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RUSHMOOR BOROUGH COUNCIL

CABINET

*to be held remotely on
Tuesday, 20th April, 2021 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 16th March, 2021 (copy attached).

2. **REVENUE BUDGET MONITORING REPORT 2020/21** – (Pages 5 - 22)
(Cllr Paul Taylor, Corporate Services Portfolio Holder)

To consider Report No. FIN2108 (copy attached), which sets out the Council's anticipated financial position for 2020/21, based on the monitoring exercise carried out during February and early March, 2021.

3. **CAPITAL PROGRAMME MONITORING AND FORECASTING REPORT 2020/21 –**
(Pages 23 - 34)
(Cllr Paul Taylor, Corporate Services Portfolio Holder)

To consider Report No. FIN2109 (copy attached), which sets out the latest forecast of the Council's Capital Programme for 2020/21, based on the monitoring exercise carried out during March, 2021.

4. **ALDERSHOT POOLS COMPLEX - DISCRETIONARY RATE RELIEF –** (Pages 35 - 38)
(Cllr Maurice Sheehan, Operational Services Portfolio Holder)

To consider Report No. OS2102 (copy attached), which gives details of an application for discretionary rate relief in respect of the Aldershot Pools Complex.

5. **ALDERSHOT LIDO - PROPOSAL FOR OPENING 2021 SEASON –** (Pages 39 - 50)
(Cllr Maurice Sheehan, Operational Services Portfolio Holder)

To consider Report No. OS2104 (copy attached), which sets out a proposal for the opening of the Aldershot Lido for the 2021 season.

6. **LOCAL GOVERNMENT ASSOCIATION EQUALITIES AND DIVERSITY PEER CHALLENGE –** (Pages 51 - 88)
(Cllr Adrian Newell, Democracy, Strategy and Partnerships Portfolio Holder)

To consider Report No. ACE2102 (copy attached), which sets out the findings of the Local Government Association (LGA) Equalities and Diversity Peer Challenge exercise, which took place in January 2021, along with a draft Action Plan which has been developed in response to the LGA's recommendations.

7. **RUSHMOOR ROUGH SLEEPING STRATEGY 2021-22 –** (Pages 89 - 114)
(Cllr Maurice Sheehan, Operational Services Portfolio Holder)

To consider Report No. OS2103 (copy attached), which sets out the Council's proposed Rough Sleeping Strategy 2021-22.

8. **REGENERATING RUSHMOOR PROGRAMME - UNION STREET, ALDERSHOT REGENERATION SCHEME –** (Pages 115 - 474)
(Cllr Martin Tennant, Major Projects and Property Portfolio Holder)

To consider Report No. RP2103 (copy attached), which sets out the outcomes and recommendations from the due diligence work undertaken in relation to the redevelopment of Union Street, Aldershot and seeks approval to move to the next stage of project delivery.

9. **EXCLUSION OF THE PUBLIC –**

To consider resolving:

That, subject to the public interest test, the public be excluded from this meeting during the discussion of the undermentioned item to avoid the disclosure of exempt

information within the paragraph of Schedule 12A to the Local Government Act, 1972 indicated against such item:

Item No.	Schedule 12A Para. No.	Category
10	3	Information relating to financial or business affairs

10. **INVESTMENT PROPERTY PORTFOLIO - AGREEMENT OF REVISED RENTAL OFFER** – (Pages 475 - 494)
(Cllr Martin Tennant, Major Projects and Property Portfolio Holder)

To consider Exempt Report No. RP2102 (copy attached), which gives details of proposed alterations to financial arrangements with the tenant of a commercial premises owned by the Council.

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CABINET

Meeting held remotely on Tuesday, 16th March, 2021 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 **29th March, 2021**.

56. MINUTES –

The Minutes of the meetings of the Cabinet held on 16th March and 23rd March, 2021 were confirmed.

57. RUSHMOOR FOOD HUB –

(Cllr Adrian Newell, Democracy, Strategy and Partnerships Portfolio Holder / Cllr Martin Tennant, Major Projects and Property Portfolio Holder)

The Cabinet considered Report No. DCS2102, which set out a proposal to establish a Rushmoor Food Hub.

Members were informed that, over the previous year, the Council had been working with a range of partners and local volunteers to develop a new, sustainable and collaborative approach to food provision. This would be achieved through the development of a local food partnership, the provision of a community store at the Council-owned former St John Ambulance Hall, Windsor Way, Aldershot and the provision of community larders and fridges in locations in Aldershot. The Report set out the details of the scheme. In response to a question, it was confirmed that it was intended to develop the partnership in the North Camp and Farnborough areas using seed funding that was available from existing dedicated grants for food provision under Covid-19, as with the Food Hub.

The Cabinet RESOLVED that

- (i) the establishment of a Rushmoor Food Hub, as set out in Report No. DCS2102, be approved; and
- (ii) the provision of 90% rent relief, until 31st March, 2023, in relation to the lease from the Council, as set out in the Report, be approved.

58. **RUSHMOOR HOMES LIMITED - BUSINESS PLAN 2021-2026 –**
(Mr Paul Shackley, Chief Executive)

The Cabinet considered Report No. CEX2101, which set out the second business plan for Rushmoor Homes Limited (RHLtd), covering the period 2021–2026. It also included the first Shareholder Report, covering the first six months of RHLtd's operation. The Report was presented on behalf of the Council's Chief Executive, in his capacity as the Council's shareholder representative.

Members were reminded that RHLtd had been incorporated on 22nd April, 2020 and that the company was wholly owned by the Council. It was reported that significant progress had been made during the first year of operation, despite challenges including the impact of Covid-19, site issues, the provision of resources to support the company and the need to consider any potential impact from changes to the Public Works Loan Board's lending terms. The attached business plan summarised the outcomes of the first year of trading and set out objectives for the following five years. The business plan set out a list of sites and indicative delivery programme. Members were advised that some planning applications would be submitted imminently, subject to approval.

The Cabinet expressed strong support for the company's business plan and felt that this approach would deliver excellent results for the Council and for Rushmoor residents.

The Cabinet

- (i) **RECOMMENDED TO THE COUNCIL** that
 - (a) Rushmoor Housing Limited's Business Plan 2021-2026, as set out in Appendix 2 of Report No. CEX2101, be approved;
 - (b) the Council's Chief Executive be authorised to approve any variations in the delivery methods used to achieve the outcomes of the business plan, provided that this was within the approved budget;
 - (c) the funding required to finance the company's operations and acquisition and development programme be noted; and
- (ii) **RESOLVED** that the Shareholder Report, as set out in Appendix 1 of Report No, CEX2101, be noted.

NOTE: The Deputy Leader of the Council (Cllr K.H. Muschamp) declared a personal but non prejudicial interest in this item in respect of his involvement as Chairman of the Board of Rushmoor Housing Limited and, in accordance with the Members' Code of Conduct, remained in the meeting during the discussion and voting thereon.

The Meeting closed at 7.32 pm.

CLLR D.E. CLIFFORD, LEADER OF THE COUNCIL

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CABINET
20 APRIL 2021

COUNCILLOR PAUL TAYLOR
CORPORATE SERVICES PORTFOLIO HOLDER
REPORT NO. FIN2108

KEY DECISION: YES/NO

REVENUE BUDGET MONITORING REPORT 2020/21

SUMMARY:

This report sets out the anticipated financial position for 2020/21, based on monitoring exercise carried out with budget officers during February and early March 2021.

RECOMMENDATIONS:

CABINET is recommended to:

- i. note the latest revenue forecasts and financial impact from Covid-19
- ii. approve the establishment of Lease Surrender reserve and note the reserve movements proposed to support the General Fund in 2020/21
- iii. approve the proposed changes to the repayment profile of the Council's loans to Farnborough International Limited as set out in paragraphs 3.8 to 3.11

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 impact on the Council's finances and incorporates the final 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 A risk-based approach to budget monitoring has been undertaken with a review of forecasts by Heads of Service and Service Managers in February and March 2021. The forecasts for service revenue budgets reflect assumptions made at the time and may not reflect the full impact from the Covid restrictions in place since December 2020. Therefore, further fluctuations should be expected in the outturn position when reported to Cabinet.

- 1.4 The updated forecast for the General Fund is a net adverse variation of £0.287m (2.17% of the Net Revenue budget) which represents a slight worsening in the financial position when compared to the Latest Budget
- 1.5 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 Council agreed the revised budget at their meeting in February 2021 and no further changes have been made to the budget. Therefore, the current budget is now £13.261m. 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
Add: Revised Estimate changes	1,608
Latest Budget as at 28 February 2021	13,261

Note: Revenue budget is unchanged since Council approved the Revised Estimates at the meeting on 25 February 2021

- 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 and was based on an initial review of high-risk budgets. The Q1 budget monitor report to Cabinet in August 2020 highlighted a net adverse variation of £0.789m., with the Q2 budget monitor report to Cabinet in December 2020 showing an adverse variance of £0.678m.
- 2.4 Forecasts and assumptions for high-risk budgets have been reviewed for this report and some reliance has been placed on other monitoring and

management processes around major contracts (e.g. Domestic Refuse and Recycling, Street Cleansing, Ground Maintenance, Leisure). However, all forecasts are subject to risk and uncertainty given the continued impact from Covid-19 in 2021.

- 2.5 The updated forecast for the General Fund is a net adverse variation of £0.287m (2.17% of the Net Revenue budget) which represents a slight worsening in the financial position when compared to the Latest Budget.
- 2.6 The level of Government Funding for Covid-19 expenditure and income pressures has increased from £2.162m reported in Q2 to a projected £2.349m. The additional funding has helped to mitigate some of the financial pressures on the Council. However, the overall position on the General Fund remains positive given the impact from Covid-19, as shown in Table 2.

Table 2: General Fund Revenue Budget Forecast

	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	5,470	5,470	0
Customer Experience & Improvement	19	88	87	(1)
Major Projects & Property	(4,928)	(4,473)	(4,305)	168
Operational Services	7,847	10,768	11,058	290
Planning & Economy	2,548	2,470	2,250	(220)
ICE Programme	496	556	556	0
SUBTOTAL	11,272	14,880	15,117	237
Less: Reversal of Accounting entries	(2,519)	(2,519)	(2,519)	0
Net Service Revenue Expenditure	8,753	11,926	12,163	237
Corporate Income & Expenditure	3,227	2,243	2,243	0
C19 Expenditure Pressures	0	0	0	0
C19 Risk	0	0	0	0
Movement in Reserves	746	(463)	(284)	179
Savings Plan	(1,436)	(446)	(388)	58
Net General Fund Revenue Budget	11,290	13,260	13,734	474
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	1,478	1,478	0
Covid-19 Income Loss	0	684	871	187
Other Funding	(3)	(270)	(270)	0
TOTAL Funding	11,637	13,533	13,720	187
Core (Surplus) or Deficit	(347)	(273)	14	287
Balanced by:				
General Fund Balance				0
Service Improvement Fund	297	0	0	0
Workforce Reserve	50	0	0	0
Stability & Resilience Reserve	0	273	(14)	(287)
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 were subsequently 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 main material variations within Services are summarised in the tables below. Given the risk-based approach taken to reviewing budgets, the variations as reported should be viewed as indicative of the Council's financial

position against the revised budget approved by Council in February 2021. Cabinet will receive updates on the 2020/21 revenue outturn position in June and July 2021.

Table 3: Key Service variations

Significant Budget Variations	Portfolio	2020/21 Latest Budget (£'000)	2020/21 Outturn Forecast (£'000)	2020/21 Variation (£'000)
Council Offices/Facilities	CE&I	(10)	15	25
IT	CE&I	0	40	40
IT Technical Services - C19	CE&I	155	189	34
IT Technical Services - Cyber Security	CE&I	0	(100)	(100)
Commercial Property - Industrial Estates	MP&P	(926)	(901)	25
Commercial Property - Bellevue	MP&P	129	74	(55)
Commercial Property - Town Centres	MP&P	(642)	(642)	0
Commercial Property - Rushmoor Properties	MP&P	664	389	(275)
Commercial Property - Investment Properties	MP&P	(4,957)	(4,707)	250
Lease Surrender (Victoria Rd, Aldershot)	MP&P	0	(109)	(109)
Estates Support Service	MP&P	0	80	80
Regeneration (Revenue)	MP&P	197	447	250
Markets & Car Boot Sales **	MP&P	67	69	2
Car Parks **	OPS	242	297	55
On-Street Parking **	OPS	89	119	30
Leisure (FLC, AIP, Lido)	OPS	1,762	1,762	0
Crematorium	OPS	(705)	(530)	175
Cemeteries	OPS	18	48	30
Princes Hall - Culture Recovery Fund	P&E	166	129	(37)
Development Management	P&E	718	620	(98)
Building Control (Fees)	P&E	77	52	(25)
Economic Development	P&E	399	389	(10)
Town Centre Management	P&E	238	188	(50)
Subtotal		1,826	2,063	237

** 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.

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

Corporate Services – no material variations

Customer Experience & Improvement – no material variations

Whilst the budget monitoring forecasts across the portfolio is broadly in-line with the revised budget, there are 2 specific areas of variation that are worth highlighting in this report.

- **IT Technical Services (Cyber Resilience Grant):** The Council was awarded a grant of £100k in March 2021 to support the delivery of the Council's Cyber Treatment Plan which was submitted in support of the funding application. This funding will be transferred to a new earmarked reserve to fund expenditure in 2021/22.
- **IT Technical Services (Covid-19):** £34k additional expenditure incurred in relation to the upgrade and replacement of elements of the Council's IT estate to ensure Windows 7 devices remain secure prior to the rollout of Windows 10 later in 2021. Further software licences have also been required to enable continued home working.
- **IT Staffing costs (Application Support, Service Desk, Technical Support):** £40k additional expenditure on senior IT Service Desk Engineers to facilitate work on Covid-19 response and recovery.
- **Council Offices (Temporary Staffing):** £25k additional expenditure for temporary cleaning staff required during office opening hours to provide enhanced cleaning ensuring a Covid-secure working environment.

Major Projects & Property – £168k net income shortfall

Forecasting the outturn position across the Council's Commercial Property portfolio has been challenging. As reported to members in December, the broad assumption on rental income was for an adverse variation of £0.250m by the end of the financial year with the Commercial Property reserve funding any shortfall.

At the time of writing this report, the following outturn position has been forecast across the Commercial Property portfolio. There remains a number of uncertainties in terms of rental income, particularly around town centre properties (e.g. 168 High Street Guildford, Wellington Centre Aldershot) and multi-let properties (Ashbourne House Guildford, Frimley Business Park).

- **Industrial Estates:** £25k net adverse variation largely due to a projected income shortfall
- **Bellevue Industrial Estate:** £55k net underspend on General repairs and maintenance given proactive work by the Property Team.

- **Rushmoor Properties:** £275k net underspend on the Repairs and Maintenance budget in 2020/21 due to a delay in commissioning works following changes to the PWLB Lending Terms. It is expected that a proportion of the underspend will be carried forward to fund planned expenditure but will be subject to the overall General Fund revenue outturn position.
- **Investment Properties:** £250k Income shortfall across the portfolio. A report on options for 168 High Street Guildford is being considered by Cabinet at their meeting on 20 April 2021.
- **Lease Surrender (14-40 Victoria Road, Aldershot):** £122k payment has been received from the tenant in respect to the surrender of the 99 year lease. After accounting for fees and other costs associated with the surrender, the net payment of £109k will be transferred to a new earmarked reserve. This will provide funding in 2021/22 to mitigate holding and development costs associated with the site.
- **Estates Support Service:** £80k income shortfall

Expenditure of £250k is forecast on the Regeneration budget in respect of the due diligence work with Grant Thornton, Lambert Smith Hampton, and Gleeds on the Union Street regeneration scheme. This is funded from the Regeneration Due Diligence reserve.

Operational Services - £290k net income shortfall

As reported to members through the Q1 and Q2 budget monitoring reports, the Council has seen a significant reduction in the level of income from both Off-street and On-street parking. Income budgets were adjusted in the revised estimates approved by Council in February 2021 but the impact of Lockdown restrictions from late December 2020 have increased the income losses.

- **Car Parks:** £55k net income shortfall in car parking income offset in part due to lower salary costs.
- **On-Street Parking:** £30k net income shortfall from on-street parking charges. The final outturn position will be dependent on negotiations with Hampshire County Council concerning apportionment of income losses and any funding received from MHCLG.
- **Crematorium:** £175k income shortfall due to a 12% reduction in the number of cremations during the second-half of the year. Part of the reduction can be attributed to a reduced operational capacity.
- **Cemeteries:** £30k net income shortfall. Although the service has performed well this year the level of activity was not as high as predicted

when budgets were revised, although total income is significantly above the original budget level.

No material variations have been forecast across the Council's major contracts.

Members will be aware of the additional contract payment of £0.484m to Places Leisure in September 2020 to enable leisure facilities to reopen. Whilst leisure facilities were required to close in December 2020, it is not expected to give rise to a material variation.

The Council has been in regular discussions with SERCO as changes were made to Waste and Recycling services in response to Covid-19. Whilst the service changes have not resulted in any additional cost to the Council, it is expected that a reconciliation of income and expenditure across the contract will be required to confirm the outturn position for 2020/21.

Planning & Economy - £220k net income surplus

The key variations across the portfolio are listed below with minor variation forecast against Building Control (£25k).

- **Princes Hall (Culture Recovery Fund):** £37k underspend against the fund which will be carried forward to 2021/22. 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. The balance of the fund will enable works to be completed to allow for the reopening of the venue – ventilation works, carpets and flooring, electrical works.
- **Development Management:** £98k net income surplus due to fees from Farnborough International and two schemes on Wellesley coming through earlier than anticipated.
- **Town Centre Management:** £50k net underspend with committed expenditure in relation to Digital Heritage Trail (£15k), Cultural Strategy and Compact (£17k), and Events (£6k).

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. No material variations are expected across CI&E budgets.

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)	(1,090)	(1,090)	0
Interest Payable	1,370	785	785	0
Other CI&E	342	342	342	0
Additional Items/Growth	935	26	26	0
TOTAL CI&E	3,227	2,243	2,243	0

2.11 A key variation included in the Q2 monitoring position was a risk allowance of £0.500m, largely due to uncertainty around the impact of further restrictions on service forecasts of income and expenditure. Given the timing of this report, this risk allowance has been removed but a degree of uncertainty remains with the forecasts completed in February and early March.

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.

3. TREASURY MANAGEMENT – INVESTMENT INCOME AND BORROWING

3.1 As previously 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 Markey 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 has reduced investment returns from Money Market Funds, it has not had 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. Early advice from the Council's Treasury Management advisors suggested the Council should be prepared for lower income from bond, equity income, multi-asset and property funds. 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
- 3.5 At the time of writing the budget monitoring report, the performance of the Pooled Funds has improved, and this is reflected in the table below which 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 (%)	Forecast Returns to 28/02/2021 (%)
Property	5.30	4.20	6.40	4.00
Multi-Asset	4.90	3.50	4.70	4.46
Bonds	3.30	2.40	2.70	2.65
Equity	10.63	3.80	6.80	8.58
Average Rate of Return	5.80	3.40	4.80	4.49

- 3.6 The budget monitoring outturn forecast includes a revised forecast on the Council's Treasury Management income and is in-line with the revised budget position of £1.090m (but does represent a shortfall in income of £0.510m against the original budget).
- 3.7 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 further slippage of £0.680m to 2021/22. The revised budget assumed a reduction of

£0.585m on borrowing costs for the year and performance at the end of February was in-line with this expectation.

- 3.8 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.
- 3.9 At the recent funding consortium meeting in March 2021 a revised term sheet of proposed amendments to the Facility Agreement dated 16 December 2016 was put forward by Barclays. This set out revised financial covenants and other changes to the terms and conditions including formalising the revised repayment profile and treatment of deferred interest.
- 3.10 Under the draft terms, the public sector funding partners would receive deferred interest payments in June 2022, December 2022 and March 2024. Subject to covenant tests, repayment of the £4.6m of capital would be in June 2026 (£2.1m) and June 2028 (£2.5m). This represents a delay in the date of each repayment of 2 years. The Council's additional lending outside of the Facility Agreement (£2.2m) is subject to separate arrangements and is not due to be repaid until September 2028.

Capital repayment	Repayment Date	Revised Repayment Date
£2,105,000	30 June 2024	30 June 2026
£2,500,000	30 June 2026	30 June 2028

- 3.11 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. The Council will need to make an assessment of the fair value of the loans to FIL and may need to make an adjustment to the stated balance sheet value and disclosure within the 2020/21 Statement of Accounts.

4. SAVINGS PLAN

- 4.1 The Savings Plan for 2020/21 was revised in light of the changes to PWLB Lending Terms and the impact from Covid-19. The Table below outlines the revised level of savings agreed by Cabinet and Council in February 2021.

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)	0	0	0
Reversal of 2019/20 Additional Items	(130)	(100)	(100)	0
Rental Income from Property	(887)	0	0	0
Service Loans to Housing Company	(88)	(99)	(41)	58
Workforce/Modernisation Savings				
ICE Programme (Workstreams 1-3)	(150)			0
ICE Programme (Workstream 4)	(50)			0
Salaries monitoring	(50)	(247)	(247)	0
Subtotal	(250)	(247)	(247)	0
TOTAL Savings Plan	(1,436)	(446)	(388)	58

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.

- 4.2 Workforce savings and the reversal of 2019/20 additional items have already been achieved and were reported to Cabinet in the Q2 Budget Monitoring report in December 2020.
- 4.3 Income from Service Loans to the Housing Company will not be realised at the budgeted level as the drawdown of lending from the Council to Rushmoor Homes did not take place until 15 March 2021. It is estimated that gross interest plus recharges to the Housing Company will be £41k.
- 4.4 Table 6b below provides members with a summary of the salary underspends/savings across the broad portfolio headings and represents the savings as reported to members in December 2020 and confirmed in the revised estimates in February 2021. The outturn position on salary savings will be reported to members in due course.

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.

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. Rushmoor has received £1.434m of funding in 2020/21.
- 5.2 In addition to the Emergency funding, the government has reimbursed 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.
- 5.3 The Government have confirmed payments to Rushmoor under this scheme of £0.456m (for the period April to July) and £0.215m (for the period August to December). A further claim will be made in April 2021 (for the period December 2020 to March 2021). For the purposes of this report it is assumed a further claim of £0.200m will be made.
- 5.4 Covid-19 has a number of implications for the Council's Council Tax and Business Rate income during 2020/21.

- 5.5 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. It is expected that an unspent balance of £0.108m and subject to any grant conditions will be available to support Council Tax Support cases in 2021/22.
- 5.6 At the time of writing this report, the Council Tax collection rate to the end of year was 96.8%, with the equivalent figure from 2019/20 being 97.8%. The collection rate has improved significantly during the second half of the year as the Revenues team worked proactively with council taxpayers to ensure payments were reprofiled and affordable.
- 5.7 The impact of reduced collection rates 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). An estimate of the deficit was included in the 2021/22 budget and MTFs approved by Council in February 2021.
- 5.8 Additional business rates reliefs were announced by the Government in the Budget in March 2020, which were extended in response to Covid-19. The Retail and Hospitality and Leisure reliefs awarded to local businesses total £23.525m, 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 year being 95.8% (97.4% 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.

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 £0.645m, as set out in the table below.

Table 7a: 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	14
Commercial Property Reserve	250
Treasury Reserve	290
CPE Rolling Fund	91
Subtotal GF Support	645

- 6.4 Further reserve movements are likely 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 subject to the final outturn.
- 6.5 The table below shows the forecast of transfers to/from key reserves supporting the General Fund revenue budget.

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
Earmarked Reserves				
Stability & Resilience				
Service Improvement Fund	0	0	0	0
Commercial Property Reserve	50	(250)	(250)	0
Regeneration Reserve	(170)	(183)	0	183
ICE Reserve	(212)	(297)	(297)	0
Climate Emergency Reserve	250	216	216	0
Deprivation Reserve	100	100	100	0
Pension Reserve	669	669	669	0
Regeneration Due Diligence Reserve	0	0	(250)	(250)
NEW - Lease Surrender	0	0	109	109
Workforce Reserve	0	0	0	0
Treasury Reserve	0	(180)	(180)	0
CPE Rolling Fund	169	(91)	(91)	0
Budget Carry Forwards 2019/20	0	(301)	(301)	0
NEW Draft Budget Carry Forwards 2020/21			137	137
Elections Reserve	0	87	87	0
SANG/s106	0	0	0	0
Other Earmarked Reserves/Prior yr grants	(109)	(233)	(233)	0
TOTAL Transfers	746	(463)	(284)	179

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 were subject to change along with budget holders and the finance team reviewing transactions to ensure an accurate outturn position is presented. For clarity, the key assumptions are listed below:
- Lockdown/Restrictions remained largely in place from December 2020 until the end of March 2021.
 - 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 over and above the January 2021 estimated position are contained within the collection fund but will need to be incorporated into the 2022/23 budget.

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.

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 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 2020/21 outturn update reports to Cabinet in June and July 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 £14k 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 reviewed as part of the 2020/21 Revenue Budget Outturn and addressed in the new 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 Cost Reduction and Efficiencies 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

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CABINET
20 APRIL 2021

COUNCILLOR PAUL TAYLOR
CORPORATE SERVICES PORTFOLIO HOLDER
REPORT NO. FIN2109

CAPITAL PROGRAMME MONITORING AND FORECASTING REPORT 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 March 2021.

RECOMMENDATION:

Members are requested to:

- i) Note the latest Capital Programme position, as set out in Tables 1 and 2.
- ii) Approve the additional income of £142,801 received from Ministry of Housing, Communities and Local Government (MHCLG) and corresponding expenditure related to better Care Fund, as set out in paragraph 3.6

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 March.
- 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) Replacement cremators
 - (c) Voyager House conversion, and
 - (d) Housing PRS

2 BACKGROUND

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

3 CURRENT POSITION

- 3.1 The Council approved the revised Capital Programme of £24.721m on 25 February 2021. Based on March 2021 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 revised approved budget for the year 2020/21*	24,721
Plus: Additional budget approvals made for the year 2020/21 **	143
Total approved budget for 2020/21	24,864
Actual plus commitments	22,386
Forecast capital expenditure for the year	23,811
Net favourable variance (against approved budget)	(1,055)
Projected Slippage/(Pre-spend) to 2021/22 ***	680

* As reported to Cabinet in the Revenue Budget, Capital Programme and Council Tax report FIN2106 (16/02/2021)

** Additional fund announced by Ministry of Housing, Communities & Local Government. Not included in revised budget. Approval required

*** Projected slippage based on forecast4.

- 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 25 February 2021.
- 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 £22.4m. £23.8m is due to be spent by the year-end, predominantly as part of programmed regeneration.
- 3.5 **Appendix B** sets out the details in relation to:

1. The significant over/(under) spend variations to date;

2. The major areas of slippage;
3. Material variances in relation to schemes financed by grants/contributions.

3.6 The following are additional approvals are requested:

Disabled Facilities Grants

Additional income of £142,801 received from Ministry of Housing, Communities and Local Government (MHCLG) to facilitate expenditure related to better Care Fund.

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)	Slippage to / (from) 2021/22 (£'000)
Corportate Services					
Flexible Use of Capital Receipts	0	86	0	(86)	86
Subtotal CS	0	86	0	(86)	86
Customer Experience & Improvement					
Computer Systems	80	38	38	0	0
Council Offices	45	0	0	0	0
Subtotal CE&I	125	38	38	0	0
Major Projects & Property					
Aldershot Town Centre Projects	2,091	618	618	0	0
Civic Quarter Farnborough	14,525	276	283	7	0
Housing Matters	2,731	770	770	0	0
Commercial Properties	22,425	17,553	17,133	(419)	81
Property Enhancements	202	254	0	(254)	224
Union Street Aldershot	7,393	1,650	2,187	537	(537)
Other	0	0	0	0	0
Subtotal MP&P	49,367	21,121	20,991	(130)	(232)
Operational Services					
Alpine Snowsports	0	3	3	0	0
Crematorium	1,200	1,200	1,200	0	0
Depots	0	4	4	0	0
Manor Park	49	0	0	0	0
Parks & Open Spaces	125	552	397	(155)	185
Playground Works	104	104	104	0	0
Refuse/Recycling	100	143	149	6	0
Southwood Community Centre	0	20	0	(20)	20
Vehicle Replacement	0	7	7	0	0
Improvement Grants	1,111	1,354	733	(622)	584
Subtotal OPS	2,689	3,386	2,596	(790)	789
Planning & Economy					
No Capital Schemes					
ICE Programme	45	233	186	(47)	37
Subtotal ICE	45	233	186	(47)	37
TOTAL Capital Programme	52,226	24,864	23,811	(1,054)	680

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 £23.8m, £1.1m below the approved capital budget of £24.9m. The variance against approved budget since approval at Council on 25 February 2021 is due to delays in capital projects being completed in the 2020/21 financial year.

CONTACT DETAILS:

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CAPITAL PROGRAMME MONITORING SUMMARY 2020/21

Expenditure	REVISED BUDGET 2020/21	ADDITIONAL BUDGET APPROVALS 2020/21	TOTAL APPROVED BUDGET 2020/21	ACTUAL AS AT 16.03.2021	COMMITMENTS AS AT 16.03.2021	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
MAJOR PROJECTS AND PROPERTY	21,131	0	21,131	19,241	992	20,233	(898)	21,002	(131)	(232)
CORPORATE AND DEMOCRATIC SERVICES	86	0	86	0	0	0	(86)	0	(86)	86
CUSTOMER EXPERIENCE AND IMPROVEMENT	38	0	38	30	8	38	0	38	0	0
OPERATIONAL SERVICES	3,233	143	3,376	1,117	812	1,929	(1,447)	2,585	(791)	789
PLANNING AND ECONOMY	0	0	0	0	0	0	0	0	0	0
ICE PROGRAMME	233	0	233	178	8	186	(47)	186	(47)	37
TOTAL	24,721	143	24,864	20,566	1,820	22,386	(2,478)	23,811	(1,055)	680

Variations to Programme Approved 2020/21	Approved By	Date	£
Revised Budget 2019/20 - Various Projects	Full Council	25.02.21	24,720,557
IMPROVEMENT GRANTS - Disabled Facilities Grants (Mandatory)	Subject to approval		142800
Total Approved Budget			24,863,357

S106 and Grants & Contributions	REVISED BUDGET 2020/21	ADDITIONAL BUDGET APPROVALS 2020/21	TOTAL APPROVED BUDGET 2020/21	FORECAST S106 AND GRANTS & CONT'S AS AT 16.03.2021	VARIANCE
PORTFOLIO	£'000	£'000	£'000	£'000	£'000
MAJOR PROJECTS AND PROPERTY	(1,560)	0	(1,560)	(1,138)	422
CORPORATE AND DEMOCRATIC SERVICES	0	0	0	0	0
CUSTOMER EXPERIENCE AND IMPROVEMENT	0	0	0	0	0
OPERATIONAL SERVICES	(2,635)	(143)	(2,778)	(1,721)	1,057
PLANNING AND ECONOMY	0	0	0	0	0
ICE PROGRAMME	0	0	0	0	0
TOTAL	(4,195)	(143)	(4,338)	(2,859)	1,479

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		
INVESTMENT PROPERTIES Voyager House Fit Out	Project substantially completed within budget. Small amount of expenditure still to be incurred in 2021/22.	(437)
CORPORATE AND DEMOCRATIC SERVICES		
No variances		
CUSTOMER EXPERIENCE AND IMPROVEMENT		
No variances		
OPERATIONAL SERVICES		
IMPROVEMENT GRANT Housing Renewal Grant	Reduction in spend is due to COVID restrictions	(37)
PARKS AND OPEN SPACES Moor Road Recreation Ground Development	Unanticipated overspend currently being reviewed for miscoding	30
PLANNING AND ECONOMY		
No variances		
ICE PROGRAMME		
No variances		

- 2 The major areas of slippage/(Pre-spend) identified to date which are included within the (Appendix A) net slippage of £679,399 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		
INVESTMENT PROPERTIES Frimley4 Unit 4.3 Enhancement	No expenditure expected during 2020/21 as project delayed	117
INVESTMENT PROPERTIES Frimley4 Unit 4.4 Enhancement	No expenditure expected during 2020/21 as project delayed	107
INVESTMENT PROPERTIES Voyager House Fit Out	Project substantially completed within budget. Small amount of expenditure still to be incurred in 2021/22	81
REGENERATION Union Street East	Spending aligned with anticipated demolition and site remediation costs	(537)
CUSTOMER EXPERIENCE AND IMPROVEMENT		
No budget slippage		
OPERATIONAL SERVICES		
IMPROVEMENT GRANT Disabled Facilities Grant	Slippage due to COVID and VIVID not allowing works	584
KING GEORGE V Café Conversions	Project has been delayed	50
PARKS AND OPEN SPACES Southwood Golf Course SANG initial set up	Project has been delayed and budget required to support in 2021/22	135
SOUTHWOOD COMMUNITY CENTRE Internal decoration	No expenditure expected during 2020/21 as project delayed	20
CORPORATE AND DEMOCRATIC SERVICES		
FLEXIBLE USE OF CAPITAL RECEIPTS	No related expenditure in 2020/21	86
PLANNING AND ECONOMY		
No budget slippage		
ICE PROGRAMME		
Modernising Corporate and Service Systems	There are some outstanding upgrades (regulatory services) and some more mobile working hardware	37

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

Scheme	Explanation	Grant funding £000s
MAJOR PROJECTS AND PROPERTY		
INVESTMENT PROPERTIES Voyager House Purchase	Purchase completed in 2019/20. Contribution linked to Voyager House Fit Out that is substantial complete in 2019/20, with small expenditure is outstanding, therefore funding is to slip accordingly.	422
OPERATIONAL SERVICES		
IMPROVEMENT GRANT Disabled Facilities Grant	Referrals equivalent to the 2020/21 budget are expected to be agreed but not necessarily paid out and therefore the funding is to slip accordingly.	584
PARKS AND OPEN SPACES Southwood Golf Course SANG initial set up	S106 funding linked to the setup of SANG. Works are still in progress.	422

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CABINET
20TH April 2021

COUNCILLOR MAURICE SHEEHAN
OPERATIONAL SERVICES
PORTFOLIO HOLDER
REPORT NO. OS2102

KEY DECISION?
YES

ALDERSHOT POOLS COMPLEX – DISCRETIONARY RATE RELIEF

SUMMARY AND RECOMMENDATIONS:

SUMMARY

The Council recently awarded a contract to Places for People Leisure to operate the Aldershot Pools Complex for up to a 4 year period starting on 1 April 2021. As the occupier of the premises, they will be liable for the payment of Business Rates for the whole premises which would be recharged to the Council through the newly awarded contract unless any relief of rates is awarded.

Places for People Leisure was awarded 100% Discretionary Rate Relief by Cabinet at their meeting on 2nd April 2019 until the end of the previous contract that expired on 31 March 2021.

The purpose of this report is to seek a new award of Discretionary Rate Relief in favour of Places for People Leisure in line with the new leisure management contract to 31 March 2025.

RECOMMENDATIONS

Cabinet is recommended to award 100% Discretionary Rate Relief to Places for People Leisure to 31 March 2025 in line with the new agreement with them.

1. INTRODUCTION

1.1 The purpose of this report is to:

- Outline the background and financial implications of Discretionary Rate Relief; and
- Consider awarding Discretionary Rate Relief for Places for People Leisure in line with the new contract awarded to them for the management of the Aldershot Pools Complex.

2. BACKGROUND

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

- Occupy a property or rating hereditament which is used wholly or mainly for charitable purposes, and
 - Be established for charitable purposes only, or
 - Be accredited as a community amateur sports club.
- 2.2 A local authority has discretion to grant “top up” relief of up to the additional 20% to charities that have received the 80% mandatory relief.
- 2.3 In addition, an authority can grant relief of up to 100% to other ratepayers.

3. APPLICATION FOR RELIEF

- 3.1 Places Leisure is a property management, development and regeneration company. The group leisure company (Places for People Leisure) is a large leisure operator that manages around 100 leisure facilities on behalf of numerous local authorities. Places Leisure are not considered a registered charity but a not for profit organisation. Therefore, Places Leisure are not entitled to 80% Mandatory Charity Relief and this application is for 100% Discretionary Rate Relief.
- 3.2 After extensive negotiation, Places Leisure have been awarded a contract to operate the Aldershot Pools Complex on the Council’s behalf.
- 3.3 The financial arrangements set out in the new contract is referred to as a cost + model, which essentially means that the Council will meet the net cost of operating the Aldershot Pools Complex and pay an overhead to Places for People Leisure for doing so. As such, whilst the cost of Business Rates would be for Places for People Leisure to bear, the Council would ultimately fund it.
- 3.4 As the Council would ultimately fund the Business Rates through the contract, it makes sense and is simpler for the Council to award the maximum Discretionary Rates Relief to Places for People Leisure as has been the case for several years.

4. IMPLICATIONS

FINANICAL IMPLICATIONS

- 4.1 Since 1 April 2013, the business rates retention scheme has introduced a fundamentally new set of arrangements for dealing with the costs of business rates. The cost to grant any relief is most reliably estimated at being 40% of the relief granted. Although the total cost is ultimately determined by a number of factors, such as the Council’s total rate receipts measured against its estimated threshold for growth, taking into account any payment levies or safety net contributions payable or receivable.

- 4.2 The remaining 60% of the costs will be met by Central Government (50%), Hampshire County Council (9%) and Hampshire Fire and Rescue Authority (1%), under the Business Rates Retention Scheme.
- 4.3 The Business Rates payable in respect of the Aldershot Pools Complex for the financial year 2021/22 is £106,496 . Assuming full discretionary relief is awarded, the cost to the Council would be £42,598. This amount is allowed in the budget for 2021/22
- 4.4 The additional cost to the Council of not awarding full discretionary relief would be £63,898 which is not included in the budget for 2021/22.

Legal Implications

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

5 RISKS

- 5.1 Given the structure of the contract with Places for People Leisure, if Cabinet decide not to award full rate relief for the Aldershot Pools Complex, the cost will simply be passed back to the Council.

6. CONCLUSIONS

- 6.1 In conclusion, Cabinet is asked to award the maximum 100% Discretionary Rate Relief until 31 March 2025 in line with the new agreement with Places for People Leisure.

BACKGROUND DOCUMENTS:

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

CONTACT DETAILS:

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CABINET

COUNCILLOR MAURICE SHEEHAN
OPERATIONAL SERVICES PORTFOLIO HOLDER
REPORT NO. OS210420th April 2021

KEY DECISION? YES

ALDERSHOT LIDO – PROPOSAL FOR OPENING 2021 SEASON**SUMMARY AND RECOMMENDATIONS:**

The Council recently awarded a contract to Places for People Leisure to operate the Aldershot Pools Complex for up to a 4 year period starting on 1 April 2021. The contract did not include the operation of the Lido, which was to be considered separately. Having just been presented with the roadmap to end coronavirus restrictions from Government, at their meeting on 23rd February 2021, Cabinet committed to investigating the opening of the Lido for the 2021 season. As a result, PFPL produced a schedule of works and some forecast operating costs and income projections.

Historically, the Lido has typically operated at a cost to the Council of between £150-180k per season. The projections made by PFPL are broadly in-line with this, but the nature of the open book arrangement and the cost + model of the contract with PFPL places the financial risk with the Council. Therefore, a good season with minimal restrictions and good weather could see a significantly better financial outcome for the Council and a poor season could be significantly worse

RECOMMENDATIONS

Cabinet is recommended to:

Confirm whether the Council should open the Lido to the public for the 2021 season, taking account of the implications as laid out in this report. If Cabinet decide to open the Lido for the season, then Cabinet are further recommended to:

- a. Approve spend of £110k from existing budget to allow for essential pre-season works and maintenance to the facility and for an additional £100k to cover the operation of the facility, based on forecasts.
- b. Enter into an agreement with Places for People Leisure for the operation of the Lido, working with the Council on an open-book basis to optimise the performance of the facility.

1. INTRODUCTION

- 1.1 This report outlines details of a proposed programme to open the Aldershot Lido for the 2021 season following the facility being closed due to Coronavirus restrictions in 2020.
- 1.2 The Council's leisure operator, Places for People Leisure has developed an outline programme for the opening of the facility and after pre-season testing of plant, has recommended that the Council replace certain items of plant that are essential for the operation of the pool having come to the end of their life and as a result of the facility not opening in 2020.

2. BACKGROUND

- 2.1 The Council's Leisure facilities have been run by Places for People Leisure since 2002. These facilities include the Farnborough Leisure Centre and Aldershot Indoor Pools and Lido.
- 2.2 The Aldershot Indoor Pools and Lido (AIP) includes but is not limited to a 25m main pool, 12.5m indoor teaching pool, 50+ station fitness gym, large outdoor unheated lido with 3 water flumes, diving area, paddling pool, 9 acres of parkland, 2 x 3G floodlit football pitches.
- 2.3 In December 2019 the Cabinet agreed to procure a new leisure operating service contract covering the Farnborough Leisure Centre and Aldershot Indoor Pools and Lido complex (Cabinet report OS1915). Procurement began with good engagement from the market and a bidder's day was held shortly before lockdown was announced and the leisure industry closed.
- 2.4 As a result of the extended lockdown, market engagement made it clear that to continue the re-procurement at that time would not provide a good outcome for the Council or the boroughs residents. The decision was therefore taken to cancel the re-procurement programme.
- 2.5 The Council's leisure facilities remained closed for most of the past year due to coronavirus restrictions, requiring an additional £0.5m subsidy and through this time, the Council negotiated a contract with PFPL for the operation of the Aldershot facility only, without the Lido and decided not to reopen the Farnborough Leisure Centre when allowable by Government on 12 April. Instead, Cabinet decided to press ahead with the redevelopment proposals for the Farnborough facility and bring forward that element of the Civic Quarter regeneration.
- 2.6 This decision was taken at Cabinet on 23rd February 2021 and at the same meeting, Cabinet committed to investigating the opening of the Lido for the 2021 season

3. PROPOSED SCHEDULE OF WORK AND OPERATING COSTS

- 3.1 PFPL has developed a schedule of pre-season works that are required to adequately prepare the Lido for the season ahead, should the Council choose to open. The schedule is comprehensive and is based on PFPL having managed the facility for a number of years and the company having a good understanding of the technical working of the plant and infrastructure. Some of the more significant activities are listed below:
- 3.1.1 Replacement water circulation pump
 - 3.1.2 Replacement AstroTurf around poolside
 - 3.1.3 Pool tank emptying and refilling
 - 3.1.4 Pool tank repairs
- 3.2 The total cost of the works that are proposed (start-up costs) is estimated at circa £109k, through the open book arrangement with PFPL, the Council will ultimately pay the actual costs associated with the programme, which may vary from this figure. PFPL have a comprehensive supplier selection process, with quality being paramount and prices being competitive. Additional quotes are also sought for the larger items of spend. This process has been shared with the Portfolio Holder, who is comfortable with the processes that are in place.
- 3.3 The running costs for the Lido are well known and predictable (circa £58k per month), which mainly comprises staffing costs (circa £40k per month) with fairly significant energy costs (circa £10k per month) and other costs around maintenance and cleaning.
- 3.4 Income is significantly more difficult to predict as it is dictated to a significant degree by the weather and currently by the level of restriction and public confidence surrounding the coronavirus pandemic. PFPL has forecast for two scenarios (assuming an average season for weather), one is based on no operating restrictions relating to coronavirus and the other is assuming a maximum capacity of 1000. Over the course of a three month season, the expected difference in income is around £50k but could vary more considerably.
- 3.5 The net operating costs for the season are therefore forecast between £162k and £199k depending on the level of income. This figure includes a payment to PFPL for the management of the facility, but all costs will be apportioned to the Council based on actuals, rather than forecasts using a fully open-book approach.
- 3.6 The forecasts from PFPL demonstrate the potential income and costs to operate the facility on a month by month basis from July-September. Given the income potential for September being much lower with schools back, weather less predictable and costs still high, a season starting in July and ending on 5th September would reduce the financial risk of running the facility. The detail of the forecasts are included at confidential Annex A.

4. IMPLICATIONS (of proposed course of action)

FINANCIAL IMPLICATIONS

- 4.1 The Council has already made sufficient provision within the budget for 2021/22 for maintenance of leisure facilities to cover the start-up costs for the Lido facility.
- 4.2 Should Cabinet decide to open the Lido this year, additional revenue provision will be required of £100k based on forecasts provided by PFPL. Regular meetings will be held with PFPL to ensure that costs are managed effectively and that the financial risk to the Council is minimised. Members will be kept informed of the financial performance of the Lido and any mitigations that have been taken to mitigate additional cost pressures.

LEGAL IMPLICATIONS

- 4.3 If Cabinet choose to enter into a contract with PFPL for the operation of the Aldershot Lido for the 2021 season, then the basis of the agreement would be on a cost + basis with a fully open book. In this regard, PFPL would be undertaking the service on a risk-free basis and will be paid a management fee for doing so. This places financial risk with the Council and variations in demand will directly impact the level of subsidy required.
- 4.4 The agreement would have to be taken in the light of the contract that is in place between the Council and PFPL for the operation of the Aldershot Indoor Pools facility.

5 RISKS

- 5.1 If Cabinet choose to open the Lido, the operating risk lies entirely with the Council, but steps will be taken, in partnership with PFPL, to effectively manage these and minimise them throughout the term of the agreement.

6. CONCLUSIONS

- 6.1 The Aldershot Lido is a much-loved local facility and following the Coronavirus pandemic, has now been closed to the public for almost two years. The roadmap laid out by Government, leading to a restriction-free operation during the summer of 2021 created the opportunity to explore the opening the Lido for the forthcoming season. Based on many years of operating experience, forecasts have been developed for the mobilisation and running costs of the facility along with projections of possible income.
- 6.2 Any agreement with PFPL to operate the facility would be for one year only and should Cabinet decide to proceed with opening for 2021, a full review of the performance of the facility would be undertaken in the autumn to inform any future decisions and budget setting. Additionally, a

survey will be required to ascertain the medium term investment needed to keep the facility running given it's age.

BACKGROUND DOCUMENTS:

1. Leisure contract – arrangements from April 2021 – Cabinet 23rd February 2021

CONTACT DETAILS:

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Head of Service – James Duggin, Head of Operational Services,
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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
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CABINET
20 APRIL 2021

COUNCILLOR ADRIAN NEWELL
DEMOCRACY, STRATEGY AND PARTNERSHIPS
PORTFOLIO HOLDER
REPORT NO. ACE2102

KEY DECISION? NO

LOCAL GOVERNMENT ASSOCIATION EQUALITIES AND DIVERSITY PEER CHALLENGE

SUMMARY AND RECOMMENDATIONS:

This report presents the findings of the Local Government Association (LGA) Equalities Peer Challenge which took place in January 2021 and the draft Action Plan which has been developed in response to the LGA's recommendations.

Cabinet is recommended to:

- Note the Equality Peer Challenge Report (January 2021)
- Approve the draft Action Plan as attached at Annex B.

1. INTRODUCTION

- 1.1 In January 2021, at the request of the Council, the Local Government Association (LGA) carried out an Equalities Peer Challenge based upon the Equality Framework for Local Government. A written report detailing their findings and recommendations has now been received and a proposed response has been prepared.
- 1.2 The response takes the form of a draft Action Plan which sets out the proposed action to be taken by the Council on a phased basis over the next three years. This draft Action Plan has been considered by the Policy and Projects Advisory Board (PPAB) and the approach outlined in this paper has been endorsed and is recommended to Cabinet for approval.

2. BACKGROUND

- 2.1 In June 2020 the Council passed a Motion to record its solidarity in the fight against racism following the death of George Floyd in the USA and the subsequent Black Lives Matter protests across the world. The Council agreed to undertake an all-party review of its processes, policies and organisational attitudes regarding racism.
- 2.2 The Policy and Projects Advisory Board (PPAB) held a Special Meeting on 25 August 2020 to consider the scope and next steps to be followed by the Council in light of the Motion. The Board agreed that to support this work, an LGA Peer Challenge on Equalities and Diversity should take place as

soon as possible, with a view to any initial work being completed and recommendations prepared by the end of the 2020/21 Municipal Year.

- 2.3 The LGA Peer Challenge took place in January 2021 with LGA Peers undertaking two days of virtual meetings with Council staff, Members, community groups and partner organisations. The Peer Challenge was based upon the Equality Framework for Local Government and the team were asked to look specifically at Black and Minority Ethnic community issues rather than other protected characteristics.
- 2.4 The Peer Team for the Challenge included:
- Councillor Kam Kaur – Portfolio Holder for Customer and Transformation, Warwickshire County Council
 - Minakshee Patel – Corporate Equality and Diversity Advisor, Rugby Borough Council
 - Sam Johnson – Policy and Performance Manager, Bournemouth, Christchurch and Poole Council
 - Kirsten Burnett – Head of Policy and Organisational Development, Hyndburn Borough Council
 - Gill Elliott – Review Manager, Local Government Association
 - Harry Parker – Review Manager, Local Government Association
 - Esther Barrott – LGA NGDP Graduate and Shadow Peer
- 2.4 The Peer Challenge Team were provided with a range of background documents in advance of the review to supplement the two days of virtual meetings. The findings were presented to the Council on 28 January 2021 and all those who had participated in meetings with the Peer Team and all Members were invited to this session. This presentation and the written report (as attached at Annex A) have been structured in line with the four areas of the Equality Framework for Local Government, as follows:
- Understanding and working with your communities
 - Leadership and organisational commitment
 - Responsive services and customer care
 - A diverse and engaged workforce
- 2.5 The report makes 35 recommendations to the Council for consideration. These reflect conclusions drawn from the review of documentation and through the two days virtual ‘visit’ to the Council.
- 2.6 The report highlights a number of areas of good practice, along with an acknowledgement that the Council has made a good start, particularly with regard to how the Motion has been taken forward. The report also notes the Council’s “exemplary and long-standing work with the Nepali community”. The recommendations provide some suggestions to the Council on how this can be further built upon to improve work on equalities and diversity.
- 2.7 In their report, the LGA acknowledge that Covid 19 has resulted in additional pressures for Council staff and that it will be important not to

overwhelm staff with further additional work. The draft Action Plan (at Annex B) has been developed in this context with a view to this work being regarded as 'Business as Usual' in line with the LGA's recommendation.

3. Development of a Draft Action Plan

- 3.1 Following publication of the LGA's report in February 2021, work has been underway to review each of the recommendations made by the LGA and to consider the Council's possible response to each of the actions. This work is summarised in Annex B (draft Action Plan) which provides detail of each recommendation, the Council's proposed response and next steps to be taken along with timescales and identification of the lead officer for each piece of work. In most instances, the Council's proposed response aligns with the recommendations of the LGA although in a small number of cases, the management response proposes a different approach.
- 3.2 The draft Action Plan has been reviewed by the Council's Corporate Management Team (CMT) and the actions and timescales are considered to be deliverable. The draft Action Plan includes a number of significant actions which will take place over the next 6 months and will include work to embed equalities and diversity into existing relevant strategies and further develop the governance framework that already exists. Work will also take place to refresh the training offer available for Council staff and work is already underway to improve the levels of workforce data that is currently held. Over the course of the summer, it is also proposed that further resident survey work is undertaken in line with the recommendations in the LGA report. The aim of this early work will be to ensure that the Council has a strong and up to date foundation for continued and enhanced work on Equalities and Diversity.
- 3.3 There are a number of actions that are identified for delivery between September 2021 and March 2022. These are typically activities where there is a need to align with work that is already planned (for example, the launch of a new website or the planned refresh of the Procurement Strategy) or where there is a need for earlier work to be embedded (such as staff training). The timing of the release of Census data will also be critical to enhancing the Council's understanding and work with communities.
- 3.4 The draft Action Plan also identifies a relatively small number of actions which are proposed for delivery in the longer term. In light of the LGA's comments around phasing of implementation of actions, these are recommendations that may be best delivered following some of the proposed earlier work. The draft Action Plan proposes some indicative dates for these to be delivered.
- 3.5 It is intended that all next steps/actions identified in the draft Action Plan will be included and monitored through Service Plans and the template used for this has been updated so that this can be achieved.

Policy and Projects Advisory Board (PPAB)

- 3.6 The Policy and Projects Advisory Board (PPAB) have played a key role in taking forward work associated with the Council Motion since it was agreed in June 2020. A special meeting of PPAB was held on 25 August 2020 to consider the scope and next steps for this work and it was agreed that an LGA Peer Review should be conducted and that recommendations should be prepared by the end of the 2020/21 Municipal Year.
- 3.7 PPAB reviewed the draft Action Plan at their meeting on 24 March 2021 and gave their endorsement and support to the approach that is proposed. It was noted that the key theme of the proposed Action Plan was to build on progress that has already been made by the Council to promote community cohesion between different groups. The approach to embed a number of the actions into existing strategies, such as the Supporting Communities Strategy and the People Strategy, rather than creating a new document was supported.
- 3.8 The nature of the draft Action Plan was discussed by PPAB, recognising that some items of the document could be delivered relatively swiftly and other require further work and exploration prior to implementation. Members of PPAB stressed that understanding the critical path and dependencies in taking forward the draft Action Plan and officers have been considering this as Service Plans for 2021/22 are developed. The draft Action Plan provides a high-level framework for setting out next steps and additional detail would be set out in Service Plans and would be subject to further engagement and consultation where required. In particular, PPAB expressed a desire to be involved in community engagement type activity such as how the Council might celebrate events and festivals.
- 3.9 PPAB also sought reassurance regarding performance monitoring to ensure that the recommendations from the LGA report are progressed in a timely manner. It is intended that this will be picked up through the Council's usual Performance Management processes and recorded in relevant Service Plans. The Assistant Chief Executive, as the CMT lead officer will be responsible for tracking overall progress against the Action Plan. Over the longer term, there will be an opportunity for Overview and Scrutiny to consider progress against the plan and to explore further Peer Challenge reviews or accreditations to gain an independent view on the progress that the Council has made.
- 3.10 In advance of PPAB, the Chairman also received feedback from some of the community leaders in Rushmoor who had been involved in the Peer Challenge sessions in January. This feedback has been positive and has commended the Council in having taken forward the Peer Challenge and in the development of the Action Plan. Those who have responded have offered support, advice and guidance as the Council's work in this area continues.

4. IMPLICATIONS

Risks

- 4.1. There are not thought to be any key risks to the approach outlined in this paper the associated draft Action Plan. There is a potential risk associated with not taking forward a number of the recommendations set out in the LGA report as this some of these could leave the Council in the position of non-compliance with the requirements of the Public Sector Equality Duty. The proposed approach mitigates this risk.

Financial and Resource Implications

- 4.2. The draft Action Plan has been developed with a view to actions being delivered within existing budgets over a three-year period. Therefore, it is not thought that there will be any direct financial or resource implications arising from the proposals.

Equalities Impact Implications

- 4.3. The LGA Peer Challenge was commissioned in order to the give the Council and independent view on its Equalities and Diversity work. The recommendations provide a basis to build upon existing work and make further progress in this area. The recommendations have been based upon the areas set out in the Equality Framework for Local Government.
- 4.4. In some cases, elements of the draft Action Plan propose changes to existing policies, strategies or services and these will be subject to an Equalities Impact Assessment where required.

5. CONCLUSIONS

- 5.1. The LGA Peer Challenge report proposes 35 recommendations to the Council to consider and the draft Action Plan provides a framework for their associated implementation. The Peer Challenge report is informed by a range of input from both internal and external stakeholders to the Council and the draft Action Plan was been considered and endorsed by PPAB at their meeting on 24 March 2021.

BACKGROUND DOCUMENTS:

Local Government Association – Equality Peer Challenge Report January 2021
(Annex A)

Draft Action Plan (Annex B)

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Equality Peer Challenge
Rushmoor Borough Council

Peer Team Report

January 2021



1. Background

In June 2020 Rushmoor Borough Council (RBC) passed a Council motion to record its' solidarity in the fight against racism following the death of George Floyd in the USA and the subsequent Black Lives Matter (BLM) protests across the world. RBC pledged to eradicate racism and make its towns inclusive for all citizens. The Council agreed to undertake an all -party review of its processes, policies and organisational attitudes regarding racism. As part of that wider review the LGA was asked to carry out an equality peer challenge based on its Equality Framework for Local Government.(EFLG) The peer team were asked to look specifically at Black Asian and Minority Ethnic (BAME) issues rather than other protected characteristics.

The Equality Framework has four areas of performance. They are:

- Understanding and working with your communities
- Leadership and organisational commitment
- Responsive services and customer care
- A diverse and engaged workforce

The Peer Challenge is not an inspection; rather it offers an external assessment by critical friends who are subject experts and have experience of delivering an equality/diversity agenda in their own councils.

The peer team for the Challenge were:

Councillor Kam Kaur-Portfolio Holder for Customer and Transformation, Warwickshire County Council
Minakshee Patel - Corporate Equality & Diversity Advisor
Sam Johnson - Policy and Performance Manager, Bournemouth, Christchurch, Poole Council
Kirsten Burnett -Head of Policy and OD, Hyndburn Borough Council
Gill Elliott – Review Manager - Local Government Association
Harry Parker– Review Manager -Local Government Association
Esther Barrott – LGA NGDP Graduate and shadow peer

The peer team were provided with background documents and spent two days talking to a range of stakeholders including frontline staff, managers, Members, third sector and other partners as well as community representatives. The peer team would like to thank everybody that they met and spoke to during the process for their time and contributions.

Our findings were presented to the Council on 28th January 2021. This report provides some more detail to the findings including strengths and areas for consideration. We have made a number of recommendations, divided into the four areas of the Equality Framework. Many of the recommendations focus on

BAME issues as requested by the council in its scope. It is important that the Council, while addressing these issues, does not lose sight of the wider EDI objectives and looks at ways that its policies and actions can encompass all of the protected characteristics to ensure a robust and effective EDI strategy.

Executive Summary

The Black Lives Matter (BLM) motion passed by councillors in June 2020 is a visible public declaration and demonstrable commitment that RBC Members want to work together on Equality, Diversity and Inclusion (EDI) and BAME issues within the borough of Rushmoor and the Council itself. The motion has been a catalyst for activity within the council. The Board has set the following objectives for its overall work:

- Understanding current provisions, guidance and best practice
- Examining policies to ensure they reflect the above
- Complete the review of equalities policy and processes
- Reflect the provisions in the emerging People Strategy

We feel that the Council has made a good start. Its' Policy and Project Advisory Board (PPAB) made up of Members from all parties will be overseeing the work. Going forward, the Council now needs to develop some structure for EDI work so that it fits more clearly into the managerial and governance structure of the organisation and so that activities can be better co-ordinated. This will help to ensure there is proper planning and accountability for the work. There is currently no clear link between the organisation's Business Plan and its EDI agenda. Establishing that "Golden Thread" throughout corporate plans, policies and procedures will help to mainstream equality throughout the organisation.

The political and executive leadership understand the issues and want to see real changes for BAME communities and staff. However, its messaging in the past has been inconsistent. Ownership of the EDI agenda by Members and the Executive Leadership Team (ELT) needs to be strengthened and clarified throughout the Council and EDI needs to be a key corporate priority.

It is important to acknowledge that people are dealing with new ways of working arising from the Covid-19 pandemic, resulting in additional pressures. EDI is a significant work agenda, and it will be important to avoid overwhelming staff further with additional work. EDI needs to become part of "business as usual" at the Council so as not to become an extra burden. Working from home has required people to work very differently than before the pandemic, making far greater use of technology. This presents fresh opportunities for greater collaboration between staff and with Members, making it easier to work jointly on projects.

We heard that RBC has a strong “family” culture and that there are many staff with long service, which is an organisational strength. However, it can also mean that people may be rather “set in their ways” which could result in practices and behaviours that exclude some people. Consequently, it is important that the organisation’s culture is inclusive for all staff whatever their length of service, age, ethnicity or other protected characteristic. It is critical that all staff feel they belong within the ‘family’ and are able to “bring their whole selves” to work. Creating this culture will need to be a proactive process that is led from the top but involving all the staff and members.

The Council’s work with its Nepali community is exemplary and long standing. There are now estimated to be around 10,000 Nepalese people in Rushmoor since ex-Gurkhas were given leave to remain in 2010 and to bring their families to the UK. The community includes many elderly citizens and an increasing number of young people. It is recognised and appreciated that it is the largest ethnic minority in the borough, but we feel that there now must be a rebalancing of resources and activity to provide other smaller ethnic minority communities similar consideration.

RBC is seen as a good partner to work with but there is insufficient scrutiny from the Council on the outputs of initiatives it funds, which partners such as the Citizens Advice Bureau (CAB) and the Council for Voluntary Services (CVS) in Rushmoor are delivering. We also feel that the Council is not maximising opportunities to use its procurement power to benefit the community and progress the EDI agenda e.g., leveraging more social value from multi – million pound regeneration projects in the borough.

The Council has recently adopted a new People Strategy. We felt that it was rather “light” on EDI considerations and references and could be used to set equality objectives. The supporting action plan will need to ensure that EDI is being better addressed including a review of all HR policies and procedures. Better and more up to date workforce and community population data will help the Council to identify key areas of work and track progress. We were pleased to hear that work has already started on increasing the amount of workforce data collected.

The training offer on EDI is currently ad hoc and extremely limited for staff and Members. This is reflected in the low levels of knowledge and lack of confidence around EDI issues including the Public Sector Equality Duty. Much of what we found in the way of EDI policies, objectives and templates needs to be updated.

The use of equality impact assessments (EQIAs) is inconsistent across the Council. This leaves the Council open to legal challenge if due regard is not given to equality impacts when decisions are taken.

2. Recommendations

Leadership and Organisational Commitment

1. Develop an equalities strategy and a smart action plan to provide a framework for EDI work and governance across the Council; develop objectives, set timescales, manage accountability etc.
2. Establish a governance framework for EDI work, including the Equalities Group. Use the Overview and Scrutiny committee to scrutinise EDI policy
3. Identify lead officers for Engagement and EDI work. Staff were unclear about who has responsibility for these issues
4. Consider establishing a Cabinet Champion role for Equalities. There are Member Champions for other issues. An EDI Champion would signal that EDI is a Cabinet priority.
5. Bring EDI into the Council's performance management framework
6. Ensure that any Covid-19 Recovery Plan includes a BAME focus.
7. Review the EQIA template and process and roll out training for managers. Currently EQIAs do not take into consideration all the protected characteristics within the Equality Act 2010.
8. Develop an internal and external communications strategy that links into the Business Plan, and key strategies affecting BAME issues
9. Strengthen Service Level Agreements to link in with the Corporate priorities.
10. Sign up to the Race in The Workplace Charter. Doing so will signal nationally that the Council is committed to this agenda as well as gaining access to guidance.

Understanding and Working with Your Communities

11. Use existing published data and data shared with partners to build up a clearer picture of BAME communities in Rushmoor.
12. Use grant awards as leverage to become an effective enabler. Use this funding to improve participation and build BAME community capacity.
13. Broaden engagement with smaller communities and ethnic minorities beyond faith groups. An engagement strategy would assist with this.
14. Extend the good practice from the engagement/work done with the Nepalese community and ensure provision is available for other communities to support them to shape and access services

15. Refresh the EDI related content on the Council's website. Use it to signpost to community groups and other support.
16. Celebrate festivals and events internally and externally, for example Black History Month, Eid, Diwali, Pride etc.
17. Develop bespoke communications for different communities e.g., Covid-19 information for higher risk communities.
18. Work with partners to properly understand the health and wellbeing inequalities within the different BAME communities.
19. Provide formal feedback loops for BAME communities – they do not know where to raise issues.

Responsive Services and Customer Care

20. Review and develop data sharing protocols with key partners and communicate these across the organisation.
21. Ensure that services consider equality of access for all during service design, planning or redevelopment.
22. Review the council's approach to procurement to maximise impact on the EDI agenda.
23. Commission and analyse in-depth resident and customer surveys to gain a better understanding of the views and experiences of BAME people (and the other protected characteristics).
24. Adopt the principle of co-design and co-development of services with the users including minority ethnic communities.

Engaged and Diverse Workforce

25. Set aspirational targets for increasing the percentage of BAME staff in the council.
26. Roll out training programmes for staff on EDI, including some mandatory training, induction training and embed in other training as appropriate.
27. Develop Member training for EDI – consider making it mandatory.
28. Start addressing gaps in workforce data, recognising that not all staff will complete their data immediately and it may take several reminders
29. Start analysing trends in workforce data and addressing barriers to progression for BAME staff if this is an issue. Capture and understand the lived experience of BAME staff.
30. Adopt a positive action approach to advertising, recruitment and developing talent for career progression. Consider the reintroduction of formal and informal positive action initiatives for BAME people at all levels similar to earlier 'projects' that existed in a bid to increase the number of female leaders.
31. Consider how mentoring, coaching, sponsorship and secondment to partners and other local employers could improve diversity at senior levels.

32. Partner with community links e.g. Farnborough College to gain insight into what different segments of the community want from work and promote the Council as an employer of choice which can offer many careers.
33. Establish a BAME staff equality network with allies, sponsorship and a budget (depending on numbers and interest a BAME network could initially be part of a wider staff equality network).
34. Continue to identify opportunities to target the recruitment of apprentices - this could help to get a more representative workforce as well as help the council meet its apprenticeship duty.
35. Embed the behavioural framework in processes such as performance & development reviews. This could be refreshed to reflect EDI commitments.

3. Detailed findings

3.1 Leadership

Strengths.

The BLM Motion in June 2020 was a clear and public commitment from the Council Members that EDI is a key priority for the Council. The Policy and Project Advisory Board (PPAB) of members will be accountable for the delivery of the BAME review. Being cross party is a real strength for the organisation as many of the wards with the greatest deprivation and highest minority ethnic populations have Labour councillors.

As a council Rushmoor has been characterized as being rather “old fashioned” in its culture and ways of working. The Chief Executive, senior team and HR are all keen to bring Rushmoor up to date as an organisation and with regards to EDI. There is a good flow of information at a strategic level and the Corporate Management Team have a good understanding of equalities and are visible at community events. It is important that demonstrable and personal commitment to EDI is seen by the community and staff.

It is encouraging to see a high level of diversity amongst Members. The diversity of different backgrounds and ages adds value as it brings varied knowledge and experiences to their role and the Council and it is a real strength to have a broad body of opinions and attitudes to feed into the EDI agenda.

Partnership working during the Covid-19 pandemic has strengthened relationships and provided a strong basis for taking other initiatives forward. The new Supporting Communities Strategy has the potential to deliver real improvements for BAME and other deprived communities.

Areas for consideration

EDI needs to be embedded in all relevant strategies. e.g. Communications Strategy and Council Business Plan. The Council's new Business Plan does not express the Council's commitment to EDI, making it feel more like an add-on than a priority. This could be addressed by publishing a re-fresh of the Plan and by ensuring there is a better connection between the communications strategy and the Business Plan.

There is no governance structure in place for EDI in the organisation. For example, there is no established scrutiny mechanism for EDI. This could be addressed by using task and finish groups within the Overview and Scrutiny Committee or having an annual EDI report to scrutiny. The new EDI group that was established in late 2020 has no formal reporting links to the corporate management team for reporting progress on issues or seeking a steer on activities. It needs to be brought into the governance structure with reporting lines to the corporate management team. There needs to be a 'Golden thread' of EDI through the organisation, which is owned by the Members as well as staff

There is no Member training offer on EDI at present which is a significant gap. Members understand the importance of EDI but lack understanding and knowledge about what it means in practice and how they can use their role as community leaders to empower all local communities, engage better with BAME residents and build vision and direction for the organisation's equality work into the Council's priorities.

Corporate ownership for the emerging EDI agenda is not well understood by staff throughout the organisation. Our small survey of what staff thought of the council's approach to EDI produced words like "variable" "lacking" "open" "engaged" "developing" "unknown" and "not very visible" "under supported" "patchy" amongst others.

People we spoke to feel that the Council is well intentioned and good at addressing problems with communities when they arise, but that it needs to be more proactive in understanding and seeking out issues before they become a problem.

Equality objectives for the organisation are not up to date and it is not clear what progress has yet been made to achieve them. The single equality objective on the Council's website dates from 2018. The Council needs to develop an equality strategy with revised objectives and an action plan to deliver them.

Staff do not always know how to apply equalities considerations to services and policies. Their knowledge needs to be broadened so that equalities can be more embedded throughout the organisation. Including EDI in the corporate

performance management systems will also help this process. Service planning and performance monitoring needs to consider equality implications. The staff performance/development appraisal process should also address equality. This may be by assessing training needs or setting objectives.

Equality Impact Assessments (EQIA) are not routinely undertaken and there is no oversight of their quality. The EQIAs that we saw only addressed six protected characteristics not the nine included in the Equality Act 2010, so are outdated and inadequate. It was also not clear that all Cabinet/Council reports have EQIAs attached. Both these factors leave the council at risk of non-compliance with the requirements of the PSED.

3.2 Understanding and Working with Your Communities

Strengths

The Council has a strong and proud history of working and engaging with the Nepali community, as evidenced by the town being twinned with Gorkha District, Nepal. Nepali representatives feel that the council listens to them and takes account of their needs in the way services are provided.

The Council has tried alternative means to engage with some minority ethnic groups through other service providers such as shops used by Romanian and restaurants used by African Caribbean communities.

There are good links between the council and the borough's religious leaders and their communities. The Council contacted community groups after tensions caused by the EU Referendum, and this led to creation of the Strength in Unity Faith Forum. Community representatives commented that their experience of dealing with the Council was more positive than many connected groups had benefitted from in other parts of the country.

The Council has had some success in improving engagement and community cohesion across a wider range of communities through events such as the multi-ethnic food festivals and the local lottery grants process. There are some good examples of wide-ranging public consultations including the Civic Quarter redevelopment in Farnborough and the recent Council website re-design project.

The Council has a quarterly newsletter which is sent to all 41,000 households; an audio version is also produced. This is a significant asset but it could be used more proactively as part of establishing the council's corporate identity and enabling smaller communities to feature and share their culture with the wider community.

The Council chairs the borough's cohesion forum and the council has been described as "excellent" in managing community tension, particularly when large numbers of Nepalese people moved into the borough after 2010 and proactively 'myth busting', and bringing communities with competing interests closer together.

Areas for Consideration

There is a lack of scrutiny and monitoring from the Council on the outputs of initiatives it funds partners to deliver. We heard that CAB and the Rushmoor Council for Voluntary Services (CVS) receive £250,000 annually from the Council to deliver services to residents and community groups. There are no formal service level (SLA) agreements in place and very little monitoring of the outputs or outcomes. This is a significant amount of money for the Council and it is vital that the money being spent is delivering on corporate priorities. Having SLAs would help to keep track of the spend and enable the Council to determine what services should be delivered, and it could be used to 'piggy back' on the resources of partners such as the vast bank of volunteers used by CAB to share information across their networks.

Engagement with BAME residents/communities other than the Nepali is less well developed. Some community leaders commented that they find the Council easy to work with and its officers accessible. Others said that it took an event before they really got to know or talk to the Council. There is no strategy in place to find ways to broaden engagement with smaller ethnic communities beyond faith groups. No "roadmap" exists for engaging with community groups to deliver the Council's new Supporting Communities Strategy. There is also no formal feedback loop for communities. They told us that they do not know where and how to raise issues with the Council. Representatives of BAME communities said that residents want the Council to be more transparent.

There is a lot of information and data available on ethnicity and deprivation e.g., ward profiles, Office of National Statistics (ONS) reports; Joint Strategic Needs Assessment (JSNA), Schools data etc. These need to be more widely known about and used across the Council in the design and delivery of its services. We understand that at one school in Aldershot over sixty different languages are spoken. Data is not routinely shared with partners and we did not hear about any data sharing protocols e.g. health, fire service; police. The Council needs to better understand and communicate what data can be shared and with whom. We found a lack of specific data about the views of the BAME community in surveys that take place. Results of resident surveys are not disaggregated by protected characteristics. The 2020 Coronavirus and You survey gathered data on respondent's diversity but only age featured in the results as a separate protected characteristic.

Communications with communities is not well targeted e.g., Covid-19 information for higher risk communities. The Council does not communicate well what it does for groups other than Nepalese. The Council's website has no signposting information for residents to access community groups or specialist support

The Council could participate more regularly in celebratory occasions via its social media platforms/internal and external communication functions. E.g. Black History Month/Diwali/Eid / Pride. This would be way to signal the Council's commitment to EDI issues that are important to different communities.

3.3 Responsive services and customer care

Strengths

It was clear that there are pockets of good practice across Rushmore. However, they exist in isolation and new knowledge and learning is not routinely shared among peers. Response to Covid-19 with the Nepali community has been very good. Access to services have been changed to meet the needs of elderly Nepalese residents e.g., Nepali speakers have been employed in front facing teams such as customer services and engagement and access consequently improved. Nepali speakers are being used to staff the Revenue and Benefits telephone line during the pandemic to ensure trusted voices could improve messaging in response to the cultural belief that it was "Shameful if you had Covid-19" and because elderly Nepalese residents were the greatest in-person users of the contact centre before the pandemic.

Co-location of Citizens Advice Service within the Council building has had benefits for Council service users coming into the contact centre, allowing them to access advice and other services in a single visit. This is important because many of the service users coming to the centre are elderly and rely on public transport.

We heard of successful bids to secure funding from the Ministry for Housing Communities and Local Government (MHCLG) which were used by partners to integrate community adjustments to services and work undertaken to gain an early understanding issues to improve health outcomes; the NHS being commissioned to deliver key messages to communities through various social media platforms such as Facebook and Viber.

We heard some really good examples of how services have been developed to meet needs of diverse communities e.g. Nepalese cremation protocols; officers door knocking to seek out housing issues among young Romanian men in particular; access to housing and accommodation for ex-Armed Forces personnel; and the employment Nepali speaking staff at polling stations.

There are good processes in place to respond to the Gypsy, Roma Traveller communities. We also heard of a good flow of information and engagement at a strategic level around Hate Crime and robust scrutiny processes and increased reporting and increased confidence within communities affected. A project has been undertaken with the Citizens Advice Bureau on the recording of Hate Crime and its finding reported to the Councils Overview and Scrutiny Committee.

Work is underway in partnership with the Arts Council to build a Cultural Compact and Strategy and the local lottery has been used to improve engagement and increase participation.

Areas for consideration

Data exists but is not always well used for service planning around community needs, except for the Nepali community. The impact of decisions about services is routinely considered for the Nepali community but this cannot be evidenced across other groups. The Council needs to ensure that EDI work and data collection includes all protected characteristics to avoid having to duplicate / redo training and other processes.

Council services are highly professional but do not always consider the issue of equality of access or outcome for all during service design or redevelopment. Lack of language skills prevents some Nepali residents from using certain professional building services offered by the council, meaning they have a lack of choice compared to English speakers. Staff want to give a good service to diverse clients but need training to really equip them to do it well. There is a lack of confidence amongst staff around use of language and how to manage difficult conversations with customers and other staff who have different cultural needs. The Council uses the Learning Pool e-learning system. This has a number of courses to support EDI which could be quickly utilised.

There is a lack of understanding about how procurement processes can be used to further equalities in the borough. Some EDI questions are asked at the pre-tendering stage but there was little evidence of contract monitoring around EDI once a contract is in operation. There was little evidence of using procurement to benefit local suppliers or improve access to employment for people from a BAME background. There are some multi-million-pound redevelopment contracts within the borough that the Council awards and these can offer opportunities for to use these contracts to generate greater social value including EDI benefits.

There is little evidence that the views of customers are always being captured or understood as some services had “never had a complaint”. Where issues were identified for service users the response was often good for an individual customer, but issues are not picked up on a wider scale so that trend data is available for analysis and lessons learnt to improve customer experience and service delivery in future. Customer satisfaction surveys that do take place are

not always capturing the views of diverse customers, nor are the results shared across the organisation. E.g. a recent Serco customer survey did not report any BAME specific results.

The Armed Forces Covenant is well known and used by some services such as Housing. However, its' principles need to be more embedded across other services in the council.

3.4 Diverse and engaged workforce

Strengths

The Council has a long-standing workforce - they describe a caring and friendly working environment that is "like a family". Key officers reported a genuine enthusiasm to receive feedback and make improvements and suggestions on EDI issues. This is a real strength because any culture change initiatives to make the council more inclusive will need to harness employee's ideas and interest if it is to be successful.

The council has responded well to addressing the needs of staff during the Covid-19 pandemic. The impact of delivering services differently and effect on staff due to Covid-19 is recognised by the senior leadership. Staff said that they felt that their needs were "definitely a priority" for the council in terms of health, wellbeing, use of technology and new ways of working. Employees said that they have been supported with Covid-19 risk assessments and health needs on an individual basis and these have been taken account of.

The Human Resources team has already begun to consider what actions it will need to take to ensure EDI is mainstreamed in the organisation. EDI training has been identified as a priority within the People Strategy and HR already has plans to start addressing gaps in its workforce data.

There is a process in place to identify opportunities to recruit apprentices. This could help to get a more representative workforce quickly and help the council meet its apprenticeship duty.

Positive action has been undertaken to increase the number of women who work within information Communication Technology.

Staff pulse surveys have been helpful in identifying immediate needs and actions during the pandemic. They could also be used to capture feedback about specific issues relevant to equality.

There has been an increased emphasis on learning and development in recent times however, this has not carried through to learning and development around EDI.

Areas for consideration

We felt that the People Strategy which has recently been adopted is "light" on EDI considerations. We understand that the strategy's action plan will include specific equality related measures. Holding some EDI focus groups within the Directorates would help staff take ownership of the strategy.

Collection rates of workforce data needs to be increased significantly to cover the protected characteristics. No data was available on where BAME staff are employed in the council or at what grades. Data must be analysed for trends to see where the barriers to employment and progression are so they can be addressed. Workforce representativeness of BAME employees is extremely low compared to the population. 2.2% employed (People Strategy) v 14% population (2011 Census). We understand that the number of BAME employees is more likely to be around 8%. However, the 2021 Census is likely to show that the BAME population has also increased.

There is no EDI training currently available to staff or Members. This needs to be addressed and a training strategy for EDI put in place. Training should be available at the induction stage as a minimum and all employees should have some mandatory EDI awareness training. Anyone taking part in recruitment or selection should have training so that they understand the legal requirements as well as best practice. Consideration should be given to some mandatory training for Members.

The recruitment process from advertising through to job offer is not monitored by protected characteristics. This should be the starting point for a review of the recruitment and selection processes in the organisation. There will also need to be a refreshed recruitment and selection training for managers which includes equalities.

There are no systems in place to collect and analyse employment data across a range of practices: training, leavers, grievance; capability and disciplinaries etc. This is important because although rates of discipline and grievance are low at RBC other councils have found through monitoring, that BAME employees are often disproportionately involved in these processes and have poorer outcomes.

Race and disability pay distribution within the Council is not calculated. This would help to look at where and at what levels BAME staff and other staff with protected characteristics are employed.

The staff appraisal process at RBC is aimed at development rather than performance. This is clearly what the Council feels works best for them. However, not including a performance element means that equality related objectives cannot be set, and the process does not properly encompass the Council's behavioural framework.

4. Signposting to good practice elsewhere

Equality Impact Assessments

Rochdale Council has a robust system in place for ensuring that equality impact assessments are undertaken when required and for quality assuring these assessments. It implemented the Mod Gov electronic report management system in June 2014 which ensures that all reports meet Council requirements and are checked and signed off by Legal, HR, Equality, Finance and the Relevant Director of Service before the report proceeds to the relevant committee meeting. Ongoing advice and feedback are provided to managers on the quality of their equality impact assessments.

Bournemouth, Christchurch Poole (BCP) Council have a good practice guide for the development of equality impact assessments and can provide an Equality Impact Assessment Template that has several prompts to support the authors in their development.



EINA
Guidance.docx



EINA Guidance.doc



A Good Practice
Guide for EINAs A R

Rugby Borough Council EQIA Guidance Toolkit



Equality Impact
Assessment form



Equality Impact
Assessment Guidance

Working with and Supporting BAME Communities

BCP Council has set up a commission to help improve the way it works with and supports Black, Asian and Minority Ethnic (BAME) individuals and communities.

[BCP Council Equality Action Commission](#)

EDI Governance

We recommended that RBC establish a governance framework for its EDI work. This example is from BCP Council.



Agreed
Governance of Equa

Equality Strategy and Objectives

Hyndburn Council updated its E & D Strategy in 2020. This includes a number of equality objectives: <https://www.hyndburnbc.gov.uk/download-package/our-equality-and-diversity-scheme-2020-2025/>

Race Equality Matters - a Community Interest Company formed in response to the Black Lives Matter Movement to turn declarations of commitment and support from organisations and individuals into meaningful change in racial equality both in the workforce & in society. Their **Race Equality Network** can provide **free** services, insight, opportunities to collaborate and training materials to ethnic minority network Chairs.

<https://www.raceequalitymatters.com/about-us/>

Race at Work Charter - Organised by Business in the Community. Its website has a wealth of resources on all aspects of equality in the workplace including Race

<https://www.bitc.org.uk/report/the-race-at-work-charter-one-year-on-2019/>

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Annex B – draft Action PlanLeadership and Organisational Commitment

LGA Recommendation	Management Response	Next steps	By when?	By whom?
Develop an Equalities Strategy and smart action plan to provide a framework for EDI work and governance across the Council; develop objectives etc.	<p>Embed this in existing work rather than create a separate Equalities Strategy.</p> <p>The People Strategy and Supporting Communities Strategies could provide the framework for the Council's future work in this area.</p> <p>The Vision and Values work also represents an opportunity – this work is currently being undertaken, to be completed by May 2021. Work will follow to translate the values to a Behaviours Framework and embed in all the Council's day to day activities. Referencing EDI in the values work would represent a very significant step to ensuring EDI is not just a policy/procedure but also forms part of the Council's everyday thinking, conversations and work.</p>	Explore whether this recommendation can be achieved in this way. Following this, relevant documents can be revised.	<p>Review by May 2021</p> <p>Updated documents by September 2021</p>	<p>Review – Strategic and Corporate Policy.</p> <p>Updated documents – Corporate Manager – People and Head of Democracy and Community.</p>
Establish a governance framework for EDI work, including the Equalities Group. Use Overview and Scrutiny Committee for scrutiny of EDI	<p>Governance framework to be in line with management arrangements – Equalities Group through to CMT and Cabinet.</p> <p>Lead CMT Officer to be Assistant Chief Executive.</p> <p>Member Scrutiny through Overview & Scrutiny.</p>	Brief Equalities Group & CMT.	March 2021	Strategic and Corporate Policy

Identify lead officers for Engagement and EDI work	Lead officers are members of the Equalities Group and the Assistant Chief Executive.	Brief Equalities Group & CMT.	March 2021	Strategic and Corporate Policy
Consider establishing a Cabinet Champion role for Equalities	To be considered by the Cabinet as part of their response to the Peer Challenge.	To discuss informally with the Leader and Deputy Leader.	May 2021	Chief Executive
Ensure that any Covid-19 Recovery Plan includes a BAME focus	Covid 19 recovery plans will include a focus on EDI and will be subject to an Equalities Impact Assessment.	To be taken forward as part of the Business Planning and Service Planning process.	June 2021	Strategic and Corporate Policy
Review the EQIA template and process and roll out training for managers.	To be actioned as a priority to support decisions taken by the Council.	To seek LGA guidance on good practice models	March 2021 for template and training to be rolled out by June 2021.	Strategic and Corporate Policy
Develop an internal and external communications strategy that links into the Business Plan, and key strategies affecting BAME issues	To be considered as part of a possible future LGA Peer Review of communications. A communications/engagement strategy can be developed in light of the findings of this work.	LGA Peer Review on Communications to take place in 2021/22	Following Peer Review	Corporate Manager - Communications (external communications) Corporate Manager – People (internal communications)

<p>Strengthen Service Level Agreements to link in with the Corporate priorities.</p>	<p>Agreed, to be taken forward as SLAs due for renewal.</p>	<p>To establish when relevant SLAs are due for renewal</p>	<p>Update on current SLA position to be provided by April 2021.</p>	<p>Head of Democracy and Community.</p>
<p>Sign up to the Race in the Workplace Charter</p>	<p>To be considered at a later date. There are a number of accreditations/Charters that could be considered and it is proposed that the Council reviews this at a later date.</p>	<p>HR to consider and report back to CMT in due course</p>	<p>April 2022</p>	<p>Corporate Manager – People</p>

Understanding and Working with Your Communities

LGA Recommendation	Management Response	Next steps	By when?	By whom?
Use existing published data and data shared with partners to build up a clearer picture of BAME communities in Rushmoor.	Agreed. After the release of the 2021 Census data the Council will produce a report to create a clearer picture of the BAME communities in Rushmoor. This report will be shared with partners via the Partnership Network.	To follow the release of Census 2021 data	Autumn 2021 onwards (dependent on the release of Census data)	Strategic and Corporate Policy
Use grant awards as leverage to become an effective enabler. Use this funding to improve participation and build BAME community capacity.	Agreed. Suggested next step to review where are able to use some grant awards to potentially support an Equalities, Diversity and Inclusion agenda. This work could potentially be included in the scope of a Community Engagement Strategy.	Democracy and Community Service to review and advise CMT of potential options.	2021/22 for implementation in 2022/23	Democracy and Community Service
Broaden engagement with smaller communities and ethnic minorities beyond faith groups. An engagement	Agreed. Given the timing of the Census, it might be worthwhile developing any Community Engagement Strategy following the publication of the Census.	To follow the release of the Census Data and to consider as part of the Communication s Strategy work	Autumn 2021 onwards (dependent on the release of Census data)	Corporate Manager – Communications Head of Democracy and Community

strategy would assist with this.				
Extend the good practice from the engagement work done with the Nepalese community and ensure provision is available for other communities to support them to shape and access services.	Agreed and propose that this is taken forward following the publication of the Census data.	Democracy and Community Team to consider	Autumn 2021 onwards	Head of Democracy and Community
Refresh the EDI related content on the Council's website . Use it to signpost to community groups and other support.	Agreed. This can be taken forward as part of the planned implementation of a new Council website.	Ensure that this is on the work plan for new website.	2021/22	Corporate Manager - Communications
Celebrate festivals and events internally and externally , for example Black History Month, Eid, Diwali, Pride etc	Agreed. This can start to be implemented quickly and can be developed further as time goes on. The LGA proposed a first step around social media which can be taken forward by the Communications Team.	Calendar of festivals/celebrations to be developed.	Implementation can commence in March 2021 starting with International Women's Day.	Corporate Manager – Communications Head of Democracy and Community
Develop bespoke communications for different	Arguably, this is an area where the Council have already been focused and will continue to do so. Work could be expanded in this area but would	Maintain watching brief.	In place already	Corporate Manager - Communications

communities e.g. Covid 19 information for higher risk communities	need to be informed by data around which groups to target for communications.			
Work with partners to properly understand the health and wellbeing inequalities within the different BAME communities	Arguably, this is an area where the Council have already been focused and will continue to do so.	Add to the scope of the internal review that will commence on health.	2021/22	Executive Director (KE) Head of Democracy and Community.
Provide formal feedback loops for BAME communities – they do not know where to raise issues.	To be considered as part of the work on the Community Engagement Strategy/Communications Strategy.	Add to the scope of the relevant documents	2021/22	Corporate Manager – Communications Head of Democracy and Community

Responsive Services and Customer Care

LGA Recommendation	Management Response	Next steps	By when?	By whom?
Review and develop data sharing protocols with key partners and communicate these across the organisation	To be reviewed as the Council's view is that data sharing protocols are in place and this may just be an issue around communication. Need to understand these before deciding whether further work is required.	Understand what is already in place before agreeing next steps.	July 2021	Corporate Manager – Legal
Ensure that services consider equality of access for all during service design, planning or redevelopment	This will require training, documentation and templates (e.g. EQIA) to be developed along with cultural change. All of these are identified elsewhere in the LGA's recommendations and this should then result in services fully considering equality of access. This may be an area for the lead officer and Member Champion to have oversight around progress.	To launch EDI training and to refresh equality impact assessment guidance and templates and to consider incorporating EDI into our vision and values as they emerge.	December 2021 onwards	Corporate Manager – People Assistant Chief Executive
Review the Council's approach to procurement to maximise impact on the EDI agenda.	To be considered when the Procurement Strategy is refreshed (planned for 2021/22)	Add to the scope of the refresh.	2021/22	Principal Procurement Officer

<p>Commission and analyse in-depth resident and customer surveys to gain a better understanding of the views and experiences of BAME people (and other protected characteristics)</p>	<p>Resident satisfaction survey is planned for Summer 2021 and can include questions which address this recommendation.</p>	<p>Design survey and liaise with the communications team</p>	<p>September 2021</p>	<p>Strategic and Corporate Policy Team</p>
<p>Adopt the principle of co-design and co-development of services with the users including minority ethnic communities</p>	<p>The Council has examples of where this approach has been used successfully. We would need to think about how and where we might adopt this approach more widely and it might be more appropriate to consider once training and EQIAs are embedded.</p>	<p>Keep under review</p>	<p>From 2022/23 onwards</p>	<p>Strategic and Corporate Policy Team</p>

Engaged and Diverse Workforce

LGA Recommendation	Management Response	Next steps	By when?	By whom?
Set aspirational targets for increasing the percentage of BAME staff in the council	The Council doesn't wish to take positive action in terms of appointments or set targets but will look at initiatives to encourage applications from under-represented groups.	Initiatives to encourage applications from under-represented groups to be taken forward following a review of recruitment analytics, as identified in People Strategy	April 2021 onwards	Corporate Manager – People
Roll out training programmes for staff on EDI, including some mandatory training, induction training and embed other training as appropriate.	To take forward as a priority action and already identified in the Corporate Learning and Development Plan	Identify training provision and roll out to all staff. Review additional training needs.	April 2021 onwards	Corporate Manager – People
Develop Member training for EDI – consider making it mandatory	A decision for Members on whether they wish to take this recommendation forward.	Refer to member Development Group for consideration	June 2021	Service Manager – Democratic Services

<p>Start addressing gaps in workforce data, recognising that not all staff will complete their data immediately and it may take several reminders.</p>	<p>Priority action that had already been identified in the People Strategy.</p>	<p>Request to be sent to all staff.</p> <p>Baseline position to be established</p>	<p>February 2021 onwards</p>	<p>Corporate Manager – People</p>
<p>Start analysing trends in workforce data and addressing barriers to progression for BAME staff if this is an issue. Capture and understand the lived experience of BAME staff.</p>	<p>To follow the action above.</p>		<p>2021/22</p>	<p>Corporate Manager – People</p>
<p>Adopt a positive action approach to advertising, recruitment and developing talent for career progression. Consider the reintroduction of formal and informal positive</p>	<p>Not agreed at this stage. Any approach in relation to this recommendation would need to be underpinned by data (on workforce, recruitment etc) as well as an understanding on how this has worked in other organisations.</p> <p>Recruitment processes in a broad sense to be looked at as mentioned above as part of the work under the People Strategy and will consider EDI issues.</p>			

action initiatives for BAME people at all levels similar to earlier projects that existed in a bid to increase the number of female leaders.				
Consider how mentoring, coaching, sponsorship and secondment to partners and other local employers could improve diversity at senior levels	Incorporated already as part of the Learning and Development Strategy.		Completed	Corporate Manager – People
Partner with community links e.g. Farnborough College to gain insight into what different segments of the community want from work and promote the Council as an employer of choice which can offer many careers.	To be taken forward as part of the People Strategy Action Plan.		2022/23	Corporate Manager – People

<p>Establish a BAME staff equality network with allies, sponsorship and a budget (depending on numbers and interest a BAME network could initially be part of a wider staff equality network.</p>	<p>The Council already has an Equalities working group and could be tasked with giving consideration of whether an Equalities Network would be useful.</p>	<p>To be considered by the Equalities Working Group</p>	<p>September 2021</p>	<p>Equalities Working Group</p>
<p>Continue to identify opportunities to target the recruitment of apprentices – this could help to get a more representative workforce as well as help the council meet its apprenticeship duty.</p>	<p>To be considered as part of the People Strategy Action Plan</p>		<p>2021/22</p>	<p>Corporate Manager – People</p>

Embed the behavioural framework in processes such as performance and development reviews. This could be refreshed to reflect EDI commitments.	To be considered as part of the People Strategy Action Plan and work on values		2021/22	Corporate Manager – People
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CABINET

COUNCILLOR MAURICE SHEEHAN
OPERATIONAL SERVICES PORTFOLIO
HOLDER
REPORT NO. OS2103

20th April, 2021

KEY DECISION? NO

DRAFT ROUGH SLEEPING STRATEGY 2021/22**SUMMARY AND RECOMMENDATIONS:**

The Homelessness Act 2002 placed a range of duties on local housing authorities. Those duties included the duty to undertake periodic reviews of homelessness, and to develop strategies for preventing and tackling homelessness based on the outcomes of those reviews.

The Council is committed to preventing and relieving all forms of homelessness and the new draft Rough Sleeping Strategy 2021 to 2022, reflects this commitment.

Cabinet is asked to approve the draft Rushmoor Rough Sleeping Strategy 2021-2022, and associated delivery plan.

1. INTRODUCTION

- 1.1 The Council's Housing and Homelessness Strategy 2017-22 already sets out how its prevention and early intervention approach is intended to help people resolve their housing problems, providing assistance and helping vulnerable people to access the right support services.
- 1.2 The draft Rough Sleeper Strategy (strategy) will complement the Housing and Homelessness Strategy addressing the needs of those at risk of rough sleeping or actual rough sleeping. The vision for this strategy, is to provide exceptional leadership within the community and develop a better, more effective multi-agency approach.
- 1.3 The strategy has been developed in consultation with professionals and using demand analysis of current and previous data and with reference to best practice in tackling rough sleeping.
- 1.4 To deliver its vision, Rushmoor commits to:

- Carry out a comprehensive homelessness review of services and how they are delivering, the outcomes and gaps.
- Continue to put prevention at the heart of its service, working with partners to identify those at risk of homelessness and to support the most vulnerable from becoming homeless in the first place.
- Offer person centred support, by understanding individuals' needs and offering housing choices wherever possible.
- Work to the principles of no 'first night out' and help people new to the street into accommodation quickly.
- Seek to improve engagement with faith groups, the voluntary sector and the public who all have valuable contributions to make alongside statutory services.
- Ensure that those with support needs can access the specialist help they need to increase the success rates of homelessness interventions.

1.5 The Delivery Plan provides a detailed roadmap setting out how the Council will work with partners to deliver its aims.

2. BACKGROUND

2.1 Since the Housing and Homelessness Strategy (2017-2022) was developed, there has been significant changes in national policy including changes to primary legislation and guidance.

2.2 The Government aims to halve rough sleeping by 2022 and end it by 2027. It launched its new Rough Sleeping Strategy in August 2018, which requires all Councils to produce a Rough Sleeping Strategy of their own.

2.3 The Homelessness Reduction Act 2017 (HRA) builds on the Housing Act 1996 which placed a statutory duty on local authorities to prevent and assist those who are threatened with homelessness or who are homeless. The HRA came into force in April 2018 and has set prevention strategies at the heart of the local authorities' responses to homelessness introducing three additional duties which local authorities are now measured against as;

1. *Support for those who are 'threatened with homelessness'* can now begin 56 days before they may become homeless instead of 28 days as before
2. *A new duty to prevent homelessness for all eligible applicants* threatened with homelessness, even if they are not in priority need
3. *A new 'duty to refer'* - public services such as hospitals and job centres will need to let local authorities know if they meet someone, they think may be homeless or at risk of becoming homeless.

3. CONSULTATION

- 3.1. The strategy was placed before the Strategic Housing and Local Plan Group, the Group commented that it would be beneficial to understand more about the impact of ethnicity on rough sleeping. In line with national statistics in Rushmoor, most people sleeping rough are white British.

4. ECONOMIC IMPLICATIONS/RISKS

- 4.1. There is a potential for economic factors to lead to an increased demand on the Housing Service, especially in-light of Covid 19, this could affect the ability to deliver against priorities.

5. LEGAL IMPLICATIONS

- 5.1. The Council has a range of statutory duties relating to homelessness. The proposed strategy meets all legal requirements as set out in the Homelessness Act 2002, and furthermore, it will assist the Council in meeting all duties enshrined in the (now substantially amended) Housing Act 1996, Part 7.

6. FINANCIAL AND RESOURCE IMPLICATIONS

- 6.1 Two new posts have been grant funded by central government under the Rough Sleeper Initiative funding, for one year, this has helped to start some activity in the delivery plan along with existing resources within the housing options team. It is likely that this funding will be extended for a further year.
- 6.2 During Covid 19 all local authorities were instructed to provide rough sleepers and those at risk of rough sleeping with accommodation, to date Rushmoor has made 50 placements in B&B under the 'Everyone In' instruction. In total this year, 160 placements were made into B&B impacting on the existing budget.
- 6.3 The service will continue to make use of central government funding opportunities as they may arise in order to deliver robust local services that meet identified need. Following Covid 19 there are additional opportunities for funding this cohort.

7. EQUALITIES IMPACT

- 7.1. The strategy will impact positively on significant numbers of individuals in housing need by preventing and relieving homelessness and rough sleeping, and through its contribution to creating sustainable and diverse communities.

8. OTHER

- 8.1. Community Safety – the draft strategy will directly contribute to social cohesion and sustainability. It also includes actions that will ensure rough

sleeping and homelessness are minimised, which will have a positive impact in terms of the local environment namely the town centres.

9. CONCLUSIONS

- 9.1 The strategy is a key document that details the Council's priorities for enabling vulnerable residents to remain in their homes and to supporting people to prevent and relieve all forms of homelessness.
- 9.2 It is important to support former rough sleepers and prevent them from returning to the street when they are in crisis. To minimise the long-term harm caused by living on the street, it is crucial to prevent it happening in the first place; therefore, the strategy has set the priorities to:
- firstly, prevent people from becoming homeless,
 - to intervene when they do, and
 - to help them to recover quickly afterwards.
- 9.3 The strategy builds on existing preventative action to reduce, and ultimately end rough sleeping in Rushmoor alongside a commitment to respond rapidly to provide accommodation and support, engaging with people to get them off the street quickly.

BACKGROUND DOCUMENTS:

Rushmoor's draft Rough Sleeping Strategy and Delivery Plan 2021-2022

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**Rushmoor Draft Rough Sleeping Strategy
2021-2022**

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8	Delivery Plan	Pages 14-25

1) Introduction:

The aim of the Rough Sleeper Strategy is to end rough sleeping in Rushmoor. This strategy provides an overview of the local context and existing services before setting out the council's vision and approach to ending rough sleeping in the borough by 2027. By adopting an approach that prevents rough sleeping in the first place and intervenes rapidly for those who are new to the street a pathway to recovery is created.

The strategy reflects the priorities of prevention, intervention and recovery as set out in the Government's Rough Sleeping Strategy 2018. And covers the one-year period 2021-22, after which the council's strategic approach to rough sleeping will be reviewed, updated and incorporated into the wider Rushmoor Housing and Homelessness Strategy.

2) National context:

The Government aims to halve rough sleeping by 2022 and end it by 2027. It launched its new Rough Sleeping Strategy in August 2018 which requires all councils to produce a Rough Sleeping Strategy. Ending rough sleeping nationally requires a joined up, common sense approach between central and local government and the business, faith and voluntary communities as well as involvement from local communities and the general public.

3) The Homelessness Reduction Act 2017:

The Homelessness Reduction Act 2017 (HRA) builds on the Housing Act 1996 which placed a statutory duty on local authorities to prevent and assist those who are threatened with homelessness or who are homeless. The HRA came into force in April 2018 and has set prevention strategies at the heart of the local authorities' responses to homelessness introducing three additional duties which local authorities are now measured against as:

1. *Support for those who are 'threatened with homelessness'* can now begin 56 days before they may become homeless instead of 28 days as before

2. *A new duty to prevent homelessness for all eligible applicants* threatened with homelessness, even if they are not in priority need
3. *A new 'duty to refer'* - public services such as hospitals and job centres will need to let local authorities know if they meet someone, they think may be homeless or at risk of becoming homeless

The Act has also provided a tool to review how homelessness prevention services are delivered in Rushmoor.

4) Local Context:

Rushmoor has very few rough sleepers, however some are deeply entrenched and difficult to engage with while others only need limited interventions to help them to secure accommodation. Rushmoor's most recent rough sleeper count was carried out in November 2020 and identified seven men rough sleeping. During the Covid crisis the housing options team managed to reduce this to just two men, both of whom chose not to take up the offer of housing and support being offered. The team are determined to take forward the learning and approaches adopted during the Covid crisis to continue to keep people off the streets going forward.

In general, the rough sleeper cohort tends to be white British males ranging in age from 26-60 years old. Many have an offending background and have substance misuse and underlying mental health issues.

Rough sleeper numbers year-on-year and percentage increase/decrease since 2010

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Rushmoor	0	3	4	7	11	15	9	5	8	5
% increase	-	-	+33%	+75%	+57%	+36%	-40%	-44%	+60%	-37.5%
National	1768	2181	2309	2414	2744	3569	4139	4751	4677	n/a
% increase	-	+23%	+6%	+5	+14%	+30%	+16%	+15%	+2%	-

How Rushmoor compares to near neighbours:

Year	2016	2017	2018
Rushmoor	9	5	8
Hart	0	1	0
Surrey Heath	12	5	6
Guildford	13	13	16
Waverly	4	1	2
Basingstoke	26	15	8

Data for 2019 currently not available

Rushmoor's vision and commitment to end rough sleeping by 2027 is critical to the safety and well-being of some of the most vulnerable residents. National and local data shows that those who end up sleeping rough over a long period of time are more likely to die younger than the general population; die of injury, poisoning and suicide or be victims of abuse, violence and theft. This has happened to people sleeping rough on Rushmoor's streets and it is why rough sleeping must end.

Certain groups of people are more predisposed to becoming homeless than others. Factors such as; ethnicity, education, adverse childhood and family relationships, gender and employment are all contributing factors to homelessness. It is not possible to change any of these factors or peoples past life experiences. The vision is therefore focussed on improved early prevention and intervention with the aim of transforming people's futures.

Rushmoor is one of the Trailblazer authorities which enabled it to put in place some different ways of working in a proactive and more holistic, person centric way. The initiatives implemented between 2017-19 mean the council is already delivering services along the prevention, intervention recovery model. The successful initiatives delivered are:

North Lane Lodge
A 9-bedroom hostel for street homeless people managed by Society of St. James.
Out-reach
The council is funding two outreach workers to support people who are rough sleeping to come off the street.
Housing Support
A support officer and one navigator has been employed to work with vulnerable people alongside the outreach workers.
Prison Visits
The outreach workers support prison leavers at risk of homelessness engaging with them during their sentences and helping them to secure housing in time for their release.
No Second Night Out
A 'no second night out' approach identifies those who are street homeless, so they spend as little time on the street as possible.
Street-link
The housing options team provides a swift response to reports of rough sleepers from the public, made through the street link website.

5) The Vision:

The council's Housing and Homelessness Strategy 2017-22 already sets out how the prevention and early intervention approach is intended to help people resolve their housing problems, providing assistance and helping vulnerable people to access the right

support services. The vision for this Rough Sleeper Strategy, is to provide exceptional leadership within the community and develop a better, more effective multi-agency approach that really does work.

To deliver its vision, Rushmoor commits to:

- Carry out a comprehensive homelessness review in 2021/22 of services and how they are delivering, the outcomes and gaps.
- Continue to put prevention at the heart of the service, working with partners to identify those at risk of homelessness and to support the most vulnerable from becoming homeless in the first place.
- Offer person centred support, by understanding individuals needs and offering housing choices wherever possible.
- Work to the principles of no 'first night out' and help people new to the street into accommodation quickly.
- Seek to improve engagement with faith groups, the voluntary sector and the public who all have valuable contributions to make alongside statutory services.
- Ensure that those with support needs can access the specialist help they need to increase the success rates of homelessness interventions.

6) Strategic Aims:

The council set some strategic priorities to inform its workflows and performance monitoring framework.

Aims	Activities	What would success look like?
<p>Reduce and Prevent Rough Sleeping</p>	<p>Promote the use of Street link and referral tools such as Duty to Refer to ensure that the community and statutory and voluntary agencies know how to refer those at risk of homelessness or street homeless.</p>	<p>The number of referrals made through the streetlink website and other referral tools are increased.</p> <p>The number of different agencies using the referral tools are increased.</p>
	<p>Provide daily outreach and support services to the homeless using the principles of 'no second night out'.</p>	<p>The street homeless people are known to the council.</p> <p>Everyone who is willing to engage with support is receiving it.</p>

		<p>Those people who are street homeless spend less time on the street.</p> <p>The time spent on the street is reduced and therefore entrenched rough sleeping is reduced.</p>
	<p>Roll-out the 'no first night' approach to those at risk of street homelessness by September 2021.</p>	<p>Reduction in the number of people losing their accommodation.</p> <p>Reduction in the number of people rough sleeping.</p>
	<p>Focussed engagement with prisoners prior to discharge to secure accommodation.</p>	<p>The number of prison leavers on the street is reduced.</p> <p>Street attached behaviour is reduced.</p>
	<p>Help those in supported accommodation to maintain their accommodation and when it is no longer suitable, provide alternative accommodation.</p> <p>Maintain regular liaison meetings between the housing options team and supported housing providers to identify</p>	<p>Reduction in the number of people evicted from supported accommodation.</p> <p>Reduction in the number of people who experience repeat homelessness from supported accommodation.</p>

	<p>those at risk of losing their accommodation.</p>	
	<p>The Navigator officer will work with a cohort of 8 – 10 of the most vulnerable single people with a history of rough sleeping to prevent them from becoming homeless. They will also offer additional support to those rough sleeping.</p>	<p>8 – 10 vulnerable people will receive intensive a package of support to maintain their accommodation or come off the street.</p> <p>Reduction in street homelessness.</p>
	<p>The council has a network of peers with lived experience which will help it understand the routes into street homelessness and missed opportunities for engagement to prevent homelessness.</p>	<p>Reduction in the number of single vulnerable people who become street homeless.</p>
	<p>People with street attached behaviours will be offered support to access appropriate services to help them transition from the street.</p> <p>Those who continue to engage in anti-social and illegal behaviour will be dealt</p>	<p>Begging and anti-social behaviour in the town centres will reduce.</p>

	with through enforcement and prosecution.	
	Create a forum for partners to support people facing multiple disadvantages.	Reduction in repeat homelessness for vulnerable people with complex needs.
Provide Suitable Accommodation for Single Vulnerable People with complex needs	Implement the Temporary Accommodation strategy to address the current and future needs of homeless households.	An increase in the number of stage one and two supported housing units. A reduction in repeat street homelessness. A reduction in the number of evictions from unsuitable accommodation.
	Work with and support private sector landlords to build better relationships.	The number of evictions from private sector accommodation will reduce. There will be an increase in supply of private sector accommodation for vulnerable people. Reduction in the use and cost of B&B.
	The council will review the financial offer to private sector landlords willing to house people with complex needs.	More private sector accommodation will be available for vulnerable people.

	Explore with partners how to increase housing choice for vulnerable people recognising that one-size does not fit all.	Reduction in street and repeat homelessness.
Tenancy Sustainment	Identify and support vulnerable adults, at the start of their tenancy, to help them to sustain their tenancies.	The number of evictions from all tenancy types is reduced.
	Put in place a method to identify people with complex needs who have been nominated through the housing allocation scheme to ensure that no vulnerable people slip through the net.	The exploitation and cuckooing of vulnerable tenants are reduced. Reduction in evictions of vulnerable people from all tenancy types.
	Provide support which can be stepped up or down depending on the tenants and the landlord's needs. This would be delivered by the Navigator and Supported Letting role.	Reduction in evictions from all tenancy types.

	Ensure that private sector landlords know how to refer tenants at risk of homelessness to tenancy support.	Reduction in private sector evictions. Reduction in repeat homelessness.
	Consider the whole person when looking at sustainable tenancies by linking in with employment, training, volunteering or hobby opportunities.	Reduction in repeat homelessness. Social isolation and street activity are reduced when tenants are engaged with their community.
	Work with charities and partner agencies to find furniture and other essential items to set up successful tenancies.	Sustainable tenancies. Less exploitation of vulnerable tenants who could be identified by their homes appearing different from inside and outside.

7) Conclusion

It is important to support those living on the street and, once housed, prevent them from returning when they are in crisis. The council wants to minimise the long-term harm caused by living on the street, the most important thing it can do is to prevent it happening in the first place; this is why the strategy has set the council's priorities to firstly prevent people from becoming homeless, to intervene when they do, and to help them to recover quickly afterwards. Its focus builds on existing preventative action to reduce, and ultimately end rough sleeping in Rushmoor alongside a commitment to respond rapidly to provide accommodation and support, engaging with people to get them off the street quickly.

The council understands that it cannot deliver this vision alone; extending partnership working to the public, faith groups and the charitable sector needs to be more focussed if there is to be a chance of success. It will look to best practice and learn from others

to enable people to make the transition from the street more easily and ensure council officers are supported to give the best service possible.

8) Homelessness Delivery Plan:

Priority one - Reduce and prevent rough sleeping

Why this is a priority?

The Government is committed to halving rough sleeping by 2022 and end it by 2027. According to the latest national figures collected in the autumn of 2018 and published in January 2019, 4,677 people were estimated to be sleeping rough on any one night. Although there was a decrease of 2% from 2017 to 2018 rough sleeping has increased by 165% since 2010.

While, the number of rough sleepers in Rushmoor remains low at five people in November 2019 the figures have been higher in the past. These five people have spent a considerable length of time sleeping rough and are harder to work with; the longer people sleep rough, the more difficult it is to engage them with services to help them off the street. They often find it more difficult to transition into housing when they are housed.

Identifying those more at risk of rough sleeping is important in the prevention of homelessness and to respond quickly to those who have just become homeless. In Rushmoor the rough sleeping community are predominately:

- White male, although an increasing number of women have found themselves rough sleeping in the last 2 years
- 26- 60 years old
- With substance misuse
- Mental health
- Physical disabilities
- Trauma
- Offending history

Working with Statutory bodies - Duty to Refer

The Homelessness Reduction Act named certain public bodies that have a duty to refer users of their service who they have reason to believe are homeless or threatened with becoming homeless, to a local authority of the service users' choice. Prisons fall under this duty and have been proactive in providing referrals. Not all public bodies have been so responsive, so the council will be working with them over the next 6 months to address this.

Commitment to refer

Several charities and organisations, who provide support to people on the cusp of homelessness, have been identified as referral partners. The aim will be to make the best use of this resource by seeking a 'commitment to refer' protocol, enabling these organisations, to quickly refer people to the housing options team for early intervention to prevent homelessness.

The council recognises the role that landlords play in identifying people at risk of homelessness, so it will encourage all Rushmoor's landlords to sign up to the 'commitment to refer' with the intention of all of them signing up by the end of 2021.

Working with the public- Street Link and referral tools

Recognising the wider community's interest in responding to rough sleepers; it is important to continue to communicate the most appropriate channels to help them to do this. The council will promote the use of the online reporting service provided by Street Link www.streetlink.org.uk.

Outreach and Support

There have been unprecedented cuts to the Social Inclusion Services across Hampshire which has reduced the housing support to single vulnerable people. To mitigate the risks of increasing homelessness the council has employed specialist outreach. Their role is to engage with people living on the street to help them into existing local support services. Their work provides a valuable link between the rough sleepers and housing services.

Prison leavers

Prison leavers are a high-risk group for rough sleeping when released from prison without a home to go to, so the council has put in place a program of prison visits to engage with prisoners due to be released. Support workers build rapport and trust with them prior to release, helping them into accommodation on their release and ensuring they receive the right sort of tenancy support. Prison visits will continue to be high priority within the Rushmoor Rough Sleeping Strategy.

Supported Accommodation

Many rough sleepers experience a revolving door of homelessness which can continue even when they are housed in supported accommodation. Working with local supported accommodation providers, those at risk of homelessness will be supported to remain where they are. If this is not appropriate, alternative accommodation will be sourced. This process will be reflected in a Supported Accommodation Protocol which the council commits to producing in partnership with Supported Accommodation providers by December 2021; this protocol forms an integral part of Rushmoor's Rough Sleeping Strategy.

Housing First

Housing First is a model that offers permanent affordable housing as quickly as possible for individuals experiencing homelessness and provides supportive services. It does not require an individual to access the traditional route of supported accommodation, nor does the model require a commitment to engage with services. Evidence shows that no single model of housing is suitable for all homeless people with complex needs. Working with Hampshire County Council, Society of St James and Vivid Housing Association the council will trial a small number of units for Housing First in 2021. These tenancies will be targeted at those rough sleeping or with a history of rough sleeping and will be evaluated after 6 months, 12 months and 24 months.

Navigator Role

The council has successfully bid for funding for a navigator and appointed a qualified psychologist. This role works with the most vulnerable and entrenched people on the street as well as those at risk of losing their accommodation. They are assigned to rough sleepers who would benefit from tailored support. This support is suited to those with higher and more complex needs, which include health-related support, and those who have been sleeping rough for a longer period.

Supported Letting Role

In addition, to the navigator role the council has also secured one year's funding for a supported lettings role which started in April 2020, to support vulnerable people to maintain their accommodation. They also provide a vital link with landlords supporting them too.

This approach not only offers support to find a housing solution, but also encourages the individual in their recovery to improve their health and wellbeing, find employment, undertake training, develop budgeting skills and cultivate positive social circles. This comprehensive approach should mean the individual is better equipped to maintain their accommodation and independence and avoid returning to the street in the longer term.

Review of support

There is strong evidence that increasing numbers of people moving from supported housing into mainstream housing require significant support to successfully resettle and sustain their tenancies in the longer term. In part this is related to accessing the right welfare benefits and complexities of the digital Universal Credit claim process. There are several organisations providing a broad range of support services, sometimes tenants are not aware of the support on offer or how to self-refer. As part of the council's commitment to delivering exceptional leadership to prevent homelessness, it needs to ensure that residents can engage with these services more easily. During 2021 the council will review the tenancy support provision available to be clear on who delivers what and how those services can be resourced, promoted and accessed quickly.

Lived experience

Understanding the lived experience of rough sleepers is critical to be able to identify and understand the routes into rough sleeping as well as opportunities missed to prevent them becoming homeless in the first place. In the next year the council will commit to working with former rough sleepers to identify gaps in provision. It will also establish a peer mentoring scheme with those who are no longer homeless mentoring and encouraging those who are at risk of or who are currently homeless.

Street attachment

Despite being provided with accommodation, certain former rough sleepers choose to return to the street. It can be difficult to adjust to a life within four walls and some people feel more equipped to deal with street living than managing a home and feel very isolated in their new home. These are some of the reasons that people return to reconnect with friends in the street community

which gives the impression that there are more people rough sleeping than there are. The council is committed to ensuring that housing support workers, navigators and other support providers help those new into their homes make appropriate adjustments to enable them to manage and sustain their tenancies.

It is also important to listen to the concerns of the wider community and communicate to them about the support available to rough sleepers and what enforcement is being taken to address anti-social behaviour, street drinking and begging. The council is committed to communicating more regularly with the wider community on what it is doing to resolve rough sleeping and will continue to work with the Community Safety Team; Rushmoor's Legal Team and the Police to take enforcement action and prosecute when street behaviours are anti-social or illegal.

MEAM approach – Making Every Adult Matter

The MEAM Approach helps local areas design and deliver better coordinated services for people experiencing multiple disadvantages. It is currently being used by partnerships of statutory and voluntary agencies in 27 local areas across England. The MEAM approach considers seven principles, which is adapted to local need and circumstances.

The principles are:

- Partnership, coproduction and vision
- Consistency in selecting a caseload
- Coordination for clients and services
- Flexible responses from services
- Service improvement and workforce development
- Measurement of success
- Sustainability and systems change

Rushmoor is keen to learn from MEAM areas and adopt an approach based on these principles.

Priority two - Provide suitable accommodation for single vulnerable people

Why is this a priority?

There has been a significant increase in the number of single, chaotic and vulnerable people applying for mainstream homelessness services since the Homelessness Reduction Act. They struggle to find and maintain accommodation without significant help.

The number of people requiring supported accommodation is rising and recent cuts to Hampshire County Council's Social Inclusion budget has resulted in a reduction of supported accommodation which has increased the council's reliance on the use of B&B and other temporary accommodation. This approach is costly in more than just a financial sense, as rough sleepers are both isolated and unsupported; increasing their vulnerability; sadly, those with addictions and mental health problems are more vulnerable to overdose or harm in this context.

Demand for supported accommodation continues to outstrip supply and residents who are ready to move on from supported accommodation have limited options available to them. Although, Rushmoor has a healthy private rental sector which includes houses in multiple occupation, the Local Housing Allowance has not kept up with rent increases which means that a decreasing pool of properties are available to people in receipt of welfare benefits, so the council must find alternative solutions.

Hostel Accommodation

In 2017 the council sourced a nine-bed hostel, North Lane Lodge, which is managed by the Society of St. James. This building is only available on a temporary basis and was due to close in December 2019. A lease extension has been agreed until December 2021.

The council is in discussions with a support provider to increase the support going into an existing 45-unit homeless hostel. This is in response to the increase in demand, and the reduction in local specialist, supported accommodation due to Hampshire County Council, social inclusion budget cuts.

Housing First

Working with partners the council will increase the short and long-term housing options for rough sleepers including a Housing First model as previously mentioned.

Private Rented Sector Accommodation

Rushmoor's private sector landlords provide an invaluable housing resource. As part of the Rough Sleeping Strategy the council want to build better relationships with them and show them how accessing support for tenants with complex needs can be achieved. It is also committed to providing a single point of contact for landlords to refer tenants who are experiencing any form of crisis that requires intervention to prevent them from becoming homeless.

Bed and Breakfast and Hotel Accommodation

By its very nature B&B and hotel accommodation is not suitable for vulnerable people who often find the isolation and lack of support difficult to cope with. The aim is to only use this type of accommodation in emergencies and ensure that, going forward support is made available in all cases.

Rushmoor's Temporary Accommodation Strategy

Rushmoor has a Temporary Accommodation Strategy in place to secure a suitable supply of temporary accommodation in the future. The council is working on a number of deliverables including securing appropriate numbers of temporary accommodation units in its development pipeline.

Priority Three-Tenancy Sustainment

Why this is important

It is not enough to provide affordable accommodation for people with complex needs and experience shows that even those in supported accommodation can struggle to keep their tenancies. It is even more difficult for those in main-stream accommodation.

The difficulties include:

- navigating the welfare benefits system,
- having a home for the first time after years of rough sleeping or sofa surfing
- setting up payments for utilities and rent

- furnishing a home
- managing visitors
- knowing what to do about repairs

Identification of vulnerable adults

The housing options team can help to sustain a tenancy and stop a return to the street by identifying vulnerable people before their tenancy start. Sometimes those with complex needs are exploited by others putting them at risk of losing their tenancy, for example by getting into debt or breaching their tenancy agreement. By identifying vulnerabilities, the team can work with other agencies to reduce the risk of exploitation and increase the chance of a successful tenancy.

Right Start

Tenancies that are set up well from the start have a better chance of enduring. By helping tenants to set up their utilities and rent payments they are unlikely to get into arrears. Furnishing a home is also important as is providing window covering for privacy and safety. This prevents people putting newspaper or other items at their windows which can mark them as a target for exploitation. By working with local charities, household basics can be provided at low or even nil cost to the tenant.

The Whole Person

Social isolation can draw people back to the street and into lifestyles they had left behind so it is important that when people are ready, they are helped to access their new community by means of volunteering, training and work opportunities, if that is what they want to do.

Step up and down support

By maintaining contact with complex tenants, tenancy support can be increased or decreased as needed. The council has successfully bid for Ministry Housing Communities and Local Government rough sleeping initiative funding for a navigator and a supported lettings role which enables us to trial different models of delivering support to former street homeless people.

Training

The housing options team has undertaken extensive specialist training prior to the introduction of HRA 2017. There is a continued commitment to ensure that officers are supported in their roles by building on existing training and expertise to identify and respond to the intricacies of complex clients.

There is also recognition that working with people facing multiple disadvantages can affect the resilience of officers. During the last year officers have been involved in cross county discussion forums and training to support them within their roles. This will continue into next year.

CABINET

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

20th APRIL 2021

REPORT NO. RP2103

KEY DECISION: YES

**REGENERATING RUSHMOOR PROGRAMME – UNION STREET,
ALDERSHOT REGENERATION SCHEME**

SUMMARY AND RECOMMENDATIONS:

SUMMARY:

The purpose of this report is to set out the outcomes and recommendations from the due diligence work undertaken in relation to the delivery options and funding routes for the Council's plans to redevelop land at Union Street, Aldershot and seeks Cabinet approval to move to the next stage of project delivery. It sets out the next steps and funding required to enable development to progress for the different elements of the project and ensure the Council makes best use of external grant funding that has been secured against the scheme.

RECOMMENDATION:

That Cabinet:

1. Note the outcomes of the due diligence set out in this report and in the reports by Grant Thornton UK LLP (Grant Thornton) and Lambert Smith Hampton Investment Management (LSHIM)
2. Considers the risks identified in exempt appendices E and L and the recommendations and next steps proposed by LSHIM and officers in order to progress the scheme as set out in section 5 of this report
3. Agree that the council move forward to the next stage of development as set out in sections 6 and 7 of the report on the basis of :
 - a. the Council undertaking the development of the scheme
 - b. on completion, the Council retaining the student accommodation and commercial units and disposing of the affordable units to a Registered Provider (RP)
 - c. the Board of Rushmoor Homes Limited (RHLtd) be given the option to acquire the remaining residential units.
4. Agree the appointment of Hill Partnerships Limited for technical design and site preliminary works, as set out in Section 6 of the report, pending a final decision to proceed with the scheme by the Council

5. Agree to utilise up to £2.2m Housing Infrastructure Fund grant funding at risk as set out in Section 6 to cover the costs associated with RIBA Stage 4: Technical Design and preliminary works associated with the consented scheme in order to minimise delay in the delivery of the scheme and to note the potential for a further bid to Homes England for delivery and capacity funding.
6. Agree a variation (or other route) to the existing demolition contract as set out in Section 7 of the report to allow for additional site preparatory works to be undertaken
7. Note the next steps and that a further report will be presented to Cabinet in due course to enable a final decision to proceed with the scheme with a recommendation to Council to approve further capital expenditure required to deliver the Union Street development.

1. EXECUTIVE SUMMARY

- 1.1. The regeneration of land at Union Street in Aldershot Town Centre is a Council priority and planning permission was secured for the scheme in 2020. The consented scheme is for 100 residential units (20% affordable), 16 commercial units and 128 rooms of student accommodation intended for the University for the Creative Arts (UCA).
- 1.2. The Council has commissioned due diligence work to be undertaken by Grant Thornton and Lambert Smith Hampton Investment Management (LSHIM) to enable the Council to;
 - Understand the projected development costs and financial viability of the scheme
 - Compare different options for undertaking development and construction and the associated procurement approaches
 - Compare different scenarios for how the scheme would be dealt with on completion including the extent to which the Council should retain, lease or sell on the different elements of the scheme
 - Understand the ongoing financial implications and financing options associated with these scenarios both over the development period and the medium and long term
 - Gain a good understanding of the risks associated with the development and ongoing ownership based on the different scenarios
- 1.3. The due diligence work has now concluded and this report reviews the different stages of the work and draws out the key conclusions at each stage.
- 1.4. Phase 1 (Section 3 and Appendix A of this report) of the due diligence work focused on high level viability and early evaluation of delivery models through which the Council could bring forward the development.

- 1.5. Phase 2 (Section 3 and Appendix B of this report) resulted in the preparation of a detailed financial appraisal to assess the financial viability of the scheme, supported by a financial model.
- 1.6. At the conclusion of the Phase 2 work GT was joined by LSHIM who have been appointed to provide development and property advice. GT undertook soft market testing to test market appetite for funding the scheme. This was important as at the time Public Work Loan Board (PWLB) rates were in line with or higher than the market for lending for such schemes.
- 1.7. For the next element of Phase 3 (Section 3 of this report) LSHIM undertook financial viability appraisals against a matrix of delivery and funding options. Delivery options were drawn from the Phase 1 and Phase 2 work and focused on (i) the Council as developer and funder, or (ii) the Council's development partnership, Rushmoor Development Partnership (RDP) acting as developer, or (iii) the sale of the site to a third party to develop the scheme as consented. Advice and land valuations demonstrated that the sale of the site would not be a viable option (Section * LSHIM report). The remaining 4 best options from all the completed appraisals were then used by Grant Thornton to undertake detailed financial modelling and cash flow forecasts, in the first instance based on a 15 year period. The four options were as follows;

Scenario 1 – Rushmoor Borough Council (the Council) undertakes the development of the Project. The private and affordable residential units are sold to a Registered Provider (RP); and the commercial and student units are retained by the Council for rent.

Scenario 2 – The Council undertakes development of the Project. The private residential units are sold to Rushmoor Homes Limited (RHLtd), the affordable housing units are sold to an RP and the commercial and student units are retained by the Council for rent.

Scenario 3 – Rushmoor Development Partnership (RDP) undertakes development of the Project. The private residential units are sold to the open market and affordable units sold to an RP. The commercial and student units are retained by the Council.

Scenario 4 – The RDP undertakes development of the Project. The private residential units are sold to RHLtd, the affordable housing units are sold to an RP and the commercial and student units are retained by the Council for rent.

- 1.8. Grant Thornton undertook financial modelling assuming PWLB funding which demonstrated that over a 15 year period all 4 options could achieve a surplus with scenarios 2 and 4 both providing a surplus of just over £7m. Key risks in relation to the need to maintain income over the period remain with the Council and RHLtd post development. In option 4 the development risk is shared between the Council and the RDP with the RDP taking a development profit.
- 1.9. Further modelling was then undertaken to understand the viability of the scheme if the asset was retained. For this modelling the funding period was

extended to 37 years and offers from the private sector were modelled assuming a long-term lease arrangement and these were subsequently compared with PWLB funding options.

- 1.10. In the case of the private sector finance (long term lease) the surpluses from the scheme were also positive (circa £8m) and exceeded those in the 15 year modelling. The private sector funding options provide less flexibility to the ongoing use of the asset. The best performing PWLB option, based on a maturity payment profile provided a scheme surplus of £13.19m.
- 1.11. The modelling undertaken was to provide the Council with a good understanding of the potential financial impacts of the different development and funding approaches. It should be noted these assessments set out comparisons that support decision making with the initial and ongoing funding of the scheme being undertaken as part of the Council's wider treasury management activities.
- 1.12. The due diligence showed in all cases modelled that if the Council were to proceed with the scheme based on the current construction costs it could be possible to see a return over time. The scheme is therefore viable based on the assumptions underpinning the model. However, this return would not necessarily cover all the initial land assembly costs.
- 1.13. There are though a wide range of risks associated with the development and the ongoing ownership and management of the asset once developed and these and the approach to mitigation are set out in the Council's risk matrix at Appendix E of this report.
- 1.14. It is considered that the advice and conclusions from the due diligence and analysis of risk set out in this report provide sufficient information for the Cabinet to consider the release of £2.2m funding to move to the next stage of development as set out in section 6 of this report. This £2.2m (along with all grant drawn down) will essentially be 'at risk' and in the event that on completion of the final stages of assurance the Council chooses not to proceed further will require repayment to Homes England in line with the funding agreement. However, this work is essential to allow the scheme to progress and enable the completion of the assurance process. This will provide Cabinet with as much certainty as possible before making a final recommendation to the Council to proceed with the scheme.
- 1.15. The final decisions needed to proceed with the scheme (estimated total costs currently £33m net of grant funding) will be made by Cabinet in due course with a recommendation to Council to approve the capital expenditure and financing once further certainty is achieved in relation to construction cost, future lease/sale arrangements with Rushmoor Homes Limited and registered providers have moved forward, further work on the options for management and letting of the student accommodation have been progressed and the procurement and contract arrangements in respect of construction and development have been concluded.

- 1.16 Taking the above into account it is recommended that the Cabinet agree that the scheme proceed to the next stage of development and further assurance, financial and legal work proceed on the basis of the Council undertaking development (*“the Base Case”*) with Hill Partnerships Limited being appointed to undertake technical design and site preliminary works as set out in section 6 of the report.
- 1.17 This recommendation will see the Council proceed with the scheme at risk on the basis that:
- the development proceeds without the prospect of a long-term lease for the student accommodation and instead the Council models a direct let option to students via a management company or entering into a nomination agreement(s) with an education establishment(s) and/or other body requiring student accommodation.
 - it is reliant on RHLtd being able to demonstrate it can service the borrowing associated with the acquisition of the residential units on completion
 - a sale is agreed to a suitable RP for the affordable units
 - it can secure commercial tenants for the ground floor units and the container units
- 1.18 The recommendations include the Cabinet agreeing to underwrite repayment of the Homes England grant funding in accordance with the funding agreement should the development not proceed.
- 1.19 A further report will come forward in due course once the key activities in sections 6 and 7 of this report have reached their conclusion.

2. INTRODUCTION

- 2.1. The regeneration of land at Union Street in Aldershot Town Centre is a Council priority. Delegated authority was provided to the Executive Head of Regeneration and Property (RP2005) to submit planning applications and secure the appropriate permissions as required to enable the Union Street regeneration scheme in Aldershot Town Centre. The planning application was submitted in early March 2020 and was approved by the Development Management Committee on 24 June 2020.
- 2.2. The Council has entered into contract for the demolition of the existing structures on site, utilising external LEP grant funding, with work commenced in February and due to run to approximately 20 weeks.
- 2.3. The purpose of this report is to update Cabinet in relation to the due diligence being undertaken on the most appropriate delivery/funding route for the redevelopment of Union Street, Aldershot and seeks Cabinet approval to move to the next stage of project delivery. It sets out the next steps and release of funding required to keep to the development timetable in respect of the different elements of the scheme and ensure the Council

makes best use of external grant funding that has been secured against the scheme.

3. BACKGROUND

- 3.1. The regeneration of Aldershot Town Centre is a corporate priority and Union Street is identified as a key site allocation for regeneration within the Rushmoor Local Plan (adopted February 2019) and the Aldershot Prospectus SPD. It has formed part of the portfolio of sites being progressed by the RDP since its inception in late 2018.
- 3.2. Following Cabinet approval (RP2005), a planning application was submitted to the Local Authority by the RDP on the 4th March 2020 for a mixed use scheme comprising 100 residential units, purpose built student accommodation (PBSA) (128-bed spaces) for the University for the Creative Arts (UCA) and ground floor commercial uses (2,237sqm GEA) focused around a 'Creators Yard'. The submission followed on from a period of public consultation in January/February 2020, with two public drop-in sessions held in Aldershot town centre on the 16th and 18th January. From the responses received to the feedback forms, approximately 80% of respondents supported the proposals that were presented and 97% agreed that Aldershot town centre needs regeneration.
- 3.3. The planning application was validated on the 6th March 2020 and was considered by Development Management Committee at its meeting on 24 June 2020 and agreed subject to suitable legal agreements to secure the required planning obligations.
- 3.4. Cabinet Report RP2008 set out that the detailed Project Plan associated with the Union Street scheme from the Rushmoor Development Partnership (RDP) was being considered and due diligence was commencing on matters including commercial, property, legal and finance assumptions and procurement options associated with the delivery of the scheme.
- 3.5. Cabinet approved (RP2011) the procurement of demolition works by means of a procurement framework either as a direct award or through a mini competition. The Southern Housing Group Framework was identified as an appropriate route and a Briefing Document was issued to the companies registered on the framework lot. Only one company expressed an intention to submit a proposal, Hill Partnerships Limited, who were subsequently identified as the preferred partner to oversee the works.
- 3.6. The Council appointed Lawson Queay to perform the role of Technical Advisor/Employer's Agent for the purposes of contract negotiations and scrutiny associated with the delivery of the works.
- 3.7. The demolition works are underway (contract commenced 1st February 2021) and are due to conclude by the end of June 2021.

4. APPROACH TO SCHEME DELIVERY

Outcomes of the Due Diligence process

- 4.1. Cabinet Report RP2008 set out that the detailed Project Plan associated with the Union Street scheme from the RDP was being considered and due diligence was being undertaken on matters including commercial, property, legal and finance assumptions and procurement options associated with the delivery of the scheme.
- 4.2. The Council commissioned Grant Thornton to provide due diligence for the scheme, initially based on two scenarios:
 - 100 residential units and 16 commercial units for sale and 128 rooms for rental of student accommodation; or
 - rental of the residential, student accommodation and commercial units with the same unit numbers as stated above.
- 4.3. The due diligence is reported in three phases that cover the following:

Phase 1

- Delivery structures – the approach to managing control, risk and return for the Council including an overview of the relative merits of the alternative delivery options available, the governance arrangements and the financial implications to the Council;
- Funding scenarios – appraisal of funding scenarios available for the Scheme, including the use of equity investment, borrowing under the PWLB, grant income and other third-party borrowing;
- High-level affordability – outputs from the financial development appraisal working paper assessment of Scheme viability.

Phase 2

- Preparation of a detailed financial appraisal to assess the financial viability of the scheme, supported by a financial model.

Phase 3

- Soft market testing exercise to seek feedback on the features of a funding solution for the Project;
- Gauge interest in funding the Council's aspirations to acquire investment properties and regenerate the Civic Quarter, Farnborough (together the "Wider Schemes"); and
- Prepare further financial appraisals and modelling scenarios to assess the viability of the Project with input from LSHIMIM on development assumptions.

- 4.4. The Council is now in receipt of the final drafts of each of the above documents.
- 4.5. In addition to the above, the Council is also in receipt of the following companion reports from LSHIM:
- Development Delivery Assessment Report (Appendix D) – focusing on three key matters namely the viability of the project as a development scheme, the range of delivery options available to the Council and how best to proceed with the chosen delivery route;
 - High Level Risk Register (Appendix E) – identifying the risks and mitigation measures associated with a broad spectrum of subject matters related to the Project.
- 4.6. As agreed by Cabinet in January (RP2101), a Cabinet Working Group consisting of the Major Property and Projects Portfolio Holder, the Corporate Services Portfolio Holder and the Leader of the Labour Group has been established to evaluate the due diligence outputs in preparation for this Cabinet report and recommendation which will need to be agreed by Full Council. In addition, a briefing seminar for all Members was facilitated to ensure that all were informed ahead of any key decisions being made by Cabinet/Full Council.

Phase 1 Report Outcomes

Delivery Structures

- 4.7. The Phase 1 report sets out 3 delivery structures that are available to the Council, these being:
- 1) a council-led development approach;
 - 2) a council wholly owned company (WOC) approach; or
 - 3) a joint-venture structure (JV) approach, in which the Council enter into a partnership with another public or private sector partner (JVP).
- 4.8. A further explanation of each of these delivery structures can be viewed in Section 3 of the report at Exempt Appendix A. Grant Thornton assessed each structure against a number of risk headings as set out below:
- governance and control;
 - developer risk;
 - price and quality;
 - construction risk
 - funding risk;
 - people resource and expertise;
 - returns;
 - legal risk;
 - revenue risk; and
 - complexity and ease of implementation.

- 4.9. To determine the preferred delivery structure for the Scheme, a scoring matrix was created for discussion with the Council based on the above criteria.
- 4.10. The Council requires the scheme to start on site this calendar year in order to meet timescales associated with grant payment from Homes England and Enterprise M3 LEP. Therefore, a delivery approach is sought which enables it to progress the Scheme within this timeframe.
- 4.11. On the basis of the Freeths legal advice, which discounts the ability to deliver the scheme through the RDP (see Legal Implications section below), an approach which provides flexibility and ease of implementation were important factors to arrive at a preferred delivery structure. Both the Council-led and WOC delivery structures appear to meet the overall criteria set by the Council, however, a deciding factor was the flexibility of the WOC delivery structure. A WOC allows the Council the option to retain or dispose of the different types of units and ring-fence activity. The WOC would be able to retain housing as in the absence of a Housing Revenue Account (HRA) the Council is not in a position to do this.
- 4.12. The JV structure is considered to be more difficult to implement as it would require procurement of a JV partner which would potentially impact detrimentally on the grant funding timescales and given the existing RDP JV partnership (HPL) discounted the scheme based on not meeting their commercial objectives, there is a risk that a different commercial partner may reach the same conclusions.
- 4.13. In choosing to progress with a Council-led or WOC delivery route, the Council needs to give consideration to the procurement of a construction partner to take forward the development. There are a number of approaches that have been considered and the main routes that could be taken to take forward the scheme are outlined later in this report.

Funding Scenarios

- 4.14 The Phase 1 report sets out that the Council do not have to restrict themselves to using one type of funding for delivery of the scheme. A mix of funding scenarios, based on the preferred delivery structure, were set out in the report with the three most suitable sources identified against each route as below:

	Council-led Development	WOC	JV
1	PWLB Council may be able to obtain PWLB finance at a favourable rate and PWLB is fairly easy to access.	Equity Required for a WOC however, the land can be used an equity investment allowing the Council to retain ownership.	Equity The Council may utilise their land as an equity investment. The Council could consider different ways of

			structuring this investment (e.g. through a transfer in return for loan notes that accrues interest).
2	Senior Debt Whilst the Council may have to offer suitable security / reliance on overall covenant, it may be able to secure rates comparable to PWLB. Short to medium finance may only be required under a 'for sale' option.	PWLB Council may be able to obtain PWLB finance at a favourable rate and PWLB is fairly easy to access. Whilst the Council may need to on-lend at a higher margin for State aid compliance, this margin is ultimately paid back to the Council.	Senior Debt The JV may require investment over and above that provided by a Council and JVP and therefore is likely to need short to medium term debt funding.
3	Institutional Pension Fund (IPF)/Income Strip Provides a long-term funding solution for the cost of development.	IPF/Income Strip Provides a long-term funding solution for little upfront investment into cost of development.	IPF/Income Strip Provides a long-term funding solution for the cost of development.

- 4.15. Section 4 of the Phase 1 report sets out further details associated with each of the funding options identified within the table above plus further options that were considered e.g. bond financing.

High Level Viability Assessment

- 4.16. The final aspect of the Phase 1 report considered the high-level viability of the scheme against the two scenarios set out at paragraph 3.2 based on development assumptions provided by Lambert Smith Hampton Investment Management (LSHIM) and Gleeds in their role as technical advisors to the Council. The complete list of assumptions are provided within Appendix C of the Phase 1 report.
- 4.17. Based on the assumptions, option one (assuming disposal) was not viable, providing an overall £10.22m net cashflow outflow resulting in a loss. If the Council was to consider the land as a sunk cost, the position would be a surplus of £0.16m.
- 4.18. A high-level assessment of option two showed that the scheme generates a positive net cashflow over a 40-year operational period of £43.24m. However, the scheme does not generate a surplus to be used as a return until year 34 of 43 (based on 3 years of construction plus 40 years of operation).
- 4.19. The Phase 1 report concluded that the Council should develop a more detailed financial appraisal considering a number of factors aligned to funding/finance and income/cost.

Phase 2 Report Outcomes

4.20 The Phase 2 report focused on the preparation of a detailed financial appraisal to assess the financial viability of the scheme, including an assessment of:

- the net cashflow over a 40-year Project term under an option to develop and rent commercial, student and private sector rented (PRS) units (noting a sale of the affordable units);
- the three funding scenarios of Council equity alongside Public Works Loan Board (PWLB), an income strip structure and a disposal of the land;
- the Project pre-financing and tax Net Present Value (NPV) and total net cashflows under the three possible funding scenarios;
- the risks associated the Project and the Scenarios tested;
- sensitivities applied to each funding scenario, as agreed with the Council, each run independently of the others, by varying the input assumptions used by the Model;
- commentary on the financial appraisal outputs under a series of financial metrics, agreed with the Council, which include total net cashflow, NPV, and peak debt with our conclusions and next steps;
- review of the proposed Project against the financial reporting requirements of the CIPFA Accounting Code of Practice 2019/20 and provision of a narrative report setting out key disclosure requirements and financial accounting considerations for the Council;
- consideration of the impact on the Council's Minimum Revenue Provision (MRP) of proposed Project based on the statutory guidance applicable for the financial year 2019/20; and
- high level comments on the main tax considerations to cover Corporation Tax, VAT and Stamp Duty Land Tax for the delivery structure to be tested, as concluded in our Phase 1 Report.

4.21 The focus of the report was to work up the scheme option where:

- 82 privately rented units, 16 commercial units and 128 student accommodation rooms are developed for rent; and
- 18 affordable housing units are developed for sale.

4.22 It considered the following scenarios, as agreed with the Council:

- The Council sets up a WOC and funds the development directly, utilising PWLB funding over a 40-year period (including the refurbishment of student accommodation at year 26) (Scenario 1).
- The Council sets up a WOC and funds the development through an income strip funding structure over a 40-year period. However, the refurbishment of student accommodation at year 26 is funded by Council on-lending PWLB to the WOC (Scenario 2).
- The Council directly disposes of the land to a developer, for a capital receipt, who will undertake the project development and delivery. The Council, at practical completion, will take a lease on the commercial units over a 25-year period, based on an offer, yet to be detailed, from a

developer. The developer will retain and operate all other assets developed (Scenario 3). For the avoidance of doubt, under Scenario 3 there will be no requirement for a WOC or for PWLB to be provided to fund the Project.

- 4.23 Based on the financial viability assessment on a post finance and tax net cashflow (excluding terminal value) Scenario 3 was considered to rank above Scenario 1 and 2, providing a post financing and tax net cashflow of positive £4.20m compared to a negative £40.23m and negative £21.01m under Scenarios 1 and 2 respectively.
- 4.24 There was a recognition that Scenarios 2 and 3 had not been soft market tested and the Phase 2 report recommended this is undertaken to verify the assumptions that support the viability assessment detailed above, to gauge market appetite for the proposed transaction and generate funder feedback to refine/shape the proposition ahead of a more comprehensive market approach.
- 4.25 Subsequent to the conclusion of the Phase 1 and 2 reports it was agreed that in the absence of an existing WOC suitable as a development vehicle that, for simplicity, the scenarios modelled would consider the Council's housing company (Rushmoor Homes Limited) as a suitable exit vehicle for the private housing elements of the scheme. Consideration of whether a WOC should be established for development or to hold the asset on completion would be undertaken in the event that a decision is made to progress to the next stage.

Phase 3 Report Outcomes

- 4.26 As above, the Phase 3 report was commissioned to complete a soft market testing exercise to seek feedback on the features of a funding solution for the scheme. In addition, the report also considered the changes to PWLB borrowing and the impact of the results on the scheme delivery following the outcome of the HM Treasury consultation in November 2020.
- 4.27 The Council separately engaged property advisors, LSHIM to help prepare development appraisals and provide assumptions to feed into the financial appraisals which are prepared by Grant Thornton to assess viability of the Project.
- 4.28 Grant Thornton created a long list of potential funders and developers who could be invited to take part in a soft market testing exercise to test appetite for the scheme. Selection criteria were agreed with the Council, upon which to shortlist. The shortlisted funders and developers were selected by the Council with input from both LSHIM and Grant Thornton.
- 4.29 Two separate memorandums of information were prepared; a Funder Memorandum of Information (FMOI) (Appendix F) and a Developer Memorandum of Information (DMOI) (Appendix G). The FMOI and DMOI both included relevant information relating to the Project, including background and key outputs from the Phase 2 Report.

- 4.30 Initial conversations were held with each of the shortlisted funders who registered interest in the scheme they were sent the FMOI. Grant Thornton held 1.5 hours meetings with each funder (with attendance from the Council and LSHIM) to discuss the scheme and Wider Schemes (namely the Civic Quarter), with a view to seek indicative terms to fund delivery.
- 4.31 Following further discussions between the Council and the RDP, the Council received an offer in October 2020 from the RDP to act as developer for the scheme. Given the 'procured' relationship with RDP, Union Street being included in the portfolio of RDP sites and the RDP having undertaken the planning submission, it was agreed it would not be appropriate to pursue further meetings with additional developers.
- 4.32 In addition, the Council received an unsolicited initial offer from Hammond Student Living (HSL) to purchase the land interest from the Council (as presented in the Phase 2 Report). Following a validation check by GT the Council confirmed that it was prepared to review further detail from HSL to help the Council understand this offer further. A revised offer from HSL was received in February 2021 that contained a joint funding/development management offer to replace its previous offer to purchase the Site.
- 4.33 To assess the financial viability of the Project, Grant Thornton prepared a number of development scenarios based on assumptions provided by the Council and LSHIM.
- 4.34 Four 15-year scenarios were tested (15 years being selected as the term based on the first point at which the UCA could choose to break its lease with the Council on the student accommodation) and are set out below:

Scenario	Proposed Funding
Scenario 1 – The Council delivers development of the Project, in which the private and affordable residential units are sold to the open market; and commercial and student units are retained by the Council for rent.	Council uses Prudential Works Loan Board (PWLB) debt to fund the costs, at an assumed interest rate of 1.82% per annum ¹ for the entire development.
Scenario 2 – The Council delivers the Project, in which: the private residential units are sold to Rushmoor Homes Limited (RHLtd); the affordable housing units are sold to the open market; and the commercial and student units are retained by the Council for rent.	Council use PWLB debt to fund the costs at an assumed interest rate of 1.82% per annum for the entire development. Council on-lend to RHLtd at 5.50% ² per annum to fund RHLtd's purchase of the private residential units from the Council.
Scenario 3 – Rushmoor Development Partnership (RDP) delivers the Project. The private and affordable residential units are sold to open market; and commercial and student units are retained by the Council.	Council use PWLB debt at an assumed interest rate of 1.82% per annum to fund the costs for the student, commercial and 80% of residential development costs. HPL (as part of RDP) fund the remaining 20% of the residential development costs at a rate of 5.00% per annum (with HPL repaid first on the sale of residential units).

Scenario 4 – RDP delivers the Project, in which: the private residential units are sold to RHLtd; the affordable housing units are sold to the open market; and the commercial and student units are retained by the Council for rent.	Council use PWLB debt at 1.82% for student, commercial and 80% of residential development. Council on-lend to RHLtd at 5.50% to fund the purchase of the private residential units. HPL (as part of RDP) fund 20% of the residential development cost at a rate of 5.00% (repaid first on sale of residential units).
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4.35 Feedback from the funder interviews and the HSL offer in February 2021 indicated longer-term solutions to fund the Project of between 30 and 40 years. As a result, Grant Thornton prepared the following scenarios (together the “37-year scenarios”):

Scenario	Proposed Funding
Scenario 5 – The Council delivers development of the Project, in which the following assumptions are used: the Council utilises the Hammond Student Living (HSL) lease finance (£37m) and development management proposal; the private residential, commercial and student accommodation units are retained by the Council for rental purposes; the affordable housing units are sold in the open market at practical completion; and the Council refurbishes the student accommodation at year 16 at a cost of £7.4m.	Under the proposed lease structure, HSL provides £37m of finance on an upfront basis in return for a starting annual lease rent payment of £1m per annum. The lease rent payments commence at the start of the construction phase and are indexed at retail price index (RPI).
Scenario 6 – The Council delivers development of the Project, in which the following assumptions are used: the Council utilises private finance in the form of the Legal & General (L&G) lease proposal (£33.5m); the private residential, commercial and student accommodation units are retained by the Council for rental purposes; the affordable housing units are sold in the open market at practical completion; and the Council refurbishes the student accommodation at year 16 at a cost of £7.4m.	During the soft market testing exercise L&G provided indicative pricing for a long-dated indexed linked lease financing arrangement. Pricing provided by L&G ranged from 2.5% to 3.0% Net Initial Yield (NIY) dependent on the duration of the lease term (e.g., 30,35 or 40 years). This Scenario assumes £33.5m of funding in return for an annual lease payment of circa £0.98m based on a NIY of 2.75% - the mid-point in the range provided by L&G. It is assumed the lease rent is payable from practical completion and indexed at RPI.
Scenario 7 – Same as Scenarios 5 & 6, except the Council uses PWLB debt (£33.5m). In this Scenario it is assumed the Council uses a maturity repayment profile.	Council uses PWLB debt at 1.82% to finance the entire development with repayments structured over 37 years on a maturity repayment basis.
Scenario 8 – Same as Scenarios 5 & 6, except the Council uses PWLB debt (£33.5m).	Council uses PWLB debt at 1.79% to finance the entire development with repayments structured over 37 years on an EIP repayment basis.

In this Scenario it is assumed the Council uses an Equal Instalments of Principal (EIP) repayment profile.	
Scenario 9 – Same as Scenarios 5 & 6, except the Council uses PWLB debt (£33.5m).	Council uses PWLB debt at 1.82% for entire development over 37 years on an annuity repayment basis.
In this Scenario, it is assumed the Council uses an annuity repayment profile.	

Due diligence final phase - outcomes

- 4.36 All scenarios tested appear to be financially viable on the basis that they provide a positive net surplus (cashflow after finance costs) over the Project term and positive net present value (NPV). It should be noted that these positive positions are dependent on the Council achieving the assumed Terminal Value on the retained properties.
- 4.37 The 37-year scenarios provide the Council with higher net surpluses and NPVs compared to the 15-year scenarios, however, carry more operational risk given the longer term.
- 4.38 In contrast, the 15-year scenarios, funded by PWLB provide lower net surplus and NPVs, however these provide the Council with the opportunity to refinance at any point in time during the Project's term. This could potentially enable the Council to realise the financial benefits seen in the 37-year scenarios, albeit this will be dependent on the prevailing market and the finance rates at that time.
- 4.39 The delivery route the Council decides to pursue will be a balanced choice dependent on its risk and reward appetite.

5 LSHIM REPORT

- 5.1 LSHIM in their role as development and property advisers have on behalf of the Council considered all the outputs from the due diligence. In relation to next steps the report (Appendix D) states;

“The Council is committed to delivering a beneficial redevelopment of land and property in Union Street Aldershot. Much of the preparatory work relating to securing the site, [obtaining vacant possession], securing planning permission and attracting gap funding support from the Local enterprise Partnership and separately from Homes England has been completed which means that the Council is ready to proceed with implementing the necessary development works.

LSH has reviewed the current viability of these development proposals and the considered the previous assumption that the scheme will be undertaken through Rushmoor Development Partnership. During the course of this review the Council has received separate advice from Grant Thornton on its financing options, and having regard to this advice the Council has a fairly

evenly balanced choice to make between delivering the scheme through the RDP and alternatively employing suitable advisors who can assist the Council to undertake direct delivery of the scheme.

As set out [in the report] LSHIM has concluded that whilst this development could be undertaken under the general principles of the RDP the proposed commercial arrangements recommend that the Council creates a different form of delivery vehicle. The delivery vehicle being recommended can include Hill Construction Limited providing building contracting services but arrangements relating to development management, procurement of development finance and development funding will require a commercial solution which represents value for money for the Council as well as a proper recognition of the Council's proposed role and responsibilities."

5.2 Taking this recommended development route forward requires the Council to take a number of significant decisions and these are set out in the LSHIM report and repeated below. Some of those decisions are being taken forward through this report and others will be brought forward over the coming months. The decisions required include:

- (1) Confirmation that the Council is ready to proceed having regard to the development, finance and funding obligations set out in this report and the appraisal of anticipated development risks
- (2) Project governance arrangements, including formation of a steering group with appropriate expertise, to oversee the proposed development in accordance with best practice, treasury management and Prudential Code requirements
- (3) Confirmation of the preferred delivery option, whether it be by the RDP, a form of Direct Delivery or by seeking a delivery partner. Depending on this decision the Council will enter into discussion with Hill Construction Ltd to agree suitable commercial arrangements
- (4) That Hill Construction should be offered the opportunity to provide building contract services, and on what basis
- (5) That the Council will seek to reduce overall development risk by concluding agreement with UCA on a lease for the 128 student housing units in accordance with the heads of terms dated 7 th February 2020
- (6) That the Council will reduce overall development risk and enter into an agreement for lease with a preferred Housing Association to secure the value of the affordable housing
- (7) That the Council will reduce overall development risk and confirm whether the 82 residential units will be transferred into Rushmoor Homes and on what basis
- (8) That the Council will prepare a Commercial Letting and Investment Plan to ensure the successful letting and occupation of the proposed commercial accommodation in accordance with agreed economic, commercial and social value requirements
- (9) That the Council prepare a business plan, programme and financial plan under which the proposed Union Street Scheme can be progressed
- (10) That the Council will instruct its legal and commercial advisors to prepare the necessary legal and contractual documentation to progress the proposed development

- 5.3 In relation to 5.2 (1), the final confirmation to proceed with the scheme will be taken later this year once further work described within this report has been concluded. The development risks are set out at Appendix E. In relation to 5.2 (2), the make up of the Council project team will be strengthened in line with Section 8 of this report.
- 5.4 In relation to both 5.2 (3) and 5.2 (4), having given appropriate consideration to the financial modelling, the most viable exit strategy comprises a disposal of the private residential units to RHLtd. This means that the Council would take forward the role of developer for the scheme and the offer from the RDP (to acquire the residential for private sale) would be declined. Based on the advice from LSHIM, the preferred option would be to proceed with a direct award to Hill Partnerships Limited (HPL) via a framework appointment as set out in Section 6.
- 5.5 In relation to 5.2 (6-10), each of these matters is considered in Section 8 of this report and will be considered in greater detail as part of a further report to Cabinet.
- 5.6 In relation to 5.2 (5), subsequent to the receipt of the LSHIM report the Council was advised by UCA that it has changed its model for student accommodation off campus and would be withdrawing from lease negotiations. As a result, officers have explored alternative options to bring forward the development of the Purpose Built Student Accommodation (PBSA) element of the scheme.
- 5.7 The Council, as opposed to leasing the space directly to the UCA, has the opportunity to build out the accommodation under a 'direct let' basis. This most likely involves appointing a student accommodation management specialist to manage and operate the PBSA under a management agreement. Under such a proposal the management company would charge a fee based on the net income produced by the asset. Officers have undertaken some initial soft market testing and an indicative proposal was received from CRM Students, a prominent organisation working in this market, who would seek to do this on the Council's behalf and charge a fixed fee of 4.5% of the net income. In order to assess the risks and benefits of this arrangement, the Council has commissioned Avison Young to undertake an occupational and investment market overview, review of the consented scheme and a financial analysis assuming the asset is held and operated by the Council. The scope of the work is set out at Appendix H. Officers will be able to update Cabinet as soon as the findings are available.
- 5.8 CRM Students have put forward a business proposal for the scheme and, based on their experience, are of the opinion that the rooms would let for between £170 - £175 per week and consider a 98% occupancy rate is achievable. On this basis the student element of the development would produce an annual gross income of £975,190 per annum. Based on their gross income estimates and operating costs, officers consider that the income under a direct let basis may be higher than that achieved under the lease option terms that were agreed in principle with the UCA. Adopting a

more conservative rental of £150 per room per week, and a reduced occupancy rate of 90%, the council would still receive an additional £227,934 of income over a 10-year period in comparison to the lease option with UCA modelled by Grant Thornton and LSHIM. An indicative income analysis with various sensitivities over 10 years is included at Appendix I.

- 5.9 Whilst the demand for student accommodation will be mainly driven by students attending the UCA, there are also a number of other academic institutions in proximity to the Union Street East development which will potentially drive demand for the accommodation. Although UCA are no longer willing to commit to a lease, the Council maintain positive dialogue with them in regards to nominations agreements (a more flexible basis where a university may commit to taking a number of rooms and underwrite the rent for typically a period of 5 or 10 years).
- 5.10 Savills has provided a PBSA Market Overview (Appendix J) setting out that there are currently 4,810 full time students who attend UCA and only 375 PBSA rooms available in Farnham and Aldershot. This indicates a shortfall in supply. These figures currently equate to a 12.83 student to bed ratio with only 8% of full time students having access to PBSA. This ratio will reduce to 7.71%, with 252 beds being developed in Farnham and then down to 6.42% when Union Street East is completed, leaving a remaining shortfall in PBSA in the Farnham / Aldershot area and indicating ongoing demand which can support RBC constructing the PBSA under a direct-let model.
- 5.11 Whilst there is demand for PBSA in this location there is a different risk profile associated without a lease in place. RBC face greater operational risk (management of the asset) and income risk associated with the development. These risks are currently being explored in more detail with our advisors LSHIM, Avison Young and Grant Thornton. The potential for increased income from under a direct let model and the wider socio-economic benefits of bringing forward a 128 bed PBSA development to Aldershot need to be balanced against the operational risks to the Council. However, it is considered that there is market evidence of demand to provide sufficient comfort to proceed in the absence of a lease agreement with the UCA.

6 PROCUREMENT OF CONSTRUCTION SERVICES

- 6.1 Depending on the development option selected either the Council or the RDP will need to appoint a main contractor. In the case of the Council acting as developer there are three routes for the appointment of a construction partner:
- Rushmoor tender in line with current high value tender procedures;
 - Mini-competition through a suitable procurement framework e.g. Homes England DPP3;
 - Direct Award through a suitable procurement framework in line with the framework rules.

- 6.2 Utilising an available construction framework can reduce procurement timescales from 6-9 months down to 4-6 weeks and reduce procurement costs. Terms and conditions are pre-agreed under the relevant framework and the contract is by way of a “call-off” from the framework. The Council’s requirements would be scheduled to the contract and the pricing derived from the framework contractors’ schedule of rates or other method laid down by the framework.
- 6.3 From a Council (as employer) perspective, such frameworks offer greater flexibility to fit procurement processes into business requirements and comfort is provided through pre-agreed terms and conditions/standard tender documentation.
- 6.4 It is proposed that in order to meet a start on site target within this calendar year, the most effective route to take would be a direct award from an appropriate framework. A “direct award” is an award of contract to a contractor under a framework without going through a “mini-competition” (i.e. without seeking competitive tenders from some or all framework contractors).
- 6.5 An appropriate framework that allows for a direct award would enable construction to be awarded to a single contractor in whole or in part. The Council will not make a final decision to proceed until June/July, but there is a commitment to be on site this calendar year for construction to align with external funding milestones so it will be beneficial to move forward with the next stage of the development work at the current time.
- 6.6 It is considered appropriate to recommend the Cabinet to proceed with the next stage of development, known as a pre-construction services agreement (PCSA) with Hill Partnerships Limited, on the assumption that the Council will act as developer. The Council can enter into a PCSA on the basis of a direct award utilising the Catalyst framework.
- 6.7 As part of the due diligence, Gleeds advised that the Hill construction costs represented value for money. Hill has been working closely with RDP on developing the scheme to date, providing input on pre-planning to ensure that the proposals are buildable. As such, some comfort can be taken from the fact that the cost schedule has been informed by prior knowledge of the site context and aspirations. The cost schedule associated with the PCSA will be validated by Lawson Queay who are acting as the Council’s external technical advisors on the current demolition contract.

7 SCHEME DEVELOPMENT

Technical Design

- 7.1 Further to section 6 above, having secured planning permission and commenced demolition works, the next stage of work that needs to be commissioned relates to RIBA Stage 4: Technical Design and site preliminary works. This takes the drawings submitted for planning as the

baseline and develops the design in sufficient detail e.g. mechanical and electrical (M&E) requirements / structural engineering calculations, to enable a design pack to be prepared which can be passed to the preferred contractor and their supply chain to construct the development. It also enables preliminary works to take place on site to gear up for the construction phase to commence. Undertaking this element of work will help to refine the development costs and aid with progressing lease/disposal discussions with end users including the RHL and Registered Providers.

- 7.2 As above, this scope of works would be captured through a PCSA. In the event that the Council was to make the decision to use the RDP as developer as part of the final decision making, it will be possible to novate all current contracts, outputs and collateral warranties from the Council directly to the RDP and avoid any delay entering into a main JCT Design and Build contract.
- 7.3 Homes England has confirmed that it is content for the HIF funding to be applied against Technical Design costs and preliminary works associated with the consented scheme. In order to ensure that the full allocation of funding is spent within the defined timescales (by March 2022), it is proposed that an element of the £5m funding allocation is set against these costs. The most recent estimate of the costs (Appendix K) associated with the consented scheme is approximately £2.2m and is factored into the overall build costs considered as part of the due diligence process.
- 7.4 As set out in Section 6, a key factor that drives the need to get this stage of works commissioned is the ability to meet the timescales associated with the HIF funding allocation. Secondly it will be important to proceed with construction as quickly as possible to provide certainty to organisations, like UCA, who will take nominations agreements only when there is certainty of completion.
- 7.5 At present, the Council has been able to allocate approximately £250k of spend against the £5m secured on works associated with the first phase of demolition and a sub-station diversion/upgrade at Princes Gardens. It was the initial intention to allocate a further £1.2m of the allocation against the demolition works that are now underway. However, the more pressing timescales associated with LEP grant funding (by March 2021) meant that the Council had to re-prioritise the spending profile. Consequently, the Council needs to incur approximately £4.75m of spend over the next 11 months against the Union Street scheme or potentially run the risk of losing the grant funding.
- 7.6 Officers are advised that the work associated with the technical design is expected to take approximately 14-16 weeks to get to a position of having the documentation finalised. The preliminary works associated with the site will add a further 4-5 weeks on the existing demolition contract and see site activity extended to the end of August 2021 based on current programme.

- 7.7 Agreeing to take forward the technical design and site preliminary works now will provide the opportunity to have collated the necessary outputs within a similar timeframe to the demolition works concluding and provide the best case scenario for commencing on site later this year to allow for further drawdown of remaining funding allocation within the 2021/22 financial year.

Variation to Demolition Contract

- 7.8 The Cabinet authorised the Council to enter into a demolition contract associated with the site clearance of Union Street in July 2020. As part of that contract, the proposed extent of works does not proceed as far as to break up the foundation slabs of each of the buildings as, at the time of the commission, it was not clear as to the construction delivery route and it was considered appropriate to allow for ground condition to be understood clearly by the chosen construction partner. In light of the emerging outcomes from the due diligence process, it is proposed to vary the current scope of contracted works to accommodate the above and facilitate the creation of a pile mat using the debris material held on site.
- 7.9 This does not constitute commencement of development but rather prime the site for construction to commence. The £2.2m of costs set out above cover this scope of work and Cabinet approval is being sought to approve this work by variation to the existing contract at an additional cost of approx £640,000. It should be noted that this cost assumption has been verified and factored into the due diligence and is not an additional cost over and above what has been modelled.

8 NEXT STEPS

Progressing Lease/Sale Arrangements

- 8.1 The outputs from the technical design will assist with progressing lease/disposal options. A schedule of Employers Requirements to be incorporated into the construction contract will need to be established prior to the main build contract commencing. These matters will be addressed in a subsequent report to Cabinet in due course.
- 8.2 RHLtd has initially considered the principle of acquiring the private residential accommodation and have made provision in their business plan to enable this to be considered further and affordability for the company to be assessed. The Council will seek a formal offer from RHLtd over the coming months.
- 8.3 In respect of the affordable housing, officers will consider the offers presented as part of the due diligence and recommend a disposal route that reflects best consideration following external validation.
- 8.4 In respect of the student accommodation, officers will conclude the further due diligence and provide a recommendation to Cabinet on how best to

progress this element of the scheme in terms of management/operational approach.

- 8.5 Officers will undertake soft market testing to inform the commercial strategy in relation to the ground floor units and advise Cabinet of a recommended way forward in due course.

Project Resources

- 8.6 Grant Thornton and LSHIM identified that whatever routes the Council take, it will need to make sure that it has access to the appropriate level of skills and expertise to act as an effective client. The regeneration programme has been revised and the internal project team is being strengthened through the addition of interim additional senior resource with substantial previous experience of delivering complex regeneration schemes. The Council will also need to appoint additional project management, employer's agent and other external technical advisors to make a full development management function as required.

- 8.7 LSHIM has provided a breakdown of the estimated costs associated with this. On the basis of a direct delivery, the indicative costs associated with a Development Management function are likely to be as follows:

- Senior Development Manager (Director Level) – up to £150k per annum
- Development Manager (Associate Level) – up to £70k per annum
- Project Manager – up to £50k per annum
- Project Administrator – up to £30k per annum

- 8.8 Set against an estimated delivery timescale of 2.5 to 3 years, this gives rise to an order of cost of approx. £750k - £800k (plus accommodation/expenses). In addition, the Council would need to resource the following:

- Clerk of Works – up to £40k per annum (assumed over 2 years)
- Client Representative – up to £200k per annum (assumed over 2 years)
- Quantity Surveyor – up to £25k (one off cost)
- Legal Services – up to £60k (initial costs relating to contract documentation and state aid/subsidy control advice)

- 8.9 The above costs are factored into the due diligence that has been undertaken.

- 8.10 Homes England has set out that there is availability for capacity funding for FY 2021/22 in order to provide support to Council teams and maintain progress in project delivery. This funding can be aligned to project management, cost management, professional services/advice/consultancy. The list is not exhaustive and they are open to other requests.

- 8.11 Cabinet is asked to note that a request will be presented to Homes England aligned to the breakdown of cost that has been provided by LSHIM and an update will be provided in due course.

9 RISKS AND LEGAL AND FINANCIAL IMPLICATIONS

Risks

- 9.1 The project has a risk register in place for the development and demolition stages (Appendix L). As the project moves into delivery it will be important for the risk register to be updated reflecting new circumstances and increased levels of risk resulting from the Council undertaking the role of developer and potentially being the sole funder for the scheme.
- 9.2 The decision to move ahead to the next stage of development of the scheme should be taken after balancing the benefits of the scheme against the substantial costs and risks as set out throughout this report. LSHIM have prepared a table of risks (Appendix E) that the Council will need to consider and mitigate.
- 9.3 An early risk to consider is the need to make a decision on the development route which enables to project to progress with the Council's regeneration aspirations in accordance with timescales that are driven by external funding milestones (HIF). In order to retain the £5m of funding to assist with scheme costs, the drawdown needs to be allocated by March 2022.

Legal Implications

- 9.4 As part of the wider due diligence process, the Council sought legal advice from Freeths LLP. A particular focus for the advice was whether the Council could still make use of the RDP as a Development Partner and Development Manager to deliver the Union Street Scheme. This is because the proposed delivery route set out in the Project Plan from the RDP represents a departure from the RDP Partnership Agreement's 50/50 finance and risk sharing model, to the Council providing 100% of the funding for the construction. The RDP would essentially be acting as the Council's Development Manager and appointing Hill Construction to undertake construction of the scheme. This delivery route was proposed because the RDP's assessment of the viability of the Union Street scheme meant that the scheme could not be delivered within the terms of the Partnership Agreement model.
- 9.5 Freeths has advised that the RDP have broad rights within the Members Agreement to work on schemes identified to it by the Council. As such, there is no difficulty with it carrying out a development management role in principle, and being paid accordingly. The definition of 'Project Plan' within the Members' Agreement anticipates the RDP will undertake this role. Working with the RDP in this manner, whereby the RDP act as development manager to a project plan, would therefore be permissible under the Members' Agreement.

- 9.6 However, this delivery route would mean that the Council will be fully responsible for funding the Union Street Scheme by way of financial contributions to the RDP so that the RDP may procure the construction of a development by Hill Group. In the absence of any risk sharing (as is proposed in the Union Street Project Plan), then this will require a separate procurement exercise, particularly if it is proposed that Hill will be the construction contractor. This is because where the Council “subsidises” (i.e. fully funds) a scheme, including where RDP enter into the construction contract, it falls under regulation 13 of Public Contracts Regulations 2015. That regulation requires compliance with public procurement rules in order to demonstrate transparency, value for money and competition.
- 9.7 If it could be demonstrated that there was genuine risk sharing at higher than a token level (i.e. less than 50% but more than 5%) then, on balance, Freeths considered that this would be acceptable in procurement terms as it would meet the principles of joint investment and shared risk.
- 9.8 In the absence of such risk sharing, as is the case presented as the preferred route within the RDP Project Plan, and assuming the Council is content with Hill Group as the construction contractor to undertake the works, it could comply with public procurement rules by seeking to appoint them direct in another manner, namely through a mini-competition under the Homes England DPP3 route or through a direct ‘call-off’ appointment under one of several Frameworks where Hill are a member.
- 9.9 This advice indicates that it will not be possible to consider a delivery route through the RDP and the Council needs to consider alternative options that will facilitate delivery of the scheme in a timely manner that meets milestones in respect of external grant funding.
- 9.10 The Council has entered into contract with Homes England in respect of the £5m of HIF funding. The contract sets out the milestones that the Council needs to meet in order to secure the funding. The inability to meet these milestones would result in the Council defaulting on its legal obligations and put at risk the funding drawdown.

Financial and Resource Implications

- 9.11 The report sets out the outcome from the due diligence undertaken on the Union Street scheme and provides members with a significant update on the delivery and financing options for the scheme.
- 9.12 Paragraphs 5.6 to 5.11 outline the withdrawal of UCA from lease negotiations and options for a revised approach. This will have a significant impact on the risk profile of the Union Street scheme and will require an updated assessment of the income assumptions. It will be important for the Council to understand the financial risks on the Union Street scheme and whether these can be effectively mitigated.

- 9.13 There are a number of significant financial implications that the Council will need to consider. Whilst this report does not propose that the scheme is approved, the Council should be aware of the financial risks associated with progressing the scheme and utilising grant funding from Homes England and EM3 LEP.
- 9.14 The report proposes to utilise up to £2.2m of grant funding to commission the technical design and site preliminary scope of works. This will enable the Council to move to the next phase of the scheme and work through technical issues around scheme design and works. In utilising the grant funding, the Council will be doing so 'at-risk'. Should the Council subsequently not progress the scheme, grant funding that will have been drawn down may have to be repaid with the wider grant being withdrawn. The Council need to ensure adequate risk mitigation measures have been put in place to ensure eligibility criteria are met throughout the scheme.
- 9.15 There are a number of Treasury Management implications arising from the scheme that are worth consideration at this stage. The Council, subject to approval of the final design, will be entering into a significant long-term commitment with capital expenditure of approx. £33m to be financed. The Council's capital expenditure is predominantly financed from prudential borrowing as other sources of finance are limited. The Council has £102m of external debt and further borrowing will need to be undertaken to support the capital programme. The affordability of the Council's external borrowing should be taken into account prior to a decision to proceed with the scheme. The Council's borrowing strategy is set out in the Annual Treasury Management Strategy and was approved by Council at the meeting on 25 February 2021.
- 9.16 Changes to the PWLB Lending Terms in November 2020 require the Council to confirm that its capital expenditure plans are compliant. The PWLB Lending Terms defines 4 activity areas that the government will support through PWLB lending. This includes Regeneration activity with one or more of the characteristics defined below:
- the project is addressing an economic or social market failure by providing services, facilities, or other amenities that are of value to local people and would not otherwise be provided by the private sector
 - the local authority is making a significant investment in the asset beyond the purchase price: developing the assets to improve them and/or change their use, or otherwise making a significant financial investment
 - the project involves or generates significant additional activity that would not otherwise happen without the local authority's intervention, creating jobs and/or social or economic value
 - while some parts of the project may generate rental income, these rents are recycled within the project or applied to related regeneration projects, rather than being applied to wider services
- 9.17 Access to PWLB lending is dependent on the Council ensuring that it does not undertake capital expenditure in relation to investment assets primarily

for yield. For the avoidance of doubt, the Council should not purchase any investment assets regardless of how the acquisition is financed.

- 9.18 Paragraphs 8.6 to 8.11 of the report outline the need to appoint a client team and engage appropriate external advisors to enable the scheme to progress to the next stage. Indicative costs have been provided by LSHIM. It is likely that a proportion of these costs can be capitalised as the scheme progresses and will need to be included in the scheme cost estimate.
- 9.19 The Council has been able to fund the cost of external advice received to date from the Regeneration, Property & Major Works earmarked reserve. This reserve is fully utilised over the medium-term and the Medium Term Financial Strategy (MTFS) did not propose to allocate any further funding to the reserve. Further revenue funding will need be considered as part of the review of year end reserves and balances given the funding gap that is evident of the MTFS period.
- 9.20 Land assembly costs of approx. £9.5m have already been incurred as a cost of the regeneration to date. The financial modelling undertaken for the Union Street scheme has indicated it may not be possible to recoup this funding in the short term or medium term. The Council will as part of later decisions on the scheme need to consider the final treatment of land assembly costs to ensure the capital financing costs are considered. In the meantime debt interest on borrowing to date included in the MTFS should be dealt with as a cost of regeneration and whether provision will need to be made in the Council's revenue budget for recovery of the land value.

Equalities Impact Implications

- 9.21 There are no known specific equalities impact implications arising from this report.

Alternative Options

- 9.22 The Cabinet could consider not proceeding with the recommendations set out within this report and choose to cease any further activity on site until the position is clearer, particularly in respect of the student accommodation. There will always be unknown circumstances, uncertainties and element of future visioning required with any major regeneration scheme that takes over 2 years to build and such a delay would put at risk the ability to draw down and make use of the external funding that has been secured to support delivery of the scheme by March 2022.
- 9.23 A further alternative to consider would be to revisit the scheme mix and seek a variation through the planning process. This is not recommended by officers as it would add significant timescales on delivery to account for scheme re-design, validation and determination followed by the conclusion of a revised legal agreement before planning permission could be issued. That would result in the Council having to relinquish the £5m of funding

allocation from the HIF as it would not be feasible to meet milestones set out within the agreement.

- 9.24 A further option would be to dispose of the site with planning permission in place and a requirement to build out the scheme. However, as the scheme is not viable it would be unlikely to secure a purchaser. An alternative would be to sell the land unincumbered but this would not guarantee the approved scheme was built and there would be no influence over any further schemes put forward.

10 CONCLUSIONS AND RECOMMENDATIONS

- 10.1 Taking the above into account it is recommended that the Cabinet agree that the scheme proceed to the next stage of development and further assurance, financial and legal work proceed on the basis of the Council undertaking development (*"the Base Case"*) and Hill Partnerships Limited being appointed as main contractor through a direct award as set out in section 6 of the report.
- 10.2 This recommendation will see the Council proceed with the scheme at risk on the basis that:
- the development proceeds without the prospect of a long term lease for the student accommodation and instead the Council models a direct let option to students via a management company or entering into a nomination agreement(s) with an education establishment(s) and/or other body requiring student accommodation.
 - it is reliant on RHLtd being able to demonstrate it can service the borrowing associated with the acquisition of the residential units on completion
 - a sale is agreed to a suitable RP for the affordable units
 - it can secure commercial tenants for the ground floor units and the container units
- 10.3 The recommendations include the Cabinet agreeing to underwrite repayment of the Homes England grant funding in accordance with the terms of the funding agreement should the development not proceed.
- 10.4 A further report will come forward in due course once the key activities in sections 6 and 7 of this report have reached their conclusion.
- 10.5 The recommendations set out within this report align with the 'Place' priority within the Council's Business Plan (April 2019) by continuing to drive forward the regeneration of Aldershot and Farnborough town centres.

BACKGROUND DOCUMENTS:

Cabinet Reports RP2005 and RP2008

Council Meeting 25th July 2019 - Agenda Item no. 5(3) Rushmoor Development Partnership – Approval of Business Plan

Cabinet Report CEX1806
Establishing the Rushmoor Development Partnership

Council Meeting 4th October 2018 – Agenda Item no. 5 Establishing the Rushmoor Development Partnership (RDP)

EXEMPT APPENDICES

Appendix A – Grant Thornton Phase 1 Report

Appendix B – Grant Thornton Phase 2 Report

Appendix C – Grant Thornton Phase 3 Report

Appendix D – LSHIM Development Delivery Assessment Report

Appendix E – LSHIM High Level Risk Register

Appendix F – Grant Thornton Funder Memorandum of Information

Appendix G – Grant Thornton Developer Memorandum of Information

Appendix H – Avison Young Student Market proposal

Appendix I – Student Income Sensitivity Analysis

Appendix J – Savills Aldershot Student Market Summary

Appendix K – Pre-Construction Services Agreement and Demo Contract cost schedule

Appendix L – RBC Union Street Project Risk Register

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