

CABINET

Report of the meeting held on Monday, 15th December, 2025 at the Council Offices, Farnborough at 6.30 pm.

Voting Members

Cllr Gareth Williams, Leader of the Council

Cllr Gaynor Austin, Finance & Resources Portfolio Holder

Cllr Keith Dibble, Housing & Planning Portfolio Holder

Cllr Christine Guinness, Pride in Place / Neighbourhood Services Portfolio Holder

Cllr Julie Hall, Economy, Skills & Regeneration Portfolio Holder

An apology for absence was submitted on behalf of Cllr Sophie Porter.

The Cabinet considered the following matters at the above-mentioned meeting. The executive decisions made at this meeting are classified as urgent and exempt from call-in and, therefore, shall become effective immediately.

45. **DECLARATIONS OF INTEREST –**

Having regard to the Council's Code of Conduct for Councillors, no declarations of interest were made.

46. **MINUTES –**

The Minutes of the meeting of the Cabinet held on 25th November, 2025 were confirmed and signed by the Chairman.

47. **EXCLUSION OF THE PUBLIC –**

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

Minute No.	Schedule 12A Para. No.	Category
48	3	Information relating to financial or business affairs

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

48. **UNION YARD, ALDERSHOT – APPROACH TO DISPOSAL OF RESIDENTIAL APARTMENTS SEACOLE PLACE AND BURTON HOUSE (BLOCKS C & D) –**
(Cllr Gareth Williams, Leader of the Council)

The Cabinet considered Exempt Report No. REG2542, which set out options for the disposal of 82 residential units contained within the Union Yard scheme in Aldershot town centre. The Leader of the Council welcomed Cllr M.J. Tennant who had requested to address the Cabinet on this issue.

Members were reminded that, at its meeting held across 8th and 14th April, 2025, the Cabinet had resolved to dispose of the units to Prime Developments Limited. Work had commenced to effect that decision when, on 11th November, 2025, Prime had notified the Council that the company were not in a position to proceed with the acquisition. It was for this reason that the matter was back in front of Members. It was considered that the remaining alternative options had not changed materially since they had previously been evaluated. The Cabinet had previously considered and discussed the risks of each option and had decided that disposal to Rushmoor Housing Limited (RHL) had carried a significant short-term risk to the Council's revenue account, meaning that this option had been the least favourable in terms of short-term financial risk. The Cabinet had agreed, therefore, to discount this option and it was not felt that this option had become any more viable over the following time period. The options relating to the direct sale or rent of the units to the open market had been discounted as it had been considered that this would carry a high risk in terms of potential delays in receiving the capital receipts when compared to the other options. There had been a further risk in respect of the future sales of the units not achieving the same value as agents had forecasted. For these reasons, those options had also been discounted. Although it was acknowledged that, since that time, optimism within the sales and rental market had increased, it was not felt that this was sufficiently substantive to make these options viable in terms of risk at this time. The remaining option was for the disposal of the units to a named registered housing provider. When considered previously, this option had been narrowly ruled out in favour of the Prime Developments key worker option. It was considered that this now offered the most viable option for the disposal of the units.

The Cabinet heard from Cllr Tennant, who expressed concern that the report did not contain new financial information on the impact of this matter on the Council's Medium Term Financial Strategy (MTFS). He suggested that the adversity of the Council's financial position had been exaggerated over the previous two financial years and that each year had ended up in surplus. It was also felt that there was a lack of evidence as to the urgency of the disposal to help to deliver financial sustainability to the Council. Cllr Tennant explained that it was the belief of his Group that there was sufficient time to explore the alternative options more fully, with fresh financial modelling being carried out. In particular, it was suggested that the rental market was more buoyant now and that the Council retaining the units and renting out might provide the best return. Cllr Tennant urged the Council to consider carefully before making a decision that he felt was being unnecessarily rushed.

The Leader thanked Cllr Tennant for his contribution to the meeting and the Cabinet proceeded to discuss the issues.

In discussing the disposal to the named registered provider, Cabinet Members confirmed that constructive meetings had taken place in recent weeks and there was now more confidence that the placemaking aspects of the site management arrangements would be suitably addressed than there was when this option was first considered. A major advantage over this option was that all 82 units would be used to reduce the Council's social housing waiting list, which was one of the Council's most important priorities.

In response to some queries, the Council's Corporate Manager – Legal Services and Interim Monitoring Officer provided the following clarifications:

- The opinion was held that the offer under consideration would satisfy the Best Value requirement.
- The process to obtain the agreement of the Secretary of State was expected to take around six weeks but the Council could carry out work to progress matters during this period.
- It was thought that other parties would not have the opportunity to make representations to the Secretary of State during this process.
- In relation to the Council Constitution's Overview and Scrutiny Committee (OSC) Rules at paragraph 11, this matter was considered to be both a key decision and urgent and, as such, would not be subject to call-in. It was confirmed that the requirements of the Constitution had been fulfilled and that the permission of the Chair of OSC and the Mayor had been obtained, with notice of the decision to be made advertised appropriately. The urgency related to the need of the registered provider to get the matter to its January Board meeting to facilitate completion of the acquisition in the 2025/26 financial year. To achieve this, the registered provider would need the agreement of Heads of Terms by 17th December, 2025.
- Due to the matter not being subject to call-in, a special meeting of the Council's Audit and Governance Committee had been convened for 11th December, 2025 to allow matters in relation to the disposal to be scrutinised in a cross-party setting. The Corporate Manager – Legal Services read out a statement from the Committee Chair that expressed broad approval for the process that had been carried out in relation to the disposal of the units.

Lambert Smith Hampton (LSH) had been commissioned to prepare a short report as to the current state of the market. It was confirmed, however, that more detailed analysis would carry costs that were considered to be prohibitive, especially as it was not considered that this exercise would reveal anything new or of significance in deciding this matter.

LSH had originally been commissioned with the sale of Blocks C&D. The advice given by LSH based upon consultation with its investment business was that the asset would not be of interest to the open market, such as wealth funds, due to being a "disparate" asset and advised of an approach to locally based property companies resulting in a list of bids that were evaluated in the April Cabinet Report. LSH were

approached again to advise on the current marketing conditions. It transpired, as set out in the current Cabinet Report, that there might be, potentially, more interest from the market. I was confirmed, however, that values would not be any different and were described by LSH as “stagnant”, though there was a possible upturn in rental values over the following year.

A red book valuation was obtained, based upon market rent expectation, discounted by 15% for the sale as a block, producing a yield of around 5.5%. The red book valuation rental increase was not materially different from the previous valuation and on a par with the LSH net operating income, after allowing for around 20-25% operating costs at a similar yield.

LSH had advised a market value of between £14m and £15.5m based upon a mix of market rent and affordable rent (i.e.80% of market rent). The red book valuation indicated £16.4m based upon 100% market rent. Effectively the valuations based upon end market tenure were consistent and reasonable.

LSH had advised that pursuing a new buyer on the open market would not see a materially different sale value and this had been confirmed by the red book valuation. Every £1m increase in capital value (i.e. capital receipt) would deliver circa 4.8% saving on the revenue account, namely an annual saving of £48k. By comparison, the annual cost of the units was £1.26million of unrecoverable unbudgeted revenue, at a time when the Council already had a deficit on its revenue account and was relying upon its reserves to fund that deficit and manage risk events and key priorities.

The original offer from RHL was documented in the Cabinet papers and was summarised at the meeting. A sale to RHL would require the Council to loan RHL £16.4m for an indeterminate number of years. This loan would be impaired every year, based upon the overall recoverability determined by the underlying value of RHL as an entity (namely whilst RHL was in negative equity and/or not generating sufficient cash to be self-supporting). This impairment would be set against the future loan balance (a deferred capital receipt). In addition, the Council would at the same time make a financial commitment to support RHL with working capital for 27 years until it generated sufficient operating profit to repay the borrowing interest. This would amount to a total of £10m, also to be impaired every year by around the amount of interest that was accrued by not being paid in cash and set off in the Council’s revenue account, making it a real cost to the Council.

Members were informed that the Council had to take account of its current financial position. The Council’s agreed priority was to preserve its revenue reserves, manage financial risks and preserve services for residents by ensuring it maintained sufficient reserves to manage financial shocks. Property speculation was not one of these priorities.

In summary, the Leader expressed regret that more value could not be extracted from the disposal of the units at this time but reasserted that the offer from the registered provider represented the best value to the Council, a view that was corroborated by the Council’s Corporate Manager – Legal Services and Interim Monitoring Officer and the Executive Head of Finance and S151 Officer. The

Members of the Cabinet expressed support for the suggested approach to dispose of the 82 units to the registered provider.

The Cabinet RESOLVED that

- (i) having revisited the options appraisal for the disposal of Blocks C and D in light of the withdrawal by Prime Developments and considering the Council's current financial position and the current market position, the acceptance of the renewed offer by the registered provider, as set out in Exempt Report No. REG2542, be approved;
- (ii) the Executive Head of Property and Growth, in consultation with the Leader of the Council, the Economy, Skills and Regeneration Portfolio Holder, the Executive Head of Finance and the Corporate Manager – Legal Services, be authorised to enable the disposal of the 82 residential apartments in line with the approach set out in the Exempt Report and subject to agreement being received from the Secretary of State; and
- (iii) the disposal would also be subject to revised Heads of Terms, ensuring that no unreasonable restrictions would be placed on the use of the commercial units involved.

The Meeting closed at 7.47 pm.
