

**CABINET**

**COUNCILLOR PAUL TAYLOR  
CORPORATE SERVICES  
PORTFOLIO HOLDER  
REPORT NO. FIN2106**

**16 FEBRUARY 2021  
KEY DECISION: ~~YES~~/NO**

**REVENUE BUDGET, CAPITAL PROGRAMME AND COUNCIL TAX LEVEL**

**SUMMARY AND RECOMMENDATIONS:**

This report contains recommendations for the budget, Council Tax Requirement and proposals for budget savings for 2021/22. The report includes:

- Appendix 1: Medium Term Financial Strategy
- Appendix 2: List of additional items for inclusion in the budget
- Appendix 3: Capital Programme
- Appendix 4: Strategy for the Flexible Use of Capital Receipts

Cabinet are requested to consider and approve for recommendation to Council:

- i) the Medium-Term Financial Strategy set out in Appendix 1
- ii) the additional items for inclusion in the budget, set out in Appendix 2
- iii) the Council Tax Requirement of £6,927,715 for this Council
- iv) the Council Tax level for Rushmoor Borough Council's purposes of £214.42 for a Band D property in 2021/22 (an increase of £5)
- v) the Capital Programme, set out in Appendix 3
- vi) the Strategy for the Flexible use of Capital Receipts set out in Appendix 4
- vii) the balances and reserves position including proposed reserve transfers for 2021/22 as set out in Section 5 of the report

Cabinet are recommended to approve delegation to the Council's Section 151 officer, in consultation with the Leader of the Council and the Portfolio Holder for Corporate Services:

- i) for any changes to the General Fund Summary stemming from the Local Government Finance Settlement and the Business Rates Retention Scheme estimates

## 1. INTRODUCTION

- 1.1 This report sets out the key factors taken into account in preparing the budget plans for Rushmoor Borough Council for 2021/22.

## 2. BACKGROUND

- 2.1 Cabinet approved the budget framework set out in the Budget Strategy 2021/22 report on 13 October 2020 (FIN2029). Cabinet considered the prospects for the Medium-Term Financial Strategy at their meeting on 08 December 2020 (FIN2023).

- 2.2 The budget and MTFs have been prepared in the context of ongoing pressure on the Council's finances. The impact from Covid-19 on service expenditure and income, and the continuation of constraints in government funding (both in terms of the level of funding and duration) means the budget and medium-term are subject to considerable uncertainty.

### Local Government Finance Settlement 2021/22

- 2.3 The provisional settlement for 2021/22 was announced on 17 December 2020 and given the impact from Covid-19 is in effect a 'roll-over' settlement from 2020/21. It is worth stressing that the settlement only covers the forthcoming financial year. Significant changes to local government finance have been delayed for a further year but are expected to take effect from April 2022.

- 2.4 The government's consultation on the settlement closed on 16 January 2021 with the final settlement confirmed on 04 February 2021 (subject to Parliamentary debate on 10 February 2021). This report has been prepared based on figures contained within the provisional local government finance settlement and are not expected to change.

- 2.5 The provisional settlement largely confirmed the funding expectations for local government outlined in the Spending Review 2020

- Confirmation of the Council Tax referendum principle of 2% or £5 (whichever is higher) for shire districts and boroughs
- Tax Loss Scheme for Council Tax and Business Rates losses and confirmation of the ability to spread collection fund deficits over a 3-year period
- New Homes Bonus scheme continues for a further year
- Rural Services Delivery Grant maintained
- Social Care Funding
- Lower Tier Services Grant
- Details on the allocation of Covid-19 funding for 2021/22
- Continuation of the approach to eliminating negative RSG and an uprating of the Settlement Funding Assessment (SFA)

- 2.6 The MTFs continues to provide a risk-based General Fund balance of £2m being the minimum expected level for total working balances.

### 3. 2020/21 BUDGET

- 3.1 The original net revenue budget for 2020/21 was £11.290m. Cabinet have considered the forecast outturn position during the year with the last forecast outturn position of £14.492m reported in the Revenue Budget Monitoring Q2 2020/21 report (FIN2031) – an adverse variation of £2.841m
- 3.2 The main variations across service budgets (£2.605m) 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.
- 3.3 Non-Service variations (£0.236m) include a net variation on Treasury Management activities (£0.198m), C19 Risk allowance (£0.5m), and an estimated shortfall in the level of savings that will be achieved in year (£0.578m). These variations are in part offset by changes to earmarked reserve transfers to mitigate the impact on the revenue budget (£1.040m).
- 3.4 The Council has received £1.478m of Covid funding to support expenditure pressures and £0.426m in respect of the MHCLG Sales, Fees and Charges scheme (income loss). A second claim has been submitted for the period August to November 2020 with a claim for the final period (December 2020 to March 2021) due to be made in April 2021. The level of additional funding received from the Government in respect of Covid-19 has helped to mitigate the adverse impact on the Council's revenue budget.
- 3.5 The estimates for the current year have been revised and include changes arising from the impact of Covid-19 on service income and expenditure as set out in summary below. The revised net budget for 2020/21 is £13.260m.
- **Corporate Services** – Salary savings in the Revenues and Benefits service due to the planned reduction in staff (impact of Universal Credit on workloads), increased broker fees associated with treasury management activity, budget changes in Legal Services and Land Charges as reported through the Q1 and Q2 budget monitoring reports, reduced budget requirement due to delayed local elections (£87k budget underspend transferred to earmarked reserve as required in 2021/22)
  - **Customer Experience & Improvement** – Additional expenditure budget arising from Covid-19 related IT spend, as reported in Q1 & Q2 budget monitoring reports.
  - **Major Projects & Property** – a number of property-related budgets have been updated to reflect reduced expenditure on business rates and reduced rental income expectations. As reported in the Q1 and Q2 budget monitoring reports, rental income shortfall is to be funded from the Commercial Property reserve.
  - **Operational Services** – Virement of salary budgets between Operational Services in relation to the impact of Covid-19 on service costs, reduced Car Park income expectations (On-Street and Off-Street), revised estimates concerning Waste & Recycling income and expenditure (no material impact on the 2020/21 budget).

- **Planning & Economy** – Budget changes broadly in-line with the variations reported in the Q1 and Q2 budget monitoring report (Princes Hall net income shortfall, Development Management (Planning) fees, Building Control Fees).

3.6 The summary above excludes the impact of changes in Support Service charges, Capital Charges and Pension Accounting charges. A detailed analysis of the budget changes will be shown in the Council's 2021/22 Budget Book which will be available towards the end of February.

3.7 Whilst the revised budget indicates a reduced requirement to utilise the Stability and Resilience reserve a degree of caution should be exercised. Members may recall that the Q2 budget monitoring position highlighted the risk and uncertainty inherent in the outturn forecast and included a £0.500m risk allowance. These risks and uncertainties remain and will continue to impact on the Council's financial position.

3.8 As reported in the Q2 Budget Monitoring report, it is worth noting that a number of other reserves are utilised to support the General Fund Revenue budget. Total reserve deployment to support the General Fund Revenue Budget is forecast to be £0.521m (£0.608m in Q2) and will need to be kept under review over the remainder of the financial year.

#### **4. MEDIUM TERM FINANCIAL STRATEGY 2021/22 TO 2024/25**

4.1 As stated earlier in the report, budget and MTFS have been prepared in the context of ongoing pressure on the Council's finances. The impact from Covid-19 on service expenditure and income, and the continuation of constraints in government funding (both in terms of the level of funding and duration) means the budget and medium-term are subject to considerable uncertainty.

4.2 Portfolio budgets have been updated for 2021/22, along with forecasts of Corporate Items. Inflationary provision has been included as a separate item and assumes:

- Pay inflation of 2% and an assumption of the impact of pay increments
- Price inflation on major contracts, utilities and IT costs (in-line with the approach set out in the Budget Strategy)

4.3 Whilst the Chancellor announced a pay freeze for public sector workers, the impact on Local Government Pay is unclear. Inflationary provision of 2% has been applied to the MTFS in-line with the CPI inflation target. Should the position on Local Government Pay follow the Government's expectation, salary budgets and pay inflation provision would be reduced.

4.4 Income expectations have been reviewed with significant reduced income budgets for the Council's Car Parks and Princes Hall. A summary of the key budget changes is set out below.

4.5 The estimates for 2021/22 include changes arising from the impact of Covid-19 on service income and expenditure as set out in summary below. The proposed net expenditure budget across the portfolios for 2021/22 is £9.612m, a net increase of £0.859m over the Original Budget for 2020/21 (£8.753m).

- **Corporate Services** – Additional budget for delayed local elections due to take place in May 2021 (£87k funded from earmarked reserve), reduction in the budget support grants to voluntary organisations following cessation of Farnborough & Cove War Memorial Hospital Trust (£82k saving), additional cost of brokers fees associated with treasury management activity (£46k), Salary savings in the Revenues and Benefits service due to the planned reduction in staff from impact of Universal Credit on workloads (£36k)
- **Customer Experience & Improvement** – No material changes to service budgets other than pay inflation applied to salary budgets.
- **Major Projects & Property** – Rental income from commercial property (Voyager House, M&S) previously held as a savings plan item now reflected in service budgets (£925k income now shown against service budgets).
- **Operational Services** – Revised income forecasts for Car Parks (£498k reduced income from car park charges, fees and penalty charges), inflationary uplift on the Grounds Maintenance/Waste & Recycling contract, changes to recycling credit income (£95k reduced income)
- **Planning & Economy** – Princes Hall net budget change required to reflect gradual reopening of the venue (£279k reduced income, £116k reduced expenditure), net reduction in Development Management (Planning) fees expectation (£62k reduced income)

4.6 As with the Revised Estimates for 2020/21, the summary above excludes the impact of changes in Support Service charges, Capital Charges and Pension Accounting charges. A detailed analysis of the budget changes will be shown in the Council's 2021/22 Budget Book which will be available towards the end of February.

#### Additional items/Budget Pressures

- 4.7 In view of the on-going financial constraints in which the Council is operating, a degree of restraint has been exercised by services to stay within existing budget limits. However, a number of additional items are recommended for inclusion in the budget. These were scrutinised carefully by both the Executive Leadership Team (ELT) and Portfolio holders as part of the budget setting process in light of the financial constraints facing the Council.
- 4.8 These requests for both one-off items of expenditure in 2021/22 and on-going expenditure are detailed in Appendix 2, with a summary below of the key priority areas.

**Table 1 – Additional Items Summary**

Additional Item	Type	Summary	2021/22 (£'000)	2022/23 (£'000)	2023/24 (£'000)	2024/25 (£'000)
IT Pressures	VIS + NR	Replacement of Council telephone system with a cloud-based system to improve business continuity, software licence costs for CRM and Property systems, Cyber-security enhancements, essential application upgrades and support costs.	300	237	232	232
Property & Major Works Programme - Feasibility and Project Management	VIS	<u>Indicative</u> costs of feasibility studies and project management office costs associated with emerging Property & Major Works Programme. Further work needed to firm up costs and sequencing (funded from earmarked reserve)	100	100	100	0
Waste & Recycling	NR	Cost increase in waste and recycling collection/disposal as advised by the County Council in September 2020	100			
Waste & Recycling (Food Waste changes)	VIS	Estimated revenue costs of implementing food waste collection in advance of wider waste & recycling service changes. Indication costs would be eligible for New Burdens funding when measures in the Environment Bill take effect	200	50		
Service Expenditure (Contingency)	VIS	Contingency budget to be allocated for service expenditure pressures arising from Covid-19 response and recovery	300	200	200	
Other	NR	Radio Equipment for duty officers on-call	5			
<b>TOTAL Additional Items</b>			<b>1,005</b>	<b>587</b>	<b>532</b>	<b>232</b>
	VIS	Variations in Service	900	587	532	232
	NR	Non-Recurring	105	0	0	0

VIS = Variation in Service (multi-year pressure)

NR = Non-recurring (single year pressure)

- 4.9 £0.250m has been included within the additional items to facilitate the introduction of Food Waste collection during 2021/22 and 2022/23. This funding will allow for Food Waste containers to be purchased and for other costs associated with the introduction of the service (e.g., marketing and communications).
- 4.10 The Council will need to consider the wider Waste and Recycling service and how the introduction of Food Waste collection impacts on the other waste streams. The broad budgetary assumption made in the MTFs is that changes to Waste and Recycling will be cost neutral.
- 4.11 In addition to the items outlined above, a budget proposal is included in the 2021/22 revenue budget of £100k to provide funding for Covid support and recovery and will complement the Council's Support Communities Strategy and Action Plan 2021/23 approved by Cabinet in January 2021. It is proposed that this amount is transferred into the Deprivation Strategy Earmarked Reserve and that a detailed spending plan is considered by members before the additional funding is allocated.
- 4.12 Other items of supplementary expenditure may be agreed during 2021/22 as the Council reacts to changing conditions or levels of demand, for example. Each item will be reviewed individually as part of the normal in-year process through CMT and Cabinet, in line with current financial regulations. However, given the financial pressures the Council faces over the MTFs period, it is anticipated that any such requests will be reviewed in the context of ongoing need for budgetary control and will be restricted to essential expenditure and agreed priority areas only.

#### Non-Service Expenditure and Income

- 4.13 Corporate Items covers the non-service revenue expenditure and income that is included in the Council's General Fund. Non-Service budgets for 2021/22 of £2.409m are proposed and increase to £3.528m, £4.177m and £4.529m over the MTFS period. Specific budgets covering the Council's Treasury Management activities and planned reserve transfers are set out below in more detail.

#### Treasury Management and PWLB Lending Terms

- 4.14 The MTFS includes an updated estimate of the additional cost of borrowing as interest rates increase. As set out in the Treasury Management Strategy, external short-term borrowing has been taken to finance the capital programme. This takes advantage of current low interest rates, with a planned move to longer-term external borrowing as interest rate rises are expected over the medium term. Advice will be sought from the Council's Treasury Management advisors Arlingclose, in terms of timing, maturity profile and debt composition.
- 4.15 The Government published their response to the Public Works Loan Board: future lending terms consultation that was open until 31 July 2020. The response was published alongside the wider Spending Review announced on 25 November 2020.
- 4.16 The new lending terms take effect for all PWLB loans from 26 November 2020. The lending terms are more restrictive and will require the Council to review its capital expenditure and financing plans. However, the Government will, as a result of the reforms, lower the interest rate of PWLB lending by 100bps (1.00%) for all new loans arranged from 26 November 2020.
- 4.17 In summary, the Government's new lending terms are designed to prevent local authorities from using PWLB loans to buy commercial assets primarily for yield. The Government's intention for PWLB loans is that they should be used to pursue service delivery, housing, and regeneration activities.
- 4.18 The main changes to the ending terms require local authorities, through their Section 151 Officers, to submit a high-level description of their capital spending and financing plans for the following three years, including their expected use of the PWLB
- 4.19 The new lending terms reflect the Government's view that local authorities should not undertake capital expenditure on investments assets that will be held primarily for yield but should be used for the following four broad areas of activity that are supported:
- **Service Spending** is activity that would normally captured in the following areas in the MHCLG Capital Outturn Return (COR): education, highways & transport, social care, public health, culture & related services, environmental & regulatory services, police, and fire & rescue services
  - **Housing** is activity normally captured in the HRA and General Fund housing sections of the COR, or housing delivered through a local authority housing company. This is given separately from 'service spending' because of the relative concentration of cross-subsidy and other innovative financing arrangements in housing projects

- **Regeneration Projects** addressing economic or social market failure; generates significant additional activity that would not otherwise happen without the local authority's intervention, creating jobs and/or social or economic value
- **Preventative Action** where intervention prevents a negative outcome such as by buying and conserving assets of community value that would otherwise fall into disrepair, or providing support to maintain economic activity that would otherwise cease

4.20 As a result of these changes, the Capital Strategy, Capital Programme and the Treasury Management Strategy and Annual Non-Treasury Investment Strategy have been amended to explicitly remove any capital expenditure activity that is not compliant with the new lending terms.

4.21 In February 2021 CIPFA launched two consultations on changes to its Prudential Code and Treasury Management Code of Practice. These follow the Public Accounts Committee's recommendation that the prudential framework should be further tightened following continued borrowing by some authorities for investment purposes. These are principles-based consultations and will be followed by more specific proposals later in the year. These consultations are due to close in early April 2021.

4.22 **Prudential Code** – The key area being addressed is the statement that “local authorities must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed”. CIPFA is interested whether this statement and its implications are clearly understood. There is a proposal to change “purely” to “primarily” and to provide some additional guidance

4.23 Other proposed changes include:

- commercial investment should be proportionate to budgets
- capital expenditure should be sustainable in accordance with the corporate objectives of the
- authority, i.e., recognising climate, diversity and innovation
- expanding the capital strategy section on commercial activities
- replacing “gross debt and the CFR” with the liability benchmark as a graphical prudential indicator (CFR being the Capital Financing Requirement defined as the measure of the Council's underlying need to borrow. The CFR is the amount of capital expenditure that has not yet been financed by capital receipts, capital grants or contributions from revenue)
- new prudential indicator: external debt to net revenue stream ratio
- new prudential indicator: income from commercial and service investments to net revenue stream

4.24 **Treasury Management Code** – In addition to increased investment in commercial property, CIPFA believes that the TM Code must be updated to address “advances brought forward by issues such as the Markets in Financial Instruments Directive, known as MIFID II, and the increasing complexity of transactions in the sector.”

4.25 Proposed changes include:

- requiring job specifications and “knowledge and skills” schedules for treasury management roles to be included in TMP 10 (Training and Qualifications) and



formally reviewed (TMP being Treasury Management Practices which set out the way the organisation will seek to achieve policies and objectives set out in the Treasury Management Strategy)

- MiFID II professional clients recommended to have a specific treasury management committee (MiFID II being EU legislation “Markets in Financial Instruments Directive” and sets out a regulatory framework for local authority treasury management)
- a new TMP 13 on Environmental, Social and Governance Risk Management
- deleting the indicator on the maturity structure of borrowing as a consequence of including the liability benchmark

- 4.26 As set out in the Annual Treasury Management Strategy, the Council’s borrowing strategy is *“to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required”*.
- 4.27 The MTFs includes estimates of the borrowing costs arising from the financing of the capital programme.
- 4.28 Arlingclose expect the Bank base rate to remain at the current 0.10% for some time. Their projection (central case) for Bank Rate is no change, but further cuts to zero, or perhaps even into negative territory, cannot be completely ruled out.
- 4.29 The Treasury Management Strategy sets out the Council’s policy on Minimum Revenue Provision (MRP) and is the minimum amount which a Council must charge to its revenue budget each year, to set aside a provision for repaying external borrowing (loans).
- 4.30 The level of MRP to be charged to the revenue budget has been reviewed in light of the updated capital programme. MRP of £2.457m is to be charged in 2021/22 and is forecast to increase to £3.457m in 2024/25.
- 4.31 Estimates of interest receivable on other investments remain positive but with some uncertainty around the continued impact from Covid-19 on the Council’s longer-term investment returns. The Council continues to hold up to £25m in Pooled Funds, which are performing well. Investment income of £1.090m has been forecast for 2021/22 recognising volatility in the Pooled Fund income projections during the current financial year. The MTFs forecast assumes a return to pre-Covid income levels from 2023/24. This will be kept under review in terms of the overall cash position of the authority and the impact of forecast interest rate rises.

## **5. BALANCED BUDGET REQUIREMENT**

- 5.1 The Council is legally required to set a balanced budget for the following financial year and remains balanced. As can be seen in the MTFs, the Council’s core financial position is a balanced budget next year (after utilisation of the Stability and Resilience Reserve and other transfers to reserves). However, there is a significant and increasing projected funding gap of £3.134m in 2022/23, rising to £4.056m in 2023/24 and is forecast to increase further to £4.177m in 2024/25.

- 5.2 An important part of the strategy for financial sustainability will be to continue to deliver efficiencies and savings over the coming years.
- 5.3 The level of savings set out in the MTFFS does not meet the funding gap identified. The Stability and Resilience Reserve is being used to balance the budget in the short-term and will be depleted over the MTFFS period leading to a deficit position during 2023/24.
- 5.4 The CIPFA Financial Management Code (FM Code) was published in 2019 and is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. The FM Code applies to all local authorities with the first full year of compliance required in 2021/22.
- 5.5 The FM Code is based on a series of principles supported by specific standards which are considered necessary to provide the strong foundation to:
- financially manage the short, medium and long-term finances of a local authority
  - manage financial resilience to meet unforeseen demands on services
  - manage unexpected shocks in their financial circumstances
- 5.6 A key element of demonstrating financial sustainability and compliance with the FM Code is for the Council to ensure suitable mechanisms are in place around savings to that they are identified, agreed, planned, implemented and achieved. This will help to ensure the funding gap identified within the MTFFS is addressed in a planned and managed way.

#### Savings Programme

- 5.7 The Council is developing a revised approach to its Savings Programme that seeks to address the funding gap identified in the MTFFS. The programme will include a revised process for how savings are identified, evaluated and approved, with clearer reporting and monitoring and governance arrangements. This new approach will be approved during March 2021, to then be implemented to cover the new MTFFS period.
- 5.8 As reported to Cabinet in January 2021 (FIN2101), the key recommendation from the Budget Strategy Working Group (BSWG) was *“a new robust, balanced and proportionate savings and income programme for 2022/23 and the medium-term strategy period be developed, with the Budget Strategy Working Group acting as a consultee on its development, as set out in the Group’s Terms of Reference”*
- 5.9 Whilst the focus of the revised Savings Programme will be on ensuring the funding gap over the MTFFS period can be addressed, in-year savings opportunities will be reviewed and implemented to reduce the reliance on the Stability and Resilience reserve in 2021/22.
- 5.10 The revised Savings Programme approach will look at the design principles required to achieve a robust and balanced and proportionate plan. It is expected that any Savings Programme will need to include a mix of cost savings and income generation. The programme will need to consider service delivery options, organisational redesign programmes such as ICE, improved procurement

outcomes, and how to embed a commercial approach to service delivery and improved utilisation of property and income-generating assets.

5.11 The table below shows the savings that have been included in the MTFs. A number of items from the February 2020 Savings Plan have been updated and are now included with service revenue budgets. Material savings included in service budgets are highlighted in the first section of the table, but this is not an exhaustive list.

5.12 However, due to changes in the PWLB lending terms and the impact of Covid, a number of savings previously included in the Savings Plan are not possible to progress or are uncertain in terms of scale, scope and delivery timeframe. Therefore, it is considered prudent to not include these within the MTFs and will be considered in the revised Savings Programme in due course.

**Table 2 – Savings update (February 2021)**

Item	Updated Assumptions (February 2021)
<b>Budget Savings included in Net Portfolio Expenditure</b>	
Grants to Voluntary Organisation	Farnborough & Cove War Memorial Hospital Trust - Grant no longer required
Commercial Property Income (M&S)	Was included in Savings Plan (i.e. not new savings)
Commercial Property Income (Voyager House)	Was included in Savings Plan (i.e. not new savings)
<b>Savings Plan (2020 items)</b>	
Reversal of 2019/20 Additional Items	2021/22 will be incorporated into revised Savings Programme (SP)
Additional Portfolio Savings (May 2020)	Uncertain delivery - Removed
Procurement Savings (Printing)	To be allocated in 2021/22
ICE Programme (Workstreams 1-3)	2020/21 included under Salaries monitoring. 2021/22 will be incorporated into revised S
ICE Programme (Workstream 4)	Uncertain delivery - Incorporate in revised SP
Commercial Property - Rental Income expectations	Rental income included in Service budgets. Future year projections removed
Enhanced Commercial Property	Uncertain delivery - Removed
Major contracts	Uncertain delivery - Removed
Service Loans to Housing Company	Income projection updated in January 2021 to reflect planned activity
Salaries monitoring	Reviewed

Item	2021/22 (£'000)	2022/23 (£'000)	2023/24 (£'000)	2024/25 (£'000)
<b>Material Savings included in Net Portfolio Expenditure</b>				
Grants to Voluntary Organisation	(82)	(82)	(82)	(82)
Commercial Property Income (M&S)	(625)	(625)	(625)	(625)
Commercial Property Income (Voyager House)	(300)	(300)	(300)	(300)
<b>Savings Plan (2020 items)</b>				
Reversal of 2019/20 Additional Items				
Additional Portfolio Savings (May 2020)				
Procurement Savings (Printing)	(20)	(20)	(20)	(20)
ICE Programme (Workstreams 1-3)				
ICE Programme (Workstream 4)				
Commercial Property - Rental Income expectations				
Enhanced Commercial Property				
Major contracts				
Service Loans to Housing Company	(186)	(535)	(681)	(681)
Salaries monitoring	(50)	(50)	(50)	(50)
	<b>(1,263)</b>	<b>(1,612)</b>	<b>(1,758)</b>	<b>(1,758)</b>

**Notes:**

- \* The savings figures included in the table for Service Loans represent the Gross saving. Service loans to the Housing Company will result in a cost to the Council, although there is a net benefit gained from the margin on lending. This cost of borrowing has been provided within the Corporate items section of the MTFS.

**Balances and Reserves**

- 5.13 The Council's financial position is supported by its balances and reserves.
- 5.14 The Budget Strategy set a target for the General Fund balance to be maintained at a minimum of £2m, with the Stability and Resilience Reserve balance held at a level that would allow the Council to mitigate short-term fluctuations in income and expenditure (e.g., Business Rates, Government funding changes). Given the funding gap identified over the MTFS period, the Council must identify and deliver new savings to ensure this reserve is replenished.
- 5.15 However, these reserves should not be utilised to fund normal, on-going service provision. It is important to review the level of reserves regularly.
- 5.16 Members will recall that as part of the 2019/20 budget setting process a Commercial Reserve was established to provide a source of funding to mitigate potential fluctuations commercial property income. The level of the reserve will need to reflect the financial risks associated with the commercial property portfolio and the impact from Covid-19 on income. The MTFS forecast assumes that £0.250m of the reserve will be utilised in 2020/21 and 2021/22 to mitigate the impact of reduced rental income expectations.
- 5.17 Whilst the Council has been able to collect rental income due during 2020/21, there are a small number of tenants where alternative payment arrangements have been agreed. Given the current economic climate, there is a risk that tenants may not be able to meet rental demands or the Council will face periods of vacancy with its properties.
- 5.18 As reported to Cabinet in June 2020, a Treasury Management Reserve was established in recognition of the expected delay in interest receipts from Farnborough International (FIN2017). The level of reserve transfer required in 2020/21 and 2021/22 is estimated to be £0.180m per year. It is proposed a further £0.220m is utilised to support the General Fund budget in 2022/23 to provide mitigation on Treasury Investment Income.
- 5.19 The Revenue Budget Monitoring Q2 2020/21 (FIN2031) to Cabinet provided an update on the FIL loan and interest position. This stated that Barclays intention to capitalise interest in-line with the Intercreditor Agreement. This states that Barclays, as primary creditor, would be paid all capital sums due (including rolled-up interest) before any of the public sector funding partners are due capital repayments. Therefore, the Council would not receive the deferred interest until 2026 at the earliest.
- 5.20 The Service Improvement Fund and ICE Reserve will be depleted by the end of 2021/22 and has provided up-front investment for the ICE modernisation programme and to support key projects that underpin the Council's plan for financial

sustainability. It is not proposed to amend level of these reserves during 2021/22 but they will be reviewed at the end of the current financial year.

- 5.21 Council approved the establishment of a number of earmarked reserves in February 2020 given the level of risk and uncertainty facing the Council over the medium-term:
- Pensions (confirmed transfer amounts are £0.669m in 2020/21, £0.818m in 2021/22, £0.960m in 2023/24) with the MTFS assuming further increases following the next triennial review in 2023.
  - Regeneration (£0.450m transferred in 2019/20)
  - Regeneration (Professional Advice and Due Diligence) (£0.250m transferred in 2019/20)
  - Workforce Strategy (£0.200m transferred in 2019/20)
- 5.22 It is proposed that the Regeneration Reserve be repurposed to provide funding to a wider number of projects over the medium term (to be named Regeneration, Property & Major Works Reserve). This reserve will provide limited revenue and capital funding for the wider Regeneration Programme. The reserve will facilitate delivery of the Council Business Plan around the regeneration of Aldershot and Farnborough town centres. Funding has already been drawn down in 2020/21 and the additional item “Property & Major Works Programme - Feasibility and Project Management” will be in part funded from this reserve.
- 5.23 It is expected that earmarked reserves supporting the Regeneration, Property & Major Works programmes are likely to be fully be utilised over the medium-term. Given the funding gap that is evident over the MTFS period it is not proposed at this stage to allocate any further funding to these reserves and the ability to progress capital projects through feasibility will need to be considered separately by the Council.
- 5.24 No changes are planned to the approach taken to the Pension Reserve or the Workforce Planning Reserve.
- 5.25 If approved, the impact of these proposed changes outlined in the report to the level of balances and reserves is set out in the table below:

**Table 3 – Balances and Reserves forecast**

	SOA Balance 31/03/2020 (£'000)	Esimated Balance 31/03/2021 (£'000)	Estimated Balance 31/03/2022 (£'000)	Estimated Balance 31/03/2023 (£'000)	Estimated Balance 31/03/2024 (£'000)	Estimated Balance 31/03/2025 (£'000)
<b>Transfers To (From) Reserves</b>						
General Fund Balance	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)
<b>Earmarked Reserves</b>						
Stability & Resilience	(5,871)	(5,563)	(4,550)	(1,416)	0	0
Negative Balance of Stability & Resilience *			0	0	2,641	6,818
Service Improvement Fund	(129)	(129)	0	0	0	0
Commercial Property Reserve	(2,000)	(1,750)	(1,500)	(1,500)	(1,500)	(1,500)
Regeneration Reserve	(450)	(267)	(167)	(67)	0	0
ICE Reserve	(297)	0	0	0	0	0
Climate Emergency Reserve ***	0	(216)	0	0	0	0
Deprivation Reserve ****	0	(100)	0	0	0	0
Pension Reserve	0	(669)	(1,487)	(2,447)	(2,447)	(2,447)
Regeneration Due Diligence Reserve	(250)	0	0	0	0	0
Workforce Reserve	(200)	(200)	(200)	(200)	(200)	(200)
Treasury Reserve	0	(400)	(220)	0	0	0
CPE Rolling Fund	(345)	(254)	(254)	(254)	(254)	(254)
Budget Carry Forwards	(301)	0	0	0	0	0
Elections Reserve	0	(87)	0	0	0	0
SANG/s106 **	(4,442)	(4,442)	(4,442)	(4,442)	(4,442)	(4,442)
Other Earmarked Reserves/Prior yr grants	(2,673)	(2,673)	(2,673)	(2,673)	(2,673)	(2,673)
<b>TOTAL Reserves and Balances</b>	<b>(18,958)</b>	<b>(18,751)</b>	<b>(17,493)</b>	<b>(14,999)</b>	<b>(10,875)</b>	<b>(6,698)</b>
<b>Excluding SANG</b>	<b>(14,516)</b>	<b>(14,309)</b>	<b>(13,051)</b>	<b>(10,557)</b>	<b>(6,434)</b>	<b>(2,256)</b>

**Notes:**

\* Negative Balance on Stability & Resilience Reserve – this is shown as a negative balance should the Council not find sufficient savings or additional income to address the funding gap highlighted over the MTFs period. In practice, a negative reserve would not be created but is show for illustrative purpose to highlight the impact.

\*\* This includes all other earmarked reserves including s106 and SANG \*(Suitable Alternative Natural Green Space) balances. It is likely that the level of these reserves will increase over the next 3-4 years as the charge payable for the Southwood SANG is collected.

\*\*\* Climate Emergency Reserve – For the purposes of the reserves forecast it is assumed the reserve will be utilised in full during 2021/22. Cabinet considered the Climate Change Action Plan (DCS2002) at their meeting in November 2020.

\*\*\*\* Deprivation Reserve – For the purposes of the reserves forecast it is assumed the reserve will be utilised in full during 2021/22. Cabinet considered the Supporting Communities Strategy and Action Plan 2021/23 (DCS2101) at their meeting in January 2021. This allocated the initial £100k of funding and it is expected that a detailed spending plan will be developed during 2021/22 to support the allocation of the additional £100k included as a budget proposal in this report.

5.26 Whilst the level of balances and reserves shown in the table indicates that the Council is in a good financial position, the cumulative funding gap of £12.381m over the MTFs period - £1.014m in 2021/22 rising to £4.177m by 2024/25 (as shown in Table 4 below), would reduce the Stability and Resilience Reserve to a nil balance during 2023/24.

5.27 Clearly, the Council will need to ensure the Savings Programme is robust, balanced and proportionate, and mitigates the funding gap over the MTFs period.

**Table 4 – Medium Term Financial Forecast**

Item	Original 2020/21 (£'000)	Revised 2020/21 (£'000)	2021/22 (£'000)	2022/23 (£'000)	2023/24 (£'000)	2024/25 (£'000)
Portfolio Net Expenditure	8,753	11,926	9,612	8,275	8,311	8,311
Corporate Items	3,038	1,754	2,409	3,528	4,110	4,529
Inflation	0	0	0	561	1,121	1,682
<b>Portfolio + Corporate Items</b>	<b>11,791</b>	<b>13,680</b>	<b>12,020</b>	<b>12,364</b>	<b>13,542</b>	<b>14,522</b>
Additional Items & Budget Pressures	909	0	1,005	587	532	232
Budget Proposals	26	26	100	0	0	0
Risk items (Waste)	0	0	0	350	350	350
Savings Plan	(1,436)	(446)	(256)	(605)	(751)	(751)
<b>Draft Net Revenue Budget</b>	<b>11,290</b>	<b>13,260</b>	<b>12,869</b>	<b>12,696</b>	<b>13,672</b>	<b>14,352</b>
<b>Funded by:</b>						
Council Tax	6,705	6,705	6,928	7,137	7,352	7,574
Business Rates	3,767	3,767	3,574	2,500	2,550	2,601
New Homes Bonus	1,169	1,169	863	211	0	0
Covid Funding	0	2,162	589	0	0	0
Other Funding	267	0	101	0	0	0
Council Tax/NNDR Surplus or (Deficit)	(270)	(270)	(200)	(286)	(286)	0
<b>TOTAL Funding</b>	<b>11,637</b>	<b>13,533</b>	<b>11,855</b>	<b>9,561</b>	<b>9,616</b>	<b>10,175</b>
<b>Core (Surplus) / Deficit</b>	<b>(347)</b>	<b>(273)</b>	<b>1,014</b>	<b>3,134</b>	<b>4,056</b>	<b>4,177</b>
<b>Deficit Funding</b>						
<b>Stability &amp; Resilience Reserve</b>						
Balance b/f	5,871	5,871	5,563	4,550	1,416	(2,641)
Planned use		(307)	(1,014)	(3,134)	(4,056)	(4,177)
<b>Balance c/f</b>		<b>5,563</b>	<b>4,550</b>	<b>1,416</b>	<b>(2,641)</b>	<b>(6,818)</b>

*Note – Table may contain rounding when compared to Appendix 1*

5.28 Table 5 below illustrates the Funding Gap clearly in terms of the need for the Council to identify and deliver new savings over the MTFs period. This shows the position prior any savings being delivered and shows a widening gap between planned expenditure and funding assumptions. This is an important distinction due to the risk around delivery of savings (e.g., Service Loans to Housing Company are based on forecast drawdown of funding).

**Table 5 – Funding Gap forecast in MTFS**

Item	2021/22 (£'000)	2022/23 (£'000)	2023/24 (£'000)	2024/25 (£'000)
Draft Revenue Budget (before Savings)	13,108	13,340	14,439	15,117
TOTAL Funding	11,865	9,544	9,581	10,155
<b>Funding Gap</b>	<b>1,243</b>	<b>3,795</b>	<b>4,858</b>	<b>4,962</b>
Savings Plan	(263)	(612)	(612)	(612)
<b>Residual Funding Gap After Savings</b>	<b>980</b>	<b>3,183</b>	<b>4,246</b>	<b>4,350</b>
Use of Stability & Resilience Reserve	(980)	(3,183)	(4,246)	(4,350)
<b>Stability &amp; Resilience Reserve Y/E Balance</b>	<b>4,584</b>	<b>1,401</b>	<b>(2,846)</b>	<b>(7,195)</b>

## 6. FUNDING

6.1 The MTFS includes a forecast of the level of funding available to support the General Fund over the medium-term which are set out in detail below.

### Business Rates

6.2 The Council was required to finalise its Business Rates estimates for 2021/22 and its initial estimate of any surplus or deficit for 2020/21 by 31 January 2021. Forecasting business rates income is complex with the impact from Covid-19 creating additional uncertainty.

6.3 The estimate of business rates income has been prepared based on the rateable value of properties on the rating list on 31 December 2019. Forecasts have been made concerning the level of mandatory and discretionary reliefs that will be given, and an allowance made for bad debts and repayments.

6.4 The estimate does not take into account 2 potential issues that are likely to have a material impact on the level of business rates income the Council will retain:

- **Reliefs** – On 03 February 2021, the Financial Secretary to the Treasury made a Written Ministerial Statement (WMS) to Parliament asking billing authorities to consider waiting until the Chancellor has set out his plans at Budget, before issuing bills for 2021/22. Therefore, it seems likely that further business rates reliefs will be announced in the budget on 03 March 2021.
- **Material Change in Circumstance** – There have been reports in the press and some indication from the Valuation Office Agency (VOA) that consideration is being given to reductions in rateable values across a wide variety of sectors in response to the effects of the Covid-19 pandemic. The Government have not given any indication as to whether this is being considered but such a change, even if a temporary measure, would reduce the level of business rates due and hence on business rates income. NNDR1 estimates have been submitted to MHCLG in the absence of any further information.

6.5 Business rates are collected by the Council, and the proceeds are shared between Rushmoor and Hampshire County Council, and also with central Government to fund services. There is an element of risk and reward involved in the Business Rates scheme, which is designed to incentivise Councils to promote business growth within their areas. The Council expects its share of retained business rates to be



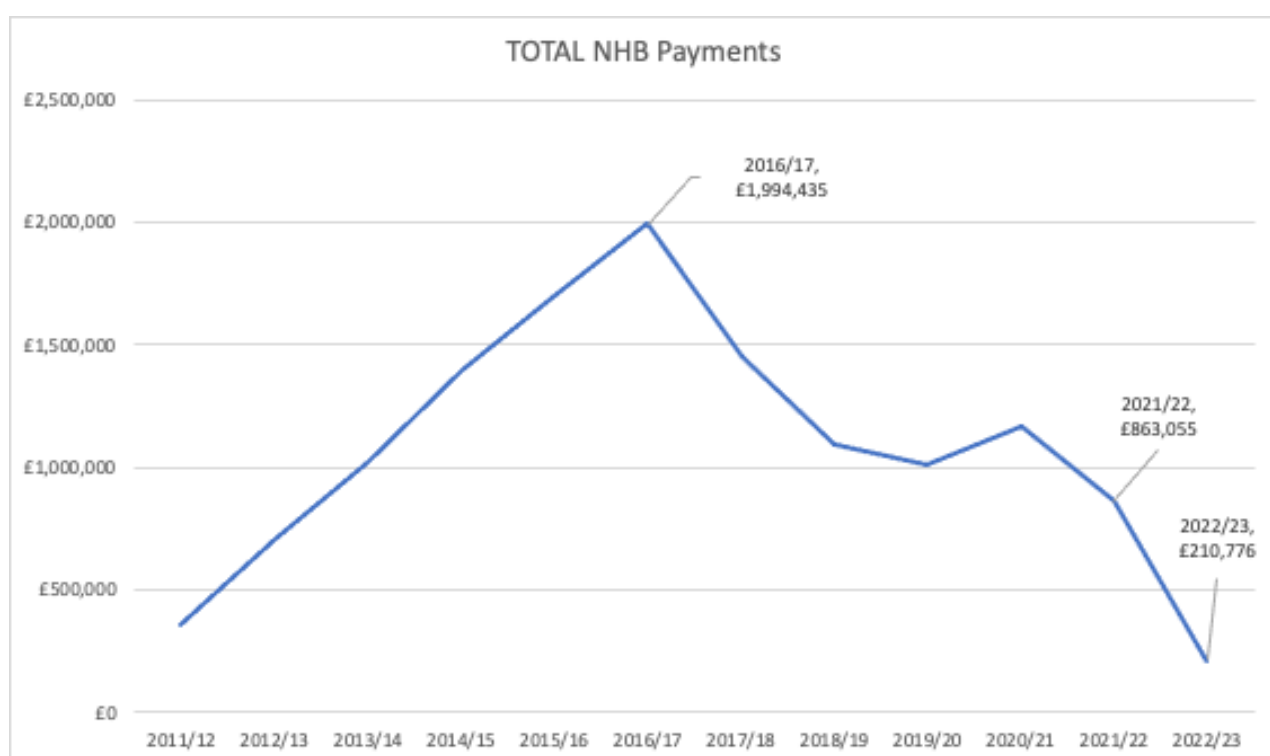
£3.574m in 2021/22. The business rates retention scheme is volatile and estimating the outturn is complex due to factors such as appeals, demolitions, new builds, occupation and reliefs. The draft forecast for business rates included in this report is lower than last year and includes an estimated decline in business rates during the year, in part due to significant redevelopment in Aldershot Town Centre.

- 6.6 The Business Rates Collection Fund is forecast to be in a deficit position by the end of the current year, largely due to the impact of Covid-19. This is consistent with the outturn position on the collection fund for 2019/20. Owing to the way in which business rates are accounted for through the budget setting process and the year-end collection fund, any surplus or deficit from the previous year is dealt with in the following year's budget. Therefore, the forecast deficit (as shown in Part 4a of the NNDR1 as the exceptional balance) of £1.673m represents the timing difference between the 2019/20 outturn forecast from January 2020 and the final outturn declared in April 2020. Rushmoor's share of the exceptional balance is 40% (£0.669m).
- 6.7 The Local Authorities (Collection Fund: Surplus and Deficit) (Coronavirus) (England) Regulations 2020 implemented the announcement made by the Secretary of State on 2 July 2020 that "the repayment of collection fund deficits arising in 2020-21 will be spread over the next three years rather than the usual period of a year, giving councils breathing space in setting budgets for next year". The Council has taken advantage of this change in the regulations and spread the Business Rates Collection Funds deficit with £0.223m included in the MTFS from 2021/22 to 2023/24.
- 6.8 At the same time, the Government provided further detail on the Local Tax Income Guarantee scheme. Billing and major precepting authorities will be compensated for 75% of their share of losses in business rates income as measured between NNDR1s and NNDR3s. This will be completed in April 2021 and will also take into account the impact of additional reliefs granted during the year on business rates income and Section 31 Grant provided to the billing authority to compensate for these reliefs.
- 6.9 At the time of writing, the 2020/21 deficit as shown on Part 4 of the NNDR1 return was £26.068m with Section 31 Grant compensation of £23.639m. Any deficit remaining after the Government's 75% loss funding will need to be reflected in future MTFS updates.
- 6.10 Final agreement of the Business Rates estimates will be made by the Council's Section 151 Officer in consultation with the Leader of the Council, under the delegation agreed by Council on 20th January 2014, and an update will be provided to Cabinet alongside this report.
- 6.11 Should the business rates estimates be materially different from those presented in this report, the General Fund Summary will be updated by the Council's Section 151 Officer in consultation with the Leader of the Council and the Portfolio holder for Corporate Services, prior to consideration of the budget by Council on 25 February 2021.

### New Homes Bonus

- 6.12 Planned consultation on a new reward scheme did not take place in 2020 due to the impact of Covid-19 and the Government confirmed in the Spending Review the current scheme would continue for a further year. The allocation of New Homes Bonus (NHB) for 2021/22 was included in the provisional settlement.
- 6.13 Whilst the total amount of NHB for 2021/22 is £0.863m, the 2021/22 element of £0.313m will not generate legacy payments in future years. Therefore, future payments of NHB will reduce significantly as the remaining legacy payments taper-out over the next 2 years. The MTFS does not include any projection on future allocations of NHB (or its replacement) as the funding stream is part of the fair funding review.

**Chart A – Total New Homes Bonus allocations**



### Covid Funding and other grants

- 6.14 Alongside the finance settlement, the government has confirmed the following grants and other funding scheme contributions that the Council will receive in 2021/22.
- Covid Expenditure Funding Allocations (£0.489m)
  - Lower Tier Services Grant (£0.101m)
  - Estimated Sales, Fees & Charges compensation (£0.100m)
- 6.15 The table below provides an overview of the overall position in respect of Government funding and a forecast across the MTFS period. Given the status of the Fair Funding Review there is significant risk in forecasting of funding from 2022/23.

**Table 6 – Government Funding assumed in MTFS forecast**

Item	Original 2020/21 (£'000)	Revised 2020/21 (£'000)	2021/22 (£'000)	2022/23 (£'000)	2023/24 (£'000)	2024/25 (£'000)
Business Rates	3,767	3,767	3,574	2,500	2,550	2,601
New Homes Bonus	1,169	1,169	863	211	0	0
Lower Tier Services Grant	0	0	101	0	0	0
<b>Subtotal Government Funding</b>	<b>4,935</b>	<b>4,935</b>	<b>4,539</b>	<b>2,711</b>	<b>2,550</b>	<b>2,601</b>
Covid-19 Expenditure Pressures	0	1,478	489	0	0	0
Sales, Fees & Charges Scheme (Est.)	0	684	100	0	0	0
<b>Subtotal Covid Funding</b>	<b>0</b>	<b>2,162</b>	<b>589</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL Government Funding</b>	<b>4,935</b>	<b>7,098</b>	<b>5,128</b>	<b>2,711</b>	<b>2,550</b>	<b>2,601</b>

Note: Business Rates Retention figure includes Baseline funding, Section 31 Grants and calculation of the levy payable on growth above the baseline. The forecast for 2022/23 reduces due to the baseline reset, which for the purposes of budgeting is estimated to reduce by 30% to 40%.

- 6.16 The forecast shown in the table is based on the assumption that the Fair Funding Review and Business Rates rest (required to fund the FFR) reduces the Council's business rates income to the baseline level (£2.381m in 2021/22). No assumption has been made on any replacement to the New Homes Bonus scheme and no assumption has been made on any further Covid-19 funding other than the amounts already announced and allocated.
- 6.17 Therefore, the level of Government funding reduces significantly over the MTFS period (based on the assumptions made above) and the Council will need to take appropriate actions to ensure the financial sustainability of the Council is maintained in light of reduced resources over the medium-term.

#### Council Tax

- 6.18 The referendum threshold for 2020/21 for Shire Districts such as Rushmoor is 2% or £5 (whichever is the greater). The Spending Power calculation published with the Local Government Finance Settlement assumed that all authorities would raise their Council Tax towards the maximum allowable amounts. Factoring such increases into the funding assessment, removes flexibility for local authorities to take local decisions about tax levels and to use increases in local taxation to offset local spending pressures. Councils now need to make these increases just to keep total funding levels at a standstill.
- 6.19 The revenue budget assumes a £5 increase in a Band D charge for Council Tax, which falls within the permissible level of increase before triggering a local referendum and equates to an increase of around 10 pence per week for a Band D property.
- 6.20 A council tax rise of £5 increases the Band D rate from £209.42 to £214.42 and will generate approximately £0.223m in additional council tax revenue annually (when

taken with estimated changes to the taxbase). As it is unclear whether the ability to increase Council Tax by £5 will continue beyond 2021/22, the MTFS assumes an increase of up to 2% per annum. This would generate a further £0.646m over the remaining years of the MTFS period.

#### Council Tax Support

- 6.21 Cabinet considered the report from the Council Tax Support Task and Finish Group at their meeting on 08 December 2020 (FIN2030). Following the review of Council Tax Support by the Task and Finish Group, the recommendation to full Council is that the current scheme for working age customers continues for 2021/22 with the usual alignment to Housing Benefit Rates. This would mean that the minimum contribution would remain at 12%.
- 6.22 In light of the impact of the Covid-19 pandemic, it is proposed that the fundamental review of the Council Tax Support scheme be deferred until 2021/22. Further recommendations were made around the Hardship Fund and Government Funding for CTS in 2021/22.
- 6.23 Cabinet accepted the proposal from the Group, the impact of which are included within the estimates on the Council Taxbase for 2021/22.

#### Council Taxbase

- 6.24 The Taxbase for 2020/21 has been estimated at 32,309.09 and represents an increase of 293.86 (0.92%) over the 2020/21 position.

#### Council Tax Collection Fund

- 6.25 The Council Tax Collection Fund is estimated to be in deficit by the end of the current financial year by £1.6m, although there is a surplus in respect of previous years of £0.728m. (Whilst this suggests a net deficit of £0.872m there is a timing difference in how the surplus and deficit are allocated to the General Fund. The surplus from previous years is included in the revenue budget in 2021/22 with the deficit spread over a 3-year period).
- 6.26 Collection rates for Council Tax have been lower throughout 2020/21 due to the impact from Covid-19 on the ability for some Council Tax payers to make payments. The Council has provided support to Council Tax Support recipients during 2020/21 from the £0.542m allocation of Hardship Funding by the Government. This allowed the Council to support vulnerable individuals and households with their Council Tax Bills. Further support has been provided on a case-by-case basis which has included varying payment amounts and the timing of when payments are due.
- 6.27 At the time of writing, the Revenues team have been able to collect the majority of Council Tax due for the year and the collection rate has improved each month. The latest available collection data suggests that the Council is 1.3% below the collection rate for the same period in 2019/20, and the total collected is forecast to be below the level precepted against the Collection Fund.
- 6.28 Any surplus or deficit on the Collection Fund is shared across the major precepting authorities (Hampshire County Council, Hampshire Police and Crime Commissioner, Hampshire Fire and Rescue Authority). In common with the

regulations outlined earlier on business rates, the Council has taken advantage of the options to spread any deficit over a 3-year period.

- 6.29 As outlined with the Business Rates Collection Fund, the Government is providing support for Councils through the Local Tax Income Guarantee scheme. There is a different mechanism in place for Council Tax losses. Billing authorities and major precepting authorities will be paid directly through section 31 grant in full into general funds in the 2021-22 financial year. The payment will be calculated by taking the authority's outturn, minus their baseline, and paying 75% of this value, provided it is negative. If it is positive, no guarantee will be payable.
- 6.30 For the purposes of the MTFS, no assumption has been made to the level of support from the Government from the Local Tax Income Guarantee scheme. Therefore, the MTFS includes the impact of the 3-year spread with a net surplus allocated for 2021/22 (£63k deficit arising from the 3-year spread, £86k surplus from prior years) with the impact of the 3-year spread in 2022/23 and 2023/24. Any funding received from the Government in respect of Council Tax losses will be allocated during 2021/22.
- 6.31 The Council Tax base and surplus were agreed under delegated powers by the Council's Section 151 Officer, in consultation with the Leader of the Council, during February 2021.
- 6.32 The decision to set Council Tax remains an annual decision for Council to consider when setting the budget one year from the next.

## **7. CAPITAL PROGRAMME 2020/21 to 2024/25**

- 7.1 The Council's Capital Strategy and Capital Programme are considered over a five-year period. The Strategy provides the framework for the Council's capital expenditure and financing plans to ensure they are affordable, prudent and sustainable over the longer-term.
- 7.2 The Council has set out its Capital Programme for the period 2020/21 to 2024/25 based on the principles of the Capital Strategy. This is summarised in Table 7 below and in further detail in Appendix 3 of this report. A total capital expenditure budget of £38.510m in 2021/22 is proposed. Total expenditure decreases to £7.278m and £2.070m in 2022/23 and 2023/24 respectively, and in the final year of the current programme 2024/25 spend is estimated at £1.332m.

**Table 7 – Summary Capital Programme**

<b>Portfolio/Scheme</b>	<b>2020/21 Original Estimate (£'000)</b>	<b>2020/21 Revised Estimate (£'000)</b>	<b>2021/22 Estimate (£'000)</b>	<b>2022/23 Estimate (£'000)</b>	<b>2023/24 Estimate (£'000)</b>	<b>2024/25 Estimate (£'000)</b>
<b>Corporatate Services</b>						
Flexible Use of Capital Receipts	0	86	0	0	0	0
<b>Subtotal CS</b>	<b>0</b>	<b>86</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Customer Experience &amp; Improvement</b>						
Computer Systems	80	38	115	0	0	0
Council Offices	45	0	33	0	0	0
<b>Subtotal CE&amp;I</b>	<b>125</b>	<b>38</b>	<b>148</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Major Projects &amp; Property</b>						
Aldershot Town Centre Projects	2,091	618	3,951	0	0	0
Civic Quarter Farnborough	14,525	276	19,383	0	0	0
Housing Matters	2,731	770	5,436	4,862	854	116
Commercial Properties	22,425	17,553	0	0	0	0
Property Enhancements	202	254	90	0	0	0
Union Street Aldershot	7,393	1,650	7,658	1,200	0	0
Other	0	0	0	0	0	0
<b>Subtotal MP&amp;P</b>	<b>49,367</b>	<b>21,121</b>	<b>36,518</b>	<b>6,062</b>	<b>854</b>	<b>116</b>
<b>Operational Services</b>						
Alpine Snowsports	0	3	0	0	0	0
CCTV	0	0	400	0	0	0
Crematorium	1,200	1,200	0	0	0	0
Depots	0	4	34	0	0	0
Manor Park	49	0	49	0	0	0
Moor Road	0	247	0	0	0	0
Parks & Open Spaces	125	305	20	0	0	0
Playground Works	104	104	0	0	0	0
Refuse/Recycling inc Food Waste	100	143	231	105	105	105
Southwood Community Centre	0	20	0	0	0	0
Vehicle Replacement	0	7	0	0	0	0
Improvement Grants	1,111	1,211	1,111	1,111	1,111	1,111
<b>Subtotal OPS</b>	<b>2,689</b>	<b>3,243</b>	<b>1,844</b>	<b>1,216</b>	<b>1,216</b>	<b>1,216</b>
<b>Planning &amp; Economy</b>						
No Capital Schemes						
ICE Programme	45	233	0	0	0	0
<b>Subtotal ICE</b>	<b>45</b>	<b>233</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL Capital Programme</b>	<b>52,226</b>	<b>24,721</b>	<b>38,510</b>	<b>7,278</b>	<b>2,070</b>	<b>1,332</b>

7.3 The capital programme is focussed on delivering against the Council's key priority of Town Centre Regeneration, with further schemes focused on enhancing the

delivery of core services through improvement and enhancement of assets. The programme also includes support for the provision of local housing and the Council's statutory duties in respect of Disabled Facilities Grants.

- 7.4 The Capital Programme, as set out in this report, includes expenditure estimates to enable the Union Street scheme in Aldershot to progress in accordance with the decision taken by Cabinet in August 2020 around demolition of the site. A further decision will need to be taken by full Council for the construction and development phase of the scheme following the completion of the due diligence process.
- 7.5 Expenditure estimates have also been included within the capital programme for the Civic Quarter, Farnborough scheme. This will allow site assembly and land remediation to continue, along with further detailed planning of the wider site.
- 7.6 Due to the scale and complexity of these schemes detailed proposals for each regeneration scheme will need to be considered by Cabinet and Council once the due diligence work has been completed. Each scheme will have significant legal and financial implications and will require the Council to consider the long-term financial commitments and risks. The Capital Strategy, Treasury Management Strategy and the Capital Programme will need to be updated to reflect decisions taken by Cabinet and Council.
- 7.7 There will be a continued review of capital spending requirements as the Council regeneration, new Property and Major Works programmes, and other schemes are brought forward in more detail, with affordability and deliverability will be a key consideration in this regard.
- 7.8 The Council's capital expenditure is predominantly financed from prudential borrowing. Other sources of finance support the capital programme, either from external sources (government grants and other contributions), the Council's own resources (revenue, reserves and capital receipts).
- 7.9 The level of prudential borrowing included reflects the financing available in the revenue budget, capital receipts align with forecasts and grant funding and other contributions are based on already notified allocations or best estimates at the time of preparation. If additional resources become available, projects that meet the Council's strategic capital objectives will be brought forward for approval.

**Table 8 – Summary Capital Financing Statement**

	2020/21 Original Estimate (£'000)	2020/21 Revised Estimate (£'000)	2021/22 Estimate (£'000)	2022/23 Estimate (£'000)	2023/24 Estimate (£'000)	2024/25 Estimate (£'000)
<b>Capital Financing Statement</b>						
Revenue Contribution to Capital		0	0	0	0	0
Grants & Contributions from Other Bodies	6,773	2,719	9,235	1,220	20	20
Grants & Contributions - Improvement Grants	1,061	1,161	1,061	1,061	1,061	1,061
Section 106 Developers Contributions	183	315	52	0	0	0
Prudential Borrowing	44,209	20,439	28,163	4,997	989	251
Capital Receipts	0	86	0	0	0	0
<b>TOTAL Financing</b>	<b>52,226</b>	<b>24,721</b>	<b>38,510</b>	<b>7,278</b>	<b>2,070</b>	<b>1,332</b>

## 8. RISK

- 8.1 There are a number of financial risks that the Council will face over the medium-term. The 2021/22 Budget and the MTFS have been prepared with consideration of these risks, but as with any forecast, an inherent level of risk will remain.
- 8.2 For Local Government, there are 2 significant strategic risks.
- 8.3 The first key risk is around the nature and scope of local government funding from central government from 2022/23. The implementation of the Fair Funding Review and Business Rates changes has already been delayed twice (originally due from April 2020) but the forecast impact on District and Borough Councils is likely to be significant as resources are moved around Local Government to recognise Social Care cost pressures.
- 8.4 It is very difficult to estimate the with certainty the impact on Rushmoor. Fundamental changes to the way in which each Council's needs are assessed and funded are difficult to model despite some engagement from Government with local authorities. Therefore, considerable risk and uncertainty remains in the estimates for 2021/22 and beyond. However, an initial estimate of a 30-40% reduction in the level of retained business rates income has been included in the MTFS assumptions.
- 8.5 The second key risk is around the continued impact on the Council from Covid-19. This will have an impact on income and expenditure budgets throughout 2021/22 and will require timely and accurate financial reporting to Cabinet. Covid-19 related risks include:
- Income from Council Tax and Business Rates will continue to be under pressure in 2021/22 with an expectation that the taxbase for Council Tax and Business Rates may take time to recover.
  - Increased demand for certain services (e.g., Homelessness) may put additional financial pressure on the Council
  - Cost of services where the Council is exposed to risk sharing in contract costs
  - Cost of leisure provision within the borough given the increased cost in 2020/21 (additional £0.486m) and the absence of direct support to local authorities such as Rushmoor given nature of contractual arrangements and/or nature of service delivery.
  - Reduced income from fees and charges – whilst the Government have extended the compensation scheme for Q1 2021/22 income from fees and charges may remain under pressure throughout 2021/22
  - Expenditure pressures over and above those that can be funded from the £0.489m funding already included in the MTFS
- 8.6 The budget has been prepared in light of key financial risks facing the Council over the medium- term, principally:
- Business Rates Retention Scheme – variability, appeals provision, revaluation, moves towards a 75% local retention scheme with a baseline reset and Fair Funding Review



- Replacement of New Homes Bonus from 2022/23 at a time this Council will be continuing to delivering a significant number of new homes.
- Treasury management issues including interest rates, level of capital expenditure, use of internal resources, borrowing costs.
- Impact of the UK leaving the European Union on the UK economy.
- Financial impact of the Capital Programme on the revenue budget – the affordability of the capital programme and future schemes needs to be carefully considered.

## **9. CONSULTATION**

- 9.1 All Members of the Council were invited to a budget seminar on the 18 January 2021 to discuss the budget proposals and the full budget report is available online.

## **10. CONCLUSIONS**

- 10.1 Despite the uncertainties around future levels of Government Funding, and the risks around Brexit and the general economic position, the Council has been able to prepare a sound budget whilst maintaining services to residents. The budget will also provide a platform for Rushmoor to address future challenges.
- 10.2 The budget has been prepared in accordance with the approved budget strategy. This includes the principle of maintaining the Council's general fund revenue risk-based balance at £2m and maintaining other usable reserves to mitigate risk and support improvement.
- 10.3 The Council will need to continue to take steps to manage and address the funding gap identified over the MTFS period.
- 10.4 The Capital Programme includes planned expenditure £38.510m in 2021/22 with the Council needing to consider the outcome from due diligence work on the Union Street and Civic Quarter regeneration schemes before further capital expenditure is committed.
- 10.5 The budget proposals provide for the current Council Tax level to increase by £5 for a Band D property (from £209.42 per annum to £214.42) – an increase of around 10p per week) in line with government assumptions within its settlement funding formula.
- 10.6 In order to achieve this, the budget proposals will require the implementation of budget savings of £0.256m and utilisation of £1.014m of the Stability and Resilience reserve in 2021/22.
- 10.7 The Council is developing a revised approach to its Savings Programme that seeks to address the funding gap identified in the MTFS. The programme will include a revised process for how savings are identified, evaluated and approved, with clearer reporting and monitoring and governance arrangements. This new approach will be approved during March 2021, to then be implemented to cover the new MTFS period.

10.8 Reserves continue to be held to support the implementation of key projects and to mitigate against the substantial increased risk the Council is facing. These will be monitored and reported to Cabinet throughout 2021/22.

**Background documents:**

Budget Strategy 2021/22 (FIN2029)

Council Tax Support Scheme 2021/22 (FIN2030)

Medium Term Financial Strategy 2021/22 to 2024/25 – Update (FIN2032)

Recommendations from Budget Strategy Working Group (FIN2101)

**Report Author:**

David Stanley, Executive Head of Finance, [david.stanley@rushmoor.gov.uk](mailto:david.stanley@rushmoor.gov.uk) 01252 398440

# APPENDIX 1

## MEDIUM TERM FINANCIAL STRATEGY 2020/21 TO 2024/25

Item	Revised 2020/21 (£'000)	2021/22 (£'000)	2022/23 (£'000)	2023/24 (£'000)	2024/25 (£'000)
Corporate & Democratic Services	5,470	5,184	5,184	5,184	5,184
Customer Experience & Improvement	88	55	55	55	55
Major Projects & Property	(4,473)	(5,434)	(5,434)	(5,434)	(5,434)
Operational Services	10,768	9,869	9,034	9,034	9,034
Planning & Economy	2,470	2,303	2,303	2,303	2,303
ICE Modernisation Programme	556	536	0	0	0
<b>Portfolio Net Expenditure</b>	<b>14,880</b>	<b>12,513</b>	<b>11,142</b>	<b>11,142</b>	<b>11,142</b>
Less: Capital Charges (Reversal)	(1,665)	(1,695)	(1,695)	(1,695)	(1,695)
Less: Pension Adj (Reversal)	(1,288)	(1,207)	(1,172)	(1,136)	(1,136)
<b>Net Expenditure</b>	<b>11,926</b>	<b>9,612</b>	<b>8,275</b>	<b>8,311</b>	<b>8,311</b>
<b>Corporate Items</b>					
Transfers To/From reserves	(463)	(103)	425	1,071	1,280
Other CI&E	342	349	342	342	342
MRP	2,180	2,457	3,170	3,316	3,457
Interest Payable	785	795	940	980	1,050
Investment Income	(1,090)	(1,090)	(1,350)	(1,600)	(1,600)
<b>Subtotal</b>	<b>1,754</b>	<b>2,409</b>	<b>3,528</b>	<b>4,110</b>	<b>4,529</b>
<b>Adjusted Budget</b>	<b>13,680</b>	<b>12,020</b>	<b>11,803</b>	<b>12,420</b>	<b>12,839</b>
<b>Inflationary Provision, Pension costs</b>					
Inflation (Pay) 2.00% Assumption			261	521	782
Inflation (Contracts/Non-Pay)			200	400	600
Salary Increments			100	200	300
<b>Subtotal</b>		<b>0</b>	<b>561</b>	<b>1,121</b>	<b>1,682</b>
<b>Adjusted MTFP Position</b>	<b>13,680</b>	<b>12,020</b>	<b>12,364</b>	<b>13,542</b>	<b>14,522</b>
<b>Budget Proposals/Growth</b>					
Additional Items: Variations in Service		900	587	532	232
Additional Items: Non-recurring		105			
Budget Proposal 2021/22: Covid support and recovery		100			
Ward Budgets (included in service budget from 2021/22)	26				
RISK: HCC Waste proposals (September 2019 notification)			350	350	350
<b>Subtotal</b>	<b>26</b>	<b>1,105</b>	<b>937</b>	<b>882</b>	<b>582</b>
<b>Savings</b>					
Reversal of 2019/20 Additional Items	(100)				
Procurement Savings		(20)	(20)	(20)	(20)
Pipeline Savings - Service Loans to Housing Company	(99)	(186)	(535)	(681)	(681)
Salaries monitoring	(247)	(50)	(50)	(50)	(50)
<b>Subtotal</b>	<b>(446)</b>	<b>(256)</b>	<b>(605)</b>	<b>(751)</b>	<b>(751)</b>
<b>NET Savings or Growth</b>	<b>(420)</b>	<b>849</b>	<b>332</b>	<b>131</b>	<b>(169)</b>
<b>Proposed Net Revenue Budget</b>	<b>13,260</b>	<b>12,869</b>	<b>12,696</b>	<b>13,672</b>	<b>14,352</b>

## APPENDIX 1

Item	Revised 2020/21 (£'000)	2021/22 (£'000)	2022/23 (£'000)	2023/24 (£'000)	2024/25 (£'000)
<b>Proposed Net Revenue Budget</b>	<b>13,260</b>	<b>12,869</b>	<b>12,696</b>	<b>13,672</b>	<b>14,352</b>
<b>Funded by:</b>					
Council Tax	6,705	6,928	7,137	7,352	7,574
Business Rates Retention	3,767	3,574	2,500	2,550	2,601
Lower Tier Services Grant		101			
New Homes Bonus (Legacy)	1,169	550	211	0	0
New Homes Bonus (Year 11)		313			
Covid Funding (Expenditure Pressures)	1,478	489			
Covid Funding (Sales, Fees & Charges compensation)	684	100			
Collection Fund - CT	101	23	(63)	(63)	0
Collection Fund - NNDR	(370)	(223)	(223)	(223)	0
<b>TOTAL Funding</b>	<b>13,533</b>	<b>11,855</b>	<b>9,561</b>	<b>9,616</b>	<b>10,175</b>
<b>Core (Surplus) / Deficit</b>	<b>(273)</b>	<b>1,014</b>	<b>3,134</b>	<b>4,056</b>	<b>4,177</b>

## APPENDIX 2

### ADDITIONAL ITEMS SUMMARY

Additional Item	Type	Summary	2021/22 (£'000)	2022/23 (£'000)	2023/24 (£'000)	2024/25 (£'000)
<b>ICT Pressures</b>						
ICT: Cloud Telephony	VIS	Replacement of Council telephone system and equipment to enable more effective home working and improved business continuity	143	110	105	105
ICT: CRM Software Licence	VIS	Annual software licence and maintenance costs associated with Goss CRM system implemented in 2020	32	32	32	32
ICT: Cyber Security	VIS	Increased cyber security requirements as changes to Public Services Network (PSN) and move towards NCSC Cyber Essentials. Higher initial cost in Yr 1 reflects fixed-term appointment to flex the team	45	25	25	25
ICT: Application Maintenance & Compliance	VIS	There is an ongoing need to fund essential software application upgrades and enhancements on an ongoing basis for service departments. Historically, there was a central IT upgrade capital budget to enable departmental system to be maintained at the correct level. Often upgrade work is needed to achieve compliance or to ensure suppliers continued support	35	25	25	25
ICT: Property System IT Costs	VIS	Estimated revenue costs from soft market testing for new Property System	45	45	45	45
<b>Subtotal</b>			<b>300</b>	<b>237</b>	<b>232</b>	<b>232</b>

Additional Item	Type	Summary	2021/22 (£'000)	2022/23 (£'000)	2023/24 (£'000)	2024/25 (£'000)
Property & Major Works Programme - Feasibility and Project Management	VIS	<u>Indicative</u> costs of feasibility studies and project management office costs associated with emerging Property & Major Works Programme. Further work needed to firm up costs and sequencing	100	100	100	0
Waste & Recycling (HCC Cost exercise)	NR	Expected cost increase in waste and recycling collection/disposal as set out in letter from HCC September 2020	100			
Waste & Recycling (Food Waste changes)	VIS	Estimated revenue costs of implementing food waste collection in advance of wider waste & recycling service changes. Indication costs would be eligible for New Burdens funding when measures in the Environment Bill take effect	200	50		
CCTV Decommissioning Costs	NR					
Service Expenditure (Contingency)	VIS	Contingency budget to be allocated for service expenditure pressures arising from Covid-19 response and recovery	300	200	200	
Other	NR	Radio Equipment for duty officers on-call	5			
<b>Subtotal</b>			<b>705</b>	<b>350</b>	<b>300</b>	<b>0</b>
<b>TOTAL</b>			<b>1,005</b>	<b>587</b>	<b>532</b>	<b>232</b>
	VIS	Variations in Service	900	587	532	232
	NR	Non-Recurring	105	0	0	0



# APPENDIX 3

## CAPITAL PROGRAMME SUMMARY 2020/21 TO 2024/25

	Original Estimate 2020/21	Revised Estimate 2020/21	Anticipated Payments			
			Estimate 2021/22	Estimate 2022/23	Estimate 2023/24	Estimate 2024/25
<b>CAPITAL EXPENDITURE ON PORTFOLIOS</b>						
Corporate and Democratic Services	-	85,610	-	-	-	-
Customer Experience and Improvement	125,000	37,587	148,000	0	0	0
Major Projects and Property	49,367,400	21,120,940	36,517,530	6,062,000	854,000	116,000
Operational Services	2,688,680	3,243,420	1,844,350	1,215,510	1,215,510	1,215,510
Planning and Economy	-	-	-	-	-	-
Ice Programme	45,000	233,000	-	-	-	-
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>52,226,080</b>	<b>24,720,556</b>	<b>38,509,880</b>	<b>7,277,510</b>	<b>2,069,510</b>	<b>1,331,510</b>
<b>CAPITAL EXPENDITURE RESOURCES</b>						
Revenue Contribution to Capital - General	-	-	-	-	-	-
Revenue Contribution to Capital - Improvement Grants	-	-	-	-	-	-
<b>Total Revenue Contributions</b>	-	-	-	-	-	-
Grants & Contributions from Other Bodies (see Grants & Conds Summary page)	6,773,480	2,719,330	9,235,000	1,220,000	20,000	20,000
Grants & Contributions - Improvement Grants	1,060,510	1,161,110	1,060,510	1,060,510	1,060,510	1,060,510
Section 106 Developers Contributions (see s106 Summary page)	183,170	315,160	51,670	-	-	-
	8,017,160	4,195,600	10,347,180	2,280,510	1,080,510	1,080,510
Capital Receipts & Borrowing - General Fund Schemes	44,208,920	20,439,346	28,162,700	4,997,000	989,000	251,000
Capital Receipts & Borrowing - Housing home improvement grant schemes	-	85,610	0	0	0	0
<b>Total Capital Receipts &amp; Borrowing</b>	<b>44,208,920</b>	<b>20,524,956</b>	<b>28,162,700</b>	<b>4,997,000</b>	<b>989,000</b>	<b>251,000</b>
<b>TOTAL CAPITAL FINANCING</b>	<b>52,226,080</b>	<b>24,720,556</b>	<b>38,509,880</b>	<b>7,277,510</b>	<b>2,069,510</b>	<b>1,331,510</b>

# APPENDIX 3

## GRANTS AND CONTRIBUTIONS SUMMARY 2020/21 TO 2024/25

Project Number	PROJECT	Original Estimate 2020/21	Revised Estimate 2020/21	Anticipated Payments			
				Estimate 2021/22	Estimate 2022/23	Estimate 2023/24	Estimate 2024/25
	<b>General Fund - Grants &amp; Contributions</b>						
6518	- Wheeled Bin Contributions (Developers & Householders)	20,000	20,000	20,000	20,000	20,000	20,000
6567	- Replacement Cremator (CAMEO)	600,000	600,000				
6608	- Moor Road - Recreation Ground Development (Sport England, PEBL, Landfill Tax)		117,000				
6613	- Parks and Open Spaces - Southwood Golf Course SANG Initial Setup	422,000	422,000				
6619	- Parks and Open Spaces - Heritage Trails	15,000		15,000			
	<u>Regeneration Projects</u>						
5407	- Union Street East, Aldershot (LEP and Housing Infrastructure Fund)	3,800,000		5,300,000	1,200,000		
5408	- Games Hub (LEP)	529,480	738,210				
5409	- The Galleries (Housing Infrastructure Fund)	1,000,000		3,400,000			
	<u>Activation Aldershot Projects</u>						
5404	- Project 2 Phase 6 - Station Forecourt Improvements (Local Growth Fund, HCC, South Western Railway)	387,000		500,000			
	<u>Voyager House</u>						
5225	- Voyager House Purchase		422,120				
5225	- Voyager House Fit Out		400,000				
	<b>Total General Fund Grants &amp; Contributions</b>	<b>6,773,480</b>	<b>2,719,330</b>	<b>9,235,000</b>	<b>1,220,000</b>	<b>20,000</b>	<b>20,000</b>
	<u>Housing Schemes - Government Grants</u>						
640050013	- Improvement Grants - Disabled Facilities Grants (Better Care Fund)	1,060,510	1,161,110	1,060,510	1,060,510	1,060,510	1,060,510
	<b>TOTAL GRANTS &amp; CONTRIBUTIONS</b>	<b>7,833,990</b>	<b>3,880,440</b>	<b>10,295,510</b>	<b>2,280,510</b>	<b>1,080,510</b>	<b>1,080,510</b>



# APPENDIX 3

## SECTION 106 DEVELOPERS CONTRIBUTIONS SUMMARY 2020/21 TO 2024/25

Project Number	PROJECT	Original Estimate 2020/21	Revised Estimate 2020/21	Anticipated Payments			
				Estimate 2021/22	Estimate 2022/23	Estimate 2023/24	Estimate 2024/25
	<b>General Fund Schemes</b>						
6571	- Manor Park - Lake Improvements	49,170		49,170			
6588	- Ivy Road - Sports Pavilion						
6605	- Aldershot Park Car Park - Installation of LED powered lighting columns						
6608	- Moor Road - Recreation Ground Development		130,010				
6610	- Recreation Ground Playground Renewal	104,000	104,000				
6612	- Parks Improvements		81,150				
6619	- Park and Open Spaces - Heritage Trails	30,000		2,500			
	<b>TOTAL SECTION 106 DEVELOPERS CONTRIBUTIONS</b>	<b>183,170</b>	<b>315,160</b>	<b>51,670</b>	-	-	-

# APPENDIX 3

## CORPORATE & DEMOCRATIC SERVICES PORTFOLIO SUMMARY 2020/21 TO 2024/25

1 of 1 Project Number	Project	Actual payments 2019/20	Original Estimate 2020/21	Revised Estimate 2020/21	Anticipated Payments			
					Estimate 2021/22	Estimate 2022/23	Estimate 2023/24	Estimate 2024/25
5403	<b>FARNBOROUGH AIRPORT</b> Farnborough International Ltd Loan	1,100,000						
5299	<b>FLEXIBLE CAPITAL RECEIPTS</b> Schemes funded by unallocated Capital Receipts	101,789		85,610				
	<b>TOTAL</b>	<b>1,201,789</b>	<b>-</b>	<b>85,610</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Notes:** (bc) denotes projects which are subject to further business case and presentation to Cabinet  
 (s) denotes projects which include slippage from 2020/21 into 2021/22

# APPENDIX 3

## CUSTOMER EXPERIENCE & IMPROVEMENT PORTFOLIO SUMMARY 2020/21 TO 2024/25

1 of 1	Project	Actual payments 2019/20	Original Estimate 2020/21	Revised Estimate 2020/21	Anticipated Payments			
Project Number					Estimate 2021/22	Estimate 2022/23	Estimate 2023/24	Estimate 2024/25
	<b>COMPUTER SYSTEMS</b>							
730540012	IT Equipment Replacement		70,000	37,587	70,000			
750040224	PCI Compliance (s)		10,000		10,000			
730740012	Telephony Replacement Project				35,000			
	<b>COUNCIL OFFICES</b>							
5329	Office Accommodation (s)	54,032	35,000		10,000			
5318	Improvement Programme				13,000			
5340	Electrical Generator Switch (s)		10,000		10,000			
5341	Relocation of Voluntary Groups	16,742						
	<b>TOTAL</b>	<b>70,774</b>	<b>125,000</b>	<b>37,587</b>	<b>148,000</b>			

Notes: (bc) denotes projects which are subject to further business case and presentation to Cabinet  
 (s) denotes projects which include slippage from 2020/21 into 2021/22

# APPENDIX 3

## MAJOR PROJECTS & PROPERTY PORTFOLIO SUMMARY 2020/21 TO 2024/25

1 of 1 Project Number	Project	Actual payments 2019/20	Original Estimate 2020/21	Revised Estimate 2020/21	Anticipated Payments			
					Estimate 2021/22	Estimate 2022/23	Estimate 2023/24	Estimate 2024/25
<b>ALDERSHOT TOWN CENTRE PROJECTS</b>								
5401	Town Centre Integration	1,500,000						
5409	The Galleries Regeneration (bc) (s)		1,000,000		3,400,000			
5408	The Games Hub (s)	259,408	529,480	618,070				
5404	Train Station and Surrounding Area Works (s)	124,237	562,000		550,760			
<b>CIVIC QUARTER FARNBOROUGH</b>								
5405	Civic Quarter Farnborough Development (bc) (s)	5,526,555	14,525,260		19,383,000			
5405	REGENERATION - Elles Hall pre development and demolition			75,700				
5405	REGENERATION - Feasibility and design work			200,000				
<b>HOUSING MATTERS</b>								
5406	Housing PRS Delivery (bc) (s)	16,930	2,730,500	770,000	5,436,000	4,862,000	854,000	116,000
<b>COMMERCIAL PROPERTIES</b>								
5216	168 High Street Guildford - Glass floor replace; fire lining; air con & other repairs	32,637						
5222	Boulters House, 237 High Street Redevelopment	227						
522540509	M&S Food Hall (Haslemere)			7,440,870				
522540510	M&S Food Hall (Ferndown)			8,211,930				
522540012	Various Investment Property Purchases (bc)		22,125,100					
522540508	Trafalgar House	9,766,057						
522540500	Voyager House Purchase	48,695						
522540507	Voyager House Fit Out			1,900,000				
522540501	The Meads	16,552						
522540505	Frimley 4 Business Park	24,247,952						
522840012	Redevelopment of new Units at Optrex Business Park (bc) (s)		300,000					

Notes: (bc) denotes projects which are subject to further business case and presentation to Cabinet  
(s) denotes projects which include slippage from 2020/21 into 2021/22

# APPENDIX 3

## MAJOR PROJECTS & PROPERTY PORTFOLIO SUMMARY 2020/21 TO 2024/25

2 of 2		Actual payments 2019/20	Original Estimate 2020/21	Revised Estimate 2020/21	Anticipated Payments			
Project Number	Project				Estimate 2021/22	Estimate 2022/23	Estimate 2023/24	Estimate 2024/25
<b>PROPERTY ENHANCEMENTS</b>								
5232	Queens Road Weightlifting Club - Enhancement Works		30,000	30,000				
5233	Aldershot Park Angling Club - Enhancement Works		20,000					
5231	Frimley 4 Business Park Unit 4.3 Enhancement Works		117,000	117,000				
5230	Frimley 4 Business Park Unit 4.4 Enhancement Works		35,000	107,000				
5316	Devereux House Albert Road Farnborough				90,000			
<b>UNION STREET ALDERSHOT</b>								
5220	36-62 Union Street Enhancement Works (s)	228,655	336,760	450,370				
5407	Union Street East Aldershot Regeneration (bc)	732,880	7,056,300	1,200,000	7,657,770	1,200,000		
<b>TOTAL</b>		<b>42,500,783</b>	<b>49,367,400</b>	<b>21,120,940</b>	<b>36,517,530</b>	<b>6,062,000</b>	<b>854,000</b>	<b>116,000</b>

Notes: (bc) denotes projects which are subject to further business case and presentation to Cabinet  
 (s) denotes projects which include slippage from 2020/21 into 2021/22

# APPENDIX 3

## OPERATIONAL SERVICES PORTFOLIO SUMMARY 2020/21 TO 2024/25

1 of 2 Project Number	Project	Actual payments 2019/20	Original Estimate 2020/21	Revised Estimate 2020/21	Anticipated Payments			
					Estimate 2021/22	Estimate 2022/23	Estimate 2023/24	Estimate 2024/25
	<b>ALPINE SNOWSPORTS</b>							
6527	Slope Maintenance	58,111						
6615	Workshop Ceiling & Lighting and Footpath Repair	12,648		2,820				
	<b>Maintainence Vehicle</b>							
5203	Purchase of vehicle	19,336		6,540				
	<b>CAR PARKS</b>							
6524	Car Park Ticket Machines	5,930						
6605	Aldershot Park Car Park LED Columns	13,461						
	<b>CCTV</b>							
6507	Camera and Network				400,000			
	<b>CREMATORIUM</b>							
6565	Waiting Room Modernisation	3,866						
6567	Replacement Cremators		1,200,000	1,200,000				
6607	Cremulator and Transfer Cabinet	21,750						
6616	Sanctum 2000 Area 7 (Memorial Vaults)	14,345						
	<b>DEPOTS</b>							
6517	Hawley Lane Development Works (s)	7,730			33,670			
6573	New Depot Lysons Avenue	24,191						
5229	Creation of a depot at Southwood	43,626		4,000				

Notes: (bc) denotes projects which are subject to further business case and presentation to Cabinet  
 (s) denotes projects which include slippage from 2020/21 into 2021/22

# APPENDIX 3

## OPERATIONAL SERVICES PORTFOLIO SUMMARY 2020/21 TO 2024/25

2 of 2 Project Number	Project	Actual payments 2019/20	Original Estimate 2020/21	Revised Estimate 2020/21	Anticipated Payments			
					Estimate 2021/22	Estimate 2022/23	Estimate 2023/24	Estimate 2024/25
6571	<b>MANOR PARK</b> Lake Improvements (s)		49,170		49,170			
6608	<b>MOOR ROAD DEVELOPMENT</b> Recreation Ground Dvlpmt (bc)	222,989		247,010				
	<b>PARKS &amp; OPEN SPACES</b>							
6612	Unspecified Park Improvements	18,848		81,150				
6613	Southwood Golf Course SANG Setup	278,206		143,790				
6617	Southwood Golf Course SANG Wetland	36,695		30,000				
6618	KGV café conversion within the pavilion		50,000	50,000				
6619	Heritage Trails		75,000		20,000			
	<b>PLAYGROUND WORKS</b>							
6610	Recreation Ground Playground Renewal (bc) (s)		104,000	104,000				
	<b>REFUSE/RECYCLING</b>							
6518	Domestic Refuse - Wheeled Bins	100,128	100,000	143,000	100,000	100,000	100,000	100,000
6620	Domestic Refuse - Waste Containers and Liners				131,000	5,000	5,000	5,000
	<b>SOUTHWOOD COMMUNITY CENTRE</b>							
6532	Internal Decoration			20,000				
	<b>STREET CLEANSING</b>							
6515	Litter/ Cigarette Bins	10,600						
	<b>IMPROVEMENT GRANTS</b>							
640050013	Disabled Facilities Grants		1,060,510	1,161,110	1,060,510	1,060,510	1,060,510	1,060,510
640050022	Home Improvement Grants		50,000	50,000	50,000	50,000	50,000	50,000
	<b>TOTAL</b>	<b>892,458</b>	<b>2,688,680</b>	<b>3,243,420</b>	<b>1,844,350</b>	<b>1,215,510</b>	<b>1,215,510</b>	<b>1,215,510</b>

Notes: (bc) denotes projects which are subject to further business case and presentation to Cabinet  
(s) denotes projects which include slippage from 2020/21 into 2021/22

PLANNING & ECONOMY PORTFOLIO SUMMARY 2020/21 TO 2024/25

1 of 1 Project Number	Project	Actual payments 2019/20	Original Estimate 2020/21	Revised Estimate 2020/21	Anticipated Payments			
					Estimate 2021/22	Estimate 2022/23	Estimate 2023/24	Estimate 2024/25
6404	<b>AFFORDABLE HOMES GRANT</b> Affordable Homes Grant Funding	100,000						
6614	<b>PRINCES HALL</b> Essential Roof Works	115,342						
<b>TOTAL</b>		<b>215,342</b>	-	-	-	-	-	-

Notes: (bc) denotes projects which are subject to further business case and presentation to Cabinet  
 (s) denotes projects which include slippage from 2020/21 into 2021/22



ICE PROGRAMME SUMMARY 2020/21 TO 2024/25

1 of 1 Project Number	Project	Actual payments 2019/20	Original Estimate 2020/21	Revised Estimate 2020/21	Anticipated Payments			
					Estimate 2021/22	Estimate 2022/23	Estimate 2023/24	Estimate 2024/25
	<b>ICE PROGRAMME</b>							
760141810	Procure & Implement CRM		10,000	10,000				
760141811	App Development		20,000					
760142814	Flexible & Mobile Working		15,000	30,000				
760142817	Modernising Corporate & Service Systems			193,000				
	<b>TOTAL</b>	-	<b>45,000</b>	<b>233,000</b>	-	-	-	-

Notes: (bc) denotes projects which are subject to further business case and presentation to Cabinet  
 (s) denotes projects which include slippage from 2019/20 into 2020/21



### STRATEGY FOR THE FLEXIBLE USE OF CAPITAL RECEIPTS 2021/22

The strategy has regard to the Guidance on the Flexible Use of Capital Receipts issued by the Secretary of State under section 15 (1)(a) of the Local Government Act 2003 during March 2016, including only those projects which are designed to generate ongoing revenue savings in the delivery of services and/or transform service delivery in a way that reduces costs or demand for services.

Projects included in the strategy support the Council's ICE Modernisation Programme and progress will be monitored regularly as part of the Council's review of performance against top line priorities and budget monitoring.

The Guidance on the Flexible Use of Capital Receipts allows set-up and implementation costs to be counted as qualifying costs, however the on-going revenue costs of new processes or arrangements cannot.

Only receipts from the disposal of capital assets received between 1 April 2016 and 31 March 2020 are eligible for use to fund qualifying costs of service reform. During 2016/17, a receipt of £500,000 was received to be fully utilised by the Flexible Use of Capital Receipts. A further capital receipt of £480,000 was received in 2017/18. There have been no capital receipts received in 2018/19 and 2019/20. A balance of £85,610 was held within Flexible Use of Capital Receipts at 31 March 2020.

As part of the Local Government Settlement, the Communities Secretary for Ministry of Housing, Communities and Local Government announced on 13 December 2018 that there would be a continuation of the capital receipts flexibility programme. Should future projects be identified alongside suitable asset sales, this will be presented in a revised strategy.

Service reform projects can still be financed in whole or in part from other sources e.g., the Service Improvement Fund. The Council is not obliged to fund these projects from capital receipts, however, on the adoption of this strategy, will have the option to do so.