

Public Document Pack



RUSHMOOR BOROUGH COUNCIL

CABINET

*at the Council Offices, Farnborough on
Tuesday, 2nd April, 2019 at 7.00 pm*

To:

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

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, Democracy, Strategy and Partnerships, 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 5th March, 2019 (copy attached).

2. **REVENUE BUDGET MONITORING AND FORECASTING 2018/19 - POSITION AT MARCH, 2019** – (Pages 7 - 30)

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

To consider Report No. FIN1914 (copy attached), which sets out the Council's anticipated financial position for 2018/19, based on the monitoring exercise carried out during February, 2019.

3. **CAPITAL PROGRAMME MONITORING 2018/19 - POSITION AT MARCH, 2019 –**
 (Pages 31 - 40)
 (Cllr Gareth Lyon, Corporate and Democratic Services Portfolio Holder)

To consider Report No. FIN1915 (copy attached), which sets out the Council's position regarding the Capital Programme for 2018/19, based on the monitoring exercise carried out during February, 2019.

4. **BUSINESS RATES - DISCRETIONARY RATE RELIEF –** (Pages 41 - 44)
 (Cllr Gareth Lyon, Corporate and Democratic Services Portfolio Holder)

To consider Report No. FIN1912 (copy attached), which gives details of an application for discretionary rate relief.

5. **FARNBOROUGH AIRPORT COMMUNITY ENVIRONMENTAL FUND –** (Pages 45 - 50)
 (Cllr Maurice Sheehan, Operational Services Portfolio Holder)

To consider Report No. DSP1903 (copy attached), which sets out details of applications for grants from the Farnborough Airport Community Environmental Fund.

6. **ROWHILL NATURE RESERVE AND SOUTHWOOD WOODLAND MANAGEMENT PLAN REVIEW –** (Pages 51 - 58)
 (Cllr Martin Tennant, Major Projects and Property Portfolio Holder)

To consider Report No. EPSH1922 (copy attached), which sets out proposals to undertake surveys and to review the management plans in relation to the Rowhill Nature Reserve and Southwood Woodland.

7. **DEPLOYMENT OF RIGHT TO BUY RECEIPTS - PLACE COURT, ALDERSHOT –**
 (Pages 59 - 64)
 (Cllr Barbara Hurst, Planning and Economy Portfolio Holder)

To consider Report No. EPSH1921 (copy attached), which sets out a proposal for the deployment of Right to Buy receipts to provide two additional units of accommodation at Place Court, Aldershot.

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

Item No.	Schedule 12A Para. No.	Category
9	3	Information relating to financial or business affairs

9. **PROPERTY INVESTMENT PURCHASE** – (Pages 65 - 96)
(Cllr Martin Tennant, Major Projects and Property Portfolio Holder)

To consider Exempt Report No. RP1908 (copy attached), which sets out details relating to the potential acquisition of a property by the Council.

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CABINET

Meeting held on Tuesday, 5th March, 2019 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 of the Council

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 **18th March, 2019**.

93. **MINUTES –**

The Minutes of the meeting of the Cabinet held on 5th February, 2019 were confirmed and signed by the Chairman.

94. **COUNCIL PLAN 2018/19 - QUARTERLY UPDATE ON KEY ACTIONS OCTOBER - DECEMBER 2018 –**

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

The Cabinet received Report No. ELT1901, which set out the Council's performance management monitoring information for the third quarter of the 2018/19 municipal year. The Report indicated that most actions or initiatives were on track. In response to a comment, it was confirmed that improving educational attainment in the Borough would remain a priority for the Cabinet.

The Cabinet NOTED the progress made towards delivering the Council Plan 2018/19, as set out in Report No. ELT1901.

95. **REGENERATING RUSHMOOR - QUARTER 3 PROGRESS REPORT –**

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

The Cabinet received Report No. RP1904, which set out progress towards the Council's Regenerating Rushmoor programme for the third quarter of 2018/19. The Report indicated that good progress was being made in most areas.

The Cabinet NOTED the progress made towards delivering the Regenerating Rushmoor programme, as set out in Report No. RP1904.

96. **PROPOSAL FOR THE ESTABLISHMENT OF A COUNCIL OWNED HOUSING COMPANY –**
(Cllr Martin Tennant, Major Projects and Property Portfolio Holder)

The Cabinet considered Report No. ED1903, which set out the business case for the creation of a wholly owned company, limited by shares, to deliver housing in the Borough. The Chairman welcomed, Cllr A.R. Newell, Chairman of the Policy and Project Advisory Board, to the meeting.

Members were reminded that the establishment of a local housing company, as a vehicle to allow the Council to participate directly in the provision of housing, had been included as a priority in the Council Plan. Following consultation with the Policy and Project Advisory Board, it had been concluded that the option to set up a wholly owned company, limited by share, would best meet the objectives of the Council in meeting housing need and achieving financial sustainability. The Report set out the principal points of the business case for this option, the advice received from the Council's solicitors and details of the consultation with the Policy and Project Advisory Board.

The Cabinet considered the details of the business case and was supportive of the approach suggested. In particular, Members discussed issues around how the company would be effectively scrutinised, the provision of Member training in this role and other specialised areas of the Council's activities, the composition and role of the Shadow Board and how this initiative was expected to assist the Council's approach to homelessness.

The Cabinet

- (i) **RECOMMENDED TO THE COUNCIL** that
- (a) the establishment of a Council owned housing company, to deliver housing and meet the Council's objectives for the housing company, as set out in Report No. ED1903, be approved;
 - (b) on incorporation of the company, the appointments set out in Resolution (ii) below becoming the Council's appointments as Directors of the Board of the housing company, be approved, with future appointments being made by the Licensing, Audit and General Purposes Committee;
 - (c) the Shadow Board and the Chief Executive, in consultation with the Council's statutory officers, be authorised to establish the housing company and complete the relevant paperwork and documents, as required;
 - (d) subject to availability, the incorporation of the company as 'Rushmoor Homes Limited' be approved; and
- (ii) **RESOLVED** that the Deputy Leader (Cllr K.H. Muschamp) and Cllrs K. Dibble and J.E. Woolley be appointed to serve on the Shadow Board, with a senior manager to be appointed by the Chief Executive, to oversee the

development of the business plan and budget.

97. **SOUTHWOOD SANG –**
(Cllr Martin Tennant, Major Projects and Property Portfolio Holder)

The Cabinet considered Report No. EPSH1914, which set out a proposal to enter into a collaborative agreement with the Environment Agency to carry out a feasibility study and, as necessary, implement associated works to create a natural wetland habitat at Southwood Suitable Alternative Natural Greenspace (SANG).

Members were reminded that the decision to close the Southwood Golf Course, to provide SANG to mitigate the potential recreational impact of net new residential development on the Thames Basin Heaths Special Protection Area, had been made in December 2017. The Report set out the details of this proposal and it was explained that the Environment Agency would be providing a funding contribution towards this. The Report also included consideration of the requirement to provide a 2.4 km route that was dry all year and other requirements of the SANG.

The Cabinet was supportive of the proposal and felt that, subject to the feasibility study, a natural wetland habitat would enhance the parkland being provided on the site.

The Cabinet RESOLVED that

- (i) the carrying out of work by the Council, with the Environment Agency, to carry out a feasibility study with a view to creating a natural wetland habitat on part of the Southwood SANG site, as set out in Report No. EPSH1914, be approved;
- (ii) the Corporate Manager – Legal Services be authorised to negotiate and enter into an agreement with the Environment Agency;
- (iii) the Head of Economy, Planning and Strategic Housing, in consultation with the Major Projects and Property Portfolio Holder, be authorised to agree the brief for the project; and
- (iv) a £40,000 capital budget in 2019/20 for the feasibility study be approved, to be funded by a contribution of £90,000 from the Environment Agency towards the costs of the project and future developers' contributions.

98. **REPORT OF URGENCY DECISION - ALDERSHOT DIGITAL-GAMES HUB –**
(Cllr Martin Tennant, Major Projects and Property Portfolio Holder)

The Cabinet considered a Record of Executive Decision, which set out an urgent decision made on 13th February, 2019 by the Executive Head of Regeneration and Property, in consultation with the Leader of the Council, to enter into an agreement for the lease of the Old Town Hall, Grosvenor Road, Aldershot. The reason for urgency had been to maintain the momentum of the Aldershot Digital-Games Hub project and to achieve completion of the project by the end of December, 2019.

The Cabinet RESOLVED that the action taken, as set out in the Record of Executive Decision dated 13th February, 2019, be noted and endorsed.

99. **EXCLUSION OF THE PUBLIC –**

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

Minute Nos.	Schedule 12A Para. No.	Category
100, 101 and 102	3	Information relating to financial or business affairs

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

100. **PROPERTY INVESTMENT PURCHASE –**
(Cllr Martin Tennant, Major Projects and Property Portfolio Holder)

The Cabinet considered Exempt Report No. RP1904, which set out an update to a proposal to acquire the freehold investment in a property, as part of the asset investment programme in the Council's Medium Term Financial Strategy.

The Cabinet was reminded that this matter had been considered, previously, at the Cabinet meeting on 8th January, 2019 and a decision had been made to acquire the property. Since that time, the vendor's Investment Committee had met and this had resulted in the asking price being increased. The Report set out the details of the potential investment, including the current lettings, the projected rates of return and the rationale for the purchase. Members were assured that, even at the increased price, the 7% net initial yield represented a good return for the Council.

The Cabinet RESOLVED that

- (i) the purchase of the property, as set out in Exempt Report No. RP1904, be approved;
- (ii) the Executive Head of Regeneration and Property, in consultation with the Council's statutory officers and the Major Projects and Property Portfolio Holder, be authorised to conclude negotiations, subject to due diligence, for the freehold at a price up to the figure set out in the Report;
- (iii) the flexibility within the approved Capital Programme to reflect a purchase at the agreed price be noted;
- (iv) revenue income and expenditure budgets for 2019/20, as set out in Appendix 2 of the Report, be approved; and

- (v) in the event of the acquisition not going ahead, the bringing forward of abortive costs of £29,450, as part of the following budget monitoring report, be approved.

101. **FARNBOROUGH CIVIC QUARTER - SITE ASSEMBLY –**
(Cllr Martin Tennant, Major Projects and Property Portfolio Holder)

The Cabinet considered Exempt Report No. RP1905, which set out a proposal for the acquisition of a site that formed an integral part of the redevelopment area known as the Farnborough Civic Quarter.

The Report set out details of the proposed acquisition. It was felt that the site would have a considerable impact on the overall development of the Civic Quarter. An outline planning application had been submitted by the current owners but it was explained that the acquisition of the site by the Council would allow for it to be included in a wider masterplan, which would increase flexibility in achieving the desired outcomes for the Council and the local community. The Cabinet was requested to agree an upper limit to enable the Chief Executive, in consultation with the Leader of the Council, the Major Projects and Property Portfolio Holder and the Executive Head of Finance, to negotiate to acquire, by agreement, the freehold of the property. Members were informed that, due to timescales requested by the vendor, this was considered to be an urgent decision.

In discussing this matter, the Cabinet considered this to be a key site in the overall redevelopment of the Civic Quarter and felt that this would be better utilised as part of a wider masterplan.

The Cabinet RESOLVED that

- (i) the acquisition of the freehold associated with the site identified in paragraph 1.2 of Exempt Report No. RP1905, be approved;
- (ii) the Chief Executive, in consultation with the Leader of the Council, the Major Projects and Property Portfolio Holder and the Executive Head of Finance, be authorised to negotiate and acquire, by agreement, the freehold of the property, at a value up to that set out in paragraph 2.3 of the Report, subject to the necessary due diligence; and
- (iii) a variation to the Capital Programme, to bring forward part of the budget allocated against the Civic Quarter for 2019/20 into the current financial year, be approved, to allow for
 - the purchase of the freehold, together with stamp duty, land tax and associated legal costs, in accordance with the timescales requested by the vendor and set out in the Report; and
 - additional capital expenditure of the amount set out in paragraph 2.2 of the Report, which would be fully recoverable from the Rushmoor Development Partnership through a loan note.

102. **APPLICATION FOR SECTION 49 REMISSION OF NON-DOMESTIC RATES –**
(Cllr Gareth Lyon, Corporate and Democratic Services Portfolio Holder)

The Cabinet considered Exempt Report No. FIN1913, which set out an application for the remission of non-domestic rates on the grounds of hardship.

Members assessed the application from PRB Hampshire Limited, trading as The Empire Banqueting and Hall, High Street, Aldershot, taking into account the evidence of financial hardship supplied and whether it was in the interests of local taxpayers to subsidise the business. The Cabinet took into account the nature and circumstances of the business and the availability of alternative facilities in the area. The Corporate and Democratic Services Portfolio Holder had met with the proprietor at the premises to discuss the application in detail.

The Cabinet RESOLVED that 62% hardship relief be granted to PRB Hampshire Limited, trading as The Empire Banqueting and Hall for the period from 1st September, 2017 to 31st March, 2019.

The Meeting closed at 7.52 pm.

CLLR D.E. CLIFFORD, LEADER OF THE COUNCIL

**REVENUE BUDGET MONITORING & FORECASTING 2018/19
POSITION AT MARCH 2019**

SUMMARY:

This report informs Members of the latest forecast of the Council's Revenue budget for 2018/19, based on the monitoring exercise carried out with budget officers during February.

RECOMMENDATIONS:

Members are requested to:

- (i) note the latest Revenue Budget monitoring position and associated risks
- (ii) Note the latest forecast for use of the Service Improvement Fund and the flexible use of capital receipts
- (iii) Approve the approach to reserves and balances as set out in the report (subject to final outturn position).

1 INTRODUCTION

- 1.1 This report provides the second/third monitoring position of the financial year, based on monitoring exercise carried out during February 2019. The purpose of the report is to inform members of the Council's anticipated financial position for 2018/19 and notify members of any known material variations to budgets, highlight any key issues, and to inform members of any action to be taken if required.
- 1.2 A salary monitoring exercise is carried out in order to identify any salary variances. The level of government grants, interest receivable from the Council's investments and any other corporate income and expenditure are reviewed and updated where necessary.

2 SUMMARY REVENUE BUDGET POSITION

- 2.1 Council approved the revised General Fund net revenue budget of £11.219m at their meeting on 21 February 2019. There have been some further changes to the budget reflecting subsequently approved supplementary estimates and virements totalling £61k. These have been incorporated into the approved budget, with further details outlined in **Appendix C**.
- 2.2 The monitoring position on Portfolio net expenditure General Fund shows a projected **favourable variation of £1.136m**. This is before reserve transfers and provisional carry forwards are taken into account.
- 2.3 Once Corporate Income and Expenditure and other non-portfolio budget variations are taken into account, the **overall favourable variation on the General Fund is £102k**, as summarised in **Table 1** below and in further detail in **Appendix A**. It is recommended that this additional variation is transferred to the Stability and Resilience Reserve, in line with the position adopted for the Revised Budget.

Table 1 – General Fund Revenue Position

	2018/19 Original Estimate (£'000)	2018/19 Revised Estimate (£'000)	2018/19 Projected Outturn (£'000)	2018/19 Projected Variation (£'000)
Corporate & Democratic Services	5,553	5,593	5,498	(95)
Customer Experience & Improvement	(6)	93	25	(69)
Major Projects & Property	(1,386)	(1,793)	(1,916)	(123)
Operational Services	7,819	8,232	7,409	(823)
Planning & Economy	2,666	2,574	2,546	(27)
Reversal of Capital/Pension	(2,104)	(2,155)	(2,155)	0
Portfolio Net Expenditure	12,542	12,544	11,407	(1,136)
Corporate Income & Expenditure	207	(946)	(240)	706
Savings Plan	(1,875)	(379)	(50)	329
Net Total Expenditure	10,874	11,219	11,117	(102)
TOTAL Funding	11,116	11,337	11,337	0
Core Surplus / (Deficit)	(242)	(118)	(220)	(102)
Additional Transfers				
to General Fund Balance	242			0
to Commercial Property Reserve				0
to Stability & Resilience Reserve		118	220	102
to Service Improvement Fund				0
Core Surplus / (Deficit) after Transfers	0	0	0	0

(Table may contain roundings)

2.4 The table below shows the proposed transfers to and from earmarked reserves and the provisional carry forwards, subject to final outturn position. These have been assumed within the budget monitoring position outlined within this report, with further details included in **Appendix B**.

Table 2 – Earmarked Reserve movements and provisional Carry Forwards

	2018/19 Opening Balance (£'000)	2018/19 Transfers to (£'000)	2018/19 Transfers from (£'000)	2018/19 Projected Outturn (£'000)
Balance and Reserves (excluding specific earmarked reserves)				
General Fund Balance	2,000	0	0	2,000
Commercial Property Reserve	0	109	0	109
Stability & Resilience Reserve	4,353	220	0	4,573
Service Improvement Fund	891	0	(304)	587
Subtotal	7,244	329	(304)	7,269
Carry Forwards (provisional)				243

(Table may contain roundings)

2.5 Section 3 of this report provides a detailed overview of the variations across the revenue budget. The most significant variation is around additional income received in-year in respect of s106 contributions (as shown in Operational Services and Corporate Income & Expenditure summary lines in the Table above).

These amounts will be transferred to the appropriate earmarked reserve.

- 2.6 The original budget for 2018/19 identified the need for £1.550m of savings, with £325k of expected staff turnover savings. Substantial savings of £867k were achieved in the first half of the year and have been incorporated into revised budget. A further £50k was expected to be achieved through turnover savings during the remainder of 2018/19. The latest monitoring exercise indicates additional savings for both salary and non-salary revised budgets.
- 2.7 During the year £867k of savings have been built into the base budget resulting a revised budget of £329k for 2018/19. Further savings from a zero based budget exercise have delivered £157k. Details of the savings are set out in **Appendix D**.

3 REPORTED VARIANCES

- 3.1 Budget officers have identified a net underspend of approximately £1.040m against their non-salary budgets (after taking into account virements and supplementary estimates). A summary of the key variances are set out in **Appendix B**. Whilst a significant element of this relates to additional one-off income variations (see paragraph 3.2 below), some of the variation will be ongoing and could be removed from the budget on a permanent basis. Further work will be undertaken by Finance and budget holders to identify the level of ongoing savings that could be released as budget and efficiency savings.
- 3.2 A significant element of the overall variance (£658k net transfer to reserves) is due to changes in income that are either ring-fenced for use outside of the general fund or have been received in advance for future years' funding. These amounts are not available for spending on general activities and will be transferred to various reserves as follows:
- £679k net additional income in respect of s106 developers' contributions for Suitable Alternative Natural Green Space (SANGS) which is ring-fenced for spending on SANGS provision and maintenance at Southwood Woodlands and Rowhill Nature Reserve.
 - £15k income in respect of Individual Elector Registration
 - An increase of £16k in income required to be ring-fenced as part of the Civil Parking Enforcement (CPE) surplus
- 3.3 The staff monitoring exercise has identified a net projected underspend of £119k from salary savings, which exceeds the £50k expected to be delivered against the revised budget. This is largely due to a number of vacancies across the following services; HR (£15.7k), Regeneration, Property and Highway infrastructure (£10k), Customer Experience (£12.9K), Economy, Planning & Strategic Housing (£11.3k), Environmental Health (£20.3k), Community (£26.3k) and IT (£19.4).
- 3.4 Estimates for interest receivable have been reduced by £8.6k due to a delay in reinvesting an long term pooled fund. Interest payable on borrowing has increased by £8.3k due to an increase in our borrowing requirement (largely due to capital programme being brought forward) and increase in interest rates the Council has

been able to access for short-term borrowing from other Local Authorities. This combination has resulted in an adverse variance of £17k.

- 3.5 As a result of the variations referred to above, the general fund forecast shows a projected year-end balance of £2.000m after reviewing the level of transfers to or from major reserves such as the Stability & Resilience Reserve or the Service Improvement Fund or allowing for any budgets to be carried forward to 2018/19.

4 RESERVES

- 4.1 The level of balances shown for the General fund is in excess of the approved range of £1m-£2m but is likely to sit close to the top of the range once expenditure items have been considered for carry-forward to 2018/19.
- 4.2 Consideration should be given to balances across the three main working reserves – the General Fund, the Stability and Resilience Reserve and the Service Improvement Fund – to determine the appropriate levels to hold in each in accordance with the Financial Strategy.
- 4.3 The Stability and Resilience Reserve was set up to allow the Council to weather fluctuations in its net expenditure while consideration is given to longer-term plans for meeting any funding gap. This means that actions are thought-through and well-considered rather than relying on quick fix, unsustainable solutions. Given the volatility in our income streams, especially around the operation of the Business Rates Retention Scheme, it is prudent to hold a reasonable reserve for this purpose. This is particularly relevant as we move into a round of consultations on the future funding of local government (Fair Funding Review) which will review the funding allocations between local authorities from 2020/21.
- 4.4 The balance on the fund at the close of 2018/19 is estimated at £4.573m to cover short-term fluctuations in income due to the operation of the Business Rates Retention Scheme, for example.
- 4.5 The Service Improvement Fund is held to support key projects such as invest-to-save schemes, which underpin the Council's plan for a sustainable organisation. **Table 3** below shows the use of the Fund as approved in the revised budget alongside the latest estimates of expenditure for both the current and future years.

Table 3: Service Improvement Fund

SERVICE IMPROVEMENT FUND	2018/19 Revised Budget	2018/19 Supplementary Estimates	2018/19 Total Approved Budget	2018/19 Forecast	2019/20 Forecast	2020/21 Forecast
Opening balance on Fund			890,766	890,766	587,037	491,954
Additional Income			0		453,000	
HR Policy	9,760	0	9,760	9,672	0	0
Finance Improvement Projects	11,280	0	11,280	11,280	4,490	0
Legal Compliance	6,050	0	6,050	4,077	1,973	0
Temporary Property Assistant	16,970	0	16,970	16,439	4,090	0
Regeneration Support	60,000	0	60,000	60,000	60,000	0
Organisational Redesign & Structure Review	20,000	0	20,000	20,000	280,000	0
Rushmoor 2020	182,260	0	182,260	182,260	197,530	0
Expenditure in year	306,320	0	306,320	303,729	548,083	0
Closing balance			584,446	587,037	491,954	491,954

- 4.6 The Service Improvement Fund received an injection of income towards the end of 2017/18 of just under £380k 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.
- 4.7 The Council also has the flexibility to use some of its Capital Receipts to support revenue spending in the pursuit of efficiency and service transformation.
- 4.8 The strategy for Flexible Use of Capital Receipts 2018/19 was approved at Full Council on 22 February 2018, with revised budgets approved by Full Council on 21 February 2019. Since its inception on 1 April 2016, a total of £980,000 has been set aside for projects designed to generate ongoing revenue savings or for income generation.

Table 4: Flexible Use of capital Receipts

Project	Actuals 2016/17	Actuals 2017/18	Total Approved Budget 2018/19	Forecast Spend 2018/19	Variance (Forecast Spend Against Total Approved Budget 2018/19)	Slippage/ (Pre-Spend) to 2019/20
Opening Balance	500,000	338,224	520,509	520,509		
Additional Capital Receipt		480,000				
Income Generation & Commercial						
Creation of new income generating assets	24,225	-	-	-	-	-
To support the delivery of the Housing and Regeneration Programme	-	58,157	47,138	29,476	-	17,662
To invest in property, diversifying the asset portfolio and securing greater returns	10,000	20,000	-	-	-	-
To explore new ways of delivering services while maintaining or improving service standards and reducing costs	-	-	22,500	36,000	13,500	-
Making better use of existing assets by utilising land for advertising hoardings in order to maximise revenue return.	6,500	-	-	-	-	-
Making better use of existing assets by utilising land for advertising hoardings in order to maximise revenue return (Phase 2)	-	-	-	-	-	-
To understand sales trends, price demand and ticket buying behaviour	-	-	12,700	12,700	-	-
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	-	-	-	-
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	256,758	256,758	-	-
Customer & Digital						
A comprehensive IT approach to integrate the client and contractor systems	-	48,351	36,649	10,000	-	26,649
Feasibility and implementation of an expanded customer hub model	-	51,076	21,164	11,063	-	10,101
Setting up new governance arrangements and project management support to overall transformation programme	16,852	5,900	0	-	-	0
To successfully implement the new waste contract	6,000	58,293	-	-	-	-
Total Expenditure	161,776	297,715	396,909	355,997		
Closing Balance	338,224	520,509	123,600	164,512		

- 4.9 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:

- To support the delivery of the Housing and Regeneration Programme:- Advice on Business Plan in respect of the housing company and other associated costs will not happen until 2019/20.
- To explore new ways of delivering services while maintaining or improving service standards and reducing costs:- The budget is for the procurement of the new Leisure Contract and a feasibility study to be carried out on the Farnborough Leisure Centre has been brought forward into 2018/19
- A comprehensive IT approach to integrate the client and contractor systems:- The budget is for integrating IT in respect of the Council's new

waste contract. Monies have been received from the waste contract provider in year and used in advance utilising capital receipts.

- Feasibility and implementation of an expanded customer hub model:- No further work is to take place on this project before the end of the financial year.

4.10 The overall effect on the main working balances is shown in Table 2 earlier in the report

5 RISKS

5.1 Due to the level of known financial risk, flexibility has been built into the Council's financial plans by setting aside reserves to be used to manage fluctuations in expenditure or income, to mitigate against other known risks and to support key projects such as invest-to-save schemes, which underpin the Council's plan for a sustainable organisation.

5.2 Considerable progress has been made in the implementation of income generation plans such as those from commercial property acquisition and further acquisitions are currently planned. Other significant projects to deliver efficiencies will come forward as part of the Council's Modernisation and Improvement report set out in a separate report on the Cabinet agenda for this meeting.

5.3 Continued fluctuations in business rate income and the potential changes to the system coming forward as part of the 75% retention scheme and the Fair Funding Review underline the need for reasonable levels of reserves to mitigate against the risk of sudden downturns in major income streams. This also protects the Council from some of the risk around borrowing costs, enabling it to continue with major capital projects such as regeneration schemes, while it undergoes its transformation programme (Rushmoor 2020). Modernisation and improvement of the Council's core services should improve the customer experience as well as generating additional income and/or reducing costs through efficiencies.

5.4 Other risks that should be considered are:

National

- Non-delivery, or delayed delivery, of key projects (Regeneration/Housing) that impact on residents, town centres and on the Council's financial position
- 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;
- Pressure on services due to legislative changes, such as Welfare reform or the Housing and Planning Act;

- Financial restrictions from regulatory changes to the Prudential framework (e.g. Cipfa's Prudential Code and Treasury Management Code, MHCLG's Investment guidance)
- 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;

Local:

- The delivery of major change programmes in the organisation;
- Pressure on services from demographic change;
- Maintaining a balance between new priorities and achieving savings targets;

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 Savings requirements for the current year have been more than achieved with significant variances reported in this quarter, largely due to increasing income in the quarter or reductions in demand led, reactive budgets. Some of these variances may be taken forward to improve the financial position year on year and therefore reduce the size of the future funding gap. However, many of the variances reported are one-off in nature and therefore will not support on-going service provision.
- 6.3 Furthermore, unfavourable variances within existing services must be corrected if the long-term sustainability of the organisation is to be achieved. Additionally, budget holders should seek to vire existing budgets or reduce spend elsewhere in order to reduce any overspends and to absorb new priorities. This will reduce the requirement for supplementary estimates in-year or growth items in future budget setting exercises both of which put pressure on Council funding requirements.
- 6.4 The latest monitoring position shows that the general fund balance is likely to be around the top of the range set in the Medium Term Financial Strategy at the end of 2018/19 and this will have a positive effect on the savings target over the same period.
- 6.5 While this report provides reassurance for the current financial year, the scale of the challenge over the medium-term remains considerable and efforts should be concentrated on moving forward modernisation and improvement plans in order to support delivery of the Council Plan and secure a sustainable financial future.

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APPENDIX A

GENERAL FUND REVENUE BUDGET SUMMARY

	REVISED ESTIMATE	CURRENT APPROVED ESTIMATE	FORECAST OUTTURN	BUDGET VARIATION
	2018/19 £000	2018/19 £000	2018/19 £000	2018/19 £000
Net Cost of Services by Portfolio				
1 Corporate & Democratic Services	5,593	5,549	5,498	(95)
2 Customer Experience and Improvement	93	88	25	(69)
3 Major Projects and Property	(1,793)	(1,737)	(1,916)	(123)
4 Operational Services	8,232	8,171	7,409	(823)
5 Planning & Economy	2,574	2,532	2,546	(27)
6 PORTFOLIO NET EXPENDITURE	14,699	14,602	13,562	(1,136)
7 Capital Accounting Charges - Reversed	(1,710)	(1,710)	(1,710)	0
8 Pension Adj/Employee Benefits Reversed	(445)	(445)	(445)	0
9 NET EXPENDITURE AFTER ADJUSTMENTS	12,544	12,447	11,407	(1,136)
10 Reductions in Service Costs/Income Generation	(329)	(171)	69	398
11 Vacancy Monitoring	(50)	(50)	(119)	(69)
12 Corporate Income and Expenditure	(449)	(449)	(453)	(4)
13 Contributions to/(from) Reserve Accounts	(458)	(458)	208	666
14 Central Government Funding	(5,110)	(5,110)	(5,110)	0
15 NET TOTAL EXPENDITURE	6,148	6,209	6,001	(147)
16 Contribution to/(from) balances	0	(61)	147	147
17 COUNCIL TAX REQUIREMENT	6,148	6,148	6,148	0
REVENUE BALANCES				0
18 1 April	2,000	2,000	2,000	0
19 General Fund Transfer	0	(61)	147	147
20 31 March	2,000	1,940	2,147	147

Notes:

12 Corporate Income and Expenditure				
Interest Receivable	(977)	(977)	(968)	9
Interest payable	176	176	184	8
Minimum Revenue Provision	362	362	362	0
Collection Fund (surplus)/deficit - Ctax	(101)	(101)	(101)	0
Collection Fund (surplus)/deficit - NNDR	22	22	22	0
Other Corporate Income and Expenditure	69	69	48	(21)
Total	(449)	(449)	(453)	(4)

13 Contributions to/(from) Reserve Accounts				
Transfers to CPE Surplus Account	82	82	98	16
Contributions to/(from) earmarked reserves/prior yr grants	(351)	(351)	339	690
Contributions to/(from) Service Improvement Fund	(306)	(306)	(303)	3
Contributions to/(from) Stability & Resilience Reserve	117	117	74	(43)
Contributions to/(from) Commercial Reserve	0	0	0	0
Total	(458)	(458)	208	666

14 Central Government Funding				
New Burdens and other non-ring-fenced grants	(201)	(201)	(201)	0
New Homes Bonus	(1,095)	(1,095)	(1,095)	0
Revenue Support Grant	(190)	(190)	(190)	0
Business Rates Retention (BRR)	(3,624)	(3,624)	(3,624)	0
Total	(5,110)	(5,110)	(5,110)	0

APPENDIX B

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

Variances identified by service during March 2019 budget monitoring exercise amounting to a net underspend of £1,039,810

Corporate and Democratic Services Portfolio		VARIANCES RELATED TO EXPENDITURE BUDGETS	£000
Corporate Manager Legal Services	Legal Support	Reduction in spend on books and publications due to a new online contract being agreed and a 'goodwill' cancellation of the Q4 invoices, for which a carry forward will be requested	(5,000)
		Reduction in use of counsel resulting in an underspend, for which a carry forward will be requested	(15,000)
Democracy, Strategy and Partnerships	Electoral Registration	Reduction in costs of printing and postages on Electoral Registration	(5,000)
		Reduction in spend on design and implementation for new Customer Account for Electors for which a carry forward request will be requested: Canvass fees Individual Elector Registration (Non-Recurring Item) (part funded from earmarked reserve (£15.3k))	(21,900) (31,900)
	Community Leisure	Reduction in spend as grant to FAST no longer required due to a change in circumstances	(15,000)
	Grants to Major Organisations	Additional Notional cost of "free" parking for charities/voluntary organisations (offset with notional income figure in the car parks cost centre)	19,300
Human Resources	Personnel Support	Reduction in spend on corporate training for which a carry forward will be requested. Starting dates for the Management Development have been slipped to allow input from new Heads of Services	(24,000)
Financial Services	Finance Support	Reduction in spend on consultancy fees, carry forward will be requested. Budget to be used to assist in the cost of the Financial System review (IT services additional item approved for which a carry forward will also be requested)	(5,000)
		Spend incurred relating to the Interim Executive Head of Finance and recruitment advertising cost (to be funded from the Stability and Resilience Reserve)	43,000
	Treasury Management and Bank Charges	Reduction in spend on brokers fees due to a change in timing of borrowing requirements	(14,000)
	Rent Allowances	Increase in expenditure (and income) on additional software changes due to DWP changes to scheme funded by grant	5,000
All other expenditure variances within portfolio			(12,950)
Total Expenditure Variances in Corporate and Democratic Services Portfolio			(82,450)

Corporate and Democratic Services Portfolio		VARIANCES RELATED TO INCOME BUDGETS	£000
Corporate Manager Legal Services	Land Charges	Underachievement of planned income for Land Charge Searches due to reduction of said searches dictated by unfavourable market conditions and lack of portal available to general public for personal searches	18,000
	Legal Support	Underachievement of planned income due to higher than anticipated third party transactions and waiving of fees due to special circumstances of the deals Favourable variance due to re allocation of income from Regeneration Services due to restructure Underachievement of planned income for Section 106 works due to the transitional stage of the 'increasing in fees' project	15,200 (7,800) 20,000
Democracy, Strategy and Partnerships	Local Elections	Increase in contributions administering Elections organised on behalf of the Government and Hampshire County Council	(8,000)
Financial Services	Rent Allowances	Increase in income (and expenditure) on additional software changes due to DWP changes to scheme funded by grant	(5,000)
All other income variances within portfolio			(1,000)
Total Income Variances in Corporate and Democratic Services			31,400
Total Net Variances in Corporate and Democratic Services Portfolio			(51,050)

Customer Experience and Improvement Portfolio VARIANCES RELATED TO EXPENDITURE BUDGETS			£000
Customer Experience	Customer Services Unit	Reduction in spend on postages due to being proactive in ways of working using the postal services, and reduction in demand	(10,000)
	Communications	Reduction in spend on council magazine - have not used external resources to produce articles this financial year but unlikely to be able to sustain this in 2019/20	(7,000)
		Reduction in spend on web development due to delays in implementing changes to website (a carry forward will be requested)	(7,000)
ICT, Facilities and Project Services	IT Management	Reduction in spend on external expertise required relating to possible changes to the finance system for which a carry forward will be requested	(20,000)
		Reduction in spend on external consultancy for Rushmoor 2020 for which a carry forward will be requested	(30,000)
	Application Support	Reduction in cost of applications software	(7,000)
	Council Offices	Various increases in spend with the majority of the works being carried out in an attempt to mitigate potential further issues. A conditional survey is due to take place which should help to identify further requirements. The main areas of increase to spend being: - office furniture following a number of office moves/reconfigurations	5,000
All other expenditure variances within portfolio			(1,300)
Total Expenditure Variances in Customer Experience and Improvement Portfolio			(77,300)

Customer Experience and Improvement Portfolio VARIANCES RELATED TO INCOME BUDGETS			£000
ICT, Facilities and Project Services	Council Offices	Income received re the lift insurance claim. The claim was in respect of the replacement/repair of the lift. The expenditure was treated as a capital variation	(15,300)
		Reduction in income from external occupier due to a number of historic invoices being cancelled as the official agreement for the increase was not signed	26,500
All other income variances within portfolio			3,000
Total Income Variances in Customer Experience and Improvement Portfolio			14,200

Total Net Variances in Customer Experience and Improvement Portfolio	(63,100)
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Major Projects and Property Portfolio		VARIANCES RELATED TO EXPENDITURE BUDGETS	£000
Regeneration, Property and Highways	Aldershot Regeneration Strategy	Reduction in spend on consultancy fees for Aldershot Regeneration for which a carry forward will be requested	(12,000)
		Reduction in spend on anticipated set up costs for Regeneration Company (external support) for which a carry forward will be requested	(23,000)
	Belle Vue Enterprise Centre	Reduction in spend for adhoc repairs and maintenance works	(5,000)
	35/39 High Street, Aldershot	Reduction in spend owing to a reduction of adhoc repairs and maintenance works for the site	(5,500)
	114-116 Dominion Road, Worthing	Adverse variance regarding additional unplanned consultancy fees for agent who negotiated rental review with Wickes	9,000
	Farnborough Town Centre Regeneration Strategy	Reduction in spend on consultancy fees for Farnborough Regeneration for which a carry forward will be requested	(13,000)
		Reduction in spend on anticipated set up costs for Regeneration Company (external support) for which a carry forward will be requested	(23,000)
	Maintenance Team	Increase in expenditure to cover works being carried out in lieu of a grant	7,500
Marks and Car Boot	Reduction in spend on casual staff	(10,000)	
All other expenditure variances within portfolio			6,500
Total Expenditure Variances in Major Projects and Property Portfolio			(68,500)

Major Projects and Property Portfolio		VARIANCES RELATED TO INCOME BUDGETS	£000
Regeneration, Property and Highways	Estates Management	Adverse variance due to re allocation of income to Legal Services due to restructure	7,800
	Industrial Estates	Additional leave income from Glen House Estates reflects a favourable variance	(25,000)
	Town Centres	Reduction in income due to budget set up in error for recharge of building insurance that could not be reclaimed due to nature of the lease	12,400
		Increase in rental income due to new lease for Bevan Lodge	(12,000)
	36-63 Union Street, Aldershot	Favourable variance due to additional lease income from Marks and Spencer	(32,000)
	13 Invincible Road, Farnborough	Favourable variance reflects additional 'top-up' rent to compensate Rushmoor for the rent-free period Dunelm had in their lease terms when the building was acquired	(40,000)
	Maintenance Team	Increase in income following the recharge to other internal departments for adhoc use of the maintenance service	(13,500)
Increase in income for the recharge for works carried out in lieu of a grant		(7,500)	
All other income variances within portfolio			(300)
Total Income Variances in Major Projects and Property Portfolio			(110,100)

Total Net Variances in Major Projects and Property Portfolio			(178,600)
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Operational Services Portfolio		VARIANCES RELATED TO EXPENDITURE BUDGETS	£000
Operations	Housing Advice	Reduction in spend on bed and breakfast costs for homeless applicants	(5,000)
	Houses in Multiple Occupation	Reduction in spend on annual membership. This years membership has been able to be paid out of recycled credits held by Parity Trust on Rushmoor's behalf	(5,100)
	Parks and Recreation Grounds	Reduction in spend on general repairs and maintenance	(13,000)
		Additional spend on maintenance of trees	40,900
		Reduction in spend on playground apparatus	(16,000)
		Additional spend on SANG projects as per the management plan (these costs are funded by developers contributions)	30,000
		Additional spend on suitable projects that developers contributions have been collected for	70,400
	Car Parks	Additional spend on Littering and Dog Fouling Pilot Scheme (offset with income)	14,900
		Increase in spend in managed car parks due to the Council taking on the management of the Aldershot Centre for Health car park for an initial period of time	21,800
		Increase in leisure centre user rebates	8,500
		Additional spend on car park machine maintenance	5,500
	Crematorium	Additional spend on utility costs	6,600
		Additional spend on repairs and maintenance	7,200
		Reduction in spend on ministers fees	(6,500)
		Reduction in spend on the internet based music system	(8,000)
	Grounds Maintenance Contract	Reduction in spend on Grounds Maintenance Variations mainly due to funding a number of projects from suitable developers contributions (a carry forward will be requested for £10k for the Invincible Road trees)	(20,000)
Domestic Refuse	Reduction in spend on contractors payment	(2,400)	
Public Conveniences	Additional spend on water charges	14,000	
Street Cleansing	Reduction in spend on the contract variation for non-routine works	(6,000)	
Farnborough Community Centre	Additional spend on general repairs and maintenance due to water leak investigations and necessary risk assessments	6,000	
Non Agency Highways	Additional spend on temporary traffic regulation order adverts	5,000	
Leisure	Reduction in spend on the leisure contract due to the energy indices payment being less than anticipated (Farnborough Leisure Centre, Aldershot Indoor Pools and Aldershot Lido)	(20,700)	
All other expenditure variances within portfolio			(5,000)
Total Expenditure Variances in Operational Services Portfolio			123,100

Operational Services Portfolio		VARIANCES RELATED TO INCOME BUDGETS	£000
Operations	Improvement Grants	Increase in income due to more applications than budgeted using support service for improvement grants	(15,000)
	Parks and Recreation Grounds	Additional income from developers contributions being used to fund the additional spend on projects	(57,600)
		Developers income received for Southwood Woodlands SANG *	(466,300)
		Developers income received for Rowhill SANG *	(242,500)
		* These SANG receipts will be transferred to the SANG Earmarked Reserve from the general fund at year end	
	Car Parks	Additional season ticket permit income due to smartcard top ups ceasing and some of the smartcard customers switching to permits instead of Pay and Display	(8,800)
		Additional income on Littering and Dog Fouling Pilot Scheme (offset with expenditure)	(17,400)
		Additional notional income of 'free' parking for charities/voluntary organisations (offset with notional cost figure in the Grants to Major Organisations cost centre)	(19,300)
		Increase in Pay and Display incomes	(11,200)
	Parking Management	Shortfall in penalty charge notice income	19,100
		Increase in Pay and Display income	(20,600)
	Cemeteries	Shortfall in penalty charge notice income	33,600
		Increase in income from the number of interments of cremated remains in already purchased graves	(23,500)
		Shortfall in grave sales income	16,500
	Crematorium	Shortfall in monument rights income	6,000
Additional net memorial income		(14,000)	
Recycling	Shortfall in income on ministers fees	6,500	
	Additional Materials Recycling Facility income	(33,400)	
	Additional recycling credit income due to tonnage	(5,000)	
Non Agency Highways	Additional green waste sales income	(10,000)	
	Additional income on temporary traffic regulation order adverts	(5,000)	
All other income variances within portfolio			(16,500)
Total Income Variances in Operational Services Portfolio			(884,400)
Total Net Variances in Operational Services Portfolio			(761,300)

Planning and Economy Portfolio		VARIANCES RELATED TO EXPENDITURE BUDGETS	£000
Regeneration, Property and Highways	Sustainability Initiatives	Favourable variance due to planned sustainability and Fairtrade works not coming to fruition in 2018/19	(5,000)
Economic, Planning and Strategic Housing	Princes Hall	Reduction in spend on casual staffing Additional spend on pantomime costs	(5,000) 7,000
All other expenditure variances within portfolio			(2,610)
Total Expenditure Variances in Planning and Economy Portfolio			(5,610)

Planning and Economy Portfolio		VARIANCES RELATED TO INCOME BUDGETS	£000
Economic, Planning and Strategic Housing	Princes Hall	Additional income from the pantomime Shortfall on all other income Shortfall as the income anticipated as part of the pantomime pricing review was included in the 2018/19 Revised Budget but actually relates to the 2019/20 Budget onwards	(29,000) 5,000 40,000
	Building Control Development Fees	Adverse variance on fees and charges due to a downturn in Building Control application in November, December and January Favourable variance on Other Income due to an increase in income from street naming and numbering due to some large developments coming through	10,000 (6,000)
All other income variances within portfolio			(150)
Total Income Variances in Planning and Economy Portfolio			19,850

Total Net Variances in Planning and Economy Portfolio	14,240
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Net portfolio Expenditure Variances	(110,760)
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Net Portfolio Income Variances	(929,050)
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Net Portfolio Variances	(1,039,810)
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Additional Information	
Earmarked Reserves	658,310
Net Portfolio Variances excluding Earmarked Reserves	(381,500)

The net Portfolio expenditure variance figure shown above includes carry forwards requests	(243,400)
(Carry forwards funded from Earmarked Reserves)	15,300
(Carry forwards not funded from Earmarked Reserves)	(228,100)

APPENDIX C

The Supplementary Estimates for Quarter four 2018/19 (There are none relating to Earmarked Reserves) are shown below:

Corporate and Democratic Services Portfolio	£000
- Financial Services	
Increase in expenditure and income.To support Vine Centre with 'My Space' project.	5
Additional grant funding from DWP	-5
Corporate and Democratic Services Portfolio Total	0
Customer Experience and Improvement Portfolio	£000
- ICT, Facilities and Project Services	
Funding received from Sero to cover the cost of developing the environmental services portal	-30
Development of the environmental services portal (funding from Serco)	30
Major Projects and Property Portfolio Total	0
Major Projects and Property Portfolio	£000
- Belle Vue Enterprise Centre	
The budget for contract staff omitted from revised budget in error (budget had previous been approved as a virement in September 2018)	2.7
- Building Services Support	
Original supplementary estimate relating to a temporary building surveyor approved entire budget in 2018/19. Requirement now to move part of the budget to 2019/20	-6.373
- 168 High Street, Guildford	
External render repair works to several parts of the property	65
Major Projects and Property Portfolio Total	61.327
Total Supplementary Estimates	61.327

APPENDIX D

Planned Budget Savings

Negative supplementary estimates showing as budget savings for 2018/19 (post revised estimate) of (£157,970) and total savings achieved are in 2018/19 shown below:

<i>Corporate and Democratic Services Portfolio</i>	£000
Council Tax	
Procurement saving	-8
Council Tax Support Scheme	
Housing Benefit reorganisation	-5
Rent Allowance	
Housing Benefit reorganisation	-11
Commercial Loan Interest	-27
Treasury Management	-99
Zero Based Budget savings	-44
Corporate and Democratic Services Portfolio Total	-194
<i>Customer Experience and Improvement Portfolio</i>	£000
Customer Services Unit	
Service transformation saving (2018/19 only)	-30
Council Offices	
Restructure savings	-1
Procurement savings	-2
Facilities	
Restructure savings	-1
Application Support	
Procurement outlay producing a £90K saving across 5 years	34
Zero Based Budget savings	-6
Customer Experience and Improvement Portfolio Total	-6

<i>Major Projects and Property Portfolio</i>	£000
Commercial Property Investment	-530
Procurement savings	-1
Sustainability Initiatives Restructing	-31
Zero Based Budget savings	-5
Major Projects and Property Portfolio Total	-567
<i>Operational Services Portfolio</i>	£000
Crematorium Change in service delivery	-33
Procurement savings	-8
Zero Based Budget savings	-61
Operational Services Portfolio Total	-102

<i>Planning and Economy Portfolio</i>	£000
Development Management Pre Application Charges	-11
Procurement savings	-4
Development Management Increase Planning Application income	-100
Zero Based Budget savings	-41
Planning and Economy Portfolio Total	-156

Total Planned Budget Savings	-1025
Total Savings post revised budget	-158
Savings built into revised budget	-867

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CABINET
2 APRIL 2019

COUNCILLOR GARETH LYON
CORPORATE AND DEMOCRATIC SERVICES
PORTFOLIO HOLDER
REPORT NO. FIN1915

**CAPITAL PROGRAMME MONITORING
POSITION AT MARCH 2019**

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 February 2019.

RECOMMENDATION:

Members are requested to note the latest Capital Programme position.

1. INTRODUCTION

- 1.1 This report informs Members of the latest forecast regarding the Council's Capital Programme for second quarter of 2018/19, based on the monitoring exercise carried out during February.

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 revised Capital Programme of £45.737m on 21 February 2019.
- 3.2 Based on the March 2019 monitoring exercise Table 1 shows the current approved budget together with the projected actual capital expenditure for the year 2018/19.

Table 1: Analysis of capital expenditure and approved budget 2018/19 £000's

Total approved budget for the year 2018/19	45,737
Additional budget approvals made for the year 2018/19	24,770
Total approved budget for 2018/19	70,507
Forecast capital expenditure for the year	70,714
Net adverse variance (against approved budget)	207
Slippage/(Pre-spend) to 2019/20	(444)

- 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) finalisation of accounts relating to the construction of the Council's new Depot,
 - (b) Aldershot Town Centre Integration and Union Street,
 - (d) finalisation of a loan to Farnborough International, and ,
 - (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 Revised Estimate for 2018/19 on 21 February 2019 for the financial year 2018/19.
- 3.5 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.
- 3.6 During the year to date actual expenditure is £26.2m. £44.96m is due to be spent by the year-end, predominantly as part of programmed regeneration and investment property purchases.
- 3.7 Additional approvals of £24.77m since revised budget approval relates to a draw forward of funds from 2019/20 for the potential purchase of investment property in the 2018/19 year. The timing of any property purchase can be fluid and the brought forward budget may not be required for 2018/19.
- 3.8 **Appendix B** sets out the details in relation to:
- 1. The significant over/(under) spend variations to date;
 - 2. The major areas of slippage;
 - 3. Material variances in relation to schemes financed by grants/contributions.
- 4. Revenue effect of Capital Programme**
- 4.1 Movement in the capital programme between years will have an effect on interest costs and MRP cost in the year in which budget was allocated.

5 CONCLUSIONS

- 5.1 The Council's 2018/19 Capital Programme is currently forecast to spend £70,714m, £0.2m above the revised approved budget of £70,507m. The variance and increase in approved budget since approval at Council on 21 February is due to significant budget brought forward from 2019/20 related to investment property purchases. Acquisition of property is fluid in nature and future movements resulting from timing of purchases will be regularly reported to members.

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CAPITAL PROGRAMME MONITORING SUMMARY 2018/19

Expenditure	ORIGINAL BUDGET 2018/19	ADDITIONAL BUDGET APPROVALS 2018/19	TOTAL APPROVED BUDGET 2018/19	ACTUAL AS AT 07.02.2019	COMMITMENTS AS AT 07.02.2019	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
MAJOR PROJECTS AND PROPERTY	40,173	24,770	64,943	21,607	74	21,681	(43,262)	65,599	656	(643)
CORPORATE AND DEMOCRATIC SERVICES	1,497	0	1,497	1,481	0	1,481	(16)	1,456	(41)	41
CUSTOMER EXPERIENCE AND IMPROVEMENT	330	0	330	160	82	242	(88)	293	(37)	18
OPERATIONAL SERVICES	3,637	0	3,637	2,504	301	2,805	(832)	3,366	(271)	40
PLANNING AND ECONOMY	100	0	100	0	0	0	(100)	0	(100)	100
TOTAL	45,737	24,770	70,507	25,752	457	26,209	(44,298)	70,714	207	(444)

Variations to Programme Approved 2018/19

Revised Budget 2018/19 - Various Projects
Purchase of Commercial Property

Approved By

Full Council
Cabinet

Date

21.02.19
05.02.19

£

45,737,120
Exempt Item

Total Approved Budget

70,506,620

S106 and Grants & Contributions	ORIGINAL BUDGET 2018/19	ADDITIONAL BUDGET APPROVALS 2018/19	TOTAL APPROVED BUDGET 2018/19	FORECAST S106 AND GRANTS & CONT'S AS AT 07.02.2019	VARIANCE
PORTFOLIO	£'000	£'000	£'000	£'000	£'000
MAJOR PROJECTS AND PROPERTY	(1,500)	0	(1,500)	(1,500)	0
CORPORATE AND DEMOCRATIC SERVICES	0	0	0	0	0
CUSTOMER EXPERIENCE AND IMPROVEMENT	(18)	0	(18)	(21)	(3)
OPERATIONAL SERVICES	(1,442)	0	(1,442)	(1,443)	(1)
PLANNING AND ECONOMY	(100)	0	(100)	0	100
TOTAL	(3,060)	0	(3,060)	(2,964)	96

Variations to Programme Approved 2018/19

Revised Budget 2018/19 - Various Projects

Approved By

Full Council

Date

21.02.19

£

-3,059,525

Total Approved Budget

-3,059,525

APPENDIX B

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

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

Scheme	Explanation	Over / (Under) Spend £000s
12 Arthur Street Redevelopment	At the time of revised budget setting, the ledger did not include the full extent of costs which the budget holder had expected were included as a result of timing delays.	13
REGENERATION Aldershot Town Centre Improvements	The project reached its conclusion at the start of the 2018/19 financial year. However, as surplus budget remained, some budget was retained for shop front signage. Due to the scale of other regeneration projects which are underway, resourcing cannot be put to this at this time but may be revisited as part of the wider regeneration of Aldershot in the future.	(11)
IMPROVEMENT GRANTS Housing Renewal Grants (Discretionary)	Renewal grants are discretionary and therefore are not always fully paid out.	(20)
REFUSE / RECYCLING Wheeled Bins	Overspend is as a result of an increase in new builds.	17
NEW DEPOTS Lysons Avenue Depot	The budget was increased at revised budget setting by £595k. The latest forecast is more favourable than previously expected due to a reduction in the final account for the main build and due to costs being sought from the former tenant of the site for the delay and disruption caused by cables laid to a telephone mast (both cases are subject to agreement)	(200)
CAR PARKS Car Park Enhancements	The underspend is attributable to the successful tenderer coming in at less than anticipated within the budget.	(18)
COMPUTER SYSTEMS ICT Strategy and Customer First Projects	Work has completed on the purchase of G/on tokens for flexible working, the purchase of iPads for Building Control mobile working and the bottomline payments system upgrade.	(37)

	<p>The Office 365 project is still ongoing. The Veeam backup project is nearing completion, just need to finish moving Princes Hall and the Crematorium from a physical server to a virtual server.</p> <p>Annual penetration testing is delayed until April 2019 due to retendering the contract.</p> <p>The CSU customer queuing system is likely to be delayed until 2019/20 due to delays by the provider responding to technical queries raised. This is reflected in the under spend figure and is also included as slippage below.</p>	
<p>CAR PARKS Aldershot Park Car Park - Installation of LED powered lighting columns</p>	<p>Project will be completed in 2018/19. Underspend is due to quotes being lower through the tendering process.</p>	(10)

- 2 The major areas of slippage/(Pre-spend) identified to date which are included within the (Appendix A) net increase in spend of £444,155 against the approved Capital Programme are provided in the table that follows:

Scheme	Explanation	Slippage (Pre-spend) to 2019/20 £000s
INVESTMENT PROPERTY Property Purchases	The pre-spend relates to multiple property acquisitions. Part of the pre spend is to advance proceedings on a property with the actual acquisition to take place in 2019/20 and part is subject to further Cabinet approval on 5 March 2019.	(807)
Flexible Use of Capital Receipts Various Projects	Some budgets have been pre spent and some budgets are to slip. A full breakdown is included in the Revenue Budget Monitoring and Forecasting 2018/19 report.	41
REGENERATION Activation Aldershot - Project 2 Phase 6 - Station Forecourt Improvements	The project has been delayed further due to being integrated within the Windsor Way highway improvements.	100
CYCLEWAY LINKS Hazel Avenue to Arrow Road	A contractor is still to be identified but it is hoped that work on this should start around April 2019.	23

COMPUTER SYSTEMS ICT Strategy and Customer First Projects	The CSU customer queuing system is likely to be delayed until 2019/20 due to delays by the provider responding to technical queries raised,	18
REGENERATION Housing PRS Delivery	A small amount is expected to be incurred on architects, valuers and other professional fees in 2018/19 but the remainder of the budget can slip to 2019/20.	64
CREMATORIUM New Cremator and Transfer Cabinet	The contractor has undertaken site surveys but there is doubt that this project will be completed in 2018/19 as the contractor needs to build the product.	21
AFFORDABLE HOMES GRANT Affordable Homes Grant Funding	Practical completion of the properties is delayed resulting in forecast budget slippage.	100

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

Scheme	Explanation	Grant funding £000s
AFFORDABLE HOMES GRANT Affordable Homes Grant Funding	As stated earlier in this report, this project is due to slip to 2019/20 and therefore Affordable Homes Funding will not be utilised in 2018/19.	100
REFUSE / RECYCLING Wheeled Bins	As stated earlier in this report, this project is overspent in 2018/19 and is partially offset by an increase in developer contributions.	(10)
CAR PARKS Aldershot Park Car Park - Installation of LED powered lighting columns	As stated earlier in this report, this project is underspent in 2018/19 and therefore the S106 Funding required is reduced.	10

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CABINET

COUNCILLOR GARETH LYON
CORORATE AND DEMOCRATIC SERVICES
PORTFOLIO HOLDER
REPORT NO. FIN1912

2nd April 2019

KEY DECISION? YES/NO

BUSINESS RATES – DISCRETIONARY RATE RELIEF**SUMMARY AND RECOMMENDATIONS:****SUMMARY**

Places Leisure is currently responsible the payment of Business Rates on the two leisure centres in the Borough, Farnborough Leisure Centre and the Aldershot Pools Complex.

Places Leisure was awarded 100% Discretionary Rate Relief by cabinet at their meeting on 2nd May 2017. The award expired in February 2019 when the leisure management contract was due to expire.

However, for reasons outlined in this report, the leisure management contract has been extended to 31 March 2021

The purpose of this report is to approve an extension of Discretionary Rate Relief awarded to Places Leisure in line with the extension to the leisure management contract to 31 March 2021.

RECOMMENDATIONS

Cabinet is recommended to extend the award of 100% Discretionary Rate Relief to Places Leisure to 31 March 2021 in line with the recent extension to the leisure management contract.

1. INTRODUCTION

1.1 The purpose of this report is to:

- Outline the background and financial implications of Discretionary Rate Relief; and
- Consider extending Discretionary Rate Relief for Places Leisure in line with the recent extensions to the leisure management contract.

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 Places Leisure (formerly known as Places for People Leisure), is a property management, development and regeneration company. They had previously acquired the company DC Leisure – a leisure management contractor that manages around 100 leisure facilities on behalf of 28 local authorities.

3.2 Places Leisure currently manages both Farnborough Leisure Centre and the Aldershot Pools Complex on the Council’s behalf.

3.3 On April 2017, a report went to cabinet and it was resolved that Places Leisure would be awarded 100% Discretionary Rate Relief until the end of the current contract, which was due to expire February 2019.

3.4 The leisure management contract for the Farnborough Leisure Centre and Aldershot Pools Complex was due for renewal in February 2019 and a tendering process drawn up for a new contract. However, the timing of this procurement has been delayed as it is dependent on decisions relating to the regeneration of the Civic Quarter area of Farnborough, currently the location of the Farnborough Leisure Centre.

3.5 Now that Public views and options for the overall Civic Quarter site are currently being sought and a master plan to follow in the Spring 2019, it is possible to start the procurement process for a new leisure contract.

3.6 Given the time required to undertake the procurement process, it has been necessary to extend the current leisure management contract in the meantime.

3.7 Therefore, on 18 September 2017, a report went to cabinet and it was resolved that Places Leisure management contract would be extended to 31 March 2021.

- 3.8 As the basis of the contract remain the same, including the current management fee, it would also make sense that the arrangements regarding Discretionary Rate Relief will remain the same.

4. IMPLICATIONS (of proposed course of action)

FINANICAL IMPLICATIONS

- 4.1 Since 1 April 2013, the business rates retention scheme has introduced a fundamentally new set of arrangements for dealing with the costs of business rates. The cost to grant any relief is most reliably estimated at being 40% of the relief granted. Although the total cost is ultimately determined by a number 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 The remaining 60% of the costs will be met by Central Government (50%), Hampshire County Council (9%) and Hampshire Fire and Rescue Authority (1%), under the Business Rates Retention Scheme.
- 4.3 **Farnborough Leisure Centre** – the Business Rates payable for the financial year 2018/19 is £173,782.50. Assuming 100% discretionary relief is awarded, the financial effect on the Council would be £69,513.00.

Aldershot Pools Complex - the Business Rates payable for the financial year 2018/19 is £102,544.00. Assuming 100% discretionary relief is awarded, the financial effect on the Council would be £41,017.60.

Legal Implications

- 4.4 The recommendation to award relief follows falls within Section 47 Local Government Act 1988.

5 RISKS

- 5.1 If discretionary rate relief were awarded at 100% for both Farnborough Leisure Centre and Aldershot Pools Complex, the financial impact on the Council would be £110,530.60.
- 5.2 However, should discretionary relief not be awarded the management fee will be adjusted to take into account Places Leisure paying the Business Rates.

6. CONCLUSIONS

- 6.1 In conclusion, Cabinet are asked to extend the award of 100% Discretionary Rate Relief until 31 March 2021 in line with the extension to the leisure management contract.

- 6.2 The Corporate and Democratic Services Portfolio Holder is supportive of the award of relief as set out in this report.

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.

CONTACT DETAILS:

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Head of Service – David Stanley / david.stanley@rushmoor.gov.uk 01252 398440

CABINET
2 APRIL 2019

COUNCILLOR MAURICE SHEEHAN
OPERATIONAL SERVICES PORTFOLIO HOLDER

KEY DECISION: NO

REPORT NO. DSP1903

FARNBOROUGH AIRPORT COMMUNITY ENVIRONMENTAL FUND

SUMMARY AND RECOMMENDATION

The Operational Services Portfolio Holder has considered three applications and is recommending Cabinet approve the following awards:

- **5th Farnborough Scout Group - £6,350**
- **Cherrywood Primary School - £10,000**
- **Friends of Aldershot Military Museum - £10,000**

1. INTRODUCTION

1.1 This paper seeks approval to award grants from the Farnborough Airport Community Environmental Fund to assist three local projects.

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 Operational Services Portfolio Holder has considered three applications (Appendix A) and is recommending the following awards:

- | | |
|---|---------|
| • 5 th Farnborough Scout Group | £6,350 |
| • Cherrywood Primary School | £10,000 |
| • Friends of Aldershot Military Museum | £10,000 |

4. FINANCIAL IMPLICATIONS

4.1 The Community Environmental Fund is currently £63,050. Taking the three applications recommended in this paper totalling £26,350 would leave £36,700 available for allocation.

Background Documents:

Completed application forms - Appendix A

Contact Details:

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Andrew Colver – Head of Democracy, Strategy and Partnerships
andrew.colver@rushmoor.gov.uk / 01252 398820

APPENDIX A

Environment Fund applicant bid							
Name & address of Applicant	5 th Farnborough Scout Group Scout hut at rear of 13a High Street, Farnborough GU14 6ED						
Grant requested (Total cost of project)	£6,350 (£6,850)						
Purpose of grant	Transformation of the outside area to include a vegetable planting area, bike racks and disabled access						
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	£500 – own funds						
Accounts	<table style="width: 100%; border: none;"> <tr> <td style="width: 60%;">Income</td> <td style="text-align: right;">£7,336</td> </tr> <tr> <td>Expenditure:</td> <td style="text-align: right;">£11,610</td> </tr> <tr> <td>Balances:</td> <td style="text-align: right;">£5,524</td> </tr> </table>	Income	£7,336	Expenditure:	£11,610	Balances:	£5,524
Income	£7,336						
Expenditure:	£11,610						
Balances:	£5,524						
Additional Info	<p>The overall aim of the project is to turn unused and unsafe land into an area that is environmentally friendly and provides an area for outdoor and environmental education for young people whilst promoting cycling to the scout hut and disabled access.</p> <p>The scout group has not used the land for many years and it will continue to decline without improvements. Investing in the land will have direct benefits to the group and its members but will have a broader impact on the community.</p> <p>The environmental benefits come in the forms of turning unusable land into a green space with planter troughs for young people to grow plants and vegetables. The area is also designed to facilitate environmental education for young people whilst providing a safe area for members to park bikes, encouraging cycling to the hut.</p> <p>The group is in the process of raising funds to carry out maintenance and modernise the hut. This will enable other community groups (toddler groups, fitness groups, dance classes, birthday parties, etc) to use the space, increasing the useable areas in the local community whilst also providing a small income to the group to allow the group to maintain the hut and sustain all its areas.</p>						
Aim of organisation/group	The aim of the group is to promote the development of young people in achieving their full physical, intellectual, social and spiritual potential, as individuals, as responsible citizens and as members of their local, national and international communities.						
Application recommendation	£6,350						

Environment Fund applicant bid

Name & address of Applicant	Cherrywood Primary School Mayfield Road, Farnborough GU14 8LH
Grant requested (Total cost of project)	£10,000 (£11,213)
Purpose of grant	To refurbish the Early Years outdoor 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	£1,213 – own funds
Accounts	Income £1,054,214 Expenditure: £1,122,633 Balances: £28,710
Additional Info	<p>Some of the children arrive at school having never had access to an outdoor space or garden and having a safe well-structured area is vital to their learning.</p> <p>The project is to refurbish the outdoor area for the Reception children. Currently the area is very tired and underutilised. The project will include an all-weather surface, an open plan playhouse with chalk boards and a storage unit.</p> <p>The new surface means that the area will be easier to maintain. Currently the children are unable to play there during the winter months, as it is a health & safety risk due to slip hazards. It will mean children will only be unable to use it during the most severe weather. It will also prevent the issues with animal excrement, which is also a serious risk to the children's health.</p> <p>New storage will allow the school to enhance the equipment provided for the children to use.</p> <p>An essential part of the learning journey through Reception is free-flow which meaning moving throughout both the inside and outside area. The success of the project will be judged through the outcomes of the children throughout the academic year by measuring their progress.</p>
Aim of organisation/group	Cherrywood Primary School sits at the heart of the local community on the Prospect Estate. Cherrywood is a vibrant and constantly improving school where children learn in a secure and happy environment, supported by a skilled and caring staff team. This one form entry school has a 'family' atmosphere and a commitment to developing the best in every child.
Application recommendation	£10,000

Environment Fund applicant bid

Name & address of Applicant	Friends of Aldershot Military Museum (FAMM)
Grant requested (Total cost of project)	£10,000 (182,645)
Purpose of grant	Signage for Aldershot Heritage Trails
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	£77,645 – volunteer in-kind (secured) £25,000 – Grainger plc (secured) £50,000 – Suez Communities Trust (unsecured) £20,000 – Section 106 (unsecured)
Accounts	Income £2,449 Expenditure: £1,521 Balances: £12,118
Additional Info	<p>The project is to establish a series of five interlinking Heritage Trails around the area of the historic Aldershot military and civilian towns. The trails have been named to reflect the historic links to the area - Marlborough, Stanhope, Redan, Wellington and Town. This project is a partnership between FAMM, Rushmoor Borough Council and Grainger plc. Stanhope trail is being funded by Grainger.</p> <p>The plans for the Heritage Trails grew out of FAMM's popular historical guided walks. Consultations showed that people of all ages would enjoy the opportunity to walk the heritage trails, improving their local knowledge in an entertaining way.</p> <p>Over the five trails, 186 sites of historic interest will be marked by use of informative signs and markers, including different sized freestanding totems and low angled panels, and wall mounted information tiles. These will be supported by leaflets and a website providing maps and more detailed information. The website will also allow visitors to give feedback and upload their own memories or information on historic Aldershot. At selected sites there will be additional tiles with children's activities. Educational packs will be sent to schools and guided tours around sections of the heritage trails will be available. All the trails are accessible and alternative routes have been incorporated where necessary.</p> <p>The trails will deliver health, well-being and mental health benefits to all as they explore the trails and learn about the town's history, instilling a greater sense of pride within the Aldershot community.</p>
Aim of organisation/group	The aim of FAMM is to further the education of the public by the promotion, support, assistance and improvement of the Aldershot Military Museum. The association is run by volunteers and is for anyone who wishes to support the Museum and its activities, young and old, soldier and civilian.
Application recommendation	£10,000

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CABINET

COUNCILLOR MARTIN TENNANT
MAJOR PROJECTS AND PROPERTY
PORTFOLIO HOLDER
REPORT NO. EPSH1922

2 APRIL 2019

**ROWHILL NATURE RESERVE AND SOUTHWOOD WOODLAND
MANAGEMENT PLAN REVIEW**

SUMMARY AND RECOMMENDATIONS:

The Council has responsibility for Southwood Woodland and Rowhill Nature Reserve and this report addresses the need to undertake surveys and to review the management plans for these sites.

Cabinet is recommended to:

1. Approve drawdown of £26,150 to undertake surveys and update the management plan for Southwood Woodlands
2. Approve the drawdown of £34,500 to undertake surveys and update the management plan for Rowhill Nature Reserve
3. To delegate to the Head of Economy, Planning and Strategic Housing in consultation with the Portfolio Holder for Planning and Economy authority to drawdown additional sums as necessary to:
 - complete any additional surveys or work necessary to complete the review and updating of the management plans
 - to provide appropriate training for volunteers to enable them to undertake work to improve and maintain the SANGs
 - to authorise works arising from the revised management plans

1. INTRODUCTION

1.1 This report:

- Provides an update on Southwood Woodland and Rowhill Nature Reserve which are Suitable Areas of Natural Greenspace (SANGs) for which the Council is responsible
- Details the ecological surveys and management plans required for the review of the SANGs and seeks funding to undertake this work
- Seeks funding to provide training for volunteers within Rowhill Nature Reserve and Southwood Woodlands
- It provides an overview of the short and medium term habitat creation and management that may be required and seeks delegated authority to drawdown funding as necessary to undertake works identified from the surveys/management plans

2. BACKGROUND

2.1 Southwood Woodlands SANG

2.1.1 Southwood Woodlands has been open as a SANG since 2008 when a management plan was prepared by Atkins and Blackwater Valley Countryside Project were awarded the management contract. The plan detailed the management required for the next 5 years. Surveys for badgers, bats, birds, reptiles, invertebrates and flora were proposed to be surveyed every five years with a review of the management plan in 2012 and 2017. There is no record that monitoring surveys or a management review were undertaken at 5 and 10 years although annual work reports have been provided by Blackwater Valley Countryside Partnership. Without the comprehensive data provided by surveys it is difficult to establish whether the management of the Southwood Woodlands is achieving its ecological aims.

2.1.2 Blackwater Valley has continued to manage the site running monthly workgroups. Hampshire Biological Information Centre undertook a flora survey in 2017 as part of the monitoring program for Southwood Woodlands Site of Interest for Nature Conservation (SINC). These investigations found that the open heathland and wetland glades were in excellent condition and their area had increased since the 2008 survey. In regards to the wider woodland, the survey indicated that it would benefit from thinning to increase light to the ground flora and maintain floral diversity. Fauna surveys are required to assess the impact of the woodland works on the fauna that use the site with a review of the management plan and scheduled thinning works.

2.2 Rowhill Nature Reserve SANG

2.2.1 Rowhill Nature Reserve was owned by Rushmoor Borough Council before its allocation as a SANG, with Rowhill Nature Reserve Society assisting in the management of the site for the last 50 years. The site was opened as a SANG in 2012 and Blackwater Valley Countryside Partnership were awarded the contract to manage the site. A 2012 management plan was prepared for the site. The management plan was due for review in 2017 but there is no record that the monitoring surveys or the review has been undertaken. However annual work reports have been provided by Blackwater Valley Countryside Partnership.

2.2.2 There have been a number of concerns raised regarding the safety of the infrastructure, the working practices within the site, and the ecological management. A number of repairs to steps, boardwalks, paths and work to unsafe trees have now been undertaken on site through collaborative working between Blackwater Valley Countryside Partnership, Rowhill Nature Reserve Society and Council officers

2.2.3 Rowhill Nature Reserve Society has a wealth of experience and knowledge; and manages the Surrey area of Rowhill Nature Reserve to an exceptional standard. In a recent survey to monitor Rowhill Copse SINC Hampshire Biological Information Centre stated that *this site is an*

excellent example of actively managed woodland. The long history of coppice with standards management has created a site with diverse structure and light conditions and this in turn has diversified the flora and most likely fauna too. A very high total of 42 ancient woodland indicators were noted.

2.2.4 However, the Hampshire area of the woodland requires significant works. The group accept that it is beyond their capacity to manage the site alone and have worked well with the Council to identify ecological tasks for the coming season as well as committing to undertake some of the urgent infrastructure projects. The site requires surveys to establish the fauna biodiversity on site followed by an overarching management plan and some contract work to clear the invasive species.

3. DETAILS OF THE PROPOSAL

3.1 Ecological Surveys

3.1.1 The following surveys are required to provide data to inform a review of the management plans for Southwood and Rowhill.

Southwood	Estimated Cost
Bats	£1,000,00
Badgers	£450,00
Otter and Water Vole	£450,00
Birds	£600,00
Reptiles	£900,00
Amphibians	£1,400,00
Invertebrates	£3,500,00
Fish	£1,000,00
Phase 2 botanical Survey	£1,000,00
Hydrology Survey	£5,000,00
Survey Report	£1,750,00
5 year Management Plan	£10,000,00
Total	£26,150,00

Rowhill	Estimated Cost
Baseline report	£1,500,00
Flora Survey	£500,00
Bats	£1,000,00
Dormouse	£6,000,00
Badgers	£5,000,00
Otter and Water vole	£450,00
Birds	£1,500,00
Reptiles	£900,00
Great Crested Newts	£1,400,00
Invertebrates	£3,500,00
Fish	£1,000,00
Survey Report	£1,750,00
5 year Management Plan	£10,000,00
Total	£34,500,00

3.2 Management Plan Reviews

3.2.1 Both management plans are now overdue for review. The species surveys coupled with a review of management will provide us with guidance as to where the current management has been successful and where further ecological work is required. Each management plan will cost approximately £10,000,00.

3.3 Volunteer funding

3.3.1 Volunteers undertake much of the ecological management on both sites. Within Southwood Woodland Blackwater Valley Countryside Partnership supervises the work parties; however, within discussions with the site ranger it was felt that skilled work could be undertaken independently by the group with some training and confidence building. Within Rowhill Nature Reserve the society run work parties, education and social events entirely independent of Blackwater Valley Countryside Partnership. To achieve the greatest benefit from our volunteers and to ensure work is being undertaken by skilled people it is important that the council promote training to upskill the volunteers. Within Rowhill, the volunteers would like to obtain tree felling, chainsaw and brush cutting licences and gain training in botanical, ecological and education courses to enrich their knowledge and enable them to provide better management and education.

3.4 Ecological Works

- 3.4.1 It is likely that thinning work will be required within Southwood woodland to increase light levels and clearance of holly, rhododendron and cherry laurel within Rowhill in the winter of 19/20. As the sites are managed using volunteer groups current resources would not provide the capacity to undertake extensive work. Therefore, further monies are likely to be requested later in 2019 to employ contractors over the winter. The contractors selected must have expertise in conservation management to ensure the works respect the sensitivities of the fauna on site.
- 3.4.2 Rowhill contains a large main badger sett likely to contain significant numbers of badgers. Due to its location adjacent to residents, property there is a need to do some work on the trees to growing on the setts. Due to the importance of the sett, the works will require a licence, which will need to be evidenced by survey work. As the work will need to be undertaken after May but before November when no vulnerable cubs are in the sett, the extended survey and costs of applying for a licence have been incorporated into the survey schedule.
- 3.4.3 The Environment Agency is very interested in working with us at Rowhill Nature Reserve to ensure the Blackwater River and associated headwater streams are naturalised with all barriers removed. This will enable rare brown trout to use the headwaters to breed. This will significantly enrich the Blackwater River Catchment. This is a long-term project, which could be achieved by a combination of volunteer help and contract work.
- 3.4.4 Finally, there are significant opportunities to increase the heathland within Rowhill. The scope of this project will be decided once the ecological value of the woodland habitat is known. There has been some commitment to funding this project to mitigate acid grassland lost within the Farnborough Airport SINC as a result of the Gulf Stream development.
- 3.4.5 In relation to Southwood further work is required to assess the ecological and volunteer requirement on this site fully as yet.

3.5 Legislative background or regulatory framework

- 3.5.1 Since 2000 there have been severe declines in ground nesting nightjar, woodlark and Dartford warbler within the Thames Basin Heaths Special Protection Area (SPA). These declines are thought to be due to recreational pressure with birds being disturbed when nesting and feeding leading to low birth rates, chick predation and lack of condition in adult birds.
- 3.5.2 As the SPA is designated for the three species of ground nesting bird under the E.C Birds Directive and there was to be significant numbers of new housing in Hampshire, Surrey and Berkshire, it was identified that there was likely to be an in-combination impact on the bird populations.
- 3.5.3 The provision and long-term management of Suitable Alternative Natural Greenspace (SANG) was therefore required to avoid and mitigate the in-combination recreational impact. It was hoped that provision and promotion of the SANGS would ensure that new and existing residents

used the SANGs for walking and dog walking rather than the SPA, resulting in recreational impact on the SPA being reduced. Long-term management was set at 80 years.

3.5.4 As Rushmoor Borough is entirely within the 5km impact zone, all new houses are required to mitigate impact by contributing to SANGs provision and wardening within the SPA.

3.5.5 To ensure the management of the sites is being undertaken appropriately and to ensure the SANGs continue to be biodiverse and thus provide an alternative natural greenspace to the heathland, ecological survey and review of management of the existing sites needs to be undertaken every 5 years.

3.6 Alternative Options

3.6.1 There are no alternative options to management review of the SANGs which meet the Council's obligations.

3.7 Consultation

3.7.1 The original management plans for both SANGs have been reviewed and an assessment of the ecological management on the sites undertaken. A review is required to ensure we are protecting all habitats and species within the SANGs and providing a good experience to all visitors. The updated surveys and management plans will ensure that Blackwater Valley Countryside project, the volunteers and the council are working from one document with clear goals for ecological improvement in the short, medium and long term.

4. IMPLICATIONS

4.1 Risks

4.1.1 There are no risks to the delivery of the supporting surveys or the management plans for the SANGs provided funding for the surveys, management plan and management of the SANGs for the next 5 years is secured.

4.2 Legal Implications

4.2.1 There will be no legal implications if the required surveys and management review are undertaken. There is a small risk that if ecological management deteriorates within the SANGs Natural England may decide that they no longer meet the SANG criteria

4.3 Financial and Resource Implications

4.3.1 The surveys, management plans and ecological work can be funded by developer contributions collected for these sites.

4.4 Equalities Impact Implications

4.1.1 The SANGs are open to all residents with disabled access provided to part of the site.

5. CONCLUSIONS

- 5.5.1 The 5-year management review is now overdue for the both Southwood Woodland and Rowhill Copse SANG. To inform the ecological management over the next 5 years the council needs to obtain updated information as to the biodiversity value of the SANGs and the fauna species that use them.
- 5.5.2 The requirement for 5-year reviews is detailed within the management plans prepared when the sites were opened.
- 5.5.3 Good management of the sites will help to deliver the corporate objective to create a greener borough.

BACKGROUND DOCUMENTS:

List: Management Plans for Rowhill and Southwood SANGs

CONTACT DETAILS:

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CABINET

COUNCILLOR BARBARA HURST
PLANNING AND ECONOMY
PORTFOLIO HOLDER
REPORT NO. EPSH1921

2 APRIL 2019

**DEPLOYMENT OF RIGHT TO BUY (RTB) RECEIPTS -
PLACE COURT, ALDERSHOT**

SUMMARY AND RECOMMENDATIONS:

This report seeks approval of use of RTB receipt funding to provide two additional units of accommodation for residents over 55.

Cabinet is recommended to approve the deployment of £37,214.99 of RTB receipt funding to Vivid for the delivery of affordable homes at Place Court, Aldershot.

1. INTRODUCTION

- 1.1 Place Court is an existing sheltered housing scheme and forms part of Vivid's housing stock in the borough. Vivid have requested approval to make use of £37,215.00 of RTB receipts to support the conversion of a former manager's flat into two one bed apartments for residents aged over 55 to right size to. This is the full amount currently held in the RTB receipt pot.

2. BACKGROUND

- 2.1 The scheme delivers two, one-bed flats for over 55's adjacent to an existing Extra Care scheme for older people. One flat is designed for single person occupancy and the other for a couple. Both flats will be let at an affordable rent to households in the Rushmoor Housing Allocation Pool. The delivery of these units therefore supports the council's housing objective to deliver the right homes in the right places and offers good quality accommodation for older people to right size into, freeing up larger, rented family accommodation
- 2.2 As a conversion rather than new build development, the scheme does not fit the grant funding criteria for Homes England Capital Grant.
- 2.3 Total scheme costs are £184,680.00, Vivid have committed £147,465.00 of private finance and originally submitted a Capital Grant bid to the council. of £37,215.00, a copy of which is attached as appendix A.
- 2.4 The scheme is on site and expected to complete by the end of April 2019. The council has 100% nomination rights to the properties, which will be let

at affordable rent to older people in the Rushmoor Housing Allocation Pool.

- 2.5 The Council's Housing Strategy & Enabling Manager has requested that Vivid utilise Right to Buy funds rather than RBC Capital Grant, Vivid are in agreement. The request was made to ensure RTB receipts are recycled in a timely manner and to allow Rushmoor's capital to be retained for investment into other strategic affordable housing delivery. A copy of the bid for use of £37,215 is attached as appendix A

3. DETAILS OF THE PROPOSAL

- 3.1 Vivid hold the RTB receipt account and require the council's approval to deploy the capital as set out in the RTB Agreement.

Clause 4 of the RTB Agreement states that:

- The capital will be used for the provision of affordable housing in the borough of Rushmoor.
- Capital will be used in accordance with the priorities and targets set out in the council's housing strategy.
- Vivid will consult the council on the deployment of the capital and will seek its approval, such approval not to be unreasonably held.

Consultation

- 3.2 This is a contractual arrangement between the council and Vivid as set out in the RTB agreement.

4. IMPLICATIONS

Risks

- 4.1 None identified.

Legal Implications

- 4.2 The RTB agreement states that the council's approval to deploy the receipts should not be unreasonably withheld. Should the council elect not to approve this deployment, it may be subject to challenge from Vivid.

Financial and Resource Implications

- 4.3 Finance have been consulted, there are no direct financial implications to the council.

Equalities Impact Implications

4.4 There are no equalities issues arising from this report.

Other

4.5 N/A

5. CONCLUSIONS

5.1 Cabinet have approved previous RTB deployments to Vivid to ensure the delivery of strategic housing objectives in Rushmoor; agreeing to the deployment of this funding endorses the council's continuing commitment to support partners in the delivery of affordable homes, which meet identified housing need in the Borough, ensuring best value and the appropriate use of funds available.

BACKGROUND DOCUMENTS:

Rushmoor's Housing and Homelessness Strategy 2017-22

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APPENDIX A

Rushmoor Borough Council Capital Grant Funding Bid 2018/19

2.1	Development Costs	
	Land acquisition costs(<i>if free or discounted land being offered through s106 agreement please indicate open market value of land here and indicate the developer contribution in the resources section below</i>)	N/A
	Estimated contract sum (Including Vat @ 20%)	£143,413
	On costs (include builder's design fee here for design and build contracts)	N/A
	Other costs (please specify) – Legal fees, s106 contributions, planning consultant & planning fees, employers agent (including planning application drawings) and principle designers fees, valuation fees, development admin fee and Interest	£41,267
	Less non grant fundable costs	£0
	Total Scheme Costs	£184,680
2.2	Financial Resources	
	Private finance	£147,465
	Reserves	£0
	RCGF/DPF	£0
	Other (please specify) RTB receipts	£37,215
	Developer contribution	£0
	Homes and Communities Agency	£0
	2011-2015 Framework	£0
	2015-2017 Homes Guarantee	£0
	Other (please specify)	£0
	Other financial resources	£0
	Total Resources	£184,680
2.3	SHORTFALL to be funded by Capital Grant from the Council	
	£0	
	Grant per unit by tenure	Grant per person by tenure

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