



RUSHMOOR BOROUGH COUNCIL

CABINET

*to be held remotely on
Tuesday, 8th December, 2020 at 7.00 pm*

To:

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

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

A G E N D A

1. **MINUTES** – (Pages 1 - 4)

To confirm the Minutes of the meeting held on 10th November, 2020 (copy attached).

2. **REVENUE BUDGET MONITORING AND FORECASTING 2020/21 - QUARTER 2 –**
(Pages 5 - 30)
(Cllr Paul Taylor, Corporate Services Portfolio Holder)

To consider Report No. FIN2031 (copy attached), which sets out the Council's anticipated financial position for 2020/21, based on the monitoring exercise carried out during October and November, 2020.

3. **CAPITAL PROGRAMME MONITORING AND FORECASTING 2020/21 - QUARTER 2 –** (Pages 31 - 42)
(Cllr Paul Taylor, Corporate Services Portfolio Holder)

To consider Report No. FIN2029 (copy attached), which sets out the Council's position regarding the Capital Programme for 2020/21, based on the monitoring exercise carried out during September, 2020.

4. **MEDIUM TERM FINANCIAL STRATEGY 2021/22 TO 2024/25 - UPDATE –** (Pages 43 - 54)
(Cllr Paul Taylor, Corporate Services Portfolio Holder)

To consider Report No. FIN2032 (copy attached), which sets out an update to the Council's Medium Term Financial Strategy 2021/22 to 2024/25.

5. **COUNCIL TAX SUPPORT SCHEME 2021/22 –** (Pages 55 - 60)
(Cllr Diane Bedford, Chairman of the Council Tax Support Task and Finish Group)

To consider Report No. FIN2030 (copy attached), which sets out the work undertaken by the Council Tax Support Task and Finish Group to review the Council's Council Tax Support Scheme.

6. **RENEWAL OF BUILDING CONTROL PARTNERSHIP –** (Pages 61 - 64)
(Cllr Marina Munro, Planning and Economy Portfolio Holder)

To consider Report No. EPSH2036 (copy attached), which sets out a proposal to renew the Hart and Rushmoor Building Control Partnership as a shared service for a further five year period.

7. **APPLICATION FOR RENT RELIEF BY ALDERSHOT TOWN FOOTBALL CLUB –**
(Pages 65 - 70)
(Cllr Martin Tennant, Major Projects and Property Portfolio Holder)

To consider Report No. RP2017 (copy attached), which sets out an application by Aldershot Town Football Club for relief from rental payments due to the impact of Covid-19.

CABINET

Meeting held remotely on Tuesday, 10th November, 2020 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 **23rd November, 2020**.

33. MINUTES –

The Minutes of the meeting of the Cabinet held on 13th October, 2020 were confirmed.

34. REVISED PERFORMANCE REPORTING ARRANGEMENTS AND COUNCIL BUSINESS PLAN PROJECT PROGRESS REPORT JULY - SEPTEMBER 2020/21–

(Cllr Adrian Newell, Democracy, Strategy and Partnerships Portfolio Holder)

The Cabinet received Report No. ACE2001, which set out details of changes to the process by which the Council's performance was reported to Members. The Report also detailed progress in delivering the Council Business Plan projects during the second quarter of the 2020/21 municipal year. Members were informed that this was the first of a number of proposed changes following the appointment of the Council's Assistant Chief Executive. The changes were intended to strengthen and improve policy development, performance reporting and risk management activities across the Council. It was explained that, from this point, the Summary Project Progress Report would only provide information in relation to projects that were not on track. It was confirmed that over two thirds of projects were identified as making good progress and details of these could be found on the Council's website (www.rushmoor.gov.uk/councilplan). It was reported that, generally, good progress was being made against a very ambitious programme of work, taking account of the current pandemic and ongoing resource constraints.

The Cabinet NOTED the progress made towards delivering the Council Business Plan, as set out in Report No. ACE2001.

35. **CLIMATE CHANGE ACTION PLAN –**
(Cllr Ken Muschamp, Deputy Leader of the Council)

The Cabinet considered Report No. DCS2002, which set out an action plan in support of the Council's Climate Change Strategy Statement 2020-2030. The Chairman welcomed the Leader of the Labour Group (Cllr K. Dibble) to the meeting. Cllr Dibble had requested to address the Cabinet on this matter.

Members were reminded that the Cabinet had, at its meeting on 2nd June, 2020, approved a Climate Change Strategy Statement for 2020–2030. This document contained the strategic framework for addressing the climate emergency that had been declared by the Council at its meeting on 20th June, 2019. Since that time, work had been undertaken to develop an action plan that took account of the priorities set out in the Council Business Plan, practice from other places and the work being carried out by other authorities in this area, especially Hampshire County Council. It was explained that the action plan contained a long list of actions that would be carried out over the ten-year period. It was proposed that the action plan would be updated on an annual basis to reflect the work undertaken, changes in priorities and progress towards achieving the Council's objectives. The Report included a number of actions to be carried out over the following year, including the establishment of a food waste collection service and the setting up of a cross party Cabinet Working Group to assist with the delivery of this. The Leader of the Labour Group expressed support for the action plan and commented that it was essential that the projects should receive adequate funding. It was confirmed that discussions had been held with Stagecoach in relation to the reduction of the carbon footprint of local public transport. It was also confirmed that the Council would continue to promote green initiatives in its regeneration activities and in its discussions with local developers.

In response to a question, it was confirmed that the Council would communicate clearly with local residents in relation to green initiatives and, in particular, would try to use language that could be understood by all.

The Cabinet RESOLVED that

- (i) the Climate Change Action Plan 2020-2030, as set out in Report No. DCS2002, be approved;
- (ii) the adoption of a separate food waste collection service in 2021/22 and the appointment of a Cabinet Working Group to guide the development and detail of the implementation plan, as set out in paragraph 4 and Annex 2 of the Report, be approved; and
- (iii) the proposed expenditure, as set out in paragraph 5 of the Report, and the process for allocating resources from the earmarked reserve fund in the Council's budget, be approved.

The Meeting closed at 8.00 pm.

CLLR D.E. CLIFFORD, LEADER OF THE COUNCIL

This page is intentionally left blank

**CABINET
08 DECEMBER 2020**

**COUNCILLOR PAUL TAYLOR
CORPORATE SERVICES PORTFOLIO HOLDER
REPORT NO. FIN2031**

REVENUE BUDGET MONITORING REPORT Q2 2020/21

SUMMARY:

This report sets out the anticipated financial position for 2020/21, based on monitoring exercise carried out with budget officers during October and November 2020.

RECOMMENDATIONS:

CABINET is recommended to:

- i. note the latest revenue forecasts and financial impact from Covid-19
- ii. approve the establishment of the Local Elections reserve and note the reserve movement proposed to support the General Fund in 2020/21

1 INTRODUCTION

- 1.1 Covid-19 is having a widespread impact on local authority budgets nationally and has been particularly significant for district and borough councils with a significant loss of income from services being a particular pressure.
- 1.2 This report provides members with an update on the likely impact on the Council's finances and incorporates the second monitoring position statement for the financial year 2020/21. The purpose of this report is to notify members of any known significant variations to budgets for the current financial year, highlight any key issues, and to inform members of any action to be taken if required.
- 1.3 Detailed budget monitoring was undertaken by budget holders in September and October of 2020. The forecasts for service revenue budgets reflect assumptions made at the time and may not reflect the impact of additional Covid restrictions in place between 05 November 2020 and 02 December 2020.

- 1.4 Due to the volume of information contained in the report, it would be helpful where members have questions on matters of detail if they could be referred to the report author or the appropriate Head of Service before the meeting.

2 REVENUE BUDGET FORECAST

- 2.1 The original net General Fund Revenue budget for 2020/21 was approved by Council at their meeting in February 2020 of £11.290m.
- 2.2 Changes have been made to the budget to allocate additional revenue items to service budgets, to reflect budget carry forwards from the previous financial year, virements between service cost centres, and supplementary estimates agreed by Cabinet. Therefore, the current budget is now £11.652m. A reconciliation between the original budget and latest budget is shown in the table below.

Table 1: General Fund Revenue Budget reconciliation

General Fund Revenue Budget	(£'000)
Original Budget, Council Feb 2020	11,290
Add: Additional Reserve Transfers	347
Add: Carry Forwards from 2019/20	547
Funded from Reserves	(547)
Add: Supplementary Estimates	16
Current Budget 30 September 2020	11,652

- 2.3 An initial forecast of the financial impact of Covid-19 was provided to Cabinet in June 2020 and highlighted a net adverse variation of £0.633m. This was based on an initial review of budgets and indicated that it would be subject to revision as further data emerged. The Q1 budget monitor report to Cabinet in August 2020 highlighted a net adverse variation of £0.789m.
- 2.4 Budget forecasts and assumptions have been reviewed for the Q2 budget monitoring process but are subject to risk and uncertainty given the continuing impact from Covid-19.
- 2.5 The updated forecast for the General Fund is a net adverse variation of £0.678m (5.82% of the Net Revenue budget) which is broadly in-line with the Q1 variation of £0.789m, as shown in Table 2.

- 2.6 It is worth stressing, however, that whilst the forecast outturn and variation shown in Table 2 does not appear to have materially changed since Q1, the level of Government Funding for Covid-19 expenditure and income pressures has increased significantly from £1.133m reported in Q1 to £2.162m in Q2. The additional funding has helped to mitigate some of the financial pressures on the Council thereby reducing the net variation reported in Q2.

Table 2: General Fund Revenue Budget Forecast (Q2)

	2020/21 Original Budget (£'000)	2020/21 Latest Budget (£'000)	2020/21 Outturn Forecast (£'000)	2020/21 Variation (£'000)
General Fund Revenue Budget				
Corporate Services	5,289	5,399	5,361	(38)
Customer Experience & Improvement	19	(12)	38	50
Major Projects & Property	(4,928)	(4,302)	(3,887)	415
Operational Services	7,847	8,057	9,722	1,665
Planning & Economy	2,548	2,738	3,252	513
ICE Programme	496	862	862	0
SUBTOTAL	11,272	12,743	15,347	2,605
Less: Reversal of Accounting entries	(2,519)	(2,519)	(2,519)	0
Net Service Revenue Expenditure	8,753	10,224	12,828	2,605
Corporate Income & Expenditure	3,227	2,318	2,516	198
C19 Risk	0	0	500	500
Movement in Reserves	746	546	(494)	(1,040)
Savings Plan	(1,436)	(1,436)	(858)	578
Net General Fund Revenue Budget	11,290	11,652	14,492	2,841
Funded by:				
Council Tax	6,705	6,705	6,705	0
Business Rates	3,767	3,767	3,767	0
New Homes Bonus	1,169	1,169	1,169	0
Covid-19 Emergency Funding	0	0	1,478	1,478
Covid-19 Income Loss	0	0	684	684
Other Funding	(3)	(3)	(3)	0
TOTAL Funding	11,637	11,637	13,799	2,162
Core (Surplus) or Deficit	(347)	15	693	678
Balanced by:				
General Fund Balance				0
Service Improvement Fund	297	0	0	0
Workforce Reserve	50	0	0	0
Stability & Resilience Reserve	0	(15)	(693)	(678)
Core Surplus or Deficit after Transfers	0	0	0	(0)

Note 1: The Original budget, as approved by Council in February 2020, included Additional Items which have now been included with Service budgets.

Note 2: The Original budget, as approved by Council in February 2020, allocated the £347k surplus to Service Improvement Fund and the Workforce Reserve. These budgeted reserve transfers are now included within the Movement in Reserves line.

2.7 The key variations within Services are summarised in the tables below, with further detail shown in Appendix A.

Table 3: Key Service variations and change from Q1

Significant Budget Variations	Portfolio	Q1 Variation (£'000)	Q2 Variation (£'000)	Change (£'000)
Car Parks **	OPS	621	821	200
On-Street Parking	OPS	197	268	71
Leisure	OPS	0	484	484
Princes Hall **	P&E	287	546	259
Princes Hall - Culture Recovery Fund	P&E	0	(166)	(166)
Development Control	P&E	268	115	(153)
Voyager House	MP&P	0	(110)	(110)
Commercial Property	MP&P	0	250	250
Regeneration Due Diligence	MP&P	0	50	50
Markets & Car Boot Sales **	MP&P	0	54	54
Legal	CDS	67	80	14
Elections	CDS	0	(87)	(87)
Council Offices/Facilities	CE&I	(38)	(72)	(35)
IT	CE&I	108	157	49
C19 Expenditure (now reported in services)		232	0	(232)
Other Service Variations		187	215	28
Subtotal Service Revenue Expenditure		1,929	2,605	676
Less: Reserve transfers		(283)	(715)	(432)
Subtotal Service Revenue Expenditure		1,646	1,889	243

** Claims made for eligible losses under the C19 Income Loss scheme

2.8 The main variations on the revenue budget are due to a shortfall in income from Sales, Fees & Charges. Covid-19 has had a significant impact with material variations on both on-street and off-street car parking income, planning fees, and income from events and performances at Princes Hall. Appendix A sets out in detail the income and expenditure variations across each portfolio.

2.9 The section below sets out the narrative from Heads of Service and Service Managers on the significant budget variations.

Car Parks - £821k net income shortfall

Loss in pay & display income in our car parks accounts for around 85% of this shortfall. Throughout 2019/20, weekly income from our car parks was, on average, around £23k. However, with the Lockdown Regulations in force from late March 2020 the car park ticket machines were switched off for the first 16 weeks of 2020/21. Since these regulations were lifted income has, on average, been around 48% of the previous year's levels. Whilst charging has remained in place throughout the period of National Restrictions, weekly income has been around 25% of that expected. The majority of the remaining shortfall is accounted for by the cessation of enforcement during the first lockdown period, during which the issuing of PCNs (Penalty Charge Notices) was stopped.

On-Street Parking - £268k net income shortfall

As with the Council's off-street Car Parks, Covid-19 has had a broadly similar impact on the On-Street Parking service. However, the income levels since the easing of the regulations has, on average, been around 67% of the previous year's levels. Whilst machines have remained switched-on during the second period of lockdown, weekly income has been around 40% of that expected. The cessation of enforcement during the first period of lockdown, during which the issuing of PCN's (penalty charge notices) was stopped, accounts for the remainder of the shortfall.

Leisure - £484k additional expenditure

With the Farnborough Leisure Centre forced to close at the start of the first period of lockdown, negotiations were undertaken with Places Leisure to secure the reopening of the centre when Government guidance allowed. This figure is the predicted additional contract cost and support package agreed to enable to centre to reopen from September until the end of the financial year, (agreed prior to second lockdown).

Princes Hall - £546k net income shortfall

The venue has been closed for the majority of the financial year, except to accommodate Covid support activities (the weekly Food Hub, and monthly Blood Donation sessions). During the 16 weeks between lockdowns, a number of smaller community events and meetings returned. However, until social distancing requirements are ended, the theatre is unable to host any major income generating events. Consequently, this year's professional pantomime (£250k contribution), professional show programme (£105k) and hiring programme (£170k) have all been lost. Loss of income has been mitigated to an extent by a reduction in expenditure, (casual staffing, overtime, show costs, etc). The majority of staff have either been re-deployed to other departments

within the authority or are having the majority of their salaries reclaimed through the furlough scheme.

Princes Hall (Culture Recovery Fund) - £166k additional income

At the start of August, theatres and other organisations were invited to apply to the Government's new 'Culture Recovery Fund Grants Programme' which offered financial support to cultural organisations that were 'financially stable before Covid-19, but at imminent risk of failure'. The Princes Hall applied in the first round, and the application for £166k was successful. Of this total, £95k provides a contribution to staffing costs, with £15k towards utilities. The remainder will be spent on activities, works and equipment to enable the venue to reopen as soon as possible.

Development Control - £115k net income shortfall

The variation on the Development Control budget is due to a lower-level of planning fee income, in part due to the impact from Covid-19.

Voyager House - £110k net income surplus

At the time the revenue budget was agreed in February 2020, it was unclear when Voyager House would be occupied. As such, no estimate was made of the likely level of rental income for the year. Therefore, the variation reflects the unbudgeted income from the CCG following completion of Voyager House in October 2020.

Commercial Property - £250k net income shortfall

There are 3 material variations forecast across the commercial property portfolio that comprise the £250k income pressure. It is recommended that the income shortfall is funded from the Commercial Property Reserve.

- 168 High Street, Guildford – underachievement of rental income from vacant units and lower rent expectations for the year
- Wellesley House - Adverse variance for rental income underachievement due to first floor vacancy
- Optrex Business Park - Adverse variance for rental income underachievement due to lease renewal delays

Commercial income is collected for quarters in advance on what are known as 'quarter days'. The last quarter day was in June and income has continued to hold-up well with the main pressure being from occupiers looking to spread payments monthly rather than paying the quarter up front.

The next quarter day is December which will be a more challenging period given the impact from the National Restrictions and uncertainty around the impact from Brexit on the wider economy.

Should the financial performance of the Council's commercial property deteriorate, the in-year impact on income will be met from the Commercial Property reserve, with the budget setting process for 2021/22 considering the impact across the medium-term.

Regeneration Due Diligence - £50k additional expenditure

Additional spend on the due diligence for the Union Street scheme to provide assurance on the financing and construction options for the scheme.

Markets and Car Boot Sales - £54k net income shortfall

As a result of Covid-19, there has been a significant impact on the Markets and Car Boot sales income for the year. The forecast reflects the reduced operation of the service during the National Lockdown between April and June 2020, and the wider impact on the recovery of the service of social distancing.

Legal/Land Charges - £80k overspend/income shortfall

The net overspend across Legal Services and Land Charges comprises a number of smaller variations on expenditure and income. There is a projected income shortfall of £40k due to the impact of Covid-19 on property-related transactions and s106 agreement work. Expenditure variations of £40k are detailed in Appendix A.

Elections - £87k underspend

The projected underspend on the Elections budget is due to the postponement of the local elections in May 2020. As these elections will now take place in May 2021, it is recommended that the underspend is transferred to a new earmarked reserve (Local Elections) so that it can be drawn down to support expenditure in 2021/22.

Council Offices/Facilities - £72k underspend

Due to the reduced opening of the Council Offices as a result of Covid-19, there is an underspend on the budget for utilities and other premises-related budgets.

IT Costs (Covid-19 related) - £157k additional expenditure

The Council has incurred significant additional expenditure on IT due to Covid-19. The Council has enabled homeworking with the purchase of additional laptops and devices

- 2.10 Table 4a sets out the variations in Corporate Income and Expenditure. These are related to the Council's Treasury Management functions which are explained in detail in Section 3 of this report.

Table 4a: Corporate Income & Expenditure

	2020/21 Original Budget (£'000)	2020/21 Latest Budget (£'000)	2020/21 Outturn Forecast (£'000)	2020/21 Variation (£'000)
Corporate Income & Expenditure				
Minimum Revenue Provision (MRP)	2,180	2,180	2,180	0
Interest Receivable	(1,600)	(1,600)	(900)	700
Interest Payable	1,370	1,370	868	(502)
Other CI&E	342	342	342	0
Additional Items/Growth	935	26	26	0
TOTAL CI&E	3,227	2,318	2,516	198

- 2.11 Table 4b sets out the other non-service variations on the General Fund budget. A key variation included in the Q2 monitoring position is the £0.500m risk allowance, largely due to uncertainty around the impact of National Restrictions and Tier 2 on the forecasts included within this report.
- 2.12 Section 4 of the report outlines the forecast on the Council's Savings Plan, with Section 6 of the report providing members with an overview of the movement in reserves.

Table 4b: Non-Service variations

	2020/21 Original Budget (£'000)	2020/21 Latest Budget (£'000)	2020/21 Outturn Forecast (£'000)	2020/21 Variation (£'000)
General Fund Revenue Budget				
Net Service Revenue Expenditure	8,753	10,224	12,828	2,605
Corporate Income & Expenditure	3,227	2,318	2,516	198
C19 Risk	0	0	500	500
Movement in Reserves	746	546	(494)	(1,040)
Savings Plan	(1,436)	(1,436)	(858)	578
Net General Fund Revenue Budget	11,290	11,652	14,492	2,841

3. TREASURY MANAGEMENT – INVESTMENT INCOME AND BORROWING

- 3.1 As reported to members in the Covid-19 Impact report (FIN2017), Treasury management income likely to be reduced in 2020/21 reflecting the uncertainty in global financial markets. As outlined in the Treasury Management Strategy, the Council invests its surplus balances generating an income return of over £1m per annum. The Strategy sets out that the Council aims to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.
- 3.2 The Council has two broad classes of investments – Money Market Funds (where balances are held for short periods until required) and Pooled Funds.
- 3.3 The Bank of England cut the base rate on 11 March 2020 from 0.75% to 0.25%, and again on 19 March 2020 from 0.25% to 0.10%. Whilst the base rate cut will reduce investment income from Money Market Funds, it is not considered to have a material impact on the Council's investment income.
- 3.4 The Council holds a more significant element of its surplus balances in Pooled Funds. Over the 6 months since the onset of the COVID-19 pandemic, the global economic fallout has been sharp and large. As reported in Q1, market reaction was extreme with the large falls in equities, corporate bond markets and, to some extent, property markets reflecting the lockdown restrictions.
- 3.5 In the Q1 budget monitoring reports, it was advised that against a very uncertain economic outlook, the Council should be prepared for lower income from bond, equity income, multi-asset and property funds. Initial forecasts from the Council's Treasury Management advisors in April 2020 suggested a prudent forecast position was to recognise downward adjustments of:
- Bond funds and property funds: 20% lower income
 - Multi-asset funds: 25% lower
 - Equity income funds: 50% lower
- 3.6 At the time of writing the Q2 budget monitoring report, the performance of the Pooled Funds has improved, and this is reflected in a revised forecast of Treasury Management Income for the year. The table below illustrates the changes in performance across the Pooled Fund portfolio. However, given the uncertainty around the economy and impact from Covid-19 and Brexit, this remains a risk.

Table 5: Treasury Management Investment Performance

Pooled Fund Performance	2020/21 Original Budget Return (%)	Q1 Forecast Returns (%)	Q2 Forecast Returns (%)
Property	5.30	4.20	6.40
Multi-Asset	4.90	3.50	4.70
Bonds	3.30	2.40	2.70
Equity	10.63	3.80	6.80
Average Rate of Return	5.80	3.40	4.80

- 3.7 The Q2 budget monitoring outturn forecast includes a revised forecast on the Council's Treasury Management income with a shortfall in income of £700k projected.
- 3.8 The fall in income is partially offset by a fall in interest payable on external borrowing that supports the capital programme, which has a forecast slippage of £21.8m to 2021/22. An underspend of £502k on borrowing costs is forecast for the year.
- 3.9 Members will recall that the Council, along with the other funding consortium partners (Barclays, Hampshire County Council, Enterprise M3 LEP) agreed to defer interest payments on loans to provide cashflow support to by Farnborough International Limited (FIL) following the cancellation of the 2020 Airshow.
- 3.10 At the recent funding consortium meeting in October 2020 it was proposed by Barclays to capitalise interest in-line with the Intercreditor Agreement. This states that Barclays, as primary creditor, would be paid all capital sums due (including rolled-up interest) before any of the public sector funding partners are due capital repayments.
- 3.11 Therefore, unless a compromise can be agreed with Barclays, which would appear unlikely, the Council would not receive the deferred interest until 2026 at the earliest. Negotiations with Barclays and the public sector funding partners is ongoing and will need to conclude by early December to avoid putting FIL at risk.

- 3.12 If the position regarding the payback period remains as set out above, the Council will need to reflect the longer payback period in the forecast of reserves and balances over the medium-term period.
- 3.13 It is worth noting that this only covers the interest due in the period up to March 2022. Interest due from March 2022 will be paid as per the funding agreement.

4. SAVINGS PLAN

- 4.1 The outturn forecast has assumed there will be a delay in the achievement of the Savings Plan, with an adverse variation of £0.578m assumed. This is largely due to the impact of Covid-19 on the Council's Commercial Property Investment Strategy.
- 4.2 At the time of writing, the savings plan assumed that further property acquisitions would be made during the financial year. In light of the changes to the PWLB lending terms the Council will need to consider the impact on the Capital Programme and the Savings Plan.

Table 6a: Savings Plan Forecast

	2020/21 Original Budget (£'000)	2020/21 Latest Budget (£'000)	2020/21 Outturn Forecast (£'000)	2020/21 Variation (£'000)
Savings Plan				
2019/20 Savings	(81)	(81)	(81)	0
Reversal of 2019/20 Additional Items	(130)	(130)	(130)	0
Rental Income from Property	(887)	(887)	(400)	487
Service Loans to Housing Company	(88)	(88)	0	88
Workforce/Modernisation Savings				
ICE Programme (Workstreams 1-3)	(150)	(150)		150
ICE Programme (Workstream 4)	(50)	(50)		50
Salaries monitoring	(50)	(50)	(247)	(197)
Subtotal	(250)	(250)	(247)	3
TOTAL Savings Plan	(1,436)	(1,436)	(858)	578

Note on Savings Plan:

ICE Programme WS3 savings and Salaries Monitoring – to avoid any potential double counting of underspends/salary savings these are currently all shown against the salaries monitoring line.

- 4.3 As the note above highlights, there is an underspend on salary costs of £0.247m. It is likely that elements of this underspend that are due to work undertaken within the ICE Programme. However, for the purposes of this report, all salary-related variations are notionally held within the Salaries monitoring line of the Savings Plan to avoid any potential double-counting.
- 4.4 Table 6b below provides members with a summary of the salary underspends/savings across the broad portfolio headings.

Table 6b: Breakdown of Salary Savings by Portfolio

	2020/21 Original Budget (£'000)	2020/21 Latest Budget (£'000)	2020/21 Outturn Forecast (£'000)	2020/21 Variation (£'000)
Salaries Monitoring				
Corporate Services	3,945	3,983	3,906	(77)
Customer Experience & Improvement	1,935	1,935	1,836	(98)
Major Projects & Property	989	989	926	(63)
Operational Services	4,235	4,235	4,012	(223)
Planning & Economy	1,883	1,883	1,829	(54)
Adjustments **			270	270
SUBTOTAL	12,987	13,025	12,778	(247)

** Adjustments include provision for the cost of the 2020/21 pay award above the budgeted level, project management costs that are revenue in nature that are currently charged against capital schemes.

- 4.5. The Savings Plan will continue to be reviewed in the light of Covid-19 and is likely to result in a rephasing of savings. Any reduction in the level of savings planned for 2020/21 will increase the adverse variance currently forecast.

5. GOVERNMENT FUNDING, COUNCIL TAX AND BUSINESS RATES

- 5.1 The Government has provided £4.6bn of emergency funding in four tranches to Local Government recognising the cost and income pressures facing councils. The first tranche of funding (£1.6bn) was announced on 19 March 2020, with the second tranche (£1.594bn) announced on 18 April 2020, the third tranche (£0.494bn) announced on 02 July 2020, and the fourth tranche was announced in late October 2020

- 5.2 Rushmoor has received £1.434m of funding, with the table below providing further detail on the split of funding across local government.

Table 7: Covid-19 Emergency Funding to local authorities

Local Authority	First Tranche of Covid-19 Funding	Second Tranche of Covid-19 Funding	Third Tranche of Covid-19 Funding2	Fourth Tranche of Covid-19 Funding	Total Covid-19 Additional Funding
TOTAL England	1,600,000,000	1,594,000,000	494,000,000	919,000,184	4,607,000,184
Basingstoke And Deane	53,754	1,744,410	257,207	313,714	2,369,085
East Hampshire	33,387	1,210,873	156,356	100,000	1,500,616
Eastleigh	45,502	1,326,468	169,610	100,000	1,641,580
Fareham	33,966	1,156,628	143,768	100,000	1,434,362
Gosport	44,116	841,471	144,232	298,016	1,327,835
Hampshire	29,654,341	24,313,635	7,642,297	8,784,329	70,394,602
Hampshire Fire	256,552	1,379,361	0	0	1,635,913
Hart	24,340	963,234	101,548	100,000	1,189,122
Havant	58,961	1,262,535	236,884	621,728	2,180,108
New Forest	70,401	1,783,127	250,578	204,463	2,308,569
Rushmoor	41,933	934,902	155,773	301,590	1,434,198
Surrey Heath	27,622	879,135	103,693	100,000	1,110,450
Test Valley	41,939	1,258,912	170,004	100,000	1,570,855
Waverley	35,270	1,246,227	145,711	100,000	1,527,208
Winchester	39,275	1,242,881	157,579	100,000	1,539,735

- 5.3 In addition to the Emergency funding, the government will reimburse councils for lost income. Where losses are more than 5% of a Council's planned income from sales, fees and charges, the Government will cover 75% of these losses.
- 5.4 The Government have confirmed that the first payment to Rushmoor under this scheme (for the period April to July) will be £0.456m. Further claims are due to be made in December (for the period August to November) and in April 2021 (for the period December to March).
- 5.5 It is difficult to forecast the total amount Rushmoor may receive under the Income Loss scheme. For the purposes of this report, it has been assumed that income loss compensation will be at 50% of the April-July claim period owing to lower income loss on Car Parks and other one-off income losses claimed for within the first claim period. Therefore, the estimated total income loss compensation is £684k.
- 5.6 Covid-19 has a number of implications for the Council's Council Tax and Business Rate income.

- 5.7 The Government has provided funding to support individuals who may struggle to meet council tax payments due to fluctuations in household incomes. Through the Covid-19 Hardship Fund allocation (£0.542m), the Council has provided additional support to recipients of working age local council tax support by way of a credit to their council tax account.
- 5.8 Further applications for council tax support are expected during the year, which will reduce the amount of Council Tax income.
- 5.9 At the time of writing this report, the Council Tax collection rate to the end of October is 93.85%, with the equivalent figure from 2019/20 being 95.54%. This is broadly equivalent to around £0.6m in cash terms. This position is likely to improve during the course of the second half of the year as part of the reduced collection rate is due to council taxpayers re-profiling their payments. However, it can be expected that the level of arrears and bad debt is likely to increase as collection may be more difficult than in previous years.
- 5.10 Any reduced level of Council Tax collection is dealt with through the Collection Fund. If the level of Council Tax collected in the year is lower than budgeted, this gives rise to a deficit on the collection fund and will impact on the following year's budget. Any deficit is shared between Rushmoor and the precepting authorities (Hampshire County Council, Police and Crime Commissioner for Hampshire, and Hampshire Fire and Rescue Authority).
- 5.11 Additional business rates reliefs were announced by the Government in the Budget in March, which were extended in response to Covid-19. The Retail and Hospitality and Leisure reliefs awarded to local businesses total £24.075m, with the Government fully funding the reduction in business rates income through section 31 grant. It has been more difficult to predict the likely impact on business rates income due to the relief changes, with the collection rate to the end of October being 90.25% (95.34% in 2019/20). The level of business rates forecast for 2020/21 already assumed a reduction in the business rates base in part due to the regeneration of Aldershot and Farnborough town centres.
- 5.12 The Government have indicated as part of their support to local authorities that Council Tax and Business Rates deficits could be spread over 3 years instead of one and announced a Tax Loss scheme in the Spending Review.

6. RESERVES AND BALANCES

- 6.1 As highlighted in Table 7, the emergency funding provided by Government does not cover all the income and expenditure pressures forecast. The Council will need to consider an appropriate range of options to ensure any shortfall is managed.
- 6.2 It is worth noting the impact of Covid on balances and reserves. Whilst the transfer from the Stability and Resilience Reserve balances the budget, there are other reserves that are being drawn upon due to Covid-related adverse variations.
- 6.3 When taken together, the total level of reserves deployed against the General Fund is £1.301m, as set out in the table below.

Table 8a: Reserves and Balances deployed against GF

	2020/21 Outturn Forecast (£'000)
Transfers To (From) Reserves	
General Fund Balance	0
<u>Earmarked Reserves</u>	
Stability & Resilience	693
Commercial Property Reserve	250
Treasury Reserve	290
CPE Rolling Fund	68
Subtotal GF Support	1,301

- 6.4 A significant element of the adverse variation 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 and reduction in expenditure due to delays in projects. These amounts are not available for spending on general activities and will be transferred to various reserves as follows:
- £183k reduction in expenditure as there will not be an on-street parking surplus generated in 2020/21 to pay to Hampshire County Council. The on-street Parking variance are being offset by a transfer from the CPE Earmarked Reserve
 - £249k reduction in on-street Pay and Display machine income for 2020/21 from car parking. The on-street Parking variance are being offset by a transfer from the CPE Earmarked Reserve

- £187k reduction in Penalty Charge Notice income for 2020/21. The on-street Parking variance are being offset by a transfer from the CPE Earmarked Reserve

6.5 The table below shows the forecast of transfers to/from key reserves supporting the General Fund revenue budget from Covid-19 and the Q2 budget monitoring position.

Table 8b: Reserves and Balances

	2020/21 Original Budget (£'000)	2020/21 Latest Budget (£'000)	2020/21 Outturn Forecast (£'000)	2020/21 Variation (£'000)
Transfers To (From) Reserves				
General Fund Balance	0	0	0	0
<u>Earmarked Reserves</u>				
Stability & Resilience				
Service Improvement Fund	0	296	0	(296)
Commercial Property Reserve	50	50	(250)	(300)
Regeneration Reserve	(170)	(170)	(170)	0
ICE Reserve	(212)	(458)	(297)	161
Climate Emergency Reserve	250	250	228	(23)
Deprivation Reserve	100	100	100	0
Pension Reserve	669	669	669	0
Regeneration Due Diligence Reserve	0	0	(150)	(150)
Workforce Reserve	0	50	0	(50)
Treasury Reserve	0	0	(290)	(290)
CPE Rolling Fund	169	169	(68)	(237)
Budget Carry Forwards	0	(301)	(301)	0
Elections Reserve	0	0	87	87
SANG/s106	0	0	0	0
Other Earmarked Reserves/Prior yr grants	(109)	(109)	(51)	59
TOTAL Transfers	746	546	(494)	(1,040)

6.6 In addition, the following changes to reserves are proposed

- £87k underspend on Elections transferred to a new earmarked reserve (Local Elections)
- Regeneration Reserve is amended to provide funding for Business Cases and bids in relation to the £4bn "Levelling Up Fund" announced by the Government in the Spending Review or to access other funding (e.g., LEP funding, Grant funding).

7. RISKS AND UNCERTAINTIES

- 7.1 There is a degree of uncertainty in the outturn forecasts provided by budget holders particularly due to the impact of Covid-19. There are a number of risks and uncertainties in the outturn forecasts, which are set out below.
- 7.2 As highlighted in this report, the forecasts are based on assumptions which will be subject to change and revision over the coming months. For clarity, the key assumptions are listed below:
- Lockdown/Restrictions remained largely in place until the end of July with slight easing thereafter. Impact from National Restrictions in November/December and move into Tier 2 from 03 December will not have been included in forecasts.
 - Commercial Property – any shortfall in 2020/21 funded from Commercial Reserve. Any longer-term impact dealt with through budget setting process
 - Council Tax & Business Rates collection shortfalls contained within the collection fund but will need to be incorporated into the 2021/22 budget
 - Cost of additional council tax support cases managed within the remaining balance of Hardship allocation (around £0.200m)
 - Recovery of income for the remainder of the year are in line with budget (with exception of Car Parking income and Planning fees where the forecast is for a slower recovery)
- 7.3 The over-riding risk is that Rushmoor (as a Borough and/or as a Council) does not recover from the impact of Covid-19. This would lead to a weakening of the local economy longer-term impact on the financial sustainability of the Council reduce the ability for the Council to meet the needs of residents and businesses, and to fulfil the Council's statutory obligations.
- 7.4 A Recovery Plan has been agreed with a number of objectives around supporting the local economy and housing market in achieving restoration and growth, improving capacity in the voluntary sector, and restoring public services. These objectives are consistent with those of the Local Resilience Forum (LRF) but recognises the local nature of recovery within the Borough. The plan has a number of workstreams and are led by a senior officer.

8. LEGAL IMPLICATIONS

- 8.1 No additional legal implications arise from this report.

9. FINANCE AND RESOURCE IMPLICATIONS

- 9.1 The finance and resource implications from the Q2 budget monitoring exercise and impact of Covid-19 are set out within this report
- 9.2 Any additional financial implications will be addressed through normal Council procedures and processes. The Budget reports to Cabinet in February 2021 will set out any further resource implications.
- 9.3 The Council will also need to carefully consider the financial impact of spending decisions and ensure that any unnecessary expenditure is avoided where possible.

10. CONCLUSIONS

- 10.1 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.
- 10.2 The forecast variation of £0.678m can be funded from reserves in the short term. It is important that the Council considers an appropriate range of options to ensure any shortfall is managed. Any utilisation of reserves in 2020/21 will need to be addressed in the 2021/22 Budget and across the MTFS period to ensure balances and reserves remain adequate.
- 10.3 Over the MTFS period, declines in Council Tax and Business Rates income may put additional pressure on the Council's financial position. The achievement of the Savings Plan is integral to the MTFS forecast and will need to be reviewed in terms of savings profile and whether the savings can be delivered in the current economic climate. It is likely that further savings will be required over the MTFS period in order to balance the budget.

BACKGROUND DOCUMENTS:

None

CONTACT DETAILS:

Report Author/Head of Service: David Stanley – Executive Head of Finance
david.stanley@rushmoor.gov.uk 01252 398440

**GENERAL FUND REVENUE ACCOUNT 2020/21
KEY VARIATIONS FROM CURRENT APPROVED BUDGET**

Corporate and Democratic Services Portfolio - Expenditure		VARIANCES RELATED TO EXPENDITURE BUDGETS	£
Corporate Manager Legal Services	Land Charges	Adverse variance relating to Hampshire County Council search fees due to increase in fee amount and number of searches	18,000
	Legal Support	Adverse variance due to additional cost for books and publications. Discrepancies between initial estimates and invoices received from the supplier are being investigated	9,000
		Adverse variance on training expenses due to Trainee Solicitor Law School fees (offset by a favourable variance in a previous year)	9,000
Democracy, Strategy and Partnerships	Community Leisure	Covid-19 Emergency Assistance expenditure (offset by grant funding)	80,800
		Expenditure on climate change (funded by a drawdown from the Climate Change Earmarked Reserve)	22,500
		Spend on cycle track feasibility (approved additional item from a previous year)	15,000
		Support of North Town Post Office (to be funded by a drawdown from the Covid-19 grant received in March 2020 and held in earmarked reserves)	6,300
	Management Costs	Reduction in supplies and services costs	(5,100)
	Local Elections	Reduction in cost on elections Covid-19 related	(87,000)
	Grants to Other Organisations	Expenditure on the Ward grants (funded by a drawdown from the Ward Grants earmarked reserve)	0
		Reduction in spend on Community Environment Fund Grants (offset by reduced income)	(16,000)
	Grants to Major Organisations	Reduction in the notional cost associated with the granting of free parking permits to various voluntary organisations and charities. This is offset by a corresponding reduction in notional income of these permits in the Car Parks cost centre	(42,500)
	Executive Directors	Management Expenses	Reduction in spend across various employee costs and supplies and services due mainly as a result of Covid-19 and not working in the office. Main areas of savings are conferences and seminars (£3k), travel and subsistence (£2k), training (£750) and catering (£1.15k)
Financial Services	Treasury Management and B	Increase in spend on brokers fees due to the day to day management of the Council's debt portfolio	20,000
	Rent Allowances	Increase in software costs due to government changes (funded by grant income)	6,000
		Increase in Rent Allowances, original budget assumed more cases migrating to UC (netted off by additional housing benefit subsidy)	2,558,000
		Increase in expenditure due to government Test and Trace:- Programme costs £36.5k and Discretionary £22.1k (netted down by government grant of £36.5k & 22.1k)	58,670
All other expenditure variances within portfolio			(12,320)
Total Expenditure Variances in Corporate and Democratic Services Portfolio			2,631,450

Corporate and Democratic Services Portfolio - Income		VARIANCES RELATED TO INCOME BUDGETS	£
Corporate Manager Legal Services	Legal Support	Adverse variance for Property, Licenses and Leases income due to Covid19 related reduction in market activity in the sector	10,000
		Adverse variance for S106 income due to Covid19 related decreases in pieces for work	25,000
		Adverse variance for Civil and Criminal income due to Covid19 related reduction/temporary cessation of court cases	5,000
Democracy, Strategy and Partnerships	Electoral Registration	Increase in government grant	(5,000)
	Community Leisure	Covid-19 Emergency Assistance Grant (offset by expenditure)	(80,800)
	Grants to Other Organisations	Anticipated reduction in the Community Environment Fund income (offset by reduced expenditure)	16,000
Financial Services	Council Tax Collection	Reduction in court costs income, no action taken as courts not open during lockdown	27,000
	Rent Allowances	Grant income received in respect of increase in software costs due to government changes	(6,000)
		Additional housing benefit subsidy due to increase in Rent Allowances, original budget assumed more cases migrating to UC	(2,540,000)
		Government grant of £36.5k & £22.1k due to government Test and Trace Programme costs	(58,670)
		Net grant income received to administer Test and Trace scheme	(17,000)
		Increase in admin grant received reflecting higher cases still receiving Housing Benefit	(29,000)
	Net income - Verify Pensions and Earnings grant (VEP) received	(17,000)	
All other income variances within portfolio		800	
Total Income Variances in Corporate and Democratic Services		(2,669,670)	
Total Net Variances in Corporate and Democratic Services Portfolio			(38,220)

Customer Experience and Improvement Portfolio - VARIANCES RELATED TO EXPENDITURE BUDGETS			£
Expenditure			
Customer Experience	Customer Services Unit	Reduction in postage usage (dependant on resumption of services using postage) Reduction in contract security (currently being reviewed)	(20,000) (6,100)
ICT, Facilities and Project Services	Technical Services	Increase in spend on network voice and data maintenance. The Council had previously signed up to a three year contract which offered a discount. However with the new telephone solution underway, it would be more cost effective to only do a one year contract and make savings in future years	7,600
		Increase in spend on general hardware due to additional equipment required in relation to Covid-19 and purchase of equipment to accompany new laptops	5,000
		Increase in spend on internet due to purchase of second line coupled with increase in MB to Princes Hall	5,000
		Consultancy budget no longer required as part of ICE programme	(15,000)
		Adverse variance due to spend incurred in complying with Covid-19 and enabling home working (laptops and other home working equipment)	154,000
	Council Offices	Reductions in spend due to Council Offices not being occupied:	
		Electricity costs	(30,360)
		Gas costs	(10,950)
	Trade refuse	(13,000)	
	Canteen subsidy (canteen now closed)	(12,600)	
All other expenditure variances within portfolio			(19,700)
Total Expenditure Variances in Customer Experience and Improvement Portfolio			43,890

Customer Experience and Improvement Portfolio - Income		VARIANCES RELATED TO INCOME BUDGETS	£
No variance over £5,000 reporting threshold			
All other income variances within portfolio			5,950
Total Income Variances in Customer Experience and Improvement Portfolio			5,950

Total Net Variances in Customer Experience and Improvement Portfolio			49,840
---	--	--	---------------

Major Projects and Property Portfolio - Expenditure		VARIANCES RELATED TO EXPENDITURE BUDGETS	£
Regeneration, Property and Highways	Aldershot Regeneration Strategy	Favourable variance for regeneration consultancy fees, budget not needed in full	(15,000)
	Estates Support	Favourable variance of Viability Valuation costs due to Covid-10 market restrictions	(5,000)
	Belle Vue Enterprise Centre	Adverse variance on NNDR due to delay of new leases being renewed and the landlord becoming responsible for business rate liabilities	13,000
		Favourable variance for repairs and maintenance due to Covid-19 delays in works, postponed until 2021/22	(50,000)
		Adverse variance due to service charge costs for void units	15,000
	Rushmoor Properties	Favourable variances due to Covid19 related market stagnation issues:	
		Agents' fees	(10,000)
		Lease Renewal Fees	(12,500)
		Survey Fees	(10,000)
		Energy Efficiency	(5,000)
	36-62 Union Street, Aldershot	Adverse variance for consultancy fees based on Union Yard regeneration (to be funded from the Due Diligence Regeneration Reserve)	200,000
	13 Invincible Road, Farnborough	Adverse variance due to landlord service charge liability because of tenants' cap (budget missing)	6,000
	Voyager House, Southwood	Adverse variance due to ongoing consultancy and professional fees that the Council are meeting due to the delay transferring the property to the CCG	50,000
	Frimley 4 Business Park	Favourable variance due to new boiler costing less than estimated	(10,000)
	The Meads, Farnborough	Adverse variance due to consultancy fees for The Meads project (original budget of zero)	20,000
	Trafalgar House, Winchester	Favourable variance for consultancy fees and agents' fees as the building is fully occupied and no plans for this to change	(19,200)
Farnborough Town Centre Regeneration	Favourable variance for regeneration consultancy fees, budget not needed in full	(15,000)	
Other Highway Services	Reduction in spend on weeds and basal growth around highway tree bases	(13,300)	
	Reduction in spend on non routine grounds maintenance works	(5,000)	
	Markets and Car Boot Sales	Reduction in spend on casual staffing costs for the car boot sales and markets during April, May and June due to reduced operation of the service as a result of the Covid-19 pandemic	(5,000)
		Reduction in spend on trade refuse costs	(8,000)
All other expenditure variances within portfolio			(13,100)
Total Expenditure Variances in Major Projects and Property Portfolio			107,900

Major Projects and Property Portfolio - Income		VARIANCES RELATED TO INCOME BUDGETS		£
Regeneration, Property and Highways	Legal and Estates Support	Underachievement of Viability Valuation income due to Covid-19 market restrictions		6,000
	Belle Vue Enterprise Centre	Adverse variance due to underachievement of rental income due to delay of new leases being renewed		60,000
	Town Centres	Adverse variance due to underachievement of rental income due to delay of new lease at Bevan Lodge and Devereux House being renewed		10,000
	35/39 High Street, Aldershot	Adverse variances due to underachievement of rental income and service charges which will be written off		24,000
	168 High Street, Guildford	Adverse variance due to underachievement of rental income, vacant units and unpaid rent		185,000
	Wellesley House, 100a Eelmoor Road	Adverse variance for rental income underachievement due to first floor vacancy		15,000
	Optrex Business Park	Adverse variance for rental income underachievement due to lease renewal delays		50,000
	36-62 Union Street, Aldershot	Favourable variance due to unbudgeted additional rental income		(14,500)
	Voyager House, Southwood	Favourable variance for additional unbudgeted rental income		(160,000)
	Frimley 4 Business Park	Favourable variance due to additional income for gym subscriptions		(7,500)
	Other Highway Services	Reduction in income as there won't be the recharge income from the 2020 Farnborough Airshow		11,000
		Covid-19 related loss of engineering fee income (partially offset by a £13k reduction in staff costs)		57,900
	Markets and Car Boot Sales	Reduction in car boot sales income due to reduced operation of the service as a result of the Covid-19 pandemic		27,600
		Reduction in market pitch fee income due to reduced operation of the service as a result of the Covid-19 pandemic		40,300
All other income variances within portfolio				2,000
Total Income Variances in Major Projects and Property Portfolio				306,800
Total Net Variances in Major Projects and Property Portfolio				414,700

Operational Services Portfolio - Expenditure		VARIANCES RELATED TO EXPENDITURE BUDGETS	£
Operations	Management Costs	Reduction in spend on conferences and seminars, training courses and associated traveling costs	(7,000)
	Public Health	Expenditure on Covid-19 Compliance and Enforcement (funded by Covid-19 Grant)	44,300
	Housing Advice	Estimated net increase in Bed and Breakfast costs, increase in number of applicants	65,000
		Increase in void costs where not able to use some hostel units due to clients needs	72,000
		Increase in spend on deposits to secure accommodation for those moving from Bed and Breakfast	10,000
	Housing Improvement Grants	Reduction in spend on supplies and services	(5,000)
	Parks and Recreation Grounds	Reduction in spend on playground apparatus	(11,000)
		Reduction in spend on repairs and maintenance	(13,000)
		Additional spend on suitable projects that developers contributions have been collected for (offset by Additional Income being reported)	20,000
		Additional spend on insurance excess	5,000
	Car Parks	Additional spend on car park lining	6,400
		Reduction in spend on lift maintenance	(6,000)
		Reduction in spend on Pay and Display card handling charges	(15,400)
		Reduction in spend on Farnborough Leisure centre User rebates	(104,000)
		Reduction in spend on Managed Car Park payments	(23,000)
	Parking Management	Reduction in expenditure as there won't be an on-street parking surplus generated in 2020/21 to pay to Hampshire County Council	(171,900)
		Note: The on-street Parking variances are being offset by a transfer from the CPE Earmarked Reserve	
	Community Safety	Reduction in spend as the 'Think Safe' project won't be delivered in 2020/21	(5,500)
		Additional spend on bought-in support from Basingstoke and Dean BC as part of the new Community Safety arrangement for Rushmoor BC now that the Community Safety Partnership with Rushmoor, Hart and Basingstoke and Deane has finished	6,300
	Cemeteries	Additional spend on National Assistance burials	5,000
	Crematorium	Additional spend on memorial expenditure which includes the webcast costs	20,000
	Grounds Maintenance Contract	Reduction in spend on the Grounds Maintenance Contract to partially offset the additional cost for maintaining current standard for grass, shrubs and hedges following the reduction in funding by Hampshire County Council a couple of years ago	(20,000)
		Reduction in spend on Prospect Estate Grounds Maintenance	(5,000)
	Domestic Refuse	Additional spend on bulky waste contract payment (offset by additional income)	10,000
		Reduction in spend on Non Domestic Rates	(7,500)
	Recycling	Additional spend on wheeled bin delivery and assembly due to increase in garden waste subscribers	7,000
		Additional contract payment following an increase in garden waste subscribers to the service	35,000
		Reduction in spend on the main recycling contract payment	(9,400)
	Street Cleansing	Reduction in spend on contractor payment	(14,400)
		Reduction in spend on highways non-routine works	(11,600)
		Reduction in spend on specialist cleaning	(8,400)
	Farnborough Leisure Centre	Predicted additional cost on the Leisure costs/contract costs for the reopening of the facilities in September and the support package until the end of March 2021	484,000
	Southwood Golf Course	Reduction in spend on repairs and maintenance	(5,000)
All other expenditure variances within portfolio			27,500
Total Expenditure Variances in Operational Services Portfolio			337,100

Operational Services Portfolio - Income		VARIANCES RELATED TO INCOME BUDGETS	£
Operations	Food, Health and Safety	Reduction in income as there won't be the recharge income from the 2020 Farnborough Airshow	17,700
	Public Health	Covid-19 Compliance and Enforcement Grant	(44,300)
	Parks and Recreation Grounds	Additional income from developers contributions being used to fund the additional spend on projects	(17,400)
		Shortfall in funfair income	8,000
		Shortfall in the pavilions income due to the Covid-19 impact	7,500
		Additional rental income as the budget was revised back to nil in 2020/21 approved budget but the income is still being charged	(25,000)
	Car Parks	Anticipated reduction in car park Pay and Display machine income for 2020/21	779,800
		Anticipated reduction in Penalty Charge Notice income for 2020/21	111,700
		Reduction in season ticket (permit) income	30,300
		Reduction in the notional income associated with the granting of free parking permits to various voluntary organisation and charities. This is offset by a corresponding reduction in notional cost of these permits in the Major Grants to Organisations cost centre	45,000
	Parking Management	Anticipated reduction in on-street Pay and Display machine income for 2020/21	249,300
		Anticipated reduction in Penalty Charge Notice income for 2020/21	187,000
		Reduction in residents parking scheme income	14,000
		Note: The on-street parking variances are being offset by a transfer from the CPE Earmarked Reserve	
	Community Safety	Reduction in recharge income for a hosted post - the corresponding favourable variance in being shown in salary monitoring	11,900
		Reduction in hosting charge recharge credit as the joint Community Safety Partnership between the three councils has now finished	7,400
	Cemeteries	Additional income from grave sales	(25,000)
		Additional income from interment fees	(30,000)
	Domestic Refuse	Additional income from bulky waste collection service (partially offset by an increase in the Bulky Waste service contractor payment)	(34,600)
	Recycling	Decrease in income from Materials Recovery Facility (MRF)	72,000
		Additional income from garden waste subscribers	(49,000)
		Additional glass sales income	(8,800)
		Additional income from recycling credits	(5,000)
	Street Cleansing	Reduction in income from Developers contributions for litter bins	9,500
	Blunden Hall	Shortfall in income due to the current Covid-19 situation. Some of the regular users have returned however all of the ad hoc bookings have been cancelled for the foreseeable future	8,700
All other income variances within portfolio			7,000
Total Income Variances in Operational Services Portfolio			1,327,700
Total Net Variances in Operational Services Portfolio			1,664,800

Planning and Economy Portfolio - Expenditure		VARIANCES RELATED TO EXPENDITURE BUDGETS	£000
Economic, Planning and Strategic Housing	Princes Hall	Additional spend as part of the Culture Recovery (funded from the Culture Recovery Grant)	56,000
		Reduction in spend on costs as the venue is closed following Covid-19 restrictions	(494,400)
	Rushmoor in Bloom	Reduction in spend as Rushmoor in Bloom promotions were suspended in 2020/21 due to Covid-19 (offset with reduction in income)	(5,500)
	Special Events	Reduction in spend as the November 2020 firework event has been cancelled	(22,000)
	Town Centre Management	Additional spend on the High Street re-opening costs (funded by High Street Re-Opening Grant)	83,500
All other expenditure variances within portfolio			(2,000)
Total Expenditure Variances in Planning and Economy Portfolio			(384,400)

Planning and Economy Portfolio - Income		VARIANCES RELATED TO INCOME BUDGETS	£
Economic, Planning and Strategic Housing	Princes Hall	Shortfall in income as the venue is closed following Covid-19 restrictions	984,300
		Additional income from the Culture Recovery Grant	(166,000)
	Rushmoor in Bloom	Reduction in income as Rushmoor in Bloom promotions were suspended in 2020/21 due to Covid-19 (offset with reduction in expenditure)	5,500
	Special Events	Shortfall in planned income as the November 2020 firework event has been cancelled	22,000
	Town Centre Management	High Street Re-Opening Grant (offset by High Street re-opening expenditure)	(83,500)
	Development Control	Reduction in planning fee income - Covid19 related	115,000
	Building Control Fee Earning	Reduction in building control income - Covid19 related	20,500
All other income variances within portfolio			0
Total Income Variances in Planning and Economy Portfolio			897,800

Total Net Variances in Planning and Economy Portfolio	513,400
--	----------------

ICE Programme Portfolio - Expenditure		VARIANCES RELATED TO EXPENDITURE BUDGETS	£
		No variances to report at this stage	
All other expenditure variances within portfolio			0
Total Expenditure Variances in ICE Programme Portfolio			0

ICE Programme Portfolio - Income		VARIANCES RELATED TO INCOME BUDGETS	£000
		No variances to report at this stage	
All other income variances within portfolio			0
Total Income Variances in Planning and Economy Portfolio			0

Total Net Variances in Planning and Economy Portfolio	0
--	----------

Net portfolio Expenditure Variances	2,735,940
--	------------------

Net Portfolio Income Variances	(131,420)
---------------------------------------	------------------

Net Portfolio Variances	2,604,520
--------------------------------	------------------

CABINET
08 DECEMBER 2020

COUNCILLOR PAUL TAYLOR
CORPORATE SERVICES PORTFOLIO HOLDER
REPORT NO. FIN2029

CAPITAL PROGRAMME MONITORING AND FORECASTING REPORT Q2 2020/21

SUMMARY AND RECOMMENDATIONS:

SUMMARY:

This report informs Members of the latest forecast of the Council's Capital Programme for 2020/21 based on the monitoring exercise carried out during September 2020.

RECOMMENDATION:

Members are requested to:

- i) Note the latest Capital Programme position, as set out in Tables 1 and 2.
- ii) Approve the virement of £15k budget from Telephony Call Centre Upgrade to ICE Programme – Modernising Corporate and Service Systems
- iii) Approve the virement of £40k budget from App development of Love Rushmoor to ICE Programme – Modernising Corporate and Service Systems
- iv) Approve the additional capital funding requests, as set out in paragraph 3.9

1 INTRODUCTION

- 1.1 This report informs Members of the latest forecast regarding the Council's Capital Programme for 2020/21, based on the monitoring exercise carried out during September.
- 1.2 There are some projects of major financial significance included in the Council's approved Capital Programme for 2020/21. These projects are:
 - (a) Aldershot Town Centre Integration and Union Street
 - (b) Civic Quarter development
 - (c) replacement cremators
 - (d) Voyager House conversion
 - (e) Housing PRS, and,
 - (f) further acquisition of investment properties.

2 BACKGROUND

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

3 CURRENT POSITION

- 3.1 The Council approved the Capital Programme of £52.226m on 20 February 2020. Based on June 2020 monitoring exercise Table 1 shows the reconciliation of budget changes together with the projected actual capital expenditure for the year 2020/21.

Table 1: Analysis of capital expenditure and approved budget 2020/21

	(£'000)
Total approved budget for the year 2020/21*	52,226
Plus: Additional budget approvals made for the year 2020/21 **	(115)
Slippage from 2019/20	4,188
Total approved budget for 2020/21	56,299
Actual plus commitments as at Quarter 2	3,516
Forecast capital expenditure for the year	33,311
Net favourable variance (against approved budget)	(22,988)
Projected Slippage/(Pre-spend) to 2021/22 ***	23,111

* As reported to Cabinet in the Revenue Budget, Capital Programme and Council Tax report FIN2007 (04/02/2020)

** Cabinet Reports OS1915 (16/12/2019), RP1903 (05/02/2019), RP2001 (07/01/2020), FIN2023

*** Projected slippage based on the forecast at Q2. Regeneration scheme budgets will be reprofiled

- 3.2 Table 2 shows the outturn forecast for each scheme with 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 Estimate for 2020/21 on 20 February 2020.
- 3.3 The Capital Programme is a significant undertaking for the Council in terms of magnitude and complexity. The scale of the projected slippage into 2020/21 and variation in programme highlights the need for close monitoring and clear project management across the whole Council.
- 3.4 During the year-to-date actual expenditure including commitments is £3.5m. £33.3m is due to be spent by the year-end, predominantly as part of programmed regeneration and investment property purchases. It is worth noting that these schemes are spread over multiple financial years and a variation on the budget in a given financial year does not necessarily mean the project is unable to deliver the intended outcomes.

- 3.5 Since budget approval £95k of the 2020/21 Civic Quarter was brought forward into 2019/20 related to feasibility and design work for the leisure centre and demolition and other pre-development work associated with Elles Hall. A further £20k budget for Aldershot Park Angling Club improvement project has been removed as the project is no longer being undertaken.
- 3.6 **Appendix B** sets out the details in relation to:
1. The significant over/(under) spend variations to date;
 2. The major areas of slippage (budget reprofiling for Regeneration schemes)
 3. Material variances in relation to schemes financed by grants/contributions.
- 3.7 The following capital budgets are no-longer required:
- Telephony Call Centre Upgrade (£15K). The cost will be within ICE budget.
 - ICE Programme – App development of Love Rushmoor (£40K) – budget no-longer required.
- 3.8 Total capital budget of £55k is no longer required and a virement is requested to transfer funding to support ICE Programme – Modernising Corporate and Service Systems.
- 3.9 The following are additional approvals requested to facilitate capital projects within 2019/20:

The Games Hub

Additional expenditure of £20k on Old Town Hall, related to COVID-19 site closure costs.

Refuse/Recycling – wheeled bins

Due to the 5-month switch to alternate weekly collections for refuse, the temp closure of the HWRCs and everyone being at home and generating more recycling, we have had to purchase a larger number of refuse and garden 240L & recycling 360L wheeled bins than expected. Compared to last year's demand, this equates to an extra £27k spend so far. Demand for our garden waste service has continued to grow month on month, despite the HWRCs reopening and with people continuing to work from home, we anticipate the demand for extra or larger recycling bins to continue. Forecast additional expenditure to be £42K for the full financial year.

Table 2: Capital Programme Outturn Forecast

Portfolio/Scheme	2020/21 Original Budget (£'000)	2020/21 Latest Budget (£'000)	2020/21 Outturn Forecast (£'000)	2020/21 Forecast Variance (£'000)
Corportate Services				
Flexible Use of Capital Receipts	0	86	86	0
Subtotal CS	0	86	86	0
Customer Experience & Improvement				
Computer Systems	80	117	92	(25)
Council Offices	45	45	35	(10)
Subtotal CE&I	125	162	127	(35)
Major Projects & Property				
Aldershot Town Centre Projects	2,091	2,148	2,169	21
Civic Quarter Farnborough	14,525	14,559	276	(14,283)
Housing Matters	2,731	3,444	675	(2,769)
Commercial Properties	22,425	24,323	24,323	0
Property Enhancements	202	254	254	0
Union Street Aldershot	7,393	7,808	1,950	(5,858)
Other	0	0	11	11
Subtotal MP&P	49,367	52,536	29,657	(22,879)
Operational Services				
Alpine Snowsports	0	0	3	3
Crematorium	1,200	1,200	1,200	0
Depots	0	34	0	(34)
Manor Park	49	49	0	(49)
Parks & Open Spaces	125	608	565	(43)
Playground Works	104	104	104	0
Refuse/Recycling	100	100	142	42
Southwood Community Centre	0	20	20	0
Improvement Grants	1,111	1,211	1,211	0
Subtotal OPS	2,689	3,326	3,245	(82)
Planning & Economy				
No Capital Schemes				
ICE Programme	45	189	196	8
Subtotal ICE	45	189	196	8
TOTAL Capital Programme	52,226	56,299	33,311	(22,988)

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 2020/21 Capital Programme is currently forecast to spend £33.3m, £23m below the approved capital budget of £56.3m. The variance and increase in approved budget since approval at Council on 20 February 2020 is due to delays in capital projects being completed in the 2019/20 financial year.

CONTACT DETAILS:

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

Executive Head of Service: David Stanley david.stanley@rushmoor.gov.uk
01252 398440

Adjusting
factor



CAPITAL PROGRAMME MONITORING SUMMARY 2020/21

Expenditure	SLIPPAGE FROM 2019/20	ORIGINAL BUDGET 2020/21	ADDITIONAL BUDGET APPROVALS 2020/21	TOTAL APPROVED BUDGET 2020/21	ACTUAL AS AT 16.09.2020	COMMITMENTS AS AT 16.09.2020	ACTUALS PLUS COMMITMENTS	VARIANCE	FORECAST SPEND 2020/21	FORECAST SPEND LESS APPROVED BUDGET	SLIPPAGE TO 2021/22
PORTFOLIO	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
MAJOR PROJECTS AND PROPERTY	3,184	49,367	(215)	52,336	2,449	180	2,629	(49,707)	29,457	(22,880)	23,008
CORPORATE AND DEMOCRATIC SERVICES	86	0	0	86	0	0	0	(86)	86	1	0
CUSTOMER EXPERIENCE AND IMPROVEMENT	37	125	0	162	(7)	17	10	(152)	127	(35)	20
OPERATIONAL SERVICES	737	2,689	100	3,526	416	285	701	(2,825)	3,334	(192)	83
PLANNING AND ECONOMY	0	0	0	0	0	0	0	0	0	0	0
ICE PROGRAMME	144	45	0	189	13	163	176	(13)	110	(78)	0
TOTAL	4,188	52,226	(115)	56,299	2,871	645	3,516	(52,783)	33,114	(23,184)	23,111

Variations to Programme Approved 2020/21

	Approved By	Date	£
Original Budget 2020/21 - Various Projects	Full Council	20.02.20	52,226,080
540540012 Civic Quarter, Farnborough - Budget drawn forward to 2019/20	Cabinet	16.12.19	-100000
540540012 Civic Quarter, Farnborough - Budget drawn forward to 2019/20	Cabinet	07.01.20	-95000
540540012 Combined Leisure Centre and Civic Hub within the proposed Farnborough Civic Quarter	Cabinet	14.07.20	100000
523340012 Parks and Open Spaces - Angling Club Improvement Project	Cabinet	11.08.20	-20000
Slippage from 2019/20			4,187,820
Total Approved Budget			56,298,900

S106 and Grants & Contributions	SLIPPAGE FROM 2019/20	ORIGINAL BUDGET 2020/21	ADDITIONAL BUDGET APPROVALS 2020/21	TOTAL APPROVED BUDGET 2020/21	FORECAST S106 AND GRANTS & CONT'S AS AT 16.09.2020	VARIANCE
PORTFOLIO	£'000	£'000	£'000	£'000	£'000	£'000
MAJOR PROJECTS AND PROPERTY	(1,159)	(5,716)	(250)	(7,125)	(7,125)	0
CORPORATE AND DEMOCRATIC SERVICES	0	0	0	0	0	0
CUSTOMER EXPERIENCE AND IMPROVEMENT	0	0	0	0	0	0
OPERATIONAL SERVICES	(429)	(2,301)	0	(2,730)	(2,729)	1
PLANNING AND ECONOMY	0	0	0	0	0	0
ICE PROGRAMME	0	0	0	0	0	0
TOTAL	(1,588)	(8,017)	(250)	(9,855)	(9,854)	1

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
MAJOR PROJECTS AND PROPERTY		
REGENERATION The Games Hub	Additional expenditure of £20k on Old Town Hall, related to COVID-19 site closure costs. Approval has been requested within the main report for the forecast additional expenditure.	20
PARKS AND OPEN SPACES Aldershot Park Angling Club Improvement	Budget to be removed as works will not now be undertaken. Approval is requested in the main report to withdraw the budget for the project	(20)
CORPORATE AND DEMOCRATIC SERVICES		
No variances		
CUSTOMER EXPERIENCE AND IMPROVEMENT		
COMPUTER SYSTEMS Telephony Call Centre Upgrade	Capital budget are no-longer required Virement of budget to ICE Programme – Modernising Corporate and Service Systems	(15)
OPERATIONAL SERVICES		
REFUGE/RECYCLING Wheeled Bins	Due to the 5-month switch to alternate weekly collections for refuse, the temp closure of the HWRCs and everyone being at home and generating more recycling, we have had to purchase a larger number of refuse and garden 240L & recycling 360L wheeled bins than expected. Compared to last year's demand, this equates to an extra £27k spend so far. Demand for our garden waste service has continued to grow month on month, despite the HWRCs reopening and with people continuing to work from home, we anticipate the demand for extra or larger recycling bins to continue. Forecast additional	42

	expenditure to be £42K for the full financial year. Approval for additional expenditure has been requested in the main report.	
PARKS AND OPEN SPACES Park improvements	Projects ongoing funded by available S106 contributions, looking to undertake footpath refurbishment over winter of 2020 in Municipal Gardens, seeking assistance from Capital Projects.	(51)
PLANNING AND ECONOMY		
No variances		
ICE PROGRAMME		
App development of Love Rushmoor	Capital budget are no-longer required Virement of budget to ICE Programme – Modernising Corporate and Service Systems	(40)
Flexible & Mobile Working	£30,000 for VPN equipment and resources and services still required, the remaining budget to be given up	(38)
Modernising Corporate and Service Systems	210 Laptops have been ordered as part of remote working and Windows 10 upgrade Additional budget of £55k to be vired from App development of Love Rushmoor and Telephony Call Centre Upgrade, with further budget to be vired from ICE budget slippage from 2019/20	86

- 2 The major areas of slippage/(Pre-spend) identified to date which are included within the (Appendix A) net slippage of £23,111,240 against the approved revised Capital Programme are provided in the table that follows:

Scheme	Explanation	Slippage /(Pre-spend) to 2019/20 £000s
MAJOR PROJECTS AND PROPERTY		
REGENERATION Civic Quarter	No expenditure expected during 2020/21 as project delayed	14,383
REGENERATION Housing PRS Delivery	Establishment of the Housing Company has been delayed due to COVID-19	2,769
REGENERATION Union Street East	Spending aligned with anticipated demolition and site remediation costs	5,857
CUSTOMER EXPERIENCE AND IMPROVEMENT		
COMPUTER SYSTEMS PCI compliance	Project has been delayed	10
COMPUTER SYSTEMS PCI compliance	Postponed due to COVID-19	10
OPERATIONAL SERVICES		
DEPOTS Hawley Lane Development Works	Project delayed until 2021/22 due to ongoing dialogue with current occupier continues	34
MANOR PARK Lake Improvements	Project funding has been delayed and therefore budget not available to carry out works	49
CORPORATE AND DEMOCRATIC SERVICES		
No budget slippage		
PLANNING AND ECONOMY		
No budget slippage		
ICE PROGRAMME		
No budget slippage		

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

Scheme	Explanation	Grant funding £000s
MAJOR PROJECTS AND PROPERTY		
REGENERATION Union Street East	Spending aligned with anticipated demolition and site remediation costs with project slipping into 2021/22	3,800
OPERATIONAL SERVICES		
PARKS AND OPEN SPACES Park improvements	Projects ongoing funded by available S106 contributions, looking to undertake footpath refurbishment over winter of 2020 in Municipal Gardens, seeking assistance from Capital Projects.	51
MANOR PARK Lake Improvements	Project funding has been delayed and therefore budget not available to carry out works	49

CABINET

COUNCILLOR PAUL TAYLOR
CORPORATE SERVICES
PORTFOLIO HOLDER
REPORT NO. FIN2032

08 DECEMBER 2020

KEY DECISION? ~~YES~~/NO

**MEDIUM-TERM FINANCIAL STRATEGY (MTFS) 2021/22 to 2024/25
(UPDATE)**

SUMMARY:

This report sets out and update on the key factors influencing the preparation of the 2021/22 budget.

The report also provides an update on the financial position of the Council and sets out how members will be kept informed of changes in the forecast over the medium-term for financial planning purposes. Final decisions on the overall budget and Council Tax level will be made by Council in February 2021.

RECOMMENDATIONS:

That Cabinet notes the impact from Covid-19 on the financial planning process and associated risks and uncertainties as outlined in section 7 of the report.

1. INTRODUCTION/BACKGROUND

- 1.1. This report informs members of the current financial position and provides an update on the prospects for 2021/22 and the medium-term following the Spending Review announcement on 25 November 2020.

2. STRATEGIC CONTEXT

- 2.1. In common with many local authorities, Rushmoor Borough Council continues to face significant financial challenges over the medium term. The Council will need to continue to take difficult decisions around resource allocation.
- 2.2. There are a number of key drivers of change that affect the way in which the Council's financial plans are developed – Population, Economy, Policy Decisions, ICE Programme. Whilst these drivers are still relevant and can assist members in decision making, the level of uncertainty around national policy issues (Covid-19 and Brexit in particular) and the global economy makes it more difficult to predict the impact on the Council.

3. SPENDING REVIEW 2021/22

3.1. The Chancellor announced the outcome of the 2021/22 Spending Review on 25 November 2020. Due to the financial pressures from Covid-19, the spending review only covers a single-year rather than the usual multi-year period of a spending review.

3.2. Whilst the Spending Review did not give specific details in terms of Council Funding, it did include a number of announcements that will influence the amount of funding and Government support the Council can expect in 2021/22. The main points of the spending review are set out below.

- Core Spending Power (CSP) will increase by 4.5%, although most of this increase is due to anticipated Council Tax increases
- Council Tax increases – 2% ‘core’ plus a further 3% increases in the Adult Social Care Precept
- £300m additional grant for adult and children’s social care
- New Homes Bonus (NHB) will continue for a “further year with no new legacy payments”. This suggests there will only be two years of payments (i.e. no new payments in 2021-22)
- Local government will receive around £3bn additional funding for COVID in 2021-22, of which: £1.55bn is for additional expenditure pressures, £670m for fund council tax support; and £762m to fund 75% of “irrecoverable loss of council tax and business rates revenues in 2020-21”. Sales, fees and charges (SFC) compensation scheme will be extended into the first 3 months of 2021-22.
- Further £254m funding to tackle homelessness and rough sleeping
- There will not be a reset of the business rates baseline in 2021-22
- Small business rates multiplier will be frozen in 2021-22 (instead of increasing by 0.55%) – but local authorities will be fully compensated
- The Government is undertaking a fundamental review of the business rates system and is currently considering responses to the call for evidence. A final report setting out the full conclusions of the review will be published in spring 2021
- The Tax Income Guarantee Scheme will fund 75% of unrecoverable losses in business rates and council tax, with authorities able to spread deficits in their Collection Fund(s) over a 3-year period.
- Revised Public Works Loan Board (PWLb) lending terms which prevent local authorities from accessing PWLB loans to purchase investment properties.
- Alongside the revised lending terms, the rates offered by PWLB were reduced by 100bps (1.00%) for all new loans arranged from 26 November 2020
- £4bn “Levelling Up Fund” to drive growth and regeneration in places in need.

3.3 Changes to the PWLB lending terms will have a significant impact on the Council’s capital programme and revenue budget. At the time of writing, this report, further clarification was required to enable the Council to understand the financial implications.

4. COVID-19 IMPACT AND ECONOMIC OUTLOOK

- 4.1. There is considerable uncertainty in the national and global economic outlook. The commentary below reflects the position at the time of writing (late November 2020), and will, of course, be subject to change.
- 4.2. It is expected that the financial impact from Covid-19 will have a significant impact on the Council's budgets over the short to medium-term.
- 4.3. The Q2 Budget Monitoring report to Cabinet at this meeting (December 2020) provides a forecast of the financial impact from Covid-19 on the Council's 2020/21 Revenue budget and provides the context to the budget setting process for the coming financial year. This is shown in Table 1 below.

Table 1: Q2 Budget Monitoring position (Cabinet, December 2020)

	2020/21 Original Budget (£'000)	2020/21 Latest Budget (£'000)	2020/21 Outturn Forecast (£'000)	2020/21 Variation (£'000)
General Fund Revenue Budget				
Corporate Services	5,289	5,399	5,361	(38)
Customer Experience & Improvement	19	(12)	38	50
Major Projects & Property	(4,928)	(4,302)	(3,887)	415
Operational Services	7,847	8,057	9,722	1,665
Planning & Economy	2,548	2,738	3,252	513
ICE Programme	496	862	862	0
SUBTOTAL	11,272	12,743	15,347	2,605
Less: Reversal of Accounting entries	(2,519)	(2,519)	(2,519)	0
Net Service Revenue Expenditure	8,753	10,224	12,828	2,605
Corporate Income & Expenditure	3,227	2,318	2,516	198
C19 Risk	0	0	500	500
Movement in Reserves	746	546	(494)	(1,040)
Savings Plan	(1,436)	(1,436)	(858)	578
Net General Fund Revenue Budget	11,290	11,652	14,492	2,841
Funded by:				
Council Tax	6,705	6,705	6,705	0
Business Rates	3,767	3,767	3,767	0
New Homes Bonus	1,169	1,169	1,169	0
Covid-19 Emergency Funding	0	0	1,478	1,478
Covid-19 Income Loss	0	0	684	684
Other Funding	(3)	(3)	(3)	0
TOTAL Funding	11,637	11,637	13,799	2,162
Core (Surplus) or Deficit	(347)	15	693	678

- 4.4. The main variations on the revenue budget in the current year is due to a shortfall in income from Sales, Fees & Charges. Covid-19 has had a significant impact with material variations on both on-street and off-street car parking income, planning fees, and income from events and performances at Princes Hall.

- 4.5. It is likely that the revenue budget will remain under pressure for the remainder of the financial year. There may be further National or Local Restrictions which will impact on a number of services such as Leisure facilities, and income pressures around Car Parks and Princes Hall.
- 4.6. Given the scale of the financial impact on the revenue budget in the current financial year and the nature of the pandemic, it can be expected that income and expenditure budgets will remain under pressure over the short to medium-term. Careful consideration will also need to be given to the impact on Council Tax and Business Rates in terms of both collection rates and forecast of growth or decline in the tax bases.

Commercial Property

- 4.7. The Council is increasingly reliant on income from Commercial Property to provide funding for other Council services. Given the risk in holding commercial property (e.g., occupancy rates and fluctuations in the property market), income and expenditure budgets associated with the portfolio are be reviewed in light of Covid-19. This will help ensure the Council is budgeting at the appropriate level and that risks to income and expenditure changes across the medium term can be incorporate into the MTFS and Capital Programme.
- 4.8. Performance of the portfolio will need to be monitored closely to ensure risks are mitigated through active asset management and early engagement with tenants.
- 4.9. The property portfolio will need to remain balanced, and the impact from Covid-19 on different sectors of the economy is likely to become a key consideration when assessing performance and risk.
- 4.10. The budget setting process is likely to maintain the recommendation that a proportion of commercial income is set aside in the Commercial Reserve each year to provide an ongoing funding stream to manage the portfolio. The Q2 Budget Monitoring Report proposes to utilise £0.250m of the reserve in the current financial year to mitigate reduced rental income expectations. The adequacy of the Commercial Property Reserve will need to be considered in light of the financial risk associated with the portfolio.
- 4.11. The Government announced changes to the PWLB rules following a period of consultation and this seeks to reduce the opportunity for Councils to borrow to fund commercial property for yield. The Council's regeneration aspirations may very well be reliant on PWLB funding going forward. Therefore, it is necessary for the Council to review its Commercial Property Strategy over the coming weeks. The impact of this review could be a requirement to identify more savings than originally planned.

Economic Outlook commentary

- 4.12. The Budget Strategy report to Cabinet in October 2020 provided a detailed overview of the Economic Outlook. Whilst this outlook is broadly similar, it is worth highlighting recent decisions and economic data.
- MPC held the Bank Rate held at 0.1% at their November meeting

- October inflation rates: CPI 0.7% (up from 0.5% in September), RPI 1.3% (up from 1.1% in September)
 - UK GDP increased by 15.5% between July and September 2020, although the rate of increase was slowing before national lockdown measures were introduced in November 2020.
- 4.13. It is worth noting that despite the current low interest rate, the MPC have given serious consideration to negative interest rates.
- 4.14. Economic commentary from Arlingclose (the Council's Treasury Management advisors) is summarised below.
- 4.15. The medium-term global economic outlook remains weak. Second waves of Covid cases have prompted more restrictive measures and further lockdowns in Europe and the UK. This ebb and flow of restrictions on normal activity will continue for the foreseeable future, at least until an effective vaccine is produced and importantly, distributed.
- 4.16. The global central bank and government responses have been significant and are in many cases on-going, maintaining more stable financial, economic and social conditions than otherwise.
- 4.17. Although these measures supported a sizeable economic recovery in Q3, the imposition of a second national lockdown in England during November will set growth back and likely lead to a fall in GDP in Q4.
- 4.18. Signs of a slowing economic recovery were already evident in UK monthly GDP and PMI data, even before the latest restrictions. Despite some extension to fiscal support measures, unemployment is expected to rise when these eventually come to an end in mid-2021.
- 4.19. This situation will result in central banks maintaining low interest rates for the medium term. In the UK, Brexit is a further complication. Bank Rate is therefore likely to remain at low levels for a very long time, with a distinct possibility of being cut to zero. Money markets continue to price in a chance of negative Bank Rate.
- 4.20. The impact on the Council is likely to be through the level of Inflation and Interest Rates. This will affect the cost of service delivery and decisions around treasury management and the affordability of the Capital Programme supported by debt financing. In addition, weaker global economic growth may have a direct impact on the local economy.
- 4.21. The Council will also need to consider the impact of changes in the housing market as a result of any economic downturn and the impacts of Brexit on its regeneration aspirations and developments by Rushmoor Homes. Uncertainty around the economy and Brexit has led to a varied and challenging housing market, although this may not be representative of any longer-term trend.

5. LOCAL GOVERNMENT FUNDING – PROSEPECTS FOR 2021/22

- 5.1. As part of the Government's response to the financial impact of Covid-19 on local authorities, it was announced in April 2020 that the Fair Funding Review and changes to the Business Rates Retention scheme would be postponed for a further 12 months. It is expected that changes will not be implemented until April 2022.
- 5.2. Given the announcement and the focus from Government in supporting local authorities with the public health and financial impact of Covid-19, there has been little additional work on other local government finance issues such as New Homes Bonus and Council Tax referendum limits.
- 5.3. Whilst it is not a foregone conclusion, it is likely the single year focus of the spending review increases the prospects of a 'roll-over' local government finance settlement.
- 5.4. The Secretary of State has confirmed that the existing New Homes Bonus scheme will be continued in 2021/22 with no new legacy payments. He also confirmed that the Government will not proceed with the implementation of the Review of Relative Needs and Resources (formerly the Fair Funding Review) and 75% Business Rates Retention in 2021/22 or reset accumulated business rates growth in 2021/22.
- 5.5. Members will be kept informed of any local government funding announcements over the coming weeks, although it is unlikely there will be any substantial update until late December once the finance settlement is known.

Government Funding & Council Tax

- 5.6. As discussed, there is very little certainty around the level of Government Funding that the Council will receive in future years.
- 5.7. The table below sets out the assumptions made on Government funding for 2021/22 that were included in the February 2020 MTFS. These assumptions will be updated once the local government finance settlement is known.

Table 2: Government Funding assumptions (Council, Feb 2020)

	2020/21 Forecast (£'000)	2021/22 Forecast (£'000)	2022/23 Forecast (£'000)	2023/24 Forecast (£'000)
Government Funding				
Business Rates Retention	3,767	2,561	2,610	2,662
Revenue Support Grant	0	0	0	0
Subtotal	3,767	2,561	2,610	2,662
New Homes Bonus	1,169	550	211	0
Other Grants	267	0	0	0
TOTAL Government Funding	5,202	3,111	2,821	2,662

- 5.8. However, it is likely that the with the delay in the Fair Funding Review, it is likely that business rates income for 2021/22 will revert back towards the level forecast for the current financial year. However, the impact from Covid-19 on the business rates base will need to be taken into account.
- 5.9. The MTFS also assumed a phasing-out of New Homes Bonus income. At the time of writing there is no indication of what scheme will be in place beyond 2021/22.
- 5.10. In terms of Council Tax assumptions, these will be reviewed given the impact from Covid-19 on collection rates in the current year. The MTFS assumed that there would be growth in the Council Taxbase of around 1% per annum, and that Council Tax would be increased (subject to Government guidance around referendum limits).
- 5.11. Therefore, whilst there may be some improvement in the funding position when compared to the February 2020 forecast, there are a number of other factors that will have an adverse impact on these funding streams.

6. MEDIUM TERM FINANCIAL STRATEGY 2021/22 TO 2024/25

- 6.1. This report does not update the MTFS or the Savings Plan. These will be considered by Cabinet in February 2021 when we are clear about the local government settlement and further funding associated with Covid-19 and have had time to work through the impact of changes to the PWLB funding rate on our regeneration plans and commercial property strategy.
- 6.2. As outlined to members in the Budget Strategy report to Cabinet (October 2021), the Council is facing a significant financial challenge from Covid-19 and this will shape the budget setting process over the coming weeks.
- 6.3. However, the Council was likely to face a difficult budget decision as the indicative position outlined for 2021/22 (as reported to Council in February 2020) showed a deficit of £1.4m and increasing over the MTFS period. It

was noted at the time that the Savings Plan did not resolve the deficit position forecast over the MTFS period.

- 6.4. Whilst the Council is likely to benefit from an improved Government Funding position for 2021/22, it is expected that the downward trend in Government funding (as a result of the Fair Funding Review) will frame the Council's revenue budget in future years.
- 6.5. It was recommended that the Council continued to review not only the costs of services but considered the nature and scope of services being delivered. The Council's Savings Plan will be reviewed and updated over the coming weeks and will form an integral part of the MTFS.
- 6.6. Given the impact from Covid-19 on the Council's finances in 2020/21, there is an increased risk that elements of the savings plan will be difficult to achieve or delayed. An update to the Savings Plan will address the timing and achievement of the following elements:
 - Investment Property Strategy (following revised PWLB Lending Terms)
 - Savings arising from changes to major contracts
 - Service loans to the Housing Company
 - ICE Programme savings
- 6.7. The Council will need to identify additional savings to mitigate the impact of any savings that cannot be achieved in full or in the timeframe required, as this would put additional financial pressure on the Council. It should be noted that the Council will be facing further difficult financial decisions during the next 12 months and it is highly likely that there will be a requirement to reduce service levels in some areas.

Balances & Reserves

- 6.8. The Council holds balances and reserves to provide financing for future expenditure plans. Members will be aware from the 2019/20 Revenue Budget Outturn report that the Council has increased the level of Reserves and Balances it holds, in part to mitigate the financial impact from Covid-19. The Council held £19.7m in balances and reserves at the end of the last financial year, as set out in the table below.

Table 4: Balances and Reserves forecast

Transfers To (From) Reserves	Balance 31/03/2020 (£'000)	Transfers To (£'000)	Transfers From (£'000)	Balance 31/03/2021 (£'000)
General Fund Balance	(2,000)	0	0	(2,000)
<u>Earmarked Reserves</u>				
Stability & Resilience	(6,675)	0	1,273	(5,402)
Service Improvement Fund	(129)	0	25	(104)
Commercial Property Reserve	(2,000)	0	250	(1,750)
Regeneration Reserve	(450)	0	170	(280)
ICE Reserve	(297)	0	297	0
Climate Emergency Reserve	0	(250)	23	(228)
Deprivation Reserve	0	(100)	0	(100)
Pension Reserve	0	(669)	0	(669)
Regeneration Due Diligence Reserve	(250)	0	150	(100)
Workforce Reserve	(200)	0	0	(200)
Treasury Reserve	0	(580)	290	(290)
CPE Rolling Fund	(345)	0	68	(277)
Budget Carry Forwards	(301)	0	301	0
Elections Reserve	0	(87)	0	(87)
SANG/s106	(4,442)	0	0	(4,442)
Other Earmarked Reserves/Prior yr grants	(2,611)	0	0	(2,611)
TOTAL Reserves and Balances	(19,700)	(1,686)	2,847	(18,539)

6.9. The Council holds these sums for three main purposes:

- a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing [Stability and Resilience Reserve, Commercial Reserve];
- a risk-assessed contingency to cushion the impact of unexpected events or emergencies [General Fund Balance];
- a means of building up funds to meet known or predicted requirements

6.10. A review of the balances and reserves will be completed and presented to Cabinet and Council in February alongside the revenue and capital budgets for 2021/22. This will need to assess the adequacy of the reserves in ensuring the Council remains financially sustainable over the short to medium-term.

7. IMPLICATIONS

Risks

7.1. This report has identified some specific risk around the financial impact from Covid-19 and the Council's funding from Government. There is significant uncertainty for 2021/22 and beyond due to the economic outlook, limited information around likely levels of Government funding and support, and the longer-term changes from the review of Relative Needs and Resources and Business Rates Retention.

7.2. Covid-19 risks

- Lockdown/Restrictions remained largely in place until the end of July with slight easing thereafter. Nation Restrictions were in place until 02 December 2020 with Hampshire moving into Tier 2 thereafter.
- Council Tax & Business Rates collection shortfalls contained within the collection fund but will need to be incorporated into the 2021/22 budget
- Cost of additional council tax support cases in 2020/21 and impact of scheme going forward.
- Recovery of income for the remainder of the year are in line with budget (with exception of Car Parking income and Planning fees where the forecast is for a slower recovery)

7.3. Other risks to the Council were set out in the Budget Strategy report and are largely unchanged, with the impact from a No-Deal Brexit being a particular risk to the economy in 2021:

- Brexit –the impact of the UK leaving the European Union is difficult to quantify. It is not clear whether the deal agreed under the terms of the withdrawal agreement will apply, or whether the UK will leave without a deal in place on 31 December 2020. There will be an impact on a wide range of Council Services, funding streams and Treasury Management activity and this will need to be factored into budget planning over the coming weeks.
- Economy – the Council has a number of income streams that are linked to economic performance including fees and charges, treasury management activities, and commercial investment. A significant downturn in the economy could reduce the amount of disposable income available to residents, erode investment fund performance, and reduce the value of commercial property and rental income.
- Interest rates – as outlined in section 5, there is considerable uncertainty around treasury management investment income and the longer-term considerations of managing the Council's external debt.
- Commercial property performance – the Council is increasingly reliant on income from commercial investment properties. Any shortfall in income or additional costs associated with managing the property portfolio will have an adverse effect on service delivery. To mitigate future variable income flows, a Commercial Property Reserve was established and will be reviewed as part of the Council Balances and Reserves Strategy.
- Housing market – whilst there has been a pick-up in the housing market following the lifting of restrictions in May 2020, there remains uncertainty around the longer-term impact from Covid-19. It is highly likely that there will be an impact on the Council's wider regeneration plans and a number of key strategic housing sites across the Borough. For the Council, where regeneration schemes include housing development, there may be a requirement to continually assess the financial viability of schemes to ensure they are able to deliver the required outcomes.

Legal Implications

- 7.4. The Council through its Members has a legal obligation to set a balanced budget and the MTFS provides the information that will inform the approach to be taken in the budget setting process for early 2021 when reports will be taken to Cabinet and Council for approval.

Financial and Resource Implications

- 7.5. There are not considered to be any financial implications arising directly from this report. However, it is worth noting the indicative MTFS position shows a widening funding gap based on the assumptions made within this report. It is anticipated that significant work on the expenditure and savings plans will enable the funding gap to be reduced. An updated position will be included in the reports to Cabinet and Council in February 2021.

Equalities Impact Implications

- 7.6. None

8. CONCLUSIONS

- 8.1. Whilst this report does not provide members with an update on the Medium-Term Financial Strategy or Savings Plan, the announcements from the Spending Review on 25 November provide some clarity on the level of Government Funding and support for 2021/22.
- 8.2. The MTFS and Savings Plan will be updated over the coming weeks to ensure it provides the framework for managing the Council's financial position and helps to ensure that resources are available to deliver against the Council Plan.
- 8.3. Whilst the Council has delivered a number of budget and efficiency savings against its Savings Plan, the Council will need to review adequacy and composition of the Savings Plan. It is likely that the Council will need to identify further budget and efficiency savings over and above those already contained within the MTFS.
- 8.4. The Council does face a significant financial challenge over the medium term, particularly given the uncertainty set out in this report with regard to Covid-19 and the Government's proposed changes to local government funding from April 2022.
- 8.5. The Council will need to ensure the adequate reserves are maintained over the medium term to mitigate the risks identified in this report. However, the use of reserves to deal with changes in the financial standing of the Council on an ongoing basis is not a long-term or sustainable plan. It does, however, enable the Council to mitigate against short-term changes, whilst allowing the Council to plan and implement effectively over the medium-term.

BACKGROUND DOCUMENTS:

CONTACT DETAILS:

Report Author and Head of Service

David Stanley – Executive Head of Finance

david.stanley@rushmoor.gov.uk

01252 398440

CABINET

**COUNCIL TAX SUPPORT TASK & FINISH GROUP
COUNCILLOR DIANE BEDFORD (CHAIRMAN)**

08 DECEMBER 2020

REPORT NO. FIN2030

KEY DECISION: No

COUNCIL TAX SUPPORT SCHEME - 2021/22

SUMMARY:

This report sets out the work undertaken by the Council Tax Support Task and Finish Group, to review the Council's Council Tax Support Scheme (CTSS) and recommends action as follows.

RECOMMENDATIONS:

Cabinet are requested to:

- a) Following the review of Council Tax Support by the Task and Finish Group, recommend to full Council that the current scheme for working age customer continue for 2021/22 with the usual alignment to Housing Benefit Rates. This does not require consultation.
- b) In light of the impact of the Covid-19 pandemic, a fundamental review of the Council Tax Support scheme be deferred until 2021/22.
- c) Recommend that any remaining funds from the Covid-19 Council Tax Hardship Fund be used to continue to support recipients of CTS, alongside the Council's own Exceptional Hardship Fund.
- d) Note the deliberations and considerations of the Council Tax Support Task and Finish Group in arriving at recommendation a) and b) above
- e) Note the Group's view on Hardship Funds and Government funding in 2021/22 (paragraphs 1.12 and 1.13)

1. BACKGROUND

- 1.1. Since 1 April 2013, local authorities have been providing their own Council Tax Support Scheme (CTSS) to replace the previous national Council Tax Benefit Regulations, which had supported residents with their Council Tax costs.
- 1.2. Whilst local authorities have the freedom to set their own local schemes, based on local circumstances and needs, local authorities are required to provide pensioners with the same level of support received under the previous national Council Tax Benefit arrangements.
- 1.3. Accordingly, most local authorities have devised hybrid schemes, whereby those of pensionable age receive up to 100% of their Council Tax bill in

support, whilst the maximum level of support for working age customers is typically lower and a range of other local adjustments have been made.

- 1.4. In Rushmoor we are in our eighth year of operating our local scheme, which has been overseen by a cross-party Member Welfare Group, superseded in 2018 by the Council Tax Support Task and Finish Group, convened by the Overview and Scrutiny Committee.
- 1.5. In previous years, Rushmoor's local scheme has proved effective and Council Tax collection rates remained high at 97.9% for 2018/19, marginally down from 98.0% in 2017/18. A change to the maximum support someone can receive if they are of working age was reduced from April 2018 to 88% from 90%. For 2019/20 the collection rate was 97.8%, slightly lower than the previous year, however the situation has been closely monitored to understand the impact.
- 1.6. Due to the impact of Covid-19 on people's financial circumstances, there has been a downturn in the overall collection rate of Council Tax for this financial year. At the end of September 2020, it was 93.5% in comparison to 98.5% at the end of September 2019. Examples affecting the downturn in collection were where people asking for deferrals of their instalments from April 2020 and May 2020, meaning in most cases people will continue to pay in February and March, the normal 'free' months. Also, the Government's furlough scheme where people may not have had the 20% top up to their earnings from the employer, caused people to miss those early payments or pay less than was due. Or others who became unemployed and there were delays in claiming Universal Credit which resulted in no income.
- 1.7. As part of its response to Covid-19, the Government announced in the budget in March 2020 that it would provide local authorities with £500m of new grant funding to support economically vulnerable residents in 2020/21. Rushmoor's share of this 2020/21 grant funding was £0.542m. The Government expected local authorities to use their discretionary powers under Section 13 A (1) C of the Local Government Finance Act 1992 to provide all recipients of working age Council Tax Support with a further reduction of up to £150 in 2020/21.
- 1.8. Following development of software to administer this award, all working age recipients on 01 April 2020 received the additional £150 and revised bills were issued in April 2020 to over 2,500 residents. Current expenditure from this hardship fund stands at £0.385m which represents 70% of the original allocation. As CTS take up continues to increase, it is expected that most of this fund will be spent on awarding the lump sum payments. However, the Group have recommended that if there is any remaining funding it is to continue to provide financial assistance for working age CTS recipients alongside the councils Exceptional Hardship Fund of £12k for 2020/21.
- 1.9. Collection rates for recipients of CTS show a better position than those of the overall collection rate. The way these are calculated is slightly different to the main rates as CTS is awarded at the start of the year for up to the full annual charge. Main collection rates are calculated as a % of the Council Tax due in the year to date.

- 1.10. For Working age recipients, the collection rate in terms of the amount of Council Tax paid for the full year and being paid in the current month (September 2020) was 85%. This was up on the same time last year, but the CT hardship grant is the main reason for this, with 62% of working age recipients having no balance to pay for the year. For pension age recipients the collection rate is currently 97% which is higher than pre-Covid. This is helped mainly by the pensioner CTS scheme allowing 100% support in most cases, due to it mirroring the previous national Council Tax Benefit scheme and a significant number of the remaining residents paying their instalments regularly.
- 1.11. It is assumed at the time of writing, that there will not be any additional financial support from the Ministry of Housing, Communities and Local Government for 2021/22 to fund additional pressures on the local CTSS in England, on top of those in 2020/21.
- 1.12. The Group discussed the longer-term pressures on vulnerable individuals and families from Covid-19 and recognised the pressures there may be around their Council Tax costs in 2021/22. The Group recommended that the Council asks the Government, through the Local Government Finance Settlement consultation, for Hardship Funding to continue in 2021/22.
- 1.13. On 25 November 2020, the Chancellor announced in the Spending Review £670m funding to support working age Council Tax Support recipients. At the time of writing this report, it is unclear as to how much funding would be allocated to Rushmoor. Further details are expected in the Local Government Finance Settlement in late December 2020.

2. WORK OF THE COUNCIL TAX SUPPORT TASK AND FINISH GROUP

- 2.1. A Council Tax Support Task and Finish Group was established last year, as a sub-group of the Overview and Scrutiny Committee (OSC) and has been working to the previously agreed terms of reference.
- 2.2. The Group met on 02 March 2020 and 06 October 2020 to make their recommendations.
- 2.3. The Group considered the on-going impact of Covid-19 and associated data regarding the CTSS.
- 2.4. The Group weighed up several factors and paid specific attention to the following matters during their deliberations:
 - Current collection rate for Council Tax payments in Rushmoor amongst CTS recipients
 - How collection rate last year compares in Rushmoor this year, as opposed to previous years
 - Early collection rate data following the onset of the Covid-19 pandemic

- The impact of the CT Hardship Funding in 2020/21

- 2.5 The current unprecedented position as a result of Covid-19 presents financial impacts on both the council and its residents. The current CTSS is familiar to customers and is relatively stable. The group agreed that this is not the right time to make fundamental changes, and indeed maintaining the current scheme for 2021/22 would help those of working age maintain a consistency at a time when they may be facing other personal and financial changes and challenges. Also, any scheme modelling and forecasting at this time using current data and information would be unlikely to provide a reliable picture of the longer-term claimant profile and caseload.
- 2.6 It is difficult to forecast the CTSS costs in 2020/21 with any degree of certainty due to the current Covid-19 impacts, and the further take up of CTS anticipated through the rest of this year due to the uncertain economic climate and the end of government support schemes, such as furlough.
- 2.7 Having considered all the data available to answer the lines of enquiry set out in 2.4, the Group considered that there was only one potential option to recommend to Cabinet for consideration.

Option put forward by the Group

- 2.8 To maintain the CTSS for 2021/22, as an identical scheme to the current year, whilst the Council Tax Support Task and Finish Group continue to monitor the impact of Covid-19 on people's ability to pay the Council Tax. With the Covid-19 position being unprecedented it is not possible to forecast with any degree of certainty what will happen but there is a likelihood of further job losses and more people out of work, and as such it would be reasonable to anticipate further increases in CTS caseload and expenditure for the remainder of the financial year. Therefore, the intention would be to only recommend changes based on significant evidence and data from a possible review of the scheme in 2021 for future consultation with the public and the major preceptors. Furthermore, this would all be considered taking into account the continuing evidence available during these uncertain times.

TABLE 1: Council Tax collection rates within Rushmoor, for those receiving CTS - % of those where full year paid and paying in September 2020

CTS collection Rates at date stated	Collection rate for those of Working age	Collection Rate for Pensioners
September 2018	83.4%	91.9%
September 2019	92.3%	95.8%
September 2020	85%	97%

TABLE 2: Overall Council Tax collection rates

Month and Year	% Collected of in year charge due to date
September 2018	95.84%
September 2019	95.86%
September 2020	93.50%

- 2.9 Presently expenditure on the CTS scheme is £4.668m. The table below shows the comparative position.

TABLE 3: Council Tax Support – award data

CTS paid by group	September 2019	September 2020
Pensioner	£2,103,186.63	£2,137,277.80
Working age	£2,290,835.95	£2,530,525.31
Total	£4,394,022.58	£4,667,803.11

- 2.10 At 30 September 2019, the cost of CTS was £4.394m. As you can see from Table 3, the cost at the end of September 2020 was £4.668m an increase of £0.274m.
- 2.11 The cost of the scheme is higher than expected but understandable, due to the impact of Covid-19. If we see the same level of take-up in the second half of the year, expenditure for 2020/21 could increase to £4.791m. At this level, the cost to Rushmoor for the 2020/21 scheme would be £62k.

3. LEGAL IMPLICATIONS

- 3.1 There are no specific legal implications resulting from this report. The Council has already had an established CTSS and does not wish to make any changes for 2021/22.

4. FINANCIAL IMPLICATIONS

- 4.1 The report has outlined impact of Covid-19 on the Council Tax Support Scheme and projected costs for 2021/22 should the scheme be carried over.
- 4.2 Whilst there are no financial implications arising directly from this report, the estimated cost of the Council Tax Support Scheme for 2021/22 will included when calculating the total amount of Council Tax income for the year. Increases in the cost of the CTS scheme will have a direct impact on the amount of Council Tax that is assumed in the revenue budget for 2021/22. A reduction on the level of Council Tax will increase the pressure on the Council's Revenue budget and further savings or cost reductions may need to be identified to ensure a balanced budget can be agreed.

- 4.3 Members will need to consider the financial implications of the scheme when considering the Budget for 2021/22 at the Council meeting in February 2021.

5. CONCLUSIONS

- 5.1 Cabinet are asked to consider the issues raised in this report and to follow the Group's recommendation, that the Option as described in 2.8 above, be adopted.

Councilor Diane Bedford
Chairman of Council Tax Support Task and Finish Group

BACKGROUND DOCUMENTS:

- 2nd March 2020 presentation to Council Tax Support Members Task and Finish Group
- 6th October 2020 presentation to Council Tax Support Members Task and Finish Group

CONTACT DETAILS:

Report Author: Dawn Menzies-Kelly
dawn.menzies-kelly@rushmoor.gov.uk / 01252 398333

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

CABINET

COUNCILLOR MARINA MUNRO
PLANNING AND ECONOMY PORTFOLIO HOLDER

8 DECEMBER 2020

REPORT NO. EPSH2036

KEY DECISION: YES

RENEWAL OF BUILDING CONTROL PARTNERSHIP**SUMMARY AND RECOMMENDATIONS:**

This report considers a proposal to renew the Hart and Rushmoor Building Control Partnership as a shared service between the two authorities to discharge the statutory building control functions for both areas for a further five year period.

The cabinet is recommended to approve the renewal of the Hart and Rushmoor Building Control Partnership to provide a shared building control service for a further five years until 31 March 2026, unless terminated earlier in accordance with the provisions of the agreed Deed.

1. INTRODUCTION

- 1.1. This paper provides details of the proposal to extend the Partnership between Hart DC and Rushmoor BC to provide a Building Control service for another five-year term.

2. BACKGROUND

- 2.1. Hart District Council and Rushmoor Borough Council entered into a shared service to form a Building Control Partnership in July 2015. This arrangement was set out in a legal deed with an initial term of five years, ending on 30 June 2020. By exchange of letters in June 2020, the term of the Deed was extended until 31 December 2020, to facilitate a review of the service and the consideration of renewal for a further term.
- 2.2. Local Authorities have a statutory duty to provide a Building Control function under the Building Act 1984.
- 2.3. The Councils originally agreed to establish a Partnership to fulfil their respective building control statutory functions as a result of both authorities experiencing a reducing workload with a small workforce within the competitive Building Control market, where independent Approved Inspectors were becoming increasingly active. The Building Control team is based out of Rushmoor's offices in Farnborough, and currently numbers five

building surveyors, a small technical support team and a Partnership Manager.

- 2.4 The partnership has worked successfully and has been competitive with an estimated 70% of the local market. The service is continuing to develop with the intention to move to a more mobile and digital approach. This has been delayed due to uncertainty about the IT provider for Hart DC. However, the first stage will be implemented in January 2021. Building Control faces a changing legislative environment due to the Grenfell tragedy and the response to Climate Change with new responsibilities likely to emerge in 2021.

3. DETAILS OF THE PROPOSAL

General

- 3.1. Building Control provides a range of services to the community centred around the enforcement of the Building Regulations 2010 which is a statutory requirement for all Local Authorities.
- 3.2. The Partnership has enabled Rushmoor BC to achieve operational resilience and financial stability from a potentially unworkable situation previously. A recent audit review of the service has found that the Partnership had been highly successful, delivering excellent customer service since its inception, winning back a good portion of market share and providing a solid efficient service for the benefit of residents and businesses in both areas.
- 3.3. The renewal of the Deed retains the core principles of the original structure but reflects both the financial reality of the Partnership and an improved oversight following a recent audit review of the Partnership by RBC.
- The original Deed set a 50:50 split of costs within the Partnership but it became clear that analysis of the fees and application numbers weighed the costs to a 60:40 split towards Hart DC. Thus the Steering Group who have operational oversight of the service met and agreed that costs should be split 60% to Hart and 40% to Rushmoor in 2018. However, the agreement was set outside the formal structure of the original Deed and so the decision was made to formalise this principle going forward. Application fees are set on a cost recovery basis only so effectively the higher the income the greater the cost. In addition, the draft Deed also provides a mechanism to review this on an annual basis as patterns of work change across the areas.
 - The Partnership was audited last year and a number of issues were highlighted including the need for increased oversight. Unfortunately, a senior management post giving specific line management was unfilled at Hart DC and the Steering Group did not meet officially for the last 18 months of the Partnership term. The new Deed has implemented the recommendations of the audit report in full.
 - The new Deed also reflects that the Partnership has been in place for over five years. Several clauses have been amended following a

review with legal to modernise the wording to reflect issues around GDPR and data protection and staffing arrangements.

Consultation

- 3.4. The renewal of the Deed has been overseen by Legal and Finance at both RBC and Hart DC and is in its final stages of oversight by Hart DC legal team .
- 3.5. The Deed has a Steering Group who oversight the workings of the Partnership and it sets out the agreed approach to oversight. The Steering Group is comprised of both Heads of Service and Portfolio Heads for each LA and the Partnership Manager.

4. IMPLICATIONS (of proposed course of action)

Risks

- 4.1. The Proposed renewal of the Partnership represents a continuation of the currently successful working arrangements. The renewal of the Partnership will ensure that RBC have continuing resilience to provide a Building Control service for the next five years.
- 4.2. The changes to the allocations of cost in accordance with workloads and fees rather than by a fixed formula helps ensure that authorities costs and income are aligned and neither is advantaged or disadvantaged by changes in income and cost.

Legal Implications

- 4.3. No additional Legal implications other than identified in Deed.

Financial and Resource Implications

- 4.4. The changes within the deed so that allocation of cost reflects workload will in the short term provide a positive benefit for Rushmoor. The fact that costs will be aligned with income ensures that they are appropriately allocated across the authorities in line with the resources required to deliver the service in the respective areas.

Equalities Impact Implications

- 4.5. None

Other

- 4.6. None

5. CONCLUSIONS

- 5.1. RBC must provide a Building Control function and the continuation of the Partnership has shown that this is an effective option to discharge our responsibilities. Staffing resilience and the benefit of a shared work space has given improved financial status to the service. BC work in a very competitive market where private Inspectors chase every application and only good service and customer care result in return business.
- 5.2. Rushmoor BC have duty to provide the service and to make sure its provided in a modern, commercial manner with good customer care. The renewal of the Partnership will ensure the service is delivered well, meets all regulatory requirements in an ever changing world and with additional resilience to a provision by a single Council.

BACKGROUND DOCUMENTS:

Internal Audit Update Licensing and General Purposes Committee 28 September 2020

<https://democracy.rushmoor.gov.uk/documents/g825/Public%20reports%20pack%2028th-Sep-2020%2019.00%20Licensing%20Audit%20and%20General%20Purposes%20Committee.pdf?T=10>

CONTACT DETAILS:

Report Author – Martin Hobley, Building Control Partnership Manager / Martin.Hobley@rushmoor.gov.uk / 01252 398723

Head of Service Tim Mills / Tim.Mills@rushmoor.gov.uk / 01252 398542

CABINET
8th DECEMBER 2020

COUNCILLOR MARTIN TENNANT
MAJOR PROJECTS AND PROPERTY PORTFOLIO
HOLDER

KEY DECISION: YES

REPORT NO. RP2017

APPLICATION FOR RENT RELIEF
ALDERSHOT TOWN FOOTBALL CLUB

SUMMARY AND RECOMMENDATIONS:

This report seeks authority to grant Aldershot Town Football Club, trading as Aldershot Town Football Club Limited, relief from rental payments due to the impact of the Pandemic and the inability to raise income. The relief offered is for 2020/21 or until such time as the club is able to operate and raise income through gate receipts.

Recommendations

That Cabinet agrees to:

Grant rent relief to Aldershot Town Football Club Limited, which is the new name for the 2013 Assignee, for the financial year 2020/21 or until such time as the club is able to operate and raise income through gate receipts

1. INTRODUCTION

- 1.1 The Chairman of Aldershot Town Football Club (ATFC) has approached the Council's Chief Executive on the basis that the Club is in a difficult financial position as a result of the Pandemic due to an inability to play games in front of crowds and earn revenue.
- 1.2 The Club is an important part of the social fabric of the town and therefore the Council generally takes reasonable steps to support its continued existence.
- 1.3 Previous concessions on rent payment have been made to the club on the basis of the value to Aldershot and difficult trading circumstances.

2 BACKGROUND

- 2.1 Aldershot Town Football Club Limited took an assignment in 2013 of a lease from 2008 to 2023 that an initial rent in 2008 of £5,000 per annum rising to £25,000 by the 10th year. This was followed by a rent review. The current rent is £30,000 per annum. The tenant is responsible for keeping the premises in

repair. Negotiations have commenced for a new lease involving the redevelopment of the ground.

- 2.2 As at 19th November 2020 the debt accrued during restrictions imposed by the Government since 23rd March 2020 is £21,956. There are currently no business rate arrears.
- 2.3 The Government has announced that outdoor stadiums can open from 2nd December and the announcement on 26th November that the town is within Tier 2 means that the maximum number of spectators allowed is 2,000. This is provided that social distancing measures can be observed. The capacity of the ground is 7,100 and with an average gate in the order of 1,800 means that, subject to clarification from ATFC, the Club is able to operate according to crowd expectations. If there is an issue with opening the ground to this level of spectators, the proposed relief will increase by £2,500 per month from the level in 2.2 above.
- 2.4 Relief from rent was granted between 2016 and 2020 on the basis of a reducing subsidy between 50 % and 10%. Rate relief is still current at 80%.
- 2.5 Before the onset of coronavirus restrictions some rent was owed to the Council and details are set out in the Exempt Appendix. The payments will be placed on a temporary hold during the restrictions, but a condition of the new lease is that this debt be paid prior to any new lease is signed.

3 OPTIONS

- 3.1 The Council grants temporary relief for the period of Coronavirus restrictions. Not to do so would put the club in difficulty and would involve the council then taking action in the courts with the recovery of the debt being unlikely.

4. IMPLICATIONS

Risk Review

- 4.1 The risk of the Council not granting relief is that the debt will continue to be held as an outstanding debt with there being a good chance the debt will not be paid.
- 4.2 The granting of relief does not guarantee that the club will remain viable.
- 4.4 The back rent owed is subject to a separate payment plan with the new lease being conditional on the payments being made. This decision is separate from that and is purely as a result of the Pandemic.

Legal Implications

- 4.6 There are no additional legal implications.

Financial and Resource Implications

- 4.7 The granting of rent relief will reduce the amount of income for the Council from the lease (£30,000 per annum as set out in paragraph 2.1) and put additional pressure on the General Fund revenue budget. For the purposes of the financial implications, it is assumed the maximum rent relief for the year would be up to the value of the lease.

5. CONCLUSION AND RECOMMENDATION

- 5.1 The granting of relief provides considerable assistance the club and will ensure that it is able to operate at least for the short term. The Club is important to the town and this particular issue is as a direct result of the Pandemic and its impact on the club and its inability to attract paying fans.

BACKGROUND DOCUMENTS:

Cabinet Reports:

25th July 2017

28th May 2019

12th November 2019

CONTACT DETAILS:

Paul Brooks - Executive Head of Regeneration & Property

paul.brooks@rushmoor.gov.uk / 01252 398544

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank