

CABINET

Meeting held on Tuesday, 4th February, 2020 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 and Customer Experience and Improvement
Portfolio Holder

Cllr Marina Munro, Planning and Economy Portfolio Holder
Cllr A.R. Newell, Democracy, Strategy and Partnerships Portfolio Holder
Cllr M.L. Sheehan, Operational Services Portfolio Holder
Cllr P.G. Taylor, Corporate Services Portfolio Holder
Cllr M.J. Tennant, Major Projects and Property Portfolio Holder

The Cabinet considered the following matters at the above-mentioned meeting. All executive decisions of the Cabinet shall become effective, subject to the call-in procedure, from **17th February, 2020**.

75. **MINUTES –**

The Minutes of the meeting of the Cabinet held on 7th January, 2020 were confirmed and signed by the Chairman.

76. **REVENUE BUDGET, CAPITAL PROGRAMME AND COUNCIL TAX LEVEL –** (Cllr Paul Taylor, Corporate Services Portfolio Holder)

The Cabinet considered Report No. FIN2007, which made recommendations on the budget, Council Tax requirement and proposals for budget savings for 2020/21.

The Cabinet was reminded that, at its meeting on 15th October, 2019, the budget framework set out in the Medium Term Financial Strategy 2020-24 had been approved. The Strategy provided a risk-based General Fund balance of around £2 million. The Cabinet was advised that the Report had been prepared on the basis that there would be no change to the provisional local government finance settlement figure. It was proposed that any changes which materially altered the figures contained in the budget summary, particularly in respect of the local government finance settlement figure or the business rates estimates, would be made by the Council's Section 151 Officer, in consultation with the Leader of the Council and the Corporate Services Portfolio Holder, prior to consideration of the budget by the Council on 20th February, 2020. The Cabinet was advised that the Council was in a good financial position for the coming year and that this would enable the Cabinet to set a balanced revenue budget for 2020/21. Members were informed that the Medium Term Financial Strategy was projecting a deficit from 2021/22 of £1.4 million, increasing to around £2.2 million by 2023/24.

The Capital Programme of £52.226 million in 2020/21 was set out in Appendix 4 of the Report. Implementation of the core programme in 2019/20 would require the use of £44.210 million of the Council's resources, largely through borrowing, together

with £8.017 million use of grants and contributions, including the Better Care Fund, and an element of developers' Section 106 contributions. The main areas where the Council would be facing increased levels of risk and uncertainty over the medium term were set out in Section 9 of the Report. Members were informed that the most significant risks were the move to a 75% business rates retention model and the potential for the redistribution of funding under the Fair Funding Review, which would reallocate resources across local authorities based on an assessment of relative needs.

Under Section 25 of the Local Government Act, 2003, the Executive Head of Finance, being the Council's Chief Financial Officer, was required to report to the Council on the robustness of the estimates contained in the budget and the adequacy of the financial reserves maintained by the Council. The Council had to have regard to this report when making its decisions on the budget. The Chief Financial Officer was satisfied that the budget was robust and that it was supported by adequate reserves.

The Cabinet

- (i) **RECOMMENDED TO THE COUNCIL** that approval be given to:
- (a) the General Fund Revenue Budget Summary, as set out in Appendix 1 of Report No. FIN2007;
 - (b) the detailed General Fund Revenue Budget, as set out in Appendix 2 of the Report;
 - (c) the additional items for inclusion in the budget, as set out in Appendix 3 of the Report;
 - (d) the Council Tax requirement of £6,704,629 for this Council;
 - (e) the Council Tax level for Rushmoor Borough Council's purposes of £209.42 for a Band D property in 2020/21;
 - (f) the Capital Programme, as set out in Appendix 4 of the Report;
 - (g) the Strategy for the Flexible Use of Capital Receipts, as set out in Appendix 5 of the Report;
 - (h) the Executive Head of Finance's Report under Section 25 of the Local Government Act, 2003, as set out in Section 10 of the Report;
 - (i) the additional transfers to earmarked reserves in 2020/21 and the holding of reserves, as set out in the Report;
 - (j) the insurance arrangements, made through the Hampshire Insurance Forum and Aon and effective from April, 2020, resulting in an annual saving on premiums of £81,000, as set out Table 5 of the Report; and

- (ii) **RESOLVED** that authority be delegated to the Council's Section 151 Officer, in consultation with the Leader of the Council and the Corporate Services Portfolio Holder, to make any necessary changes to the General Fund Summary arising from the final confirmation of the Local Government Finance Settlement and the Business Rates Retention Scheme estimates.

77. **ANNUAL TREASURY MANAGEMENT STRATEGY AND ANNUAL NON-TREASURY INVESTMENT STRATEGY 2020/21 –**
(Cllr Paul Taylor, Corporate Services Portfolio Holder)

The Cabinet considered Report No. FIN2004, which set out the Council's proposed Treasury Management Strategy and Non-Treasury Investment Strategy (Investment Strategy) for 2020/21, along with the Minimum Revenue Provision Statement. Members were reminded that the purpose of the treasury management operation was to set out how the Council would manage its investments and borrowing over the coming year. It was confirmed that the Council performed strongly in terms of its treasury investments. Members were informed that the Council's external debt stood at around £90 million, at an average rate of 1.1% and that its commercial investment property portfolio was valued at around £110.58 million. It was reported that the Licensing, Audit and General Purposes Committee had supported the recommendations at its meeting on 27th January, 2020.

The Cabinet RECOMMENDED TO THE COUNCIL that approval be given to:

- (i) the Treasury Management Strategy and Annual Borrowing Strategy, as set out in Appendix A of Report No. FIN2004;
- (ii) the Annual Non-Treasury Investment Strategy, as set out in Appendix B of the Report; and
- (iii) the Minimum Revenue Provision Statement, as set out in Appendix C of the Report.

78. **COMMERCIAL PROPERTY INVESTMENT STRATEGY –**
(Cllr Martin Tennant, Major Projects and Property Portfolio Holder)

The Cabinet considered Report No. RP2003, which sought approval for the Council's new Commercial Property Investment Strategy and for the establishment of a Property Investment Advisory Group to oversee the Strategy. Members were informed that the Strategy had been devised in partnership with Lambert Smith Hampton Investment Management, who had been appointed in November, 2019 to support the Council in managing and growing this part of the asset portfolio. It was confirmed that the Strategy would enable the Council to demonstrate a safe and structured approach to its commercial property activities.

The Cabinet RESOLVED that the Council's Commercial Property Investment Strategy, as set out in Appendix A to Report No. RP2003, be approved.

79. **ANNUAL CAPITAL STRATEGY 2020/21 –**
(Cllr Paul Taylor, Corporate Services Portfolio Holder)

The Cabinet considered Report No. FIN2006, which set out the Council's Capital Strategy for 2020/21, which included the Prudential Indicators for Capital Finance. Members were informed that this Report complemented the Annual Treasury Management Strategy Report that had been considered earlier in the meeting.

Members were reminded that the purpose of the Capital Strategy was to give an overview of the Council's capital expenditure, capital financing and treasury management activities, along with an overview of how associated risks would be managed and the implications for future financial sustainability.

The Cabinet RECOMMENDED TO THE COUNCIL that approval be given to the Capital Strategy 2020/21 and Prudential Indicators, as set out in Appendix A to Report No. FIN2006.

80. **ANNUAL REVIEW OF FEES AND CHARGES –**
(Cllr Paul Taylor, Corporate Services Portfolio Holder)

The Cabinet considered Report No. FIN2008, which set out a proposed revised scheme of fees and charges for Council services.

Members were informed that the document included a description of the methodology applied in each case. The Cabinet considered the document and, in response to a question, it was confirmed that, where the Council was levying non-statutory fees or charges, officers would be asked to consider whether there was a commercial case for altering the level of such fees or charges, aside from the application of the annual inflationary uplift, if applicable.

The Cabinet RESOLVED that approval be given to

- (i) the adoption of the various methodologies attached in Appendix A to Report No. FIN2008 as a basis for uplifting the Council's fees and charges;
- (ii) the continued application of RPIx as the measure of inflation, where an annual inflationary uplift was specified; and
- (iii) the fees and charges, as set out in Appendix A to the Report, for implementation on the applicable dates.

81. **COUNCIL BUSINESS PLAN QUARTERLY UPDATE OCTOBER - DECEMBER 2019/20 –**
(Cllr David Clifford, Leader of the Council)

The Cabinet received Report No. ELT2001, which set out progress against the Council Business Plan, as at the end of the third quarter of the 2019/20 municipal year. The Report brought together monitoring information in respect of the actions identified as key activities in the three year business plan and the two key programmes of work that were essential in delivering the priorities, the Regenerating

Rushmoor Programme and the ICE Programme. In response to a question, it was confirmed that the Council was likely to continue with its litter enforcement programme, following a successful pilot period.

The Cabinet NOTED the progress made towards delivering the Council Business Plan 2019/20, as set out in Report No. ELT2001.

82. **ESTABLISHING A LOCAL HOUSING COMPANY - THE HOUSING COMPANY BUSINESS PLAN –**

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

The Cabinet considered Report No. RP2004, which set out the five-year business plan of the Council's local housing company for approval.

Members were reminded that the creation of a wholly owned company, limited by shares, to deliver housing in the Borough had been agreed by the Council at its meeting in April, 2019. It was confirmed that, over the first five years of operation, the company would need to borrow around £11,289,900 to fund its operations. It was predicted that, by the fifth year, the company would provide a net income of around £283,000 each year to the Council. Members were informed that the business plan had been subject to external scrutiny by the Council's treasury advisers, Arlingclose Limited. The Report set out the current list of sites that would be used to create the company's property portfolio but it was confirmed that this list was not fixed.

The Cabinet RECOMMENDED TO THE COUNCIL that

- (i) the submission to the Chief Executive of the Council, as shareholder representative, of the draft five-year business plan, as set out in Appendix 1 to Report No. RP2004, in substantially the same form, once the company has been incorporated, be approved, at which time it would become the approved business plan for the company;
- (ii) the sale of No. 12 Arthur Street, Aldershot and No. 154 Ship Lane, Farnborough to the housing company at market value, subject to the relevant valuation, be approved;
- (iii) the Chief Executive, as shareholder representative, be authorised to approve any variations in the delivery programme contained in the business plan, subject to such variations delivering the outcomes of the business plan and being achievable within the agreed budget;
- (iv) Cllr P.G. Taylor be appointed to the Shadow Board, to become a Council appointee to the company's Board of Directors on incorporation of the company;
- (v) the procedures for the agreement of subsequent business plans or project business plans, as set out in paragraph 4.17 of the Report, be approved; and
- (vi) the arrangements for performance and governance reporting, as set out in paragraph 4.18 of the Report, be approved.

83. **ADMINISTRATION AND MONITORING OF SECTION 106 AGREEMENTS –**
(Cllr Marina Munro, Planning and Economy Portfolio Holder)

The Cabinet considered Report No. EPSH2004, which sought approval to introduce a monitoring fee for Section 106 agreements and unilateral undertakings.

Members were informed that the Council had previously charged such a fee from 2012 – 2016 but this practice had been stopped for legal reasons. Since that time, further case law and Government guidance had confirmed that such fees were legitimate and appropriate.

The Cabinet RESOLVED that the introduction of an administration and monitoring fee, comprising 5% of the total financial contributions offered to the Council in any Section 106 agreement or undertaking, up to a maximum of £25,000 for full or hybrid applications and £12,500 for outline applications, to take effect in respect of any application received on or after 1st April, 2020 and be payable on implementation of the development, as set out in Report No. EPSH2004, be approved.

84. **SELF-BUILD AND CUSTOM HOUSEBUILDING REGISTER - INTRODUCTION OF ADDITIONAL LOCAL ELIGIBILITY CRITERIA AND A FEE CHARGING SCHEDULE –**
(Cllr Marina Munro, Planning and Economy Portfolio Holder)

The Cabinet considered Report No. EPSH2005, which sought approval for the introduction of additional local eligibility criteria in the form of a local connection test to determine entry to the Council's self-build and custom housebuilding register. Approval was also sought for the introduction of a fee charging structure for entry on the register and for applicants to stay on the register on an annual basis.

Members were informed that these steps would ensure that the Council's register was a realistic and genuine reflection of local demand and that the duty to grant permission was not inflated by demand from outside of the Borough.

In response to a question, it was confirmed that this charge would be reviewed in terms of commerciality, as with the Council's other non-statutory fees and charges.

The Cabinet RESOLVED that

- (i) the introduction of a local connection test, as set out in Section 3.6 of Report No. EPSH2005, be approved;
- (ii) the introduction of a fee for entry to the Council's register and for applicants to remain on Part 1 of the register be approved; and
- (iii) the Executive Head of Finance be authorised to determine the fees to be charged on a cost recovery basis.

85. **EXCLUSION OF THE PUBLIC –**

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

Minute No.	Schedule 12A Para. No.	Category
86	3	Information relating to financial or business affairs

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

86. **ALDERSHOT TOWN CENTRE REGENERATION - UNION STREET –**
(Cllr Martin Tennant, Major Projects and Property Portfolio Holder)

The Cabinet considered Exempt Report No. RP2002, which sought approval to secure a freehold within the Union Street site, as part of the Aldershot town centre regeneration proposals and land assembly. The Chairman welcomed Mr E. Pitman, Savills Chartered Surveyors, who was acting as the Council's agent in this matter, to the meeting. The Chairman also invited the Leader of the Labour Group (Cllr K. Dibble) to join the meeting for this item.

Members were informed that the property in question was owned by a Rushmoor councillor and, for this reason, both the Council and the vendor had conducted negotiations through agents. The Council's agent explained the reasons why it would be preferable to acquire the property through negotiation, if possible. Property values and negotiation limits were discussed and it was considered prudent to obtain permission to proceed with a formal Compulsory Purchase Order (CPO) process should attempts to acquire the property by negotiation prove unsuccessful. Members were informed that authority was also being sought to acquire, either by negotiation or CPO, any other remaining interests in the wider Union Street site redline.

In response to a question, it was confirmed by the Council's agent that the proposed negotiation limits represented good value to the Council.

The Cabinet RESOLVED that

- i) Council officers be authorised to acquire the property set out in Exempt Report No. RP2002 by negotiation up the amount outlined by the Council's advisers at the meeting;
- ii) in the event that terms for the acquisition of the property could not be agreed by negotiation, Council officers be authorised to proceed with a formal Compulsory Purchase Order for this site; and
- iii) to facilitate the progression of the whole site, Council officers be authorised to

proceed with the formal Compulsory Purchase Order process for any remaining third party interests that fall within the defined Union Street redline, where the relevant interest could not be obtained through a negotiation process.

The Meeting closed at 8.13 pm.

CLLR D.E. CLIFFORD, LEADER OF THE COUNCIL
