



RUSHMOOR BOROUGH COUNCIL

CABINET

Tuesday, 17th June, 2014 at 4.30 p.m.
at the Council Offices, Farnborough

Councillor P.J. Moyle (Leader)

a Councillor K.H. Muschamp (Deputy Leader and Business, Safety and Regulation Portfolio)

Councillor Sue Carter (Leisure and Youth Portfolio)

Councillor R.L.G. Dibbs (Environment and Service Delivery Portfolio)

Councillor R.J. Hughes (Health and Housing Portfolio)

Councillor A. Jackman (Concessions and Community Support Portfolio)

Councillor P.G. Taylor (Corporate Services Portfolio)

An apology for absence was submitted on behalf of Cr. K.H. Muschamp.

The Cabinet considered the following matters at the above-mentioned meeting. All executive decisions of the Cabinet shall become effective, subject to the call-in procedure, from **2nd July, 2014**.

1. **MINUTES –**

The Minutes of the meeting of the Cabinet held on 13th May, 2014 were confirmed and signed by the Chairman.

2. **GENERAL FUND PROVISIONAL OUTTURN REPORT 2013/14 –**
(Leader of the Council/Corporate Services)

The Cabinet considered the Head of Financial Services' Report No. FIN1406, which set out the provisional outturn position on the General Fund (revenue and capital) for 2013/14, subject to audit. The Report set out the General Fund Revenue Summary and Revenue Balances with the principal individual variations between the current approved estimates and actual expenditure.

The Cabinet was advised that, in its original budget for 2013/14, the Council had set a savings figure of £500,000 to be achieved through reductions in service costs and income generation. A significant proportion of these savings had been achieved during the first half of 2013/14 and the efficiencies identified had been built into the Council's revised budgets. The revised budget was set out in Appendix A to the Report. As there had been no supplementary estimates approved since the revised estimates, estimated year-end balances remained at £2.122 million. This fell marginally above the medium term range for balances of £1 million to £2 million, which had been agreed by the Cabinet as part of the Medium Term Financial Strategy.

The provisional outturn showed further improvement in the Council's financial position, with a net underspend of approximately £264,000 against the revised budget and compared with the last budget monitoring position before allowing for any transfers to earmarked reserves or review of provisions. A list of the principal variations between the provisional outturn position and the current approved budget was set out in Appendix B to the Report. The effect of the net underspend was to increase revenue balances to approximately £2.386 million, which remained above the range of balances set out in the Medium Term Financial Strategy (£1 million - £2 million).

It was noted that, included in the variations identified were a number of underspent budget items where specific conditions had prevented the expenditure being carried out during 2013/14, but the work was still required and would be carried out during 2014/15. In accordance with Financial Regulations, the Directors' Management Board had recommended approval for these items (totalling approximately £330,000) to be carried forward for spending in 2014/15. The Cabinet was advised that £159,000 of the carry forward items related to expenditure that was directly funded by external grants. The grants would be set aside to meet this future expenditure. This left around £171,000 which would be set aside from General Fund balances in 2013/14 in order to meet the expenditure now planned for 2014/15. This would reduce the net underspend from £264,000 to £93,000 and leave revenue balances at approximately £2.215 million, which remained above the range of balances (£1 million - £2 million) and close to the balances forecast in the revised budget.

The Report set out details of financial risks to the Council which had been identified to date. The revised budget, which had been approved by the Council on 20th February, 2014, included some provision of these risks, with £1.4 million earmarked to support invest-to-save schemes or service reviews. In addition, £1.9 million had been set aside in a stability and resilience reserve to mitigate against unforeseen variations in the Council's finances resulting from the operation of the new Business Rates Retention Scheme in future years or significant curtailment of other income streams. As part of the outturn process, all outstanding potential liabilities had been reviewed, which had resulted in the following recommendations:

- To reduce the insurance reserve by £200,000 as the likelihood of a successful claim for uninsured losses had reduced; and
- To reduce the amount held against potential funds of fees to access land charges data by £110,000 in line with the latest data reconciliations.

When these transfers had been reflected in the General Fund Summary, the General Fund balances would increase from £2.215 million to £2.525 million which would significantly exceed the approved range of balances of £1 million - £2 million and the revised estimate for balances of £2.122 million. The Head of Financial Services recommended that it would be prudent to set aside funds in the Stability and Resilience Reserve, given the risk to parking income from the termination of major car parks leases in Farnborough town centre. It was therefore proposed to transfer approximately £400,000 to the Stability and Resilience Reserve. Once this transfer was included in the General Fund Summary, the level of balances would be reduced to £2.122 million, in line with the revised budget.

It was felt that this approach would enable the Council to take a more considered approach to shaping the work of the Council in line with its priorities. It would give the organisation time to consider how it provided sustainable services for the future, within the constraints of the economy and having regard to the potential funding changes and other financial risks it faced. It was noted that, should the final outturn position vary from that set out in the Report, a compensating adjustment would be made to/from the Stability and Resilience Reserve to maintain General Fund balances at the level indicated.

Appendix C of the Report set out the Capital Outturn Summary and showed a total net underspend of £1,451,000 against the current approved budget. This underspend was due mainly to the re-scheduling of work on a number of projects with a consequent slippage of expenditure of £1,546,000 into 2014/15. After accounting for this slippage, the Capital Programme had overspent by around £95,000. The most significant variations in expenditure were listed in appendix D of the Report.

The Cabinet NOTED the General Fund provisional outturn for 2013/14 and the level of reserves and balances; and

RESOLVED that the transfers and approach to reserves as set out in the Head of Financial Services' Report No. FIN1406, be approved.

3. **TREASURY MANAGEMENT OPERATIONS 2013/14 –** (Leader of the Council/Corporate Services)

The Cabinet received the Head of Financial Services' Report No. FIN1405, which set out the main Treasury Management activities during 2013/14 and provided an update on the current economic conditions affecting Treasury Management decisions. The Report set out the actual prudential

indicators relating to Capital Financing and treasury activities for 2013/14 and compared these to the indicators set in the Annual Treasury Management Strategy for the year, which had been approved by the Council in February, 2013.

The Cabinet was advised that, in April 2013, the Council had changed treasury advisers from Sector Treasury Services to Arlingclose Ltd. Arlingclose was an independent treasury advisory company which provided specialist treasury support to 25% of UK local authorities. It was noted that all investment activity was carried out in-house by the Council's treasury team with support from Arlingclose Ltd.

The Report also set out information on the economic background over the previous year, borrowing activity, investment activity, returns on investments and an update on Icelandic investments.

2013/14 had proved to be another challenging year for treasury management. The Council's treasury team had concentrated on the security of investments while still having regard to the returns available. Revision of the Treasury Management Strategy had enabled the Council to benefit from alternative investments during 2013/14, specifically in pooled funds. Despite low interest rates and the lack of suitable counterparties with whom to invest, investment income had outperformed the budget by approximately £47,000 and had contributed £387,000 to the Council's General Fund during 2013/14. The average rate achieved of around 0.90% had outperformed the benchmark seven day LIBID rate of 0.39%.

It was confirmed that all treasury management activity during 2013/14 had been carried out in accordance with the Annual Treasury Management Strategy and had complied with the treasury and prudential indicators which were set out in the Report and with the Treasury Management Code of Practice.

The Cabinet NOTED the Head of Financial Services' Report No. FIN1405 and the treasury management activities which had been carried out during 2013/14.

4. **CORPORATE STRATEGY AND CORPORATE PLAN 2013/14 – QUARTER 4 AND END OF YEAR MONITORING REPORT –**
(Leader of the Council)

The Cabinet received the Directors' Management Board's Report No. DMB1403, which gave an update on performance management monitoring information against the Corporate Plan for the fourth quarter and end of the 2013/14 financial year.

The Chief Executive gave a presentation on strategic and performance management data on the areas of health of the Borough measures; corporate health of the Council measures; and, key project and service measures under the themes of leadership, prosperity, place, people and communities and good

value services. In respect of key projects and service measures, it was noted that 80.2% were on target, 14% were unlikely to achieve the action or indicator and 5.8% had not been able to achieve elements of the target.

The Chief Executive gave a summary of key projects and an explanation of why some of the projects had been unable to achieve elements of the targets set and also covered the remedial action being put in place, where appropriate.

The Cabinet NOTED the Directors' Management Board Report No. DMB1403 and the performance made against the Corporate Plan in the fourth and final quarter of the 2013/14 municipal year.

5. **THAMES BASIN HEATHS SPECIAL PROTECTION AREA – AVOIDANCE AND MITIGATION STRATEGY –**
(Environment)

The Cabinet considered the Head of Planning's Report No. PLN1420, which provided an update on a number of issues relating to the provision and allocation of Suitable Alternative Natural Greenspace (SANG) within the Borough to mitigate against the impact of residential development on the Thames Basin Heaths Special Protection Area. This issue had a direct impact upon future housing delivery in the Borough and the likely receipts from the New Homes Bonus (NHB).

The Report reviewed the current availability and remaining capacity of SANGs in the Borough and proposed changes to the Avoidance and Mitigation Strategy following recent legal advice and identified a range of possible options towards a longer term solution to the provision of mitigation.

It was noted that there were a number of factors which affected the supply of SANG locally and our ability to identify appropriate provision to satisfy an increasing demand, over and above that anticipated in the Core Strategy. This would have a consequential impact on future housing delivery and ultimately New Homes Bonus. These factors were:

- that the rate of requests for the allocation of SANG capacity to prospective development projects had been faster than anticipated;
- that some capacity had been "promised" and was now tied up in three year planning permissions, which may never come to fruition;
- that a larger number of windfall housing developments than anticipated was emerging, spurred on by town centre regeneration projects and recent government changes to permitted development rights;

- legal advice on the application of the allocation criteria in the Avoidance and Mitigation Strategy;
- recent work on housing demand, such as the preparation of a new Strategic Housing Market Assessment jointly with Hart and Surrey Heath, suggested that a higher figure for the Council's objectively assessed housing needs than the figure in the Core Strategy; and
- the paucity of suitable locations in the Borough to provide additional SANGs.

It was noted that, following a recent enquiry to release SANG capacity for a residential proposal, legal advice had been sought which concluded that it was not lawful to make matters such as affordable housing provision and town centre regeneration prerequisites for the allocation of SANGs capacity to a particular project, principally because the document did not have development plan status. Moreover, the legal advice had concluded that it was not lawful to restrict the allocation of capacity within any particular SANG to a specified geographical area. Any SANG within the appropriate radius of the development site, which had sufficient capacity could be used. The only circumstances where the criteria in the Avoidance and Mitigation Strategy could be used lawfully to determine which site allocation could be offered was where there were competing requests for more than one residential proposal and there was insufficient remaining capacity to support them all.

The implication of this lessening of control over the use and allocation of SANG was that the Council's supply of mitigation sites was diminishing faster than expected and could soon be exhausted, effectively halting further new residential development in certain parts of the Borough.

The Report advised that the current approach of using the three SANGs in the Borough to mitigate against the impact of new residential development, was unsustainable and would soon be exhausted. The following options would need to be considered to ensure continued housing delivery and receipts from the New Homes Bonus:

- limiting permissions to one year implementation (currently three years)
- additional SANG capacity
- alternative solution to the provision of SANGs
- mitigation measures proposed by the Enterprise M3 Strategic Economic Plan

The Cabinet RESOLVED that

- (i) from the date of this Cabinet meeting (17th June, 2014), all planning permissions for new residential development in the Borough be granted with a condition limiting the duration of the permission to one year from the decision date;

- (ii) amendments be made to the Avoidance and Mitigation Strategy in accordance with recent legal advice, with respect to deleting the apportionment of each of the three SANGs to particular parts of the Borough and clarifying the status of the criteria for allocation, and their intended use in the event of competing requests where there was insufficient capacity;
- (iii) the allocation of SANG capacity within the control of the Council in respect of sites of nine units or fewer be made on a case by case basis. The capacity to be taken from whichever SANG project was best able to meet the request irrespective of whether it was the nearest SANG to the application site. Requests for SANG capacity from developers, who were deemed to be putting forward parts of sites or buildings which had been subdivided in an attempt to benefit from the available capacity for developments of nine units or fewer, would not receive favourable consideration;
- (iv) in the event of a request being received from a potential developer for allocation of SANG capacity for a development in excess of nine units in an area where there was, at the time, insufficient remaining capacity, the applicant be informed that:
 - (a) SANG capacity for the project was not available for allocation at present;
 - (b) a reserve list would be maintained in order of receipt of requests and, in the event of sufficient capacity becoming available through the return of capacity from an unimplemented planning permission, they would be contacted and given the opportunity to apply for allocation;
 - (c) any planning application or prior approval submission which had not first demonstrated that it had secured the required SANG capacity would be refused planning permission or prior approval on the grounds of failure to address the requirements of Policy CP13 of the Rushmoor Core Strategy and Saved Policy NRM6 of the South East Plan, in respect of SPA impact; and
- (v) the potential for acquiring additional SANG capacity be explored with landowners, occupiers and partners with some urgency.

6. RUSHMOOR GYMNASTICS ACADEMY – FACILITY DEVELOPMENT –
(Leisure and Youth)

The Cabinet considered the Head of Community's Report No. COMM1411, which sought approval to extend the term of and include

additional land in the area to be included in the lease to enable Rushmoor Gymnastics Academy to seek funding to develop additional residential accommodation, a new vault/pommel area and dance studio.

It was considered that the proposed additions would make the facility more active through dance and fitness programmes. The provision of accommodation for coaches would help make the summer camps more attractive to visiting clubs, which would increase the income for the Academy and improve its financial stability. In order to seek grants, the Academy would normally need at least a 25 year lease. The Academy's original lease for 32 years had 22 years remaining. To ensure that the Council did not fetter the Academy's opportunity to secure external funding and to demonstrate the Council's support for the project, it was proposed to extend the remaining lease by thirteen years up to 2049 to give the Academy a remaining 35 years on its lease.

The Cabinet noted that, to extend the current building this Council would need to approve adding 330 square metres of land to the Academy's existing lease. The Council would need to amend the site plan to reduce the area of land within the Lido management area currently looked after by DC Leisure as part of the leisure management contract. The transfer of this land would have no material impact on the operation of the Lido.

To develop the extension, the Academy would need to seek planning permission along with approval to remove a mature Ash tree that was in a fair condition but required work to remove some infected wood. The Council would allow the Academy to plant a further tree to maintain the stock in the Lido grounds if this project was approved. A Notice of Disposal of Open Space would also be advertised and consideration given to any objections.

The Cabinet considered the financial implications of the project. It was noted that the Academy generated around £350,000 income per year, which was generally matched by expenditure each year and maintained balances of around £150,000. The Academy received £5,500 rate relief per annum, which cost the Council £2,200 to provide and the Academy also received £15,000 per annum in rent relief. The proposed project would cost around £400,000 and the Academy was exploring funding opportunities. It was noted that the change in boundary would affect the valuations for both rent and rate relief and it was proposed to continue to offer 100% relief for both given the invaluable contribution made to improve the quality of people's lives in an area with pockets of relative multiple deprivation, particularly linked to poor health.

The Cabinet RESOLVED that, subject to the outcome of a Notice of Disposal of Open Space, and that sufficient funds were secured for the new development, the additional area of land requested by the Academy be included in its lease, which would be extended to 2049, on terms to be agreed by the Solicitor to the Council.

7. **ALDERSHOT LIDO – CONSULTATION –**
(Leisure and Youth)

The Cabinet considered the Head of Community's Report No. COMM1410 which sought approval for a supplementary estimate in 2014/15 of £25,000 to enable further development of the main options obtained from the recent consultation on the future of the Aldershot Lido.

The Lido Task and Finish Group had considered various options for the future of the Lido and, late in 2013, the Council had carried out a widespread consultation with residents and interested groups to get their views. This had included an online survey, town centre consultation and interviews with residents living near the Lido. More than 1,000 residents had responded to the consultation. Of the respondents, 59% said they would support the removal of the pool and developing a water theme park and 45% said they would support keeping the Lido and developing additional attractions.

It was noted that other suggestions had been made by residents during the consultation exercise, many of which had been previously considered by the Lido Task and Finish Group and would not be cost effective, such as heating and/or doming the pool. The Blackwater Valley Canoe Club which currently used the Lido as a training venue, whilst concerned for its training venue, only used the venue a few hours per week, with the majority of its activities taking place on open water.

The findings of the consultation had been considered by both the Lido Task and Finish Group and the Leisure and Youth Panel, which had made the following recommendations:

- Further work should be carried out on the water theme park option to see if a small heated outdoor body of water could be provided at the Lido and the impact this had on the business case. This would include a hydrological test to identify if the Splash Pad could be situated on the footprint of the existing pool.
- Further consultation should be carried out with families and young people on the water theme park option to provide a more robust business case around anticipated levels of usage throughout the season, pricing policies and age ranges likely to be attracted. This would also help to inform travel plans and the need for parking.
- Meet with Canoe England and the Blackwater Valley Canoe Club to explore any investment options and how its current training could be accommodated locally.
- More detail to be worked up around the other suggestions to assess their viability in order to include or remove from the options list, including extending the season through other

attractions, heating the pool, providing other water features (sauna Jacuzzi, lazy river), providing a dome or indoor leisure pool, retain the pool and include splash pad and improve marketing.

- In order to ensure that all avenues had been explored, the Council should advertise for expressions of interest in developing other attractions on the site.
- Develop more detail around the management and procurement options for the main proposals.
- Publicise the results and the ongoing work to keep people informed.

It was noted that the aim of this work was to see how the Council could increase usage and/or reduce the costs in order to provide better value for money and to finalise the long-term approach for the Lido site for consideration by the end of the financial year.

In order to develop the above options and assess the viability of the additional suggestions from the consultation, along with the further consultation required with families and young people over the summer period, this would require the support of consultants, which was estimated to cost £25,000.

The Cabinet supported the proposals for the way forward.

The Cabinet RESOLVED that approval be given to

- (i) the recommended way forward outlined in the Head of Community's Report No. COMM1410, which was supported by the Lido Task and Finish Group and the Leisure and Youth Panel; and
- (ii) a supplementary estimate of £25,000 in 2014/15 to enable further work to be carried out on the options for the Lido.

8. **APPOINTMENTS –**
(All)

(1) **Community Cohesion Task and Finish Group**

The Cabinet RESOLVED that the following appointments be made to the Community Cohesion Task and Finish Group for the 2014/15 Municipal Year:

Cr. M.S. Choudhary
Cr. A.H. Crawford
Cr. R.J. Hughes

Cr. B. Jones
Cr. J.H. Marsh
Cr. P.J. Moyle
Cr. K.H. Muschamp
Cr. M. Staplehurst

(2) **Business Engagement Task and Finish Group**

The Cabinet RESOLVED that the following appointments be made to the Business Engagement Task and Finish Group for the 2014/15 Municipal Year:

Cr. M.S. Choudhary
Cr. D.E. Clifford
Cr. A.H. Crawford
Cr. J.H. Marsh
Cr. P.J. Moyle
Cr. K.H. Muschamp
Cr. M. Small
Cr. D.M. Welch

9. **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
10	3	Information relating to financial or business affairs

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

10. **PRINCESMEAD CAR PARK –**
(Environment)

The Cabinet considered the Solicitor to the Council's Exempt Report No. LEG1409, which advised on the position reached in seeking to secure further leases of two car parking areas jointly comprising Princesmead Car Park and sought approval to withdraw from any future management of this car parking area.

The Report set out the background to the current situation, the negotiations with the landlords of the two car parking areas, the loss of income arising out of the withdrawal from the management of the car parking areas

and the terms of withdrawal negotiated with ASDA and with Lancashire Pension Fund.

The Cabinet RESOLVED that

- (i) the terms set out in the Solicitor to the Council's Exempt Report No. LEG1409 with ASDA for withdrawing from the ASDA part of the car park be agreed;
- (ii) it be agreed that the Council withdraw from the Lancashire Pension Fund side of the car park and not to renew the lease upon terms offered and decline the offered management fee; and
- (iii) authority be delegated to the Solicitor to the Council to agree the best exit terms to be achieved with Lancashire Pension Fund in consultation with the Leader of the Council.

The Meeting closed at 5.42 p.m.

CR. P.J. MOYLE
LEADER OF THE COUNCIL