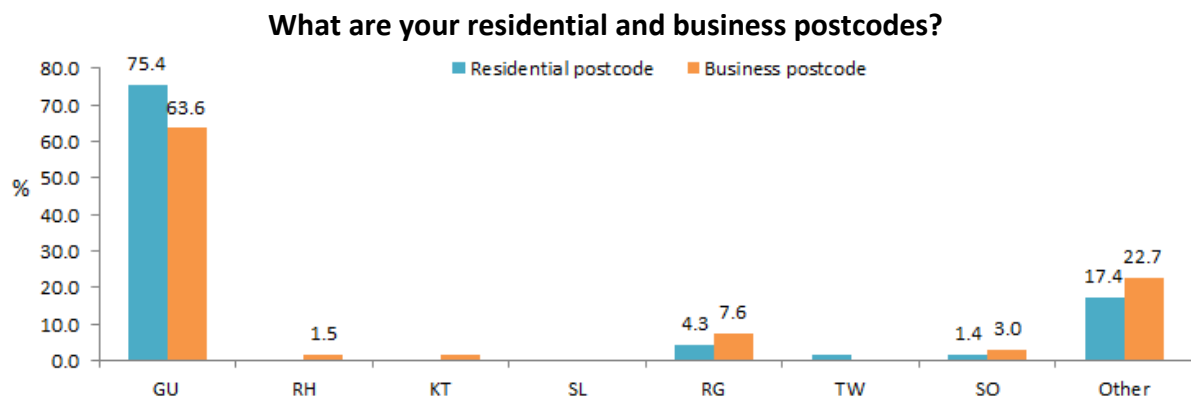
Of the 31 respondents that filled in the other part in the question, five indicated their business was artist/illustrator, four indicated that their business was publisher and two indicated that their business was VR developers. The other respondents' answers were:

- Video games consultancy
- CAIDJ-Games
- Sound Design / Game Audio Implementation

- Digital strategy/marketing
- Audio visual services and electrical services
- Games monetisation software, games financing, in-game advertising technology (multiple businesses)
- Councillor
- Game Development/Manufacture
- SaaS - Optimising IAP pricing
- Accountancy geared towards the games industry
- Cultural organisation
- Educator - Games Design & Art
- Game Designer
- I run video game events
- Dog walking
- Gaining community
- Esports
- Electronics
- Frames Animation Collective
- Government Department
- E-Commerce business (tabletop / RPG gaming)

Question 4 – What are your residential and business postcodes?

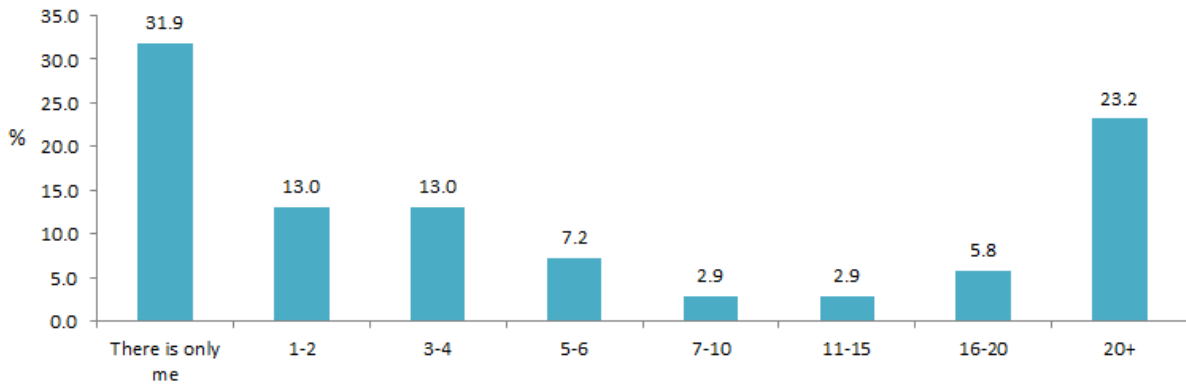
In total 69 respondents filled in their residential postcode, with 52 (75.4%) of them residing in the GU postal code area. 66 respondents filled in their business postcode, with 42 (63.6%) having businesses in the GU postal code area.



Question 6 – How many employees does your business have?

In total 69 respondents filled in this question. The two largest responses were, 31.9% (22 respondents) were running their business with just themselves and 23.2% (16 respondents) had larger business with 20 plus employees. A micro-business has 0-9 employees, 68.1% of the business have 10 or less employees.

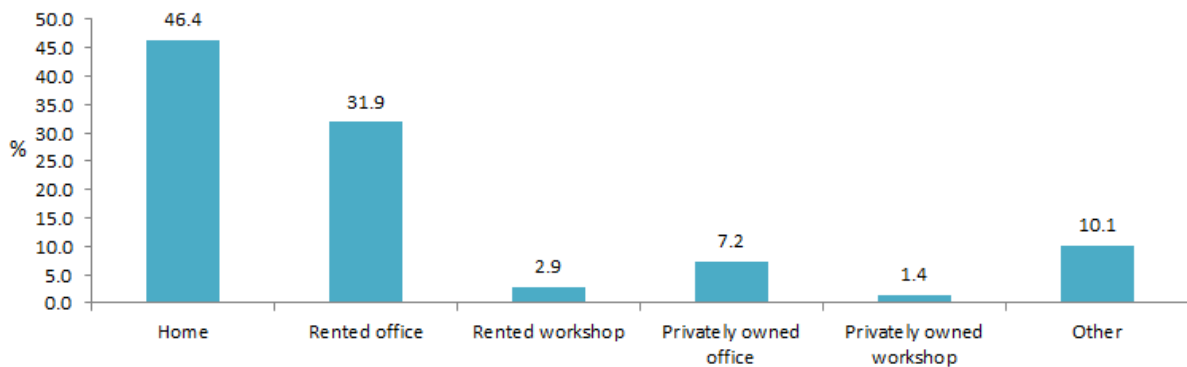
How many employees does your business have?



Question 7 – What type of space is your business currently based in?

In total 69 respondents filled in this question. The two largest responses were, 46.4% (32 respondents) run their businesses from home and 31.9% (22 respondents) run their business from a rented office.

What type of space is your business currently based in?



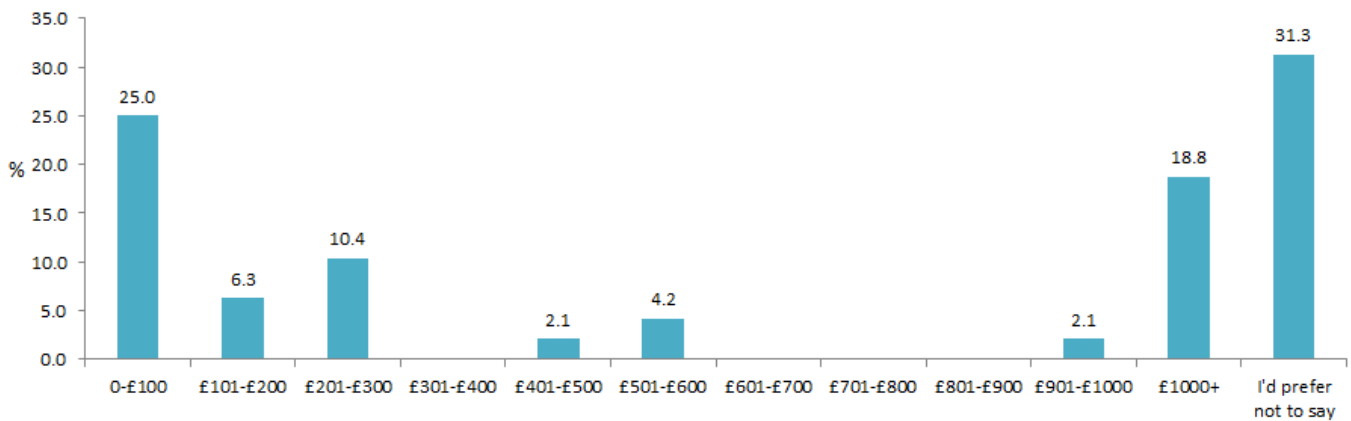
Seven respondents filled in the other part in the question, their responses were:

- Museum building
- Multiple sites
- I work in a company that has it's own Office
- Free Games Hub
- Different locations and remote workers
- Different locations and remote workers
- Home in Aldershot, rented office in Guildford

Question 8 - If you rent business accommodation, how much do you currently pay per month?

In total 48 respondents filled in this question. The two largest responses were, 31.3% (15 respondents) preferred not to say and 25.0% (12 respondents) indicated that they paid £0-£100 a month.

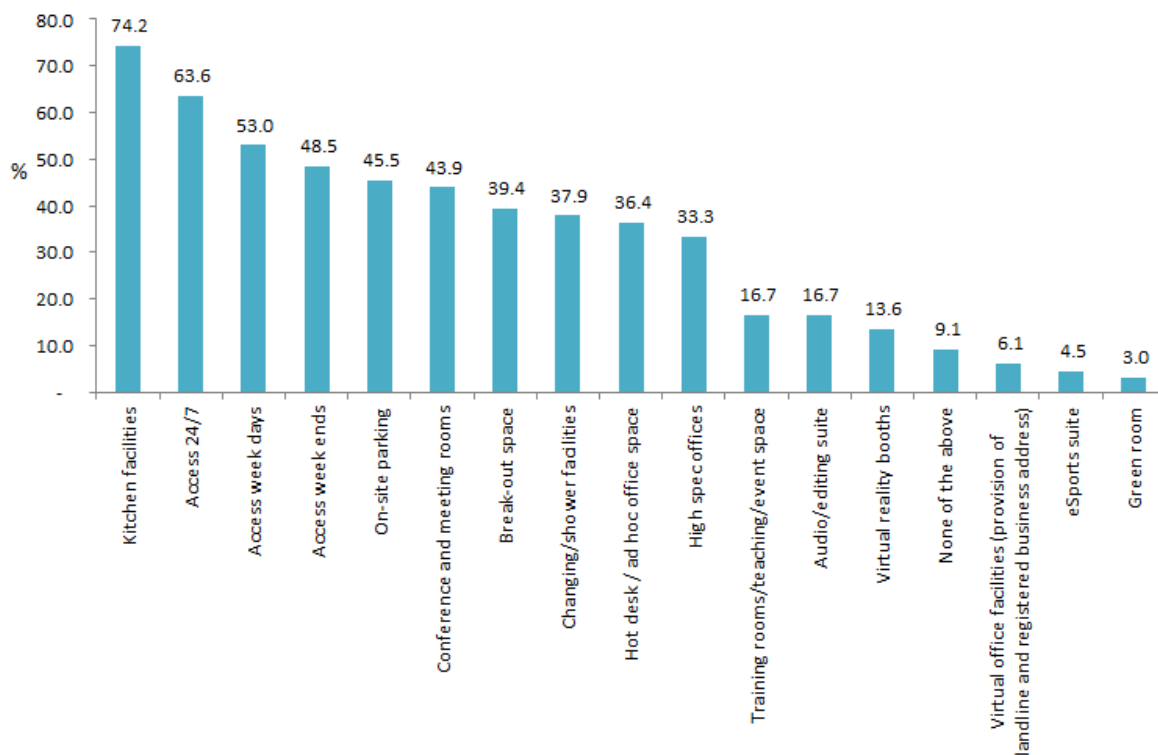
If you rent business accommodation, how much do you currently pay per month?



Question 9 - What facilities do you have access to in your current business location?

In total 66 respondents filled in this question. The top five facilities respondents currently had access to are kitchen facilities (74.2% 49 respondents), access 24/7 (63.6% 42 respondents), access week days (53.0% 35 respondents), access week ends (48.5% 32 respondents) and on-site parking (45.5% 30 respondents).

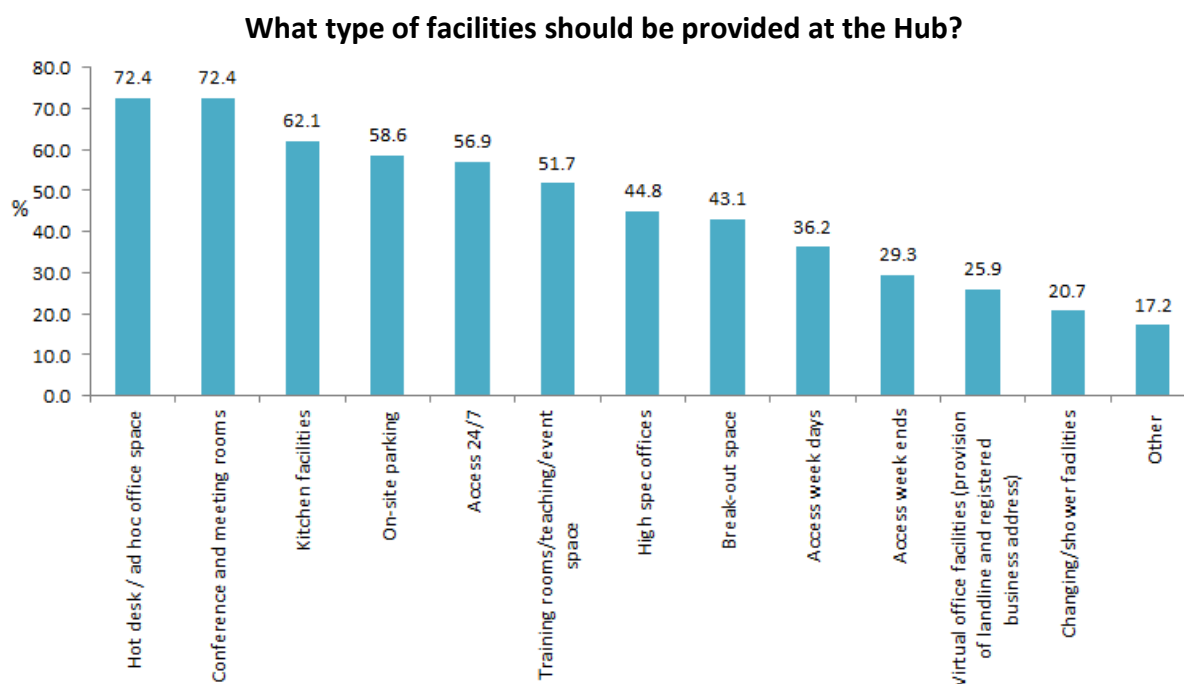
What facilities do you have access to in your current business location?



Section two – Your requirements

Question 10 - What type of facilities should be provided at the Hub?

In total 58 respondents filled in this question. The top five facilities respondent would like to see at the Hub are hot desk / ad hoc office space (72.4% 42 respondents), conference and meeting rooms (72.4% 42 respondents), kitchen facilities (62.1% 36 respondents), on-site parking (58.6% 34 respondents) and access 24/7 (56.9% 33 respondents).

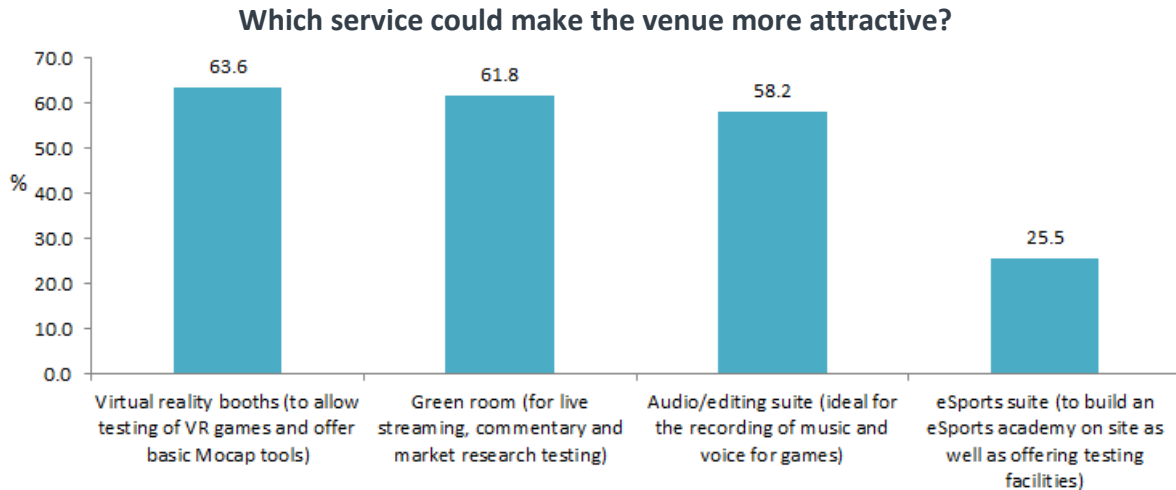


Ten respondents filled in the other part of the question, their responses were:

- Really good Internet access
- Private ideally sound proofed booths/Pods for private conference / telephone calls
- The facility to be configured for trade/public events
- Super fast Internet
- All of these things are equally important
- None
- 24/7 access would be good, but not essential.
- Cleaning
- Space for private phone calls
- User Test room. Ability to view/record players testing a game with 1 way glass or video/audio recording. Great for testing how people play a game when left to their own devices.

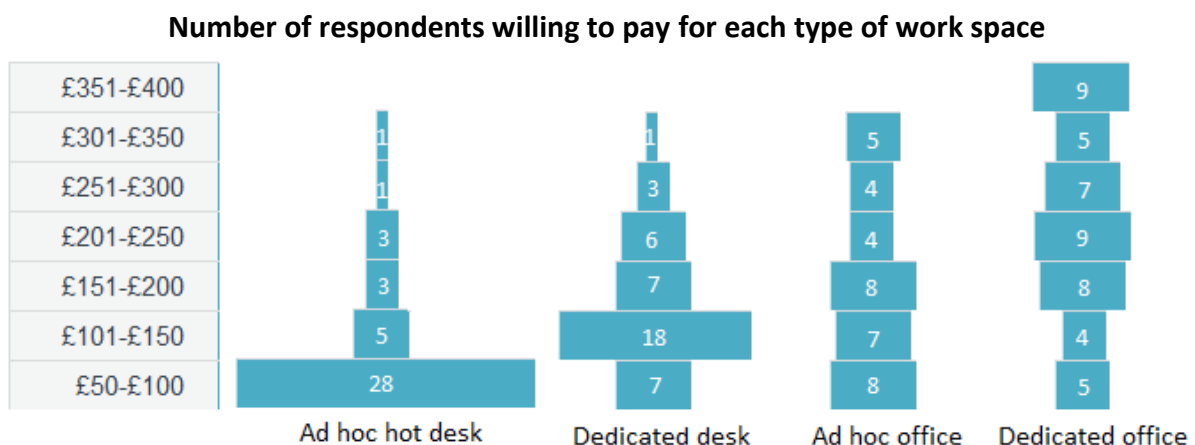
Question 11 - We are interested in creating a world class facility to support the game development community including dual purpose facilities which could offer the following services to make the venue more attractive

In total 55 respondents filled in this question and the most popular option was virtual reality booths (63.6% 35 respondents), followed by a green room (61.8% 34 respondents), followed by an audio/editing suite (58.2% 32 respondents). The least popular was an eSports suite (25.5% 14 respondents).



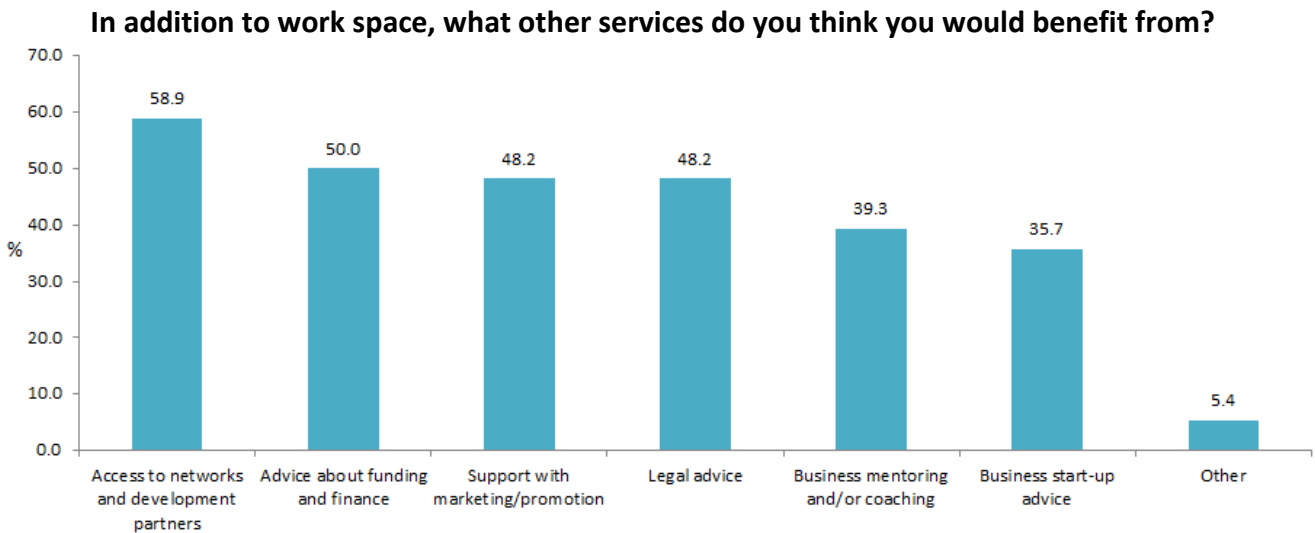
Question 12 - If you were interested in being based at the new Hub, which facilities would you be most likely to use and how much would you be willing to pay per month?

In total 41 respondents filled in the question relating to ad hoc hot desk and the median answer was £50-£100 per month. 42 respondents filled in the question relating to dedicated desk and the median answer was £101-£150 per month. 36 respondents filled in the question relating to dedicated desk and the median answer was £151-£200 per month. 47 respondents filled in the question relating to ad hoc office and the median answer was £201-£250 per month. The chart below shows the range of responses for each type of work space.



Question 13 - In addition to work space, what other services do you think you would benefit from?

In total 56 respondents filled in this question. The two largest responses were, 58.9% (33 respondents) for access to networks and development partners and 50.0% (28 respondents) for advice about funding and finance.

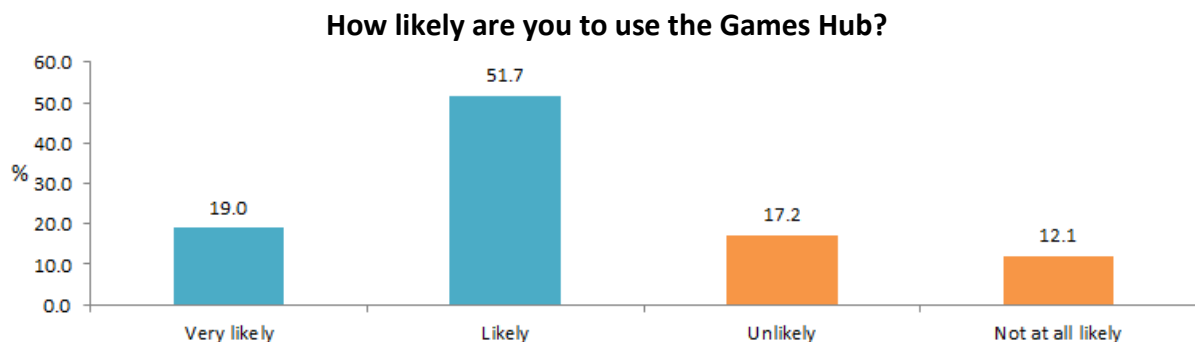


Three respondents filled in the other part of the question, their responses were:

- Work experience placements
- Business analysis
- Manufacturing and Production

Question 14 - If a new Games Hub was developed in Aldershot town centre and it met your business needs in terms of cost and facilities/services provided, how likely would you be to use it?

In total 58 respondents filled in this question 70.7% (41 respondents) indicated that they were very likely or likely to use the Games Hub, 29% (17 respondents) indicated that they were unlikely or not at all likely to use the Games Hub.

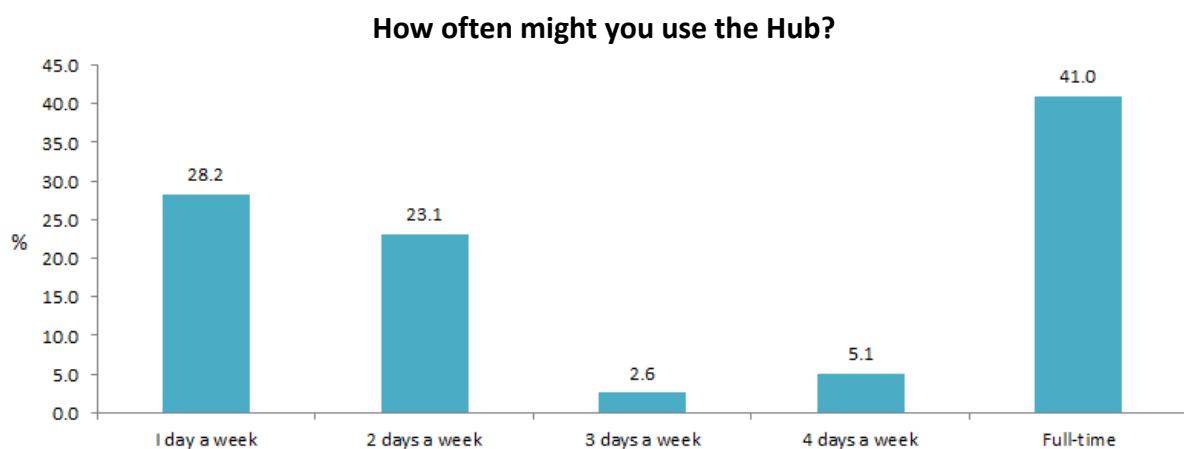


22 respondents indicated why they were unlikely or not at all likely to use the Games Hub, the main themes of the comments were:

- The respondent is currently set up/works elsewhere (mentioned 10 times)
- The respondents aren't sure Aldershot is the right place for the Games Hub (mentioned 4 times)

Question 15 - If you answered very likely or likely to the above questions, how often might you use the Hub?

In total 39 respondents filled in this question. The largest response was for full-time, 41.0% (16 respondents) indicated that they would use the Games Hub full-time.



Question 16 - Do you have any other comments/suggestions about the provision of a Gaming Hub in Aldershot?

In total 34 respondents filled in this question. It was difficult to place the comments into themes the full responses can be seen in Appendix B.

Question 17 - If you are interested in joining the Hub (should it be developed), and are happy for us to contact you, please give us your contact details in the box below.

In total 34 respondents left their contact details.

Appendix A – copy of the survey



Aldershot Games Hub Survey

Introduction

Rushmoor Borough Council believes there is a significant community of games developers and associated specialists working in, and around, Aldershot. The council wants to support this community and is considering providing a specialist "Games Hub" to help.

Before we explore this idea further, we want to gauge demand for it and make sure it provides what future users say they want.

Our aim is for the Games Hub to provide a collaborative, shared workspace in Aldershot town centre with excellent broadband connectivity, innovative and locally-unique Mobile Edge Computing (MEC) services developed in partnership with the 5G Innovation Centre in Guildford that game developers can use for future marketing and sales activity.

This will enable local small games-based and games-related businesses to undertake their existing product development more quickly and to be "several steps ahead of the competition" when it comes to future 5G roll-out potential. The Aldershot Games Hub would have access to the Innovation Centre's 5G test bed facility, making this a unique facility!

We want to hear what you think - the more positive responses we get, the more likely the Games Hub is to happen.

The closing date for the this survey is 4th March 2018.

Data protection notice: We will only use the information you give us to improve our services and provide you with information in future, if you have said you are happy for us to contact you.

Aldershot Games Hub Survey

About you and your business

1. Your name

2. Your business name

3. Is your business full-time or part-time?

Full-time Part-time

4. What type of business do you have? (tick all that apply)

- Developer
- Animator
- Coder
- Composer/musician
- Tester

Other (please specify)

5. What are your residential and business postcodes?

	GU	RH	KT	SL	RG	TW	SO	Other
Residential postcode	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Business postcode	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

6. How many employees does your business have?

- There is only me
- 1-2
- 3-4
- 5-6
- 7-10
- 11-15
- 16-20
- 20+

7. What type of space is your business currently based in?

- Home
- Rented office
- Rented workshop
- Privately owned office
- Privately owned workshop
- Other (please specify)

8. If you rent business accommodation, how much do you currently pay per month?

- 0-£100
- £101-£200
- £201-£300
- £301-£400
- £401-£500
- £501-£600
- £601-£700
- £701-£800
- £801-£900
- £901-£1000
- £1000+
- I'd prefer not to say

9. What facilities do you have access to in your current business location? (please tick all that apply)

- High spec offices
- Hot desk / ad hoc office space
- Training rooms/teaching/event space
- Conference and meeting rooms
- Break-out space
- Kitchen facilities
- Changing/shower facilities
- eSports suite
- Virtual reality booths
- Virtual office facilities (provision of landline and registered business address)
- Green room
- Audio/editing suite
- On-site parking
- Access week days
- Access week ends
- Access 24/7
- None of the above

Aldershot Games Hub Survey

Your requirements

The Hub would offer a mixture of flexible and short-term hot desking facilities, as well as short to long term office options. The Hub would be fully serviced and have an on-site management facility. High speed internet access would be provided and the Hub would be in a town centre location.

10. What type of facilities should be provided at the Hub? (please tick your top 4 requirements)

- High spec offices
- Hot desk / ad hoc office space
- Training rooms/teaching/event space
- Conference and meeting rooms
- Break-out space
- Kitchen facilities
- Changing/shower facilities
- Virtual office facilities (provision of landline and registered business address)
- On-site parking
- Access week days
- Access week ends
- Access 24/7
- Other (please specify)

11. We are interested in creating a world class facility to support the game development community including dual purpose facilities which could offer the following services to make the venue more attractive. (Please tick the two options you feel would be most beneficial)

- eSports suite (to build an eSports academy on site as well as offering testing facilities) *
- Green room (for live streaming, commentary and market research testing) *
- Virtual reality booths (to allow testing of VR games and offer basic Mocap tools) *
- Audio/editing suite (ideal for the recording of music and voice for games) *

*There may be an additional cost for facilities above office/desk rent

12. If you were interested in being based at the new Hub, which facilities would you be most likely to use and how much would you be willing to pay per month? (please tick all that apply)

	Ad hoc hot desk	Dedicated desk	Ad hoc office	Dedicated office
£50-£100	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
£101-£150	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
£151-£200	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
£201-£250	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
£251-£300	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
£301-£350	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
£351-£400	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

13. In addition to work space, what other services do you think you would benefit from? (please tick your top two preferences)

- Business start-up advice
- Advice about funding and finance
- Business mentoring and/or coaching
- Support with marketing/promotion
- Access to networks and development partners
- Legal advice
- Other (please specify)

14. If a new Games Hub was developed in Aldershot town centre and it met your business needs in terms of cost and facilities/services provided, how likely would you be to use it?

- Very likely
- Likely
- Unlikely (please tell us why)
- Not at all likely (please tell us why)

Please tell us why you are unlikely or not at all likely to use a Games Hub in Aldershot town centre.

15. If you answered very likely or likely to the above questions, how often might you use the Hub?

- 1 day a week
- 2 days a week
- 3 days a week
- 4 days a week
- Full-time

16. Do you have any other comments/suggestions about the provision of a Gaming Hub in Aldershot?

17. If you are interested in joining the Hub (should it be developed), and are happy for us to contact you, please give us your contact details in the box below.

18. Is there any specific help or advice you/your business would benefit from now?

Aldershot Games Hub Survey

Thank you

19. Thank you for completing this survey. All completed surveys can be entered into a prize draw to win a £250 gift card. The winning entry will be picked in the week beginning 5 March and we will notify the winner by phone or email.

Please fill in the box below with your phone number or email address if you wish to be included in the prize draw.

Data protection notice: We will only use the information you give us to improve our services and provide you with information in future, if you have said you are happy for us to contact you.

Appendix B – responses to question 16 (Do you have any other comments/suggestions about the provision of a Gaming Hub in Aldershot?)

- Your proposals are very software focused. Games could require some hardware development. Space for this should/could be included.
- With games hub Guildford close by but really pricey this is a great idea. You'll attract existing businesses and new ones too.
- While I don't think it's something that I personally need at the moment, it sounds like it could be a great service to provide in the area.
- When developing games it might be difficult to work in-office as the computers would need high-end graphics cards, cpu, double monitor setup etc for creating graphics. I wouldn't use a laptop as the screen size would be too small.
- We'd love to see one in Portsmouth.
- We would be interested in a local facility for green-screen, VR focus testing, and maybe 5.1 audio mastering/testing as well. I could imagine us using these a couple of times a month.
- We run a co-working space in leamington and it has led to a sense of community which has led onto people finding work, companies setting up in the area and the location becoming well known as a game making hub.
- Transport links will be key to success here both into/out of london and surrounding areas. In my experience, running genuinely useful events for the audience (i.e. not sponsored sales pitches) is the best way to raise awareness.
- This seems like a 'no-brainer' initiative, in the sense that the location is perfect (near Guildford which has plentiful games companies), with easy access down the Hog's Back. In addition, there's Testology in the town centre, which could be used as a resource in collaboration with studios which set up in the town also. Small, private, office spaces would be great for our team. Communal areas feel like a nice idea, as that would allow networking and socialising with other like minded people.
- This proposal provides a fantastic and long-awaited opportunity for Aldershot to capitalise on the immersive technology sector burgeoning on its doorstep.
- This is a fantastic proposal and I feel that it could be the start of allowing the gaming sector to grow in Aldershot area and allow an emulation of the Guildford gaming sector.
- This concept sounds like Rocketdesk in Guildford. They provide a lot of the things you are aiming to provide and have quite a few people working with them already. Perhaps you should get in touch and support them.
- The recording studio idea is nice, but in terms of practicality and usefulness it'd be more beneficial to have a couple of edit suites (i.e. separate rooms) intended for audio professionals to work out of with access to a centralised, bookable recording space. Audio folks need to listen on speakers which is impractical for a shared office space

(e.g. the noise, cables everywhere).

- Sounds exciting!
- See comments in 14 - I would welcome the chance for work experience placements so that our claimants interested in this type of career could gain experience of the industry plus access to employers in the labour market
- Privacy is important to game development, especially when dealing with NDAs and devkits, having a private locked office is vital.
- No
- Need a to be joined up effort to improve the attractiveness of the centre in general
- Make it a tech hub, or even a general creative hub. The more creative people together, the better results that come out of it. Also provides excellent networking opportunities for all kinds of artists and developers.
- Lots of bandwidth
- It's a great idea.
- It's a great idea (even though my business is very much on the periphery of this field) - however, Rushmoor BC will need to demonstrate to potential users of the Hub why Aldershot is preferable to Guildford, where there is already a strong games development history. I feel the Hub would need support and regular promotion for a reasonable time before it started to generate a return on the investment (still worth doing, though !) On a slightly different tack, for "real world" gaming (board games, wargames, figure manufacture etc) there is already quite a bit of activity within a 30-mile or so radius; with enough support and some innovative outreach, it might be possible to develop a light manufacturing / event / retail hub similar to the "Lead Belt" centred around Games Workshop's factory in Notingham.
- I'm quite happy in Rocketdesk currently but the biggest issue is that once the game studios grow to 5 + people they get their own studio and the culture changes back to a more corporate feeling. The desk cost is too high for a dedicated desk and i'd like to have a dedicated office or ad-hoc office to get some space to concentrate or collaborate on a project with others temporarily. If I didn't move from Rocketdesk I would still really need mentorship and and support and would like to see this offered by yourselves.
- If there was an audio suite I think it would need to be quite high spec and have a lot of features that smaller home studios do not have. For example 5.1 + 7.1 mixing suites.
- I would pay to use an audio suite/studio for recording VO or instruments etc, but not necessarily a desk unless it was in an isolated room :)
- I think this would be a great idea and would really attract talent to the area. Personally I'd rename it 'Aldershot Games & New Media Hub' because it will appeal to a wider audience.

- I think a more general approach would be better. Target tech businesses in general and not just games. So having space and services for any tech business would broaden your appeal. For example I am developing a Web application but I'd also like to build and launch a game. I don't think excluding certain developers would be good for the cause. By all means have an editing suite which is broad in appeal but perhaps market it as a tech hub with some gaming specific services. If you can get some sponsorship from the gaming firms in Guildford all the better but don't let them run the show, they will ultimately benefit from home grown talent. Some sort of internship scheme would be good, the hub could try and get all the local tech firms to advertise or even create internships, marketed through the hub. And make sure you have enough plug sockets.
- Hub support, outreach and community management will be key requirements.
- High speed internet, upload and download needed. Ability to work in peace when needed, and also some work will be covered by NDAs most likely, so ability to shield yourself from others (cubicles?) would be nice.
- Does it have support from the trade and successful games developers?
- Awesome. It's all about community. Even if just a drop-in community member or working at a hub for a couple of days a week, it's about meeting the right people and getting involved.
- Although we aren't probably the exact company you were looking to fill this in, we would be very interested in finding out more about your plans to see if there is any link with what we provide in the local area through our cultural Engagement work, both via West End Arts Centre and Aldershot Military Museum. We are really keen to work more in the local community with local businesses, creative industries and participants so very keen to find out more.
- Aldershot has the potential to gain a lot of Indy and freelance work from the local area - with good links by rail to London (via Guildford or Ascot) - I would suggest building links with the local university and Farnborough colleges - this worked in Bournemouth and would suggest it would work very very well here - My company for one will be happy to join this.
- Aldershot doesn't seem to me to be a games hub. Other than Testology (who are just a service provider). I'm unaware of any developers in the area. Guildford would make more sense on many levels

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CABINET

COUNCILLOR GARETH LYON
CORPORATE AND DEMOCRATIC SERVICES
PORTFOLIO HOLDER

21 AUGUST 2018

REPORT NO. FIN1827

KEY DECISION /NO

CORPORATE SANCTIONS AND ENFORCEMENT POLICY

SUMMARY:

This report provides a new and updated overarching Corporate Sanctions and Enforcement Policy 2018, taking into account changes in legislation, the updated Regulators Code 2014, the new GDPR and Data Protection Act 2018, creating a consistent and open, transparent approach to Sanctions and Enforcement across the Council.

This policy would be applied by any enforcing team at RBC e.g. Planning, Environmental Health and Housing, Revenues and Benefits and the Corporate Enforcement Team to combat crime, disorder, fraud and non-compliance to legislative requirements by the general public or businesses within the Borough of Rushmoor and to protect the public purse.

To cover offences relating to such matters as;

- Fly Tipping/Pollution Control
- Food Hygiene
- Planning Enforcement
- Council Tax
- Business Rates
- Parking Offence

(this list is not exhaustive)

RECOMMENDATIONS:

Cabinet are recommended to approve the revised Corporate Sanctions and Enforcement Policy attached as Appendix 1.

1. INTRODUCTION

- 1.1 This report recommends revisions to the Council's Corporate Enforcement Policy.

2. BACKGROUND

- 2.1 Cabinet adopted the previous version of this policy in 2012.
- 2.2 This updated version takes into account changes to legislation and brings together both Sanction and Enforcement under an overarching policy covering all the Council's regulatory services. Each service may then have their own processes, which will include nationally prescribed procedures governing their service, in line with the overarching policy.

3. DETAILS OF THE PROPOSAL

General

- 3.1 To adopt the new policy and make it available to the public on the Rushmoor Borough Council website. That the policy be reviewed every 3 years by the Internal Audit service.
- 3.2 The principal changes are due to the Regulators Code 2015, The Data Protection Act 2018 and GDPR; however, this list is not exhaustive. This policy will affect all areas of enforcement across the Council in all areas of the Borough.

Consultation

- 3.3 All services who undertake Sanction and Enforcement work have been consulted for their input into this overarching policy. Members were previously consulted on both the 2005 and 2012 versions of the policy of which this is an updated version.

4. IMPLICATIONS

Risks

- 4.1 The risk of not adopting the policy would be that the Council would not be compliant with the national changes in legislation.

Legal Implications

- 4.2 The Council could be subject to criticism during any Court/Enforcement action for not holding a robust and up to date policy governing these processes and procedures.

Financial and Resource Implications

- 4.3 The absence of an up to date, compliant policy could impact implementation of Fines, Sanctions and costs for Court Proceedings and Sentencing. There are no additional resource or budgetary implications of implementing the revised policy.

Equalities Impact Implications

4.4 Equalities Impact Implications are dealt with in the policy.

Other

4.5 This policy supports the Council's ability to combat crime, disorder, fraud and non-compliance to legislative requirements and to protect the public purse.

5. CONCLUSIONS

5.1 This proposal is being made to bring the Council up to date with current legislation and provide a transparent and consistent approach to enforcement across the Borough.

BACKGROUND DOCUMENTS:

Corporate Enforcement Policy 2012

Changes to legislation (not exhaustive):

- The Regulators Code 2014
- Home Office Guidance Circular 2013 updated again in 2015 – incorporating changes to the 'Simple Caution' for Adult Offenders April 2015
- Ministry of Justice Guidance 13 April 2015 Annex A
- Council Tax Reduction Scheme (Detection of Fraud and Enforcement) (England) Regulations 2013
- Prevention of Social Housing Fraud Act 2013
- RIPA (Directed Surveillance and Covert Human Intelligence Sources) (Amendment) Order 2012
- Data Protection Act 2018
- General Data Protection Regulations 2018

CONTACT DETAILS:

Report Author – Janine Wraight janine.wraight@rushmoor.gov.uk 398355

Head of Service – Amanda Fahey amanda.fahey@rushmoor.gov.uk 398440

RUSHMOOR BOROUGH COUNCIL CORPORATE SANCTIONS AND ENFORCEMENT POLICY

1. INTRODUCTION

This policy sets out what can be expected from the Council's regulatory services when sanction and enforcement action is considered. This policy is overarching across all the Council's services and is designed to ensure a consistent, fair, proportionate and effective approach. The policy highlights the aims and principles each service should consider when exercising their duties, recognising that the primary purpose of the Council's regulatory services is to support compliance in order to protect residents and the wider public, businesses, the environment and groups such as consumers and workers.

In addition to this "umbrella" policy, it should be noted that additional service specific policies, procedures, codes and guidance may exist which detail the processes that all officers working within that service area will follow when considering what enforcement action is appropriate. Where these exist, these documents will also comply with this policy where appropriate. For example, Planning have nationally prescribed procedures that govern the planning enforcement process, where any appeal would be handled by the planning inspectorate not the Council.

The aim of the Council's regulators is to:

- Support those we regulate to comply
- Change the behaviour of the offender and encourage compliance
- Change attitudes in society to offences which may or may not be serious in themselves, but which are widespread
- Eliminate any financial gain or benefit from non-compliance
- Be responsive and consider what is appropriate for the particular offender and the regulatory issue
- Be proportionate to the nature of the offence and/or the harm caused
- restore the harm caused, where appropriate
- Deter future non-compliance or offending
- Reassure the tax payer that offences/offenders will not be tolerated
- Protect the public purse

Decisions about the most appropriate sanction and enforcement action to be taken will be based upon this policy and in accordance with the Council's Constitution, Scheme of Delegation and the law. The Council's enforcement activities, including investigations and formal actions, will always be conducted in compliance with statutory powers and relevant legislation.

In assessing what sanction and enforcement action is necessary and proportionate, the Council will have regard to:

- The seriousness of the offence/compliance failure
- The past and current performance of the alleged offender, for example, previous breaches of law

- Failure to comply with statutory notices/obligations and sanction and prosecution history
- Any obstruction by the alleged offender, including failure to supply information in a timely manner
- The nature and extent of the risk/cost to the public purse
- The public interest test
- A blatant disregard for the laws, deliberate intent or negligence
- The vulnerability of and/or impact on those affected
- Any mitigating circumstances
- Statutory guidance, codes of practice and legal advice
- A person's age in relation to young people (termed 'juveniles') aged under 18
- Any interference/tampering with seized materials

2. GENERAL PRINCIPLES OF ENFORCEMENT

This policy recognises the obligation in law for the Council's regulators to have regard to the general principles of good enforcement and in particular to the Regulators' Code. To this end the Council's regulatory activities will be carried out in a way that is, transparent, accountable, proportionate and consistent.

The Council believes in supporting economic growth and in firm but fair regulation, and will follow and apply the following principles in the exercise of its functions.

Proportionality - The sanction and enforcement action the Council takes will be proportionate to the risks posed, the size and nature of the regulated activity and to the seriousness of the offence and/or the harm caused. Any decision regarding enforcement action will be taken on the merits of each case and will be impartial and objective. It will not be affected by race, disability, socio-economic factors, age, politics, gender, sexual orientation or religious beliefs.

Consistency – Where appropriate the Council will be consistent in sanction and enforcement decision-making, in the advice given, and in responses to complaints and other incidents.

Openness and Accountability – The Council will seek to maintain confidence in its duty to regulate by helping everyone who uses services, or against whom sanction and enforcement action is taken, to understand what is expected of them, and what they should expect from the Council.

Risk Assessment and Targeting – The Council will ensure that appropriate risk assessment is used to direct regulatory efforts where they are most needed including, for example, at those responsible for risk to safety, health or serious environmental damage, at incidents where risk is least well controlled or at deliberate or organised crime. No inspection or visit takes place without a reason.

Furthermore, the Council's regulators will similarly operate in accordance with the specific obligations of the Regulators Code, summarised below.

Supporting Economic Progress – The Council will consider the impact of regulatory interventions on economic progress through the consideration of the costs, effectiveness and perceptions of fairness of regulatory activity.

Advice and Guidance – The Council’s regulators will seek to provide information, advice and support, easily and cost effectively, to make it easier for regulated entities to understand their obligations, taking into account their needs and circumstances.

Risk Assessment – The Council’s regulators will ensure that the allocation of regulatory resource is targeted where it will be most effective.

Inspections and other visits – The Council’s regulators will carry out interventions in accordance with risk assessment principles, where visits are requested (if appropriate) or where the Council is acting on relevant intelligence.

Information Requirements – The Council’s regulators will seek to balance the need for information from regulated parties with the burden that this imposes.

Compliance and Enforcement Actions – The Council’s regulators will seek to support compliance by positive and proactive approaches, as well as targeting those who deliberately or persistently breach the law.

Accountability – The Council will be accountable for the efficiency and effectiveness of regulatory activities. Decision-making will be recorded, transparent and undertaken in accordance with the Council’s Scheme of Delegation.

3. EQUALITY, DIVERSITY AND THE PROTECTION OF HUMAN RIGHTS

The Council recognises the statutory duty to promote equality in enforcement decisions. This will ensure that the needs of all sectors of the community are recognised. In accordance with that policy, all policies including this one are monitored for any adverse impact on equality issues. The Council will similarly ensure that sanction and enforcement actions and all associated decisions take account of the provisions of the Human Rights Act 1998.

4. ENFORCEMENT OPTIONS

Rushmoor will consider taking appropriate action against any duty holder suspected of committing an offence, subject to this policy. There is a wide range of enforcement tools available to the Council’s regulators, including:

- No action
- Voluntary Action
- Informal Action and Advice
- Warning Letter
- Fixed Penalty Notices
- Penalty Charge Notices
- Formal Notice
- Seizure of goods/equipment
- Injunctive Action and other Civil Sanctions

- Refusal/Suspension/Revocation or Review of a licence
- Penalties
- Administrative Penalties
- Simple Caution
- Prosecution

5. AN EXPLANATION OF ENFORCEMENT OPTIONS

No Action - In certain circumstances, contraventions of the law may not warrant any action. For example, where formal enforcement is inappropriate in the circumstances, such as where the offender is frail or suffering from serious ill health, and formal action would seriously damage their wellbeing. In such cases we will advise the offender of the reasons for taking no action. However, any financial dues or overpayments will still need to be paid or repaid.

Voluntary Action – In some circumstances an agreed course of action may be entered into with duty holders, who wish to work with regulators to mitigate risk and ensure compliance (for example voluntary closure for a set period). Voluntary action may be considered where the offence was unintended, the duty holder is willing and the regulator has confidence that the duty holder will comply.

Informal Action and Advice - For minor breaches of the law, verbal or written advice may be given to support compliance. Any contraventions of the law will be clearly identified and advice given on how to put them right including, where appropriate, a deadline by which this must be done. The time allowed will be reasonable and take into account the seriousness of the contravention and the implications of the non-compliance. Duty holders may be advised about 'good practice', but a clear distinction will be made between what must be done to comply with the law and what is advice only. Failure to comply could result in an escalation of enforcement or sanction action.

Fixed Penalty Notices (FPNs) and Penalty Charge Notices (PCNs) - are prescribed by certain legislation (as a method of enforcement by which the offender pays an amount of money to the enforcer in recognition of a breach). Where legislation permits, an FPN/PCN or fine may be issued without warning.

Failure to accept an FPN and/or a PCN - In circumstances where an alleged offender fails to accept or pay an FPN, then in order to maintain the integrity of these legislative regimes, the Council may consider an escalation of enforcement action. This may include consideration of a prosecution for the original offence under the primary legislation.

Similarly, where a person or corporate body fails to accept or pay a PCN, the Council may consider an escalation of enforcement action. This may include consideration of civil action to recover the debt. A failure to pay an FPN or PCN is a material consideration for the purposes of deciding whether a prosecution will be taken or civil debt recovery commenced.

Similar action may be considered in relation to Non Domestic Rates (NDR) Housing Benefit and Council Tax debts where civil enforcement for a liability order, bailiffs, committal hearing or charging order may be instituted.

Formal Notice - Certain legislation enforced by the Council allows notices to be served requiring duty holders to take specific actions or cease certain activities. Notices may require activities to cease immediately where the circumstances relating to health, safety, environmental damage or nuisance demand. In other circumstances, the time allowed will be reasonable, taking into account the seriousness of the contravention, the implications of the non-compliance and the appeal period for that notice. All notices issued will include details of any applicable Appeals Procedures.

Certain types of notice allow works to be carried out in default. This means that if a notice is not complied with, the Council may carry out any work necessary to satisfy the requirements of the notice. Where the law allows, the cost the Council incurs in carrying out the work may be recovered from the person/business served with the notice.

Seizure - Certain legislation enables authorised enforcement officers to seize goods, equipment or documents, for example, unsafe food, sound equipment that is being used to cause a statutory noise nuisance, unsafe products, or any goods needed as evidence for possible future court proceedings. Seized items could be removed or left in situ. It is a criminal offence to interfere or tamper with these items.

Injunctive Actions and other Civil Sanctions - In certain circumstances, for example, where offenders are found to be repeatedly offending in similar areas or where it is considered that injunctive action is the most appropriate course of enforcement, then injunctive actions may be used to deal with this e.g. dangerous or hazardous circumstances or environmental or public health issues.

Suspension, Review, Revocation and Refusal to renew Licences, etc. – In certain circumstances, and in accordance with service specific policies, certain licences and other permissions may be suspended, reviewed, revoked or not renewed.

Penalties - A billing authority may impose a fine on a person who fails without reasonable excuse to notify it of changes affecting their Council Tax.

Where the authority has imposed a penalty for Council Tax and a further request for the same information is made to that person and is again not properly complied with, the authority may impose a further penalty and this may be imposed each time the authority repeats the request and the person does not fulfil their statutory obligations. The charge is set by Government regulation: Under Schedule 3 Local Government Finance Act 1992 as amended by LGFA (England, substitution of penalties) order 2008/9810 article 2 (wef 01/05/2008)

Administrative Penalties – In certain circumstances under Council Tax legislation, an Administrative Penalty may be offered as an alternative to prosecution following

fraudulent activity. Administrative Penalties do not require an admission of guilt. However, the Council would need to be satisfied that;

- Sufficient evidence is available to prove the case to a criminal standard
- That it is in public interest
- The offender is 18 years or above
- The offender is willing to accept the Administrative Penalty as an alternative to prosecution

Simple Caution - In appropriate circumstances, where a prosecution would otherwise be justified, a simple caution may be administered with the consent of the offender after an admission of guilt. For a simple caution to be issued, the following criteria must be satisfied (in accordance Ministry of Justice Guidance 13 April 2015):

- Sufficient evidence must be available to prove the case to a criminal
- standard
- The offender must admit the offence
- It must be in the public interest to use a Simple Caution
- The offender must be 18 years or over

If an offender is found guilty of committing another offence, within a five-year period, anywhere in England and Wales, the Simple Caution may be cited in court, and this may influence the severity of the sentence that the court imposes. The refusal of an offender to be cautioned does not preclude the matter being escalated to prosecution. In order to maintain the integrity of these legislative regimes, any such refusal will be a material consideration when deciding whether the offender should then be prosecuted for that offence.

Prosecution - In circumstances where none of the other forms of enforcement action are considered appropriate, a prosecution may be considered. In determining this course of action, the Code for Crown Prosecutors will be applied, which sets out the general principles to follow when making a decision to prosecute. This includes the tests of whether there is enough evidence against the defendant and whether it is in the public interest to bring the case to court. A prosecution will usually take place if there is sufficient evidence, unless the public interest factors against prosecution clearly outweigh those in favour of prosecution.

The decision to prosecute will be made by the manager or head of service and passed to the Corporate Legal Manager for consideration in accordance with the Council's Constitution and Scheme of Delegation.

6. NOTIFYING ALLEGED OFFENDERS AND OTHER PARTIES

If it is the intention of the Council to take formal enforcement action against an alleged offender, if appropriate, they will be notified as soon as is practicable, unless this could impede an investigation or pose a safety risk to those concerned or the general public. In particular, where appropriate, the Council will:

- Explain clearly why the action is necessary and what remedial action, if any, is required. Regulators will clearly separate best practice, advice and legal requirements
- Ensure that the alleged offender has the opportunity to discuss what is needed to comply with the law before formal enforcement action is taken. This is unless urgent action is required, for example, to protect the environment or where a criminal offence has been committed
- Where urgent action is required, provide a written explanation of the reasons as soon as possible after the event
- Give a written explanation on any rights of appeal against formal enforcement action at the time the action is taken, where applicable
- Ensure that the Council's Complaints Procedure remains timely, effective and easily accessible

During an investigation or other action, duty holders and witnesses will be kept informed of progress, where appropriate. In some circumstances, this may be delayed or limited due to the sensitive nature of some enquiries.

Interested parties will only be informed of the outcome of our investigation upon closure of the case where the information is in the public domain.

The Council will take all reasonable steps to protect personal information about individuals in accordance with our obligations under the Data Protection Act 2018 and General Data Protection Regulations. However, the Council may be permitted or obliged to disclose personal information in accordance with legislation (such as the Freedom of Information Act 2000), for tribunal procedural requirements or internal data sharing between council services and data sharing arrangements with external bodies. Although, this would not apply if disclosure would be likely to prejudice a criminal investigation.

7. RIGHTS OF COMPLAINT AND APPEAL

If there is a right of appeal and any person or body against whom enforcement action is taken, or anyone with a legal interest in the outcome, is unhappy with the enforcement action taken by the Council, the matter must be pursued in accordance with any formal rights to appeal or similar where available. Dissatisfaction with information or advice provided may be pursued in accordance with the Council's Complaints Procedure. A prosecution will not be delayed as a result of an appeal or complaint. Some offences do not attract a right of appeal.

8. LIAISON WITH OTHER REGULATORY BODIES AND ENFORCEMENT AGENCIES

The Council will, where appropriate, co-operate and co-ordinate with regulatory bodies and/or enforcement agencies to maximise the effectiveness of enforcement actions. Subject to statutory restrictions, the Council may share intelligence relating to wider regulatory matters with other regulatory bodies and enforcement agencies, including government agencies, the police, fire authorities, other statutory undertakers, Registered Social Landlords (RSLs) and other local authorities.

9. PURSUANCE OF COSTS

The Council is committed to the protection of public funds and will, where appropriate, seek to recover its costs arising from any formal enforcement action taken.

10. MONITORING

This Corporate Sanction and Enforcement Policy and any enforcement action taken under it will be monitored by reports to Corporate Leadership Team and/or reports to Cabinet and Committees by the relevant service heads.

11. REVIEW OF THE CORPORATE ENFORCEMENT POLICY

This policy will be reviewed as and when required, but at least every three years. We will continue to seek feedback from those who use or receive our services about how we can improve. Similarly, we will always explain any right of complaint or appeal. The right to raise complaints is detailed in the Council's Complaints Procedure.

12. AVAILABILITY OF THIS CORPORATE ENFORCEMENT POLICY

This policy is available on our website at www.rushmoor.gov.uk. If you would like a paper copy and/or you would like to comment on the policy, please contact us by:
Emailing: customerservices@rushmoor.gov.uk

Telephoning: 01252 398399

Or by writing to:

Rushmoor Borough Council
Council Offices,
Farnborough Road,
Farnborough
Hampshire GU14 7JU

If you need this policy in another format, please contact us.

This policy has been prepared with regard to:

The Regulatory Enforcement and Sanctions Act 2008
Co-ordination of Regulatory Enforcement (Enforcement Action) Order 2009
SI665/2009
Co-ordination of Regulatory Enforcement (Procedure for References to LBRO) Order
2009 SI670/2009
Legislative and Regulatory Reform Act 2006
Legislative and Regulatory Reform (Regulatory Functions) Order 2007
The Regulators' Code 2014

The Human Rights Act 1988
The Code for Crown Prosecutors 2013
Criminal Proceedings and Investigations Act 1996 Code of Practice
Code of Practice for Victims of Crime 2015
Data Protection Act 2018
EU General Data Protection Regulations

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ALDERSHOT CREMATORIUM – REPAIRS TO CREMATORS**Summary**

Following the six monthly inspection, urgent works have been identified to reline a cremator and replace venturi`s and nozzles which extract gases from the cremators at the crematorium, to ensure they remain operational.

The Council will at the end of this financial year have £600k available in reserves to replace the cremators with ones that are mercury compliant. Given the additional, spend anticipated in 2019/20 it is proposed that the Council seek specialist advice and costings on the feasibility, design and procurement of new cremators with the final project being presented to Cabinet in due course with a view to bringing forward the investment required.

Recommendation

Cabinet is recommended to approve:

- a supplementary estimate of £63k for 2018/19 to enable the urgent relining of a cremator and to replace the venturi`s and nozzles at the crematorium.
- the feasibility, design and procurement of new cremators with the final project detail being presented to Cabinet in due course with a view to bringing forward the investment required

1. Introduction

- 1.1. This paper seeks approval for a supplementary estimate to enable urgent works to the cremators at the crematorium.

2. Background

- 2.1 The Aldershot Crematorium has three cremators and through a pre-planned maintenance programme receives detailed inspections every six months. The brickwork to the cremators were relined in 2012 with the venturi`s and nozzles having been replaced in 2010.
- 2.2 It was anticipated that all three cremators would have required either, relining or replacing and the venturi`s and nozzles replacing in 2019/20.
- 2.3 A recent inspection identified more advanced brickwork decay and work required to the hearth in cremator one. Due to the deterioration of the venturi`s and nozzles, the suction from the cremators to the chimney has also deteriorated.

- 2.4 The Council currently receives a levy from each cremation through the Mercury Abatement Scheme. The Council will have accrued just over £600,000 by the end of 2018/19 towards the replacement of the existing cremators, with ones, which are mercury compliant.

3. Details of the Proposal

General

- 3.1 Due to their poor condition the venturi's and nozzles to all three cremators need to be replaced as soon as possible. To ensure no disruption the above works will be completed over a weekend.
- 3.2 The walls of cremator one are very worn and the brickwork needs replacing. The hearth also requires urgent attention. These works will take around a week to complete and any disruption will be kept to a minimum.

Alternative Options

- 3.3 The following alternative option has been considered and rejected. Rather than reline cremator one the Council could try to operate with the remaining two cremators. However, this would place additional strain on the cremators and require additional staff to cover longer working hours in order to complete the current level of cremations. If a further cremator failed, the Council would have to divert cremations to other crematoriums. This would significantly reduce both income and customer service.
- 3.4 If the venturi's and nozzles are not replaced it is likely the cremators would cease operating due to safety concerns before the end of this year.

4. Implications / Risks

Legal implications

- 4.1 The crematorium must operate in a safe manner. If the above works are not completed in a timely fashion, it is likely that one or more cremators will be taken out of commission.

Financial and resource implications

- 4.2 The Council receives a net income of around £700k pa and carries out around 1,700 cremations a year.
- 4.3 A supplementary estimate of £63k is required for 2018/19 to reline the bricks and carry out works to the hearth to cremator one (£36k) and replace venturi's and nozzles to all three cremators (£27k). If cremator one is not relined this will reduce the crematoriums ability to carry out cremations at peak times and put a strain on the remaining cremators. If the venturi's and nozzles are not replaced, there is a high risk that cremations will cease with the resulting loss in customer service and income.
- 4.4 The additional cost of £63k in 2018/19 is equivalent to an increase on the Council Tax of £2.03p. This is equivalent to an increase of 1.025% on the Council Tax Rate.

- 4.5 Previously this report refers to a reserve that will have built up to approximately £600k by the end of the financial year 2018/19 that is to be used to replace the cremators. This has been estimated at between £1m and £1.2m. Clearly, it doesn't make financial sense to spend short-term budgets when the Council could bring forward the replacement and cash flow the spend accordingly. As a result, the Council will obtain quotes to urgently move forward the project to replace the cremators and carry out necessary feasibility, design and procurement of such in advance of financial year 2019/20.

Equalities Impact Implications

- 4.6 There are no direct equalities impact implications, as there are other crematoriums within a reasonable distance

5. Conclusions

- 5.1 The Council is seeking specialist advice and costings on the feasibility, design and procurement of new cremators with the final project being presented to Cabinet in due course with a view to bringing forward the investment required. However a recent inspection has identified that cremator one requires urgent works and the venturi's and nozzles to the cremators need replacing. A supplementary estimate is requested to ensure the continuation of this important service at the Aldershot Crematorium.

Contact Details:

Kelly Chambers - Bereavement Services kelly.chambers@rushmoor.gov.uk Tel: 01252 321653

Peter Amies – Head of Community and Environmental Services
peter.amies@rushmoor.gov.uk Tel: 01252 398750

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CABINET

**COUNCILLOR MARTIN TENNANT
MAJOR PROJECTS & PROPERTY
PORTFOLIO HOLDER**

21 AUGUST 2018

KEY DECISION: NO

REPORT NO. LEG1808

VOYAGER BUILDING – CPO APPROVAL OF ORDER

SUMMARY AND RECOMMENDATIONS:

This report provides an update on the proposed acquisition of the Voyager Building, Apollo Rise, Southwood Business Park, Farnborough to deliver, in partnership with the North East Hampshire and Farnham Clinical Commissioning Group (CCG), an Integrated Care Centre for the Farnborough locality.

The report relates to the updated Statement of Reasons and Order for approval referred to in the Cabinet report of 6 March 2018.

Recommendation(s)

That Cabinet approves

- the updated Statement of Reasons for making the Order in Appendix 1; and
- the Compulsory Purchase Order and map in Appendix 2

1. INTRODUCTION

- 1.1 Cabinet will recall that on the 14th November 2017 it considered report No.LEG1719 and resolved, subject to a number of initial matters, to make a Compulsory Purchase Order to acquire the Voyager Building (previously known as Voyager House) to deliver an Integrated Care Centre in partnership with the CCG. A full set of delegations was given to the Solicitor to the Council to enable all steps in the compulsory acquisition to be progressed.
- 1.2 On the 6 March 2018 Cabinet considered a further report LEG1803 which set out an update from the North East Hampshire and Farnham Clinical Commissioning Group on the provision of primary and community health care within the West Farnborough locality. The Report described how the position had been worsening progressively. This meant that the acquisition of the Voyager Building, to provide a local health facility, was becoming more urgent.

2. PROGRESS UPDATE

- 2.1 Since these reports, the Council has engaged with its professional advisors to negotiate with the owners of the Voyager Building to seek to acquire the

premises by agreement without the need to resort to the serving of a Compulsory Purchase Order (the Order). This has included making an offer to acquire the freehold of the premises and, as an alternative, the CCG offered the owner equivalent lease terms to those which the council has agreed with the CCG should the order be made and confirmed. The owner has declined the leasehold offer and has declined the freehold offer. Negotiations will continue after the Order has been made to try to agree terms for the acquisition.

3. DETAILS OF THE PROPOSAL

Statement of Reasons

- 3.1 The Statement of Reasons, which details the reasons for serving the CPO, has been updated.
- 3.2 The position on negotiations to acquire the Voyager Building has been reported above. Whilst the reasons for making the order have not changed it should be noted that the situation with the provision of health care in the Farnborough locality continues to progressively worsen. The situation is particularly difficult in the Southwood area. The Southwood Practice and the Milestone Practice have decided to merge to form a new larger practice which is planned to operate from the proposed Integrated Care Centre in the Voyager Building if the Compulsory Purchase Order is confirmed. These two practices are currently working between their two sites in an attempt to mitigate the impacts of increases in demand versus the shortage of clinical space. It should also be noted that the situation is worsening due to the implementation of the planning permission for Southwood Crescent (160 new homes) and the grant of consent for Hartland Park (1500 new homes) both of which developments are within the catchment area of the Southwood Practice.
- 3.3 Paragraphs 5.2.8 and 5.2.9 also update the publication consultation that has been undertaken by the Practices and Patient Participation Groups and the Federation of Local Practices on the proposed Integrated Care Centre.
- 3.4 Paragraph 5.2.14 provides an update on the site search for suitable premises. In particular it addresses why Ferneberga House, also owned by the freeholder of the Voyager Building and offered to the CCG, subject to contract, on leasehold commercial terms, will not meet the existing need in the Farnborough locality.

Compulsory Purchase Order

- 3.5 The Compulsory Purchase Order and order map is attached as Appendix 2

Alternative Options

- 3.6 The CCG have instructed commercial agents to monitor the market for alternative premises and, to date, have been unable to find any which meet

their operational requirements within the required geographical area. Even were suitable premises to be found in the Southwood area, the CCG would need to revisit their investment case, resulting in likely delay to bringing forward the Integrated Care Centre at a time when the health care situation is progressively worsening.

4. IMPLICATIONS

Risks

- 4.1 There is a risk that the CPO may not be confirmed if the Council cannot show that there is a compelling public need for the Integrated Care Centre. This is being mitigated by working with an appropriate professional team and obtaining counsel advice in promoting the Order.

Financial and Resource Implications

- 4.2 The financial implications in connection with acquiring by agreement have been previously report to cabinet in November 2017 and will be the subject of a further report to cabinet in due course should the costs change beyond those already agreed in the cabinet reports of the 14th November 2017 and the 6th March 2018.

Legal Implications

- 4.3 These remain as stated in the previous Cabinet reports.

Equalities Impact Implications

- 4.4 These remain as stated in the previous Cabinet reports.

CONCLUSIONS

- 5.1 The need for the facility remains compelling and is growing.
- 5.2 To date it has not been possible to reach agreement on the acquisition of the Voyager Building and therefore it is necessary to proceed with the making of the Order. Once the Order has been made the Council will continue to endeavour to reach agreement with the freeholder on the terms for the acquisition.

BACKGROUND DOCUMENTS:

14th November 2017: Exempt Report LEG 1718
14th November 2017: Report LEG1719
5th March 2018: Report LEG1803

CONTACT DETAILS:

Sue Adams, Regeneration Programme Manager
sue.adams@rushmoor.gov.uk / 01252 398464
Karen Edwards, Executive Director

karen.edwards@rushmoor.gov.uk / 01252 398800

**THE BOROUGH OF RUSHMOOR
TOWN AND COUNTRY PLANNING ACT 1990
AND ACQUISITION OF LAND ACT 1981**

**THE BOROUGH OF RUSHMOOR (APOLLO RISE) COMPULSORY PURCHASE
ORDER 2018**

Statement of Reasons for making the Order

1. Introduction

1.1 This is the Council's Statement of Reasons for making the Borough of Rushmoor (Apollo Rise) Compulsory Purchase Order 2018 to acquire the land comprising registered title HP 763383 ("the Order Land"). This is a non-statutory statement provided in compliance with paragraph 24 and section 11 of the Ministry of Housing, Communities and Local Government *Guidance on Compulsory Purchase Process and the Criche Down Rules* issued in October 2015 and updated on 28th February 2018

1.2 This Compulsory Purchase Order ("the CPO") was made pursuant to the provisions of section 226(1)(a) of the Town and Country Planning Act 1990 and the Acquisition of Land Act 1981.

2. Description of the Order Land

2.1 The Order Land comprises the said title land and includes a building ("the Building") known as the Voyager Building, 2 Apollo Rise, Southwood Business Park, Farnborough and shown coloured pink and edged red on the Order Plan

2.2 The Order Land is to the west of Farnborough on Apollo Rise, part of the Southwood Business Park, which in turn connects to the A327 Summit Avenue, approximately 1.5 miles from junction 4a of the M3 and 1.5 miles from Farnborough Town Centre. Morrisons superstore is on the opposite side of Summit Avenue.

2.3 The said Building is a self-contained modern office building of circa. 1,323sq m (14,240 sq ft) constructed around a steel frame with brick cladding underneath a pitched profiled steel sheet roof arranged over ground and first floors. The Building is set in its own curtilage, with 75 parking spaces. The Building had previously been unused as offices for over 18 months, but following a change in ownership in August 2017, has been converted for use as serviced offices with occupations, under licences, commencing from the week commencing the 18th December 2017 and with 14 office suites currently (August 2017) being occupied under licence.

3. Enabling Power

3.1 The Council, as the acquiring authority (“the Acquiring Authority”), can be, and is, empowered to acquire the Land under section 226(1)(a) of the Town and Country Planning Act 1990. This is the only available power for the particular purpose of the acquisition of the Order Land.

3.2 The Council believes that the acquisition will facilitate the carrying out of development for the change of use of Voyager Building to use as an Integrated Care Centre facility, and which is to be operated by the North East Hampshire and Farnham Clinical Commissioning Group (“CCG”) to deliver much needed and pressing healthcare in Farnborough, which development is likely to contribute to the improvement of the social well-being of the Council’s area (“the Scheme”). The Council is satisfied that the power to ensure the delivery of the Scheme is the most specific, and only, power available for the purpose because Section 25(4) and Schedule 4, paragraph 27(1) of the National Health Service Act 2006 is unavailable to the CCG.

4. The Acquiring Authority’s Purpose in seeking to acquire the Land

4.1 The Council is working in partnership with the CCG. The CCG is the statutory body responsible for procuring quality and accessible primary, community, and secondary health care services for local populations, which includes residents of the Farnborough area of the borough, to enable that provision of those services through an Integrated Care Centre facility for the locality and by which many of the needs for health care of local inhabitants can be satisfied.

4.2 The Integrated Care Centre facility will ensure that the growing primary care need is satisfied and will support the CCGs objectives of developing and delivering new models of integrated, multi-disciplined care that extend the range and effectiveness of care services to local populations in community settings, and closer to people’s homes. Without the Integrated Care Centre, and with need growing at a faster rate than available resources, the current form of addressing that need is unsustainable both in respect of clinical resources and of the physical suitability and capacity of premises. The CCG supports 5 localities (including Farnborough) in designing, procuring and delivering care services and Farnborough is the only locality without an existing dedicated community health care facility.

4.3 The Scheme for delivery of the facility involves a change of use of the existing Order Land and its building (with some internal and minor works) from offices to an Integrated Care Centre providing primary and community care locally. The facility will be fitted out with specialist health facilities in accordance with the preliminary Schedule of Accommodation prepared by the CCG (Appendix 1). Little alteration to

the building structure or envelope is required as the building allows flexible internal sub-division with non-load-bearing partitions and fixtures/ fittings. The drawings forming part of the planning application (Appendix 2) showed the original layout and configuration of the building. These have been revised following the conversion of the building to serviced offices and Appendix 3 shows the revised layout and configuration of the building.

4.4 The largely internal conversion works to adapt the building suitable for healthcare uses will commence immediately following the vesting of the Order Land (and so the Building) in the Acquiring Authority, as the necessary works have been planned and designed and will be finalised, procured and completed using the Hampshire Lift Framework.

4.5 Given the pressing and growing need for improvements in care services in Farnborough, the CCG has appointed architectural and engineering service designers, at risk, to progress with design development of the clinical fit out works required in order to reduce the time risk and delays in bringing forward the Integrated Care Centre.

5. Justification for CPO

5.1 The National Context

5.1.1 There is need, and a compelling need, for the acquisition of the Order Land in the public interest so as to ensure that appropriate healthcare provision can be made by the CCG in the Farnborough Locality of the NHS area that falls in the administrative area of the Acquiring Authority. The CCG is part of the wider NHS. In terms of the national context the increasing demand for health care is a national challenge as long-term conditions take up now nearly 70% of the NHS budget. Pressure is continuing to mount on the funding for health services, with widening gaps in health and wellbeing, care and quality. The NHS Five Year Forward View recognises such challenges and articulates a clear direction for the NHS, showing why change is necessary. It calls for organisations to work together creatively to resolve the funding, quality and demographic issues facing the health system.

5.1.2 Recent studies showed a national increase in the number of GP consultations from 300 million to 340 million a year while the number of GP's has remained stagnant (NHS England, 2013; BMA, 2015). Between 2011 and 2015 there has been a 13% increase in face to face consultations and a 63% increase in telephone consultations. Patients report experiencing disjointed and uncoordinated care and express a desire for care to be better coordinated, delivered closer to home with better ease of access.

5.1.3 Within the NHS, the North East Hampshire and Farnham health system overlaps with the administrative district of the Acquiring Authority. The North East Hampshire and Farnham health system faces a potential cumulative £47 million gap between available resources and projected funding requirements by 2018/19 if demand and service models remain as they have been over recent years. Across the North East Hampshire and Farnham Clinical Commissioning area 50% of GP appointments relate to people with one or more long term conditions requiring greater levels of support. Cancer, circulatory disease and respiratory disease account for 70% of deaths.

5.1.4. Total emergency admissions are up by 4% on the same period in year 2016. This includes a 7% increase in Ambulatory Care Sensitive Admission i.e. admissions in which effective management and treatment in the community may prevent admission to hospital. There has been a 10% increase in admissions for falls/fractured neck of femur. The execution of the development of the Integrated Care Centre will address this increasing demand.

5.2 Local context

5.2.1 Within the North East Hampshire and Farnham health system of the CCG lie 5 localities. Within the 5 localities, the Farnborough locality has a population of over 60,000 with very scattered pattern of high levels of high deprivation and disability throughout its locality. Farnborough currently has a large proportion of working age adults and a relatively small elderly population thus its health needs differ from other parts of Hampshire. Projections suggest an increasingly elderly population over the coming decade, with the number of 65-84 year olds projected to increase by 18.1%, and the number of over 85 year olds increasing by 48.4%. This will change the demands for health and social care in the locality with a likely increase in the burden placed on each. This is contrasted with a decrease of 2.1% of working aged adults by 2020.

5.2.2 Healthcare is currently delivered at this level by individual General Practitioner Practices (“GPPs”) which operate from surgery facilities in the discharge of their obligations. There were seven such Practices within the Farnborough Locality as listed below.

Practice	List size
Milestone Surgery	11,567
Alexander House Surgery	9,123
Southwood Surgery	6,957
Giffard Drive Surgery	8,928
North Camp Surgery	5,130
Jenner House Surgery	9,225
Mayfield Surgery	<u>9,304</u>
	60,234

The Southwood Practice and the Milestone Practice have decided to merge and have completed the first stage of their merger, forming a new larger practice which is planned to operate from the proposed Integrated Care Centre upon the Order Land if the Order is confirmed. Currently, these practices are having to work differently within their current locations, split between their two sites in an attempt to mitigate the impacts of increases in demand versus shortage of clinical space.

5.2.3 These practices and the CCG realise that the current provision of primary care is unsustainable and that need is growing at a faster rate than available resources. This mismatch engenders a need for the proposed Integrated Care Centre, a need that increases as time passes. The Farnborough Locality is the largest locality (population) in the North East Hampshire and Farnham heath care system. In terms of NHS estate utilisation, Farnborough has some of the poorest (as in, suitability and capacity) practice building stock. For example, the premises of four practices have been identified as being considerably too small to address the numbers of patients on their list (they are undersized for their list size).

5.2.4 Of the seven, shortly to be six, GPPs in the Farnborough locality (“the Farnborough Locality”) many are already running at, or close to, clinical (as in staff) and spatial (as in physical) capacity with some failing, already, to meet the Care Quality Commissions targets on some aspects of Premises suitability and sufficiency. Some of these constraints are not immediately addressable due to site and / building constraints and terms of tenure. These result, in practical terms, in the Practices being unable to deliver the required quantity and quality of health care to satisfy their prevailing lists and increasing lists.

5.2.5 The situation regarding ongoing increased pressures and simultaneous progressive reduction in capacity is a very real problem facing all GPPs in the Farnborough Locality, and some more than others; the situation has been particularly difficult in the Southwood local practice which led to the decision to merge with Milestone practice with a view to relocating the newly formed practice to the proposed Integrated Care Centre on Order Land. If delivery is not made of additional suitable infrastructure to redress this imbalance, then the situation will very soon reach the point where there is no further capacity within the Farnborough Locality. In such a situation, a GPP may apply to the CCG to close their list to more patients. .

5.2.6 This increasing lack of available capacity and flexibility in accommodating additional care services is already having repercussions for actual delivery of healthcare. Within the Farnborough Locality, in West Farnborough there is recent evidence of Practices making applications to the CCG to “close their lists”. This means that those Practices can, and would, elect to not accept any new patients onto practice registers due to the capacity and suitability constraints. This would result in a failure to deliver health care and also mean that the health care needs of

patients seeking such care would have to go unsatisfied in that part of the Farnborough Locality. However, do nothing is not an option for existing and new patients.

5.2.7 For these capacity reasons, as the Commissioner of healthcare provision, the CCG is having to ensure that it can satisfy healthcare needs by objecting to planning applications for new housing development in the Locality and in neighbouring district of Hart on the grounds that there is insufficient / inadequate local health care infrastructure. Despite objections on these grounds Planning Permissions have been granted for the redevelopment of Hartland Park for 1500 new homes, located approximately half a mile from Southwood, and for the Southwood Crescent site which is in close proximity to the Order Land, for 160 residential units. Both sites are within the catchment area of the Southwood Practice (one of the most pressurised practices), which practice together with the existing Milestone Practice will co-locate and move to the new Integrated Care Centre on the Order Land if the Order is confirmed. The planning permission at Southwood Crescent has been implemented and work has commenced to build out.

5.2.8 The CCG is also addressing this increasing resource capacity situation through a new model of health care delivery. In policy terms the NEHF CCG Local Estate Strategy and the NEHF CCG Farnborough Locality Plan seeks to address the need for healthcare provision by establishing a new model of health delivery by the development of a suitable facility by the CCG to accommodate an Integrated Care Centre within the borough, allowing a wider review of general practice premises in Farnborough. The Farnborough Locality Plan has been conceived, and compiled, by the Federation of Local Practices (“Salus Medical Services”), the CCG, and other Local Providers of acute and community services and it sets out how delivery of primary and community care will be achieved in Farnborough, through this more integrated new model.

5.2.9 The CCG, Practices and Patient Participation Groups (PPG) are necessarily commencing wider public consultation and surveys about access to services if the Order is confirmed on the Order Land to gather intelligence about the legacy of patients who may not transfer their list to the proposed Integrated Care Centre and will need to be accommodated in other locality practices.

5.2.10 In line with the Farnborough Locality Plan, the acquisition of the Order Land will allow the development and operation of a much needed Integrated Care Centre to deliver primary care to patients in the Farnborough Locality; to strengthen out of hospital care of patients; to provide more localised delivery of care to patients; and thus produce a better experience and outcomes for such patients.

5.2.11 The acquisition of the Order Land, to implement the delivery and operation of the Farnborough Locality Plan, through the provision of an Integrated Care Centre facility is expected to:

- Deliver primary care working at scale to manage on the day demand;
- Implement an enhanced out of hospital care model which includes developing the Integrated Care Team;
- Develop and expand the skill mix of Primary Care Teams to include paramedics, physiotherapists, nurse practitioners and clinical pharmacists;
- Set up a safe haven to meet the needs of local residents with mental health issues.

5.2.12 The delivery of the facility will result in the following benefits for the residents of the borough and those of the adjoining borough (Hart):

- Improved access to GP services resulting in reduce A&E attendances;
- Improved patient experience and satisfaction through a more integrated primary care service;
- Enhanced recruitment and retention of the primary care workforce;
- Reduced referrals to secondary care;
- Improvements in the quality of prescribing;
- Reduction in non-elective admissions and length of hospital stay;
- Provision of a cost-effective service to help mitigate the continually rising costs of the local health service by reducing referrals to secondary care; Reducing A&E admissions;
- Reducing unplanned admissions and lengths of hospital stays and improving clinical services at practice level to achieve financial savings.

5.2.13 The compelling need for the delivery of this Integrated Care Centre on the Order Land is further strengthened by the recent and extensive site search (“the Site Search”) undertaken by the CCG of the estate and careful consideration of other accommodation options in Farnborough based on the criteria of accessibility; availability; suitability; sufficiency and affordability. This Site Search concluded that the Order Land most closely met the target criteria (Appendix 2, Planning Statement).

5.2.14 Within the Sites Search the alternative sites analysis has been subject to sensitivity testing (Appendix 3). The other options considered were:-

- Expansion of Existing GP premises- Currently the seven, soon to be six, general practice premises across the Farnborough locality and the

community, mental health and social care service providers have limited integration between services. This option will not allow for the provision of an Integrated Care Centre as existing premises comprise inadequate buildings with no room for expansion for future growth leading to a failure to be able to deliver the above requirements.

- Civic Quarter, Farnborough- Dialogue about the delivery of this option has been ongoing since 2015, with the CCG specifying their requirements in early 2016 to be undertaken as part of the Civic Quarter Masterplan. It became apparent during 2017 that the site would be unable to deliver a facility of the size required because of the need to provide for other competing uses. Further delivery of any scheme would be 3 or more years away, and thus unable and unsuitable to address the existing urgent infrastructure issues through the delivery of the Integrated Care Centre.
- Briarwood, Sorrel Close, Farnborough- This site and facility was considered by local care practitioners and the CCG but this not considered as a desirable or preferred option - discounted largely on grounds of accessibility, suitability, and capacity and in need of significant adaptation to get close to the accommodation requirements. The site has been sold and is likely to come forward for residential consent subject to suitable SANGs capacity being available.
- Hartland Park Housing Development to provide 1500 homes in Hart Borough, increasing the demand upon health care provision. This major housing development is to be approximately half a mile from the Southwood GP premises. Consent has been granted but the scale of the scheme, being at least 3 years from delivery, will not support the delivery of an Integrated Care Centre. Following an objection by the CCG to this planning application on grounds of inadequate health care infrastructure, a planning obligation has been entered into which will contribute towards increasing capacity in the local health infrastructure supporting the delivery of the Integrated Care Centre on the Order Land. Discussions are also underway with the developers concerning the improvement of bus routes and potential improvement to bus services between Farnborough Town centre and Fleet along the A327, passing the junction with Apollo Rise where the Order Land is situate.
- Jenner House General Practice premises – involving further adaptation / reconfiguration of existing practice premises, and although this building has recently undergone extension and improvement, is not large enough or well configured to accommodate the preferred resources or service delivery model. The site is also too constrained for the required car parking demand.
- Southwood Community Centre adjacent to Southwood Surgery, in the Morrisons campus. The Council are holding over under the terms of a previous lease with longer-term occupants of the centre including a Baptist

Church, community use hiring's and a play group. One room is currently occupied by Frimley Health (Community Nurses). This scheme was a strong contender and the runner-up as far as preferred options were concerned, benefiting from a good community location and proximity to the existing surgery which could have potentially been incorporated into redesign solutions. However, the site is owned by Morrisons and the existing uses would need to be relocated (which could be politically and logistically challenging) and the existing building significantly altered / improved to meet the accommodation brief, all subject to Landlords consents. In any event, the existing building was considered to be not be large enough to accommodate the requirements, with further assessments needed on scale of provision and available space.

- Ferneberga House, Alexandra Road Farnborough. These serviced offices are owned by the freehold of the Voyager Building having been the former town hall. In July 2018 it was suggested that Pure Offices may be prepared to consider commercial terms for a long lease with the CCG as a replacement for the Voyager Building. A preliminary assessment has been made of this building by the CCG based on the information that was available ranking it against the other alternative sites. This is attached as Appendix4. No information was available about the scale or cost of alteration works on this partly listed building necessary to adapt the building for clinical purpose or whether Pure Offices would be prepared to fund such works. Whilst the building is slightly larger, it is less flexible and the CCG would need to revisit their investment case leading to a further loss of time in providing the much needed Integrated Care Centre. The location is less favourable as it is situate on the other side of the town when the capacity pressures are coming from the Southwood area with large residential developments such as Hartland Park. The building is also over 3 floors with less car parking and there is no current information provided on running costs.

5.2.15 By contrast, the Integrated Care Centre through a prompt conversion and fit out of the existing office building on the Order Land will provide:-

- An accessible site, with accessibility for service users with disabilities and/ or special needs, well served by public transport with ample car parking either directly on site or within easy walking distance;
- An appropriate urban setting which can accommodate frequent traffic movements, but is nearby to other public amenities such as shops and cafes
- A safe and secure environment within a modern building with a clear (ideally individual) sense of identity with an image compatible with quality care delivery

- A clear, welcoming and accessible Main Entrance and reception
- Adequate passenger lifts / stairs
- Flexible internal space providing a combination of clinical (cellular) rooms, e.g. comprising: Consulting / examination rooms; Treatment rooms; Interview rooms; Utility rooms; Secure storage (e.g. for equipment) ;
- Non- clinical /administrative /support spaces comprising waiting and sub-waiting and circulation areas; open-plan offices and administrative areas, for call handling, Care Administration teams, Community Nursing teams and visiting practitioners-paramedics, physiotherapists;
- Meeting spaces – formal / informal / break-out
- Secure storage (e.g. for patient records)
- Ability to ‘designate’ specific areas for patient services (types) – e.g. GP Primary care, a possible future Urgent Care suite, Community services etc.
- Accessible and sufficient staff and patient welfare facilities / amenities
- Spaces for operational plant and service infrastructure including IT hub, Waste handling
- Potential / capacity to accommodate future growth

5.3 Attempts to secure the Order Land otherwise than through compulsory acquisition

5.3.1 The CCG was interested in purchasing the Order Land before it was purchased by its current owner. However, the current owner acquired the Order Land before the CCG could execute a purchase. The current owner is not a public authority nor subject to public law obligations to which the CCG or the Council is subject. The Council then attempted to acquire the Order Land by agreement immediately after the owners purchase in August 2017. However, whilst owner proposed a sale, the price at which the Order Land was offered to the CCG did not represent good use of public funds and the CCG, as a public body, was unable to purchase the Order Land. The CCG is also a public body and so its status as a landowner is acceptable to a GPP. Consequently, there is now a need for the use of compulsory acquisition powers to acquire the Order Land.

5.3.2 The Council continues to seek agreement with the current owner given the increasingly limited healthcare resources currently available in the Farnborough Locality and the need to bring forward an Integrated Care Centre, but at this time there remains no agreement. Consequently, there is a need to acquire the Order Land. The Council has made an offer to acquire the freehold of the Owner but the offer was rejected and no counter offer has been received from the Owner. At the request of the Owner, the CCG also offered to lease the premises from the Owner upon the basis that the Owner provides equivalent heads of terms to those being offered to the CCG by the Council. This leasehold offer has also been declined by

the Owner. In the ongoing absence of a negotiated sale, the use of compulsory acquisition powers to acquire the Order Land was, and remains, necessary. The Council will continue to negotiate with the Owner for the acquisition of the Order Land.

5.4 Alternative Sites

5.4.1 There is a need for the proposed facility, a need that is urgent and is only increasing with the passage of time, and a need that is in the public interest. The Sites Search has shown that there are no alternative appropriate and available sites for the facility other than the Order Land. There is, overall, a compelling and urgent need in the public interest therefore for the acquisition of the Order Land to provide an Integrated Care Centre. Compulsory purchase will enable the Council to acquire the freehold ownership of the Land and to grant a lease to the CCG to allow the Integrated Care Centre to be implemented in a timely fashion in order to derive the wider public benefits.

5.5. Absence of Alternatives

5.5.1 In the absence of suitable and available alternative sites for the proposed facility, the progressively increasingly limited availability of healthcare capacity in the Farnborough Locality, and the absence of agreement to acquire the Order Land, the Council has, and will continue to make, meaningful attempts to negotiate to acquire the Land by agreement but is mindful that if negotiations do not proceed successfully, then valuable time will be lost in delivering this important facility against the previously described background of an inadequate estate to provide the ever increasing and necessary primary and community health care to the people of the Farnborough Locality. That need remains and its pressing nature increases as time passes.

5.5.2 The Council is satisfied that the Order is necessary and in the public interest and that, the Order Land is suitable and required in order to deliver and to promptly meet the pressing need for the Scheme. There is a compelling case for the acquisition in the public interest of the Order Land.

6. The Planning Permission Position

6.1 There are no impediments to implementation of the Order, in the event that it is confirmed. The Order Land benefits from a detailed grant of planning permission for the proposed facility that, by reason of section 75(3) of the Town and Country Planning Act 1990, enures for the benefit of the Order Land. Detailed planning permission was granted on the 9th November 2017 for a change of use of existing offices (Use Class B1) to community healthcare resources hub (Use Class D1) for healthcare delivery for Farnborough with installation of secure bin and covered cycle

store outbuildings. The planning consent; plans and supporting planning statement by the CCG are at Appendix 2.

6.2 In addition to the detailed planning permission, the provision of healthcare facility, as a form of infrastructure and community facility, in this location is in line with the statutory development plan. The statutory development plan provides as follows. The adopted Rushmoor Core Strategy designates the Land as part of a Key Employment Site (“KES”) with policy CP8 supporting economic development by protecting KES for B class uses. Policy C10 (infrastructure Provision) states that the Council will work with partners to ensure that infrastructure and community facilities are provided in a timely and sustainable manner. The policy requires that proposals are consistent with the Rushmoor Infrastructure Plan and that new facilities and infrastructure are located and designed so that they are accessible and compatible with the character and needs of the local community. These policies are taken forward in the draft new local plan which was published on the 9th June 2017 with policy PC2 designating and protecting Strategic Employment Sites, including Southwood Business Park and policy IN1 carrying forward policy C10. An article 4 direction is due to come into effect from 19th February 2018 to protect these Strategic Employment Sites.

6.3 Whilst the development of the Integrated Care Centre facility was considered to be a departure from the policy C8, because of the resulting in the loss of employment floor space within the KES, planning permission was granted on the basis that there was a demonstrable need for the proposed community healthcare facility, and that other alternative sites had been considered, but discounted due to the need to deliver the size of the facility and to provide it in a timely manner.

7. Government and National, and Local Health Care Policies

7.1 In addition to the detailed planning permission, and local policy, the provision of healthcare facility, as an Integrated Health Care facility and in this location is in line with the NHS policy:

1. NHS England’s Five Year Forward View
2. NEHF CCG Operating Plan
3. NEHF CCG Primary Care Strategy ‘*Stabilising, Shaping and Sustaining Primary Care*’
4. NEHF CCG Local Estate Strategy
5. NEHF CCG Farnborough Locality Plan (new models of health care delivery)

8. Government Planning Statements

8.1 In addition to the detailed planning permission and local and NHS policy, the provision of healthcare facility, as a form of infrastructure and community facility, in this location is in line with the Rushmoor Infrastructure Plan and national policy.

8.2 The National Planning Policy Framework July 2018 makes provision for health.. Section 2 Achieving sustainable development refers to the planning system having three overarching objectives of which one is social. Paragraph 8 (b) provides that this role concerns supporting strong, vibrant and healthy communities, by creating a high quality built environment, with accessible services that reflect current and future needs and support community's health, social and cultural well-being. Paragraph 20 requires local planning authorities to set out strategic priorities and make sufficient provision for community facilities such as health infrastructure.

8.3 Section 8 addresses Promoting Healthy and Safe Communities. Paragraph 92 addresses the provision of services the community needs.I. Paragraph 92 requires decisions to: "a) plan positively for the provision and use of shared spaces [and] community facilities ... and other local services to enhance the sustainability of communities; b) take into account and support the delivery of local strategies to improve health, social and cultural wellbeing for all sections of the community; c) guard against the unnecessary loss of valued facilities and services, particularly where this would reduce the community's ability to meet its day-to-day needs; d) ensure that ... services are able to develop and modernise, and are retained for the benefit of the community; and e) ensure an integrated approach to considering the location of ... community facilities and services."

8.4 Paragraphs 108 and 109 continue to encourage accessibility other than by private car, with Paragraph 102 explaining that transport issues should be considered from the earliest stage of plan making and development proposals so that opportunities to promote walking, cycling and public transport use are identified and pursued..

8.5 The Ministry of Housing Communities and Local Government's Planning Practice Guidance The role of Health and Well-being in Planning 6th March 2014 (updated July 2017 and due to be further revised to reflect the changes to the NPPF published in July 2018) contains advice on the role of health and well-being in planning. Local planning authorities are advised to ensure that health and wellbeing, and health infrastructure are considered in local plans and in planning decision making. Public health organisations, health service organisations, commissioners and providers, and local communities are advised to use the guidance to help them work effectively with local planning authorities in order to promote healthy communities and support appropriate health infrastructure.

8.6 The advice is to the effect that the National Planning Policy Framework encourages local planning authorities to engage with relevant organisations when carrying out their planning function. Engagement with these organisations will help ensure that local strategies to improve health and wellbeing) and the provision of the required health infrastructure.

8.7 Overall, national planning policy supports the provision of health infrastructure and, as here, where there is an identified need.

8.8 The Rushmoor Infrastructure Plan (2017) provides for Healthcare Infrastructure. Paragraph 10.8, recognises the CCG and its function to organise delivery of NHS services in England and paragraph 10.9 that on 1st April 2016, the CCG took on full delegated responsibility from NHS England for primary care commissioning and means it now manages all contracts with local GP practices. Paragraph 10.10 recognises the CCG's Primary Care Strategy (2016). The Strategy identifies the need for a new model of access to primary medical care services (paragraph 10.11). The CCG has developed an outline Local Estates Strategy to identify the estate opportunities within each locality. This includes a "hub and spoke" approach that enables the right buildings for the right collaborative activities to be delivered once by practices working together with each other and with wider community providers, as well as services that need to be more personalised and delivered by each GP practice individually from improved local premises (paragraph 10.12). Locality-based "Hub" services beginning to develop already include, acute "on the day" GP appointments, a setting for locality-wide services such as the locality Integrated Care Team, shared GP home visiting services and a joint team supporting frail older people. Early discussions have taken place regarding opportunities to provide an integrated care services hub in the Farnborough locality (paragraph 10.13). The Plan further explains that: The CCG Strategic Plan signals a significant shift towards investment in out of hospital care, with expenditure focused on primary and community care. This will help to reduce the burden on A&E, outpatient, day case and inpatient activity within hospitals; and that issue for Rushmoor are that some pockets of the Borough have high levels of health deprivation. In addition, levels of obesity in children are rising. GPs are universally facing operational and financial pressures and many are in buildings which require investment to maintain their suitability and sufficiency (capacity) for modern health care needs / services. Farnborough is the only locality within the CCG area without a locality health centre (such as a health centre/ treatment centre or hospital). The Plan notes under in the first table that: The provision of health facilities to meet the needs of all sections of the population is a crucial prerequisite of all future development, wherever it may take place; and in the second (local health care) that: The CCG Strategic Plan signals a significant shift towards investment in out of hospital care, with expenditure focused on primary and community care. This will help to reduce the burden on A&E, outpatient, day case and inpatient activity within hospitals; and that the implications for the Rushmoor Plan are: To help to deliver appropriate health infrastructure along with other well-being benefits such as opportunities for walking and cycling and access to open space and recreational facilities.

8.9 Overall, local infrastructure planning policy supports the provision of health infrastructure and, as here, where there is an identified need.

9. Special Considerations

9.1 There are no ancient monuments or listed buildings within the Land. The Land is not in a conservation area. There are no issues concerning special category land, consecrated land, renewal area, etc.

9.2 The requirement in the borough to provide Suitable Alternative Natural Greenspace to mitigate the effects of development upon the Thames Basin Special Protection Areas only applies to residential development

10. Known obstacles to the redevelopment

10.1 There are no impediments to implementation of the Order, in the event that it is confirmed. The freehold title is subject to easements and restrictive covenants none of which adversely affect the delivery of the scheme. Confirmation of the Order will enable prompt internal modifications to the existing building on the Order Land and prompt actual delivery of much needed healthcare.

11. Delivery

11.1 There is a pressing need for the scheme to go ahead. The development is subject to the completion of an agreement for lease between the public bodies of the Council and the CCG. Heads of terms have been agreed for a twenty-year lease and the agreement will be completed. The Lease will be granted once the Council has taken possession of the Land. The Council will be funding the acquisition and fit out to the CCG's specification.

11.2 The approved investment case by the CCG is explicit on the assumption of a Local Authority (here, the Council) being the Landlord, it being a public municipal authority with a common and collective interest in providing and maintaining public services to local communities. The investment case, and its viability criteria, is based on financial, economic and commercial arrangements with mutuality of stakeholder interests in sustainability, continuity and resilience of occupation, and which also provide competitive value for money outcomes to the public purse.

12. Views of Government Departments

12.1 None.

13. Relocation proposal for business tenants

13.1 The Building upon the Order Land is currently part occupied, the Owner having taken the decision to proceed with the refurbishment and to let the office suites. The terms of occupation of the units is upon a license basis and all licensees will be served as interested persons. The Owner was notified of the proposal for compulsory acquisition of the Order Land on 17th October 2017 and the building remained unoccupied until the first occupier moved in on the week commencing 18th December 2017. The Owner had been aware of the CCG's interest in this building since their acquisition in August 2017 and upon the 22nd August they offered the building to the CCG at a price which was unaffordable for the CCG. They were also notified of the planning application made by the CCG for the change of use of the building upon the Order Land to an Integrated Care Centre. The Owner may have vacancies within other office accommodation owned by them in the town for the relocation of their occupiers but there is no shortage of office premises within the borough available for letting. The Council is willing to provide advice to occupiers to assist them in finding alternative office accommodation.

14. Equality Act 2010

14.1 The Public Sector equality duty in the Equality Act 2010 requires the Council to exercise its functions with regard to eliminating specified conduct, advancing equality of opportunity and fostering good relations. Acquisition of the Order Land would discharge this duty because it would enable delivery of the new model of integrated health and so enhances equality by making healthcare available to, and to a wider, range of local patients.

15. Documents, Maps or Plans for the Public Inquiry

15.1 If a public inquiry is convened, a list of documents will comprise the documents referred to in this Statement and other relevant documents. These will be provided in due course and arrangements will be made for them to be available for public inspection.

THE BOROUGH OF RUSHMOOR (APOLLO RISE) COMPULSORY PURCHASE ORDER 2018

The Town and Country Planning Act 1990 and the Acquisition of Land Act 1981

THE BOROUGH OF RUSHMOOR (in this order called the acquiring authority) makes the following order:

1. Subject to the provisions of this order, the acquiring authority is under section 226(1)(a) of the Town and Country Planning Act 1990 hereby authorised to purchase compulsorily the land described in paragraph 2 for the purpose of facilitating its development as an Integrated Health Care Centre, thereby contributing to the improvement of the social well-being of the acquiring authority's area.
2. The land authorised to be purchased compulsorily under this Order is the land described in the Schedule and delineated and shown coloured pink and edged red on the map prepared in duplicate, sealed with the common seal of the acquiring authority and marked "Map referred to in the Borough of Rushmoor (Apollo Rise) Compulsory Purchase Order 2018"

THE SCHEDULE

Land to be purchased

Table 1: Qualifying person(s) under section 12(2)(a) of the Acquisition of Land Act 1981

Name and address of qualifying person(s)	Extent, description and situation of the land	Number on map
Owners or reputed owners: NW UK (PURE OFFICES)LIMITED 44 Esplanade, St Helier, Jersey, JE4 9WG	All interests in the Voyager Building, 2 Apollo Rise, Southwood Business Park, Farnborough, GU14 0NP	1
Lessees or reputed lessees: Unknown	Unknown	
Tenants or reputed tenants (other than lessees): Unknown	Unknown	

Occupiers:

HC Pyramid Electrical Limited Suite 1 Pure Offices, Apollo Rise, Southwood Business Park, Farnborough, GU14 0NP	All rights of occupation in Office 1(113 sq.ft), 2 Apollo Rise, Southwood Business Park, Farnborough, GU14 0NP	-
The cbe Partnership Ltd The Old Grange Lordship Road, Writtle, Chelmsford, England, CM1 3WT	All rights of occupation in Office 2 (245 sq.ft), the Voyager Building, 2 Apollo Rise, Southwood Business Park, Farnborough, GU14 0NP	-
Aedis Regulatory Services Limited	All rights of occupation in Office 3 (430sq.ft) the Voyager Building, 2	-

Aedis House Unit 3 Pioneer Court Darlington County Durham DL1 4WD	Apollo Rise, Southwood Business Park, Farnborough, GU14 0NP	
Hillier Marsden Limited Foxhollow, Castle Hill, Farnham, Surrey, GU9 0AD	All rights of occupation in Office 5 (167sq.ft), the Voyager Building, 2 Apollo Rise, Southwood Business Park, Farnborough, GU14 0NP	-
Atlas Air inc, 2000 Westchester Avenue, Purchase, New York, 10577-2543 USA	All rights of occupation in Offices 7 and 11 (145 & 855sq.ft) Voyager Building, 2 Apollo Rise, Southwood Business Park, Farnborough, GU14 0NP	-
Tile Roof Conservatories Ltd 8 Pure Offices, Apollo Rise, Southwood Business Park, Farnborough, GU14 0NP	All rights of occupation in Office 8 (274sq.ft) the Voyager Building, 2 Apollo Rise, Southwood Business Park, Farnborough, GU14 0NP	-
Adapt Digital Pure Offices Business Centre, Southwood Business Park, Farnborough, GU14 0NP	All rights of occupation in Office 10 (245sq.ft), the Voyager Building, 2 Apollo Rise, Southwood Business Park, Farnborough, GU14 0NP	-
Bespoke IT Solutions Limited 22 Manfield Road, Ash, Surrey, GU12 6NE	All rights of occupation in Office 17 (706sq.ft), the Voyager Building, 2 Apollo Rise, Southwood Business Park, Farnborough, GU14 0NP	-
Cevitr Ltd Kemp House, 160 City Road, London, England, EC1V 2NX	All rights of occupation in Office 20 (430sq.ft), the Voyager Building, 2 Apollo Rise, Southwood Business Park, Farnborough, GU14 0NP	-
Machatech Design	All rights of occupation in Office	-

Limited 3 Lodsworth Southwood Farnborough Hants GU14 0RT	23 (172sq.ft), the Voyager Building, 2 Apollo Rise, Southwood Business Farnborough, GU14 ONP	
Blue Sky CAD Limited 203 Sandy Lane, Farnborough, Hampshire, GU14 9LA	All rights of occupation in Office 28 (328sq.ft), the Voyager Building, 2 Apollo Rise, Southwood Business Farnborough, GU14 ONP	-
Compare the Policies Limited The Penthouse, 10 South Parade, Leeds, LS1 5QS	All rights of occupation in Office 30 (885sq.ft), the Voyager Building, 2 Apollo Rise, Southwood Business Farnborough, GU14 ONP	-
Dimensions (UK)Ltd 2 nd Floor Building 1430 Arlington Business Park Theale Reading Berks RG7 4SA	All rights of occupation in Office 35 (477sq.ft), the Voyager Building, 2 Apollo Rise, Southwood Business Farnborough, GU14 ONP	-

Table 2: Other qualifying person(s) under section 12(2A)(a) of the Acquisition of Land Act 1981

Name and address of other qualifying person(s)	Description of interest to be acquired	Number on map
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Other qualifying person(s):

nil

Table 3: Other qualifying persons under – not otherwise stated in Tables 1 and 2

Name and address of other qualifying person(s)	Description of the land for which the person in adjoining column is likely to make a claim
British Overseas Bank Nominees Limited and WGT Nominees Limited 250 Bishopsgate, London EC2M4AA	Eastern Adjoining Land described in a Transfer dated the 28 th September 1994 referred to in entry number 3 of the charges register of title number HP763383 being the registered title of the Land
McKay Securities Plc 20 Greyfriars Road, Reading RG1 1NL	Columbia House, 1 Apollo Rise, Southwood Business Park, Farnborough

Table 4: Land falling within special categories to which sections 17, 18 and 19 of the Acquisition of Land Act 1981 applies

Number on map	Land requirement	Area size	Special category	Description
nil	-	-	-	-

The Borough of Rushmoor (Apollo Rise) Compulsory Purchase Order 2018

The common seal of the Borough of Rushmoor
was hereunto affixed on theday of August 2018

In the presence of:

Authorised Signatory.....

Dated.....

CABINET**21st AUGUST 2018****COUNCILLOR MARTIN TENNANT
MAJOR PROJECTS & PROPERTY
PORTFOLIO HOLDER****COUNCILLOR BARBARA HURST
PLANNING & ECONOMY
PORTFOLIO HOLDER****KEY DECISION: YES****REPORT NO. LEG1809****HYDE HOUSING ASSOCIATION STOCK DISPOSALS****SUMMARY AND RECOMMENDATIONS:**

Hyde Housing Association has requested the release of legal covenants and reinvestment clauses in relation to a number of properties in their ownership in the Borough. This report sets out the background to this request and proposes a course of action, which will support Hyde to conclude their sale of remaining Rushmoor Housing stock to Southern Housing Group.

Recommendation

That Cabinet:

- (i) Authorise the Executive Director, in consultation with the Portfolio Holder, to release or substitute covenants and release reinvestment clauses related to the title covenants (only where necessary) and vary nomination agreements for the properties in paragraph 1.2 of the report.

This is subject to new nomination agreement(s) being agreed with Southern Housing Group based on the same or similar terms as the existing agreement with the intent of retaining 1a Elmsleigh Road, 3 Upper Elms Road and Oak and Birch House for general needs housing and shared ownership, and Aspen, Mulberry and Brighstone Houses as temporary accommodation.

- (ii) Approves the disposal of the Council's interest in the properties for the amount outlined in the appendix at an undervalue for the reasons of economic and social well-being of the Borough. Hyde Housing will meet the Council's reasonable legal and valuation costs.
- (iii) Approve the use of the funds on future affordable housing provision to be determined by the Chief Executive, in consultation with the Portfolio Holder for Strategic Housing.

1. BACKGROUND

- 1.1 In 1997, the Council sold its stock of temporary accommodation to Hyde Housing. The transfer contained covenants restricting the use of the properties to accommodation for the homeless and those awaiting determination of their homelessness status. A nomination agreement made in 2004 following significant funding in the properties by the Council requires Hyde to reinvest 60% of the sales proceeds on any sale of the properties to provide new social housing in the Borough. The right for Rushmoor to continue to nominate homeless households to the properties was contained in a nomination agreement.
- 1.2 The properties involved were:
- 1a Elmsleigh Road, Farnborough
 - 3 Upper Elms Road, Aldershot
 - Oak House, Almond Close, Farnborough
 - Birch House, Almond Close, Farnborough
 - Aspen House, 7A Pool Road, Aldershot
 - Mulberry House, 13 Queen Street, Aldershot
 - Brighstone House, 123 Reading Road, Farnborough
- 1.3 Between 2004 and 2007 because at that time, the demand for temporary accommodation had reduced, Hyde Housing Association and the Council agreed that the use of the properties 1a Elmsleigh Road, Farnborough; 3 Upper Elms Road, Aldershot and Oak and Birch House, Cherrywood Road, Farnborough; could be changed from temporary accommodation to general needs housing (social rented and affordable rent) and shared ownership.
- 1.4 Following refurbishment, the remaining properties, Aspen House, Mulberry House and Brighstone House continued to be used as temporary accommodation. These properties are currently managed by the Society of St James.
- 1.5 In 2017, Hyde wrote to the Council advising of their intention to withdraw from the Rushmoor local authority area and that they would be selling all of their stock in the Borough. Following their sale process, all Rushmoor based stock excluding the properties set out in para 1.2 have now been sold to Southern Housing Group - 58 units to date.
- 1.6 Southern Housing Group are wishing to purchase the remaining properties (a total of 28 units) and continue to operate Aspen, Mulberry and Brighstone Houses as temporary accommodation with the other four properties also retaining their current general needs use.

2. DETAILS OF THE PROPOSAL

- 2.1 To enable the sale of properties to proceed, Hyde are requesting the Council:

- i) to formally release title covenants and vary nomination agreements to enable the ongoing use of the properties in para 1.3 as general needs and shared ownership and retain those in paragraph 1.4 as temporary accommodation;
 - ii) waive the full reinvestment obligation and delete the reinvestment clauses in return for a one off financial consideration.
- 2.2 In relation to 2.1 i) the Council's Housing Team have confirmed that subject to a new nomination agreement being put in place with the Southern Housing Group to retain 1a Elmsleigh Road, 3 Upper Elms Road and Oak and Birch House as general needs housing and shared ownership, they can support the formal release of the covenants given that the properties have been operating as general needs since 2004/2007.
- 2.3 Similarly the Council's Housing Team have confirmed that they would wish to retain Aspen, Mulberry and Brighstone Houses as temporary accommodation and that this could also be covered through anew nominations agreement on the same terms as the previous agreements with Hyde subject to modernisation.
- 2.4 Southern Housing Group have already written to the Council confirming that they have no intention of using the properties other than for their existing uses and would be happy to enter into a new nominations agreement to reflect this, subject to demand existing and the properties deemed as remaining fit for purpose. They have also taken assignment of existing management agreement with Society of St James and subject to continued satisfactory performance would wish to continue that relationship. However, the Southern Housing Group is not currently a preferred partner and to date has not signed up to the Council's registered provider criteria. It should also be noted that under the current nomination agreements, Hyde are required to maintain the units to the Council's HMO standards. Given their recent investment in housing in Rushmoor, Officers will now work with Southern Housing Group with a view to them becoming to become a preferred partner.
- 2.5 This leaves the more complex issue of the reinvestment clause. The Council does have a choice here. Both Hyde and the Council now agree that the reinvestment clause is valid and can be exercised. However, if the Council were to require the full payment/reinvestment as it did in respect of the sale of a Hyde property at 14 Church Circle, Farnborough, it would not be economically viable for Hyde to sell the properties due to existing charges held on the properties. Negotiations have been continuing for a number of months and Hyde have now made an offer set out in the exempt appendix to this report.
- 2.6 Following extensive negotiations, the offer outlined within the appendix is considered the best currently available to the Council. By agreeing to the disposal at the level indicated, there will be no loss of housing provision and a significant sum of money will be made available for future social housing provision.

- 2.7 This level of the undervalue would need to be confirmed by the District Valuer, or another appropriate valuer, as accurate, given that this would be considered an undervalue. This is permissible as the Local Government Act 1972 states “General Disposal Consent 2003 removes the need for the Secretary of State’s consent to disposals at an undervalue where the disposal would be likely to contribute to economic, social or environmental wellbeing, provide the disposal does not exceed £2m”, but the Council will seek assurance on the figures prior to enacting the decision.

Alternative Option

- 2.8 If the Council chose not to release the covenants and clauses as set out in the report, Hyde will be unable to sell the properties and will remain with a very small land holding in the Borough. This will not form a significant part of their future interests and operations and this might not be considered to be in the best interests of tenants and the wider community, given Southern Housing Groups potential, but untested commitment to social housing in Rushmoor. That said, the position relation to tenancies will be no different than it is currently as they will be continue to be managed by the Society of St James, and Hyde are obliged to keep the properties to a certain standard of repair and maintenance. The Council could choose to take no action at this time and wait to see if Hyde’s position changes and a more favourable financial offer is forthcoming.

3. IMPLICATIONS

Risks

- 3.1 It is possible that the detail of the variations to existing agreements and new nominations agreement cannot be agreed with Hyde or Southern housing Group.
- 3.2 The Borough loses out on a significant investment into affordable housing by not agreeing to a release of the covenants for an undervalue.

Legal Implications

- 3.3 Section 123 of the Local Government Act 1972 provides that local authorities may dispose of an interest in land as they see fit, but cannot dispose of land other than by way of a short tenancy, for less than best consideration. However, the Local Government Act 1972 states “General Disposal Consent 2003 removes the need for the Secretary of State’s consent to disposals at an undervalue where the disposal would be likely to contribute to economic, social or environmental wellbeing, provide the disposal does not exceed £2m”.

Financial and Resource Implications

- 3.4 There is no cost to the Council, as Hyde will cover the cost associated with the District Valuer's report and the legal costs of the subsequent transaction. If the recommendation is agreed, the Council would receive a financial receipt as set out in the exempt appendix.
- 3.5 An original intent of the reinvestment clause requiring payment of 60% of the sale proceeds to the Council was to protect money granted for housing purposes, and therefore any money received by the Council will be ring fenced for future affordable housing purposes.

Equalities Impact Implications

- 3.6 By agreeing to this proposal, Cabinet will enable a contribution to increase the level of affordable housing provision for those in need.

4. CONCLUSIONS

- 4.1 Whether the Council chooses to release the covenants and clauses as recommended, the number of units of general needs, shared ownership and temporary accommodation will be unaffected by this decision. The request from Hyde provides an opportunity to receive a financial payment as a result of the sale.

BACKGROUND DOCUMENTS:

None

CONTACT DETAILS:

Fergus Findlay, Principal Solicitor – fergus.findlay@rushmoor.gov.uk
Karen Edwards, Executive Director – karen.edwards@rushmoor.gov.uk

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