NOTICE OF MEETING

Meeting:	**Cabinet**
Date and Time:	**Thursday 5 October 2023 7.00 pm**
Place:	**Council Chamber**
Enquiries to:	**Committee Services** **Committeeservices@hart.gov.uk**
Members:	**Neighbour (Leader), Radley (Deputy Leader), Bailey, Clarke, Cockarill, Collins, Oliver and Quarterman**

Chief Executive

CIVIC OFFICES, HARLINGTON WAY
FLEET, HAMPSHIRE GU51 4AE

AGENDA

This Agenda and associated appendices are provided in electronic form only and are published on the Hart District Council website.

Please download all papers through the Modern.Gov app before the meeting.

- **At the start of the meeting, the Lead Officer will confirm the Fire Evacuation Procedure.**

- **The Chairman will announce that this meeting will be recorded and that anyone remaining at the meeting had provided their consent to any such recording.**

1 **MINUTES OF THE PREVIOUS MEETING** 5 - 9

The minutes of the meeting held on 7 September 2023 are attached for confirmation and signature as a current record.

2 **APOLOGIES FOR ABSENCE**

To receive any apologies for absence from Members*.

***Note**: *Members are asked to email Committee services in advance of the meeting as soon as they become aware they will be absent.*

3 **DECLARATIONS OF INTEREST**

To declare disposable pecuniary, and any other interests*.

***Note:** *Members are asked to email Committee Services in advance of the meeting as soon as they become aware they may have an interest to declare.*

4 **CHAIRMAN'S ANNOUNCEMENTS**

5 **PUBLIC PARTICIPATION (ITEMS PERTAINING TO THE AGENDA)**

Anyone wishing to make a statement to the Committee should contact Committee Services at least two clear working days prior to the meeting. Further information can be found online.

6 **REVIEW OF PROJECT PLANS FOR FLOOD ALLEVIATION SCHEMES** 10 - 20

To provide an update on the three Flood Alleviation Schemes currently coordinated by Hart District Council and seek the consideration and decision of Cabinet. The three projects are:

- Mill Corner, North Warnborough,
- Phoenix Green, Hartley Wintney, and
- Kingsway, Blackwater.

Recommendation:

Cabinet is asked to approve the following recommendations:

a. to close the current project at Mill Corner, North Warnborough but to continue working with the Environment Agency which is carrying out an assessment of flooding in this area,

b. to work with the Environment Agency to undertake new modelling work at Phoenix Green, Hartley Wintney to re-evaluate the flood risk to properties, and

c) to work with the Environment Agency and Thames Water to support the delivery of a flood mitigation scheme at

Kingsway, Blackwater

10 **CIVIC REGENERATION UPDATE** 40 - 85

The purpose of this report is to seek Cabinet's agreement to pause further work on the Civic Quarter regeneration project.

Recommendation

Work on the Civic Quarter Generation project should be paused until such time as the prevailing economic climate and market conditions are suitable to support the delivery of a viable and comprehensive regeneration opportunity.

11 **NEW LEASE ARRANGEMENTS FOR THE CROSS BARN, ODIHAM** 86 - 87

The purpose of this report is to seek Cabinet's approval for a new lease arrangement for the Cross Barn, Odiham.

Recommendation

The Chief Executive be authorised to conclude arrangements for a new 25-year lease for the Cross Barn, Odiham.

12 **CABINET WORK PROGRAMME** 88 - 96

To consider and amend the Cabinet Work Programme.

Date of Publication: **Wednesday, 27 September 2023**

CABINET

Date and Time: **Thursday 7 September 2023 at 7.00 pm**

Place: **Council Chamber**

Present:

Neighbour (Leader), Radley (Deputy Leader), Clarke, Cockarill, Collins, Oliver and Quarterman

In attendance:
Councillor Axam (arrived 7:02pm)

Officers:
Daryl Phillips, Chief Executive
Graeme Clark, Executive Director Corporate
Mark Jaggard, Executive Director Place
Adam Green, Environmental Promotions - Service Manager
Joanne Rayne, Finance Manager
Jenny Murton, Committee and Member Services Officer

31 MINUTES OF THE PREVIOUS MEETING

The minutes of the meeting held on 3 August 2023 were confirmed and signed as a correct record.

Proposed by Councillor Neighbour; Seconded by Councillor Radley.

32 APOLOGIES FOR ABSENCE

No apologies received.

Councillor Bailey had indicated prior to the start of the meeting he may be late. When the meeting closed Councillor Bailey had not arrived.

33 DECLARATIONS OF INTEREST

No declarations made.

34 CHAIRMAN'S ANNOUNCEMENTS

No announcements.

35 PUBLIC PARTICIPATION (ITEMS PERTAINING TO THE AGENDA)

None.

36 Q1 BUDGET MONITORING REPORT AND FORECAST OUTTURN FOR 2023/24

The Executive Director, Corporate summarised the Q1 Budget Monitoring report and Forecast Outturn for 2023/24.

These included:

- The projected Outturn
- The Capital Overview
- The Project Overview
- The Treasury Management position

The Executive Director, Corporate also explained that this report was presented to the Overview and Scrutiny Committee in August, who were satisfied that the Economic Social and Corporate Governance (ESG) ratings had been added.

Cabinet discussed:

- The possibility the £0.96m surplus would be used for smaller projects that would benefit residents and how these projects would be identified and progressed.
- That there's a Cabinet Away day at the end of October and this would be an appropriate place to further discuss projects that could potentially benefit from the surplus.
- How they as Portfolio Holders could begin to talk to their relevant Executive Directors about projects that may benefit from more funding or additional funds.

A Member queried the Council's workforce after the restructure and if further thought is needed on reviewing this. The Chief Executive confirmed that an item on the Council's workforce will be bought to the next Staffing Committee meeting at the end of October. This report will then come to Cabinet if required and will be added to the Cabinet Work Programme in due course.

Cabinet thanked the Finance team who were responsible for the report, and for its clear format and presentation.

Proposed by Councillor Neighbour; Seconded by Councillor Radley and the vote was unanimous.

DECISION

Cabinet noted the Q1 Budget Monitoring Report and Forecast Outturn for 2023/24.

37 DOG FOULING PUBLIC SPACES PROTECTION ORDER (PSPO)

The Portfolio Holder for Regulatory updated Cabinet that a public consultation on the Dog Fouling Public Space Protection Order (PSPO) had begun.

Cabinet discussed:
- The process and which officers can issue fixed penalty notices to dog owners who do not pick up their dog's faeces.
- The four E's: Engage, Explain, Encourage and Enforce and how the final enforcement action is considered a last resort after the first three have been thoroughly explained first to dog owners.
- How many fixed penalty notices had been issued. This was reported as very few: in 2019 = 1 notice, 2020 = 1 notice and none since 2021.

A Member, not on the Cabinet, asked if the council monitors when East Hampshire Enforcement Officers were in the Hart area and which areas they visited.

The Executive Director, Place confirmed that East Hampshire officers use areas identified by Fix My Street submissions, along with others.

Members debated:
- That dog fouling was only caused by a very small minority of dog owners in Hart as the vast majority are very responsible.
- Lessons could be learnt from the Litter Enforcement Scheme.

Proposed by Councillor Collins (Portfolio Holder for Regulatory); Seconded by Councillor Neighbour and the vote was unanimous.

DECISION

Cabinet authorised the Executive Director – Place, in consultation with the Portfolio Holder for Regulatory, to:

a. consider the responses to the public consultation and make any necessary amendments to the draft PSPO in light of the consultation.
b. adopt the district wide PSPO to apply to any place where the public or any section of the public has access, on payment or otherwise, as of right or by virtue of express or implied permission. The restrictions are that: i. persons in charge of a dog must remove the faeces and for it to be disposed of in an appropriate receptacle, and. ii. persons in charge of a dog must have with them appropriate means to pick up dog faeces deposited by that dog.

38 ROUNDABOUT SPONSORSHIP ENVIRONMENTAL GRANT FUNDING - DELEGATED AUTHORITY

The Environmental Promotions - Service Manager summarised the report to confirm the arrangements for the allocation of funds received from roundabout Sponsorship.

Cabinet discussed:
- The fluctuation in profit margin levels and the reasons for this; one year it was £51,000 and another £13,000.

The Environmental Promotions - Service Manager explained that some years' amounts are higher due to sponsorship deals or new customers.
- The 'sheep' roundabout near Bramshot Farm Country Park on the A3013 and who maintains it.
- That the income from the Sponsorship Scheme was used to fund the grant scheme and roundabout maintenance.
- The possibility of aiming for more than £50,000 a year. It was discussed that £50,000 was the top end for this type of Sponsorship Scheme.

Cabinet debated:
- How confident officers were that the minimum £30,000 required to run the scheme annually would be met.

The Leader of the Council proposed the Recommendation provided that a condition d. was included, which was:

d) Agree the Grant Scheme background paper (attached to the as Appendix 1), so conditions are clearly set out.

This was seconded by Councillor Oliver and unanimously agreed.

DECISION:

a) Cabinet agreed to continue to support the delivery of biodiversity, climate change, and health and wellbeing projects throughout the district by the allocation of grant funding collected from roundabout sponsorship.

b) Provided that:
i. the aggregated value of approved projects does not exceed the income received from roundabout sponsorship in that financial year;
ii. the projects can demonstrate that there is a clear benefit for biodiversity, climate change and health and wellbeing
the Executive Director, Communities was authorised to agree all projects up to £10k and the Leader was authorised to agree any projects that were over £10k

c) Cabinet agreed to continue to keep in reserve funding to help maintain a standard of service to continue to retain existing and attract potential customers.

d) Cabinet agreed that the Grant Scheme paper attached as Appendix 1 to the report should be adopted.

39 CABINET WORK PROGRAMME

Cabinet considered the Work Programme as circulated prior to the meeting.

The Portfolio Holder for Climate Change and Corporate Services explained that an item on Cross Barn in Odiham may be added to the Work Programme for October. The Chief Executive confirmed that this needed to be checked against the Scheme of Delegation first.

The Executive Head, Corporate requested that the Medium-Term Financial Strategy Mid-Year Review and Headline Budget Strategy for 2024/25 be moved to the December Cabinet meeting instead of November. This would better compliment Government financial announcements and this was agreed.

Members questioned why the three items at the bottom of the Work Programme: Crondall Conservation Area Appraisal; Crookham Village Conservation Area Appraisal and Hartley Wintney Conservation Area Appraisal had no meeting dates set. The Executive Director, Place confirmed that dates for these items were still being sought.

The Portfolio Holder for Finance mentioned the Executive Decision to write off a particular debt less than £10K (this is detailed at the bottom of the Work Programme).

The meeting closed at 7.47 pm

CABINET

DATE OF MEETING: 5 OCTOBER 2023

TITLE OF REPORT: UPDATE ON FLOOD ALLEVIATION SCHEMES

Report of: Executive Director – Place

Cabinet Portfolio: Planning Policy and Place

Key Decision: Yes

Confidentiality: Non-Exempt

PURPOSE OF REPORT

1. To provide an update on the three Flood Alleviation Schemes currently coordinated by Hart District Council and seek the consideration and decision of Cabinet. The three projects are:

   - Mill Corner, North Warnborough,
   - Phoenix Green, Hartley Wintney, and
   - Kingsway, Blackwater.

RECOMMENDATION

2. Cabinet approves the following recommendations:

   a. to close the current project at Mill Corner, North Warnborough but to continue supporting the Environment Agency, which is carrying out an assessment of flooding in this area,

   b. to work with the Environment Agency to undertake new modelling work at Phoenix Green, Hartley Wintney to re- evaluate the flood risk to properties, and

   c. to work with the Environment Agency and Thames Water to support the delivery of a flood mitigation scheme at Kingsway, Blackwater.

BACKGROUND

3. Hart District Council has no statutory duty or function to deliver flood alleviation projects. Up to the mid-1990s the Council was the Drainage Authority. In 1996 however, the Environment Agency was established with a remit to protect and improve the environment. It absorbed the responsibilities of a number of organisations including the National Rivers Authority, the Drainage Authority (i.e. Councils), the Waste Regulation Authority and Her Majesty's Inspectorate of Pollution (HMIP). In effect therefore, Hart lost its previous drainage function at that time.

4. In summary the key agencies now with a statutory role for flooding matters are:

- the Environment Agency is responsible for managing the risk of flooding from main rivers and reservoirs and prioritises increasing the resilience of people, property and businesses to the risk of flooding,
- Hampshire County Council, as the Lead Local Flood Authority (LLFA), is responsible for managing the risk of flooding from surface water, groundwater and ordinary watercourses and to lead on community recovery,
- Thames Water, as the sewerage undertaker for Hart district, is responsible for the public surface water and foul water sewer systems and has a duty to provide, improve and maintain the sewer network.

5. Appendix 1 provides further detail on the responsibilities of each agency that operate within Hart district.

6. The Council is now only responsible for some drainage assets that it owns and were not transferred to the Environment Agency in 1996. A new Asset Management Plan is being created for these and is a Service Plan priority.

7. As part of its aim to facilitate partnership working the Council coordinates the Multi-Agency Flood Forum (MAFF) as a working group of the Overview & Scrutiny Committee. This helps to coordinate the actions of various organisations in Hart district, and aids communication between various partners. The working group has no statutory purpose or powers and is simply a liaison working group.

8. The Council has in the past coordinated flood projects by seeking funding that the Environment Agency cannot access. In this regard it has supported the assessment and planning of the following three projects:

   - Mill Corner, North Warnborough,
   - Phoenix Green, Hartley Wintney, and
   - Kingsway, Blackwater.

9. However, for a range of reasons (as set out below) these projects have not progressed to the implementation stage. Indeed, it is not within the Council's gift to deliver them. However, in line with project management best practice, it is appropriate to have a critical review of any project which appears to have stalled.

10. Funding for these three projects mainly comes from external sources administered by the Environment Agency (EA). In some cases, this is supplemented with funding from the Council and other parties.

11. While the EA has funding to increase the resilience of people, property and businesses to the risk of flooding, in many cases these funds cannot be spent by the EA themselves. These funding opportunities vary in scope and size and can be accessed by a range of organisations not only District Councils, but also includes the County Council, Parish or Town Councils and local community groups.

12. The EA can also provide a Property Flood Resilience (PFR) grant of up to £5,000 directly to homeowners. The grant is intended to help people make their

properties more resilient to the impacts of flooding, and include measures include flood doors, barriers and air brick covers installed onto properties.

CONSIDERATION BY OVERVIEW AND SCRUTINY COMMITTEE

13. A report was considered by the Overview & Scrutiny on the 15 August 2023 where the draft recommendations for the three flood alleviation schemes were discussed.

14. Members debated:

- whether there was sufficient funding to cover the cost of the Kingsway project. It was noted that it might be possible to bid for further funding once the scheme had been commenced,
- managing the expectations of residents to ensure that they know what would happen if the funding was not forthcoming,
- whether all homeowners would need to opt into the Kingsway scheme – it was felt that there was no need to wait for all to agree before starting the project.

15. In light of the comments and discussions at Overview and Scrutiny, the report has been updated. The funding requirements and scope of the Kingsway project have been clarified and further detail has been added to support the queries raised during the meeting.

MILL CORNER, NORTH WARNBOROUGH

16. The Mill Corner project was set up in response to flooding that occurred in 2000 and 2007 where several properties were impacted. Flooding also occurred in 2013, 2014 and 2020.

17. The original scheme would use Natural Flood Management (NFM) to reduce flood risk to 21 properties. NFM is when natural processes are used to reduce flood risk including woody debris dams, balancing ponds and wetland habitats.

18. The scheme as originally planned is no longer deliverable. This is because the respective landowners will not give their permission. Furthermore, the modelling demonstrates the scheme would lead to agricultural land and other private land being flooded. Again, no affected landowners' permission has been given.

19. For the scheme to proceed numerous regulatory consents would still be needed for the scheme to be implemented. For example, part of the land is a Site of Special Scientific Interest (SSSI) which would require consent from Natural England. This permission is not yet forthcoming.

20. Since the scheme was initially envisaged there has been a change in circumstances. The EA has carried out its own 'Initial Assessment' of Mill Corner, North Warnborough to determine the feasibility for alternative Flood Alleviation Projects in this area.

21. It is understood that the EA's new Mill Corner, North Warnborough project will be progressed from the initial assessment stage. The EA itself is more likely to succeed in delivering alternative solutions as they have a broader scope covered by their project and the EA has found additional solutions to the issues that were not covered under the Council's scheme.

22. There is no prospect of the original Mill Corner scheme being delivered. It is for this reason that the project should be closed. The Council will however, continue to support the work by the EA on its new approach, although the EA itself would lead and manage any alternative project.

PHOENIX GREEN, HARTLEY WINTNEY

23. This project was set up in response to a flood event in 2007 where 20 properties experienced internal flooding caused by surface water run-off. Flooding also occurred in 2000 and 2009 where up to 38 properties were either directly or indirectly impacted. Some of the 38 properties affected are owned by Vivid Homes.

24. The original scheme would use a combination of Property Flood Resilience (PFR) measures (e.g. flood doors, barriers and air brick covers installed onto properties) and Natural Flood Management (NFM) to reduce the risk of flooding to 38 properties.

25. Due to the nature of the project, the Environment Agency (EA) was unable to claim for the relevant funding and the Council stepped in and took on the project coordination role and was able to access the funding. Delivery of the project still requires the support of the EA.

26. A feasibility study funded by the EA, completed in 2016 investigated several alternative options. That study recommended a scheme involving both PFR and NFM measures:

- the PFR measures would involve 38 properties (some private, some owned by Vivid Homes). Legal agreements would be required with each individual property owner and an agreement with Vivid Homes for their properties. There is however, no consensus with residents to agree to the measures required to protect their homes
- the NFM measures included were impoundment areas created by embankments and wooded debris dams upstream of the Phoenix Green area. The challenge here again was a combination of mixed land ownership, working on common land, and the impact on Ancient Woodland. All of this mean that it is unlikely to be delivered.

27. In reviewing this project, it is noted that:

- there have been no reports of flooding to the properties in the area since 2009,
- the evidence is that the drainage and surface water mitigation arrangements at the St. Mary's Park development at Dilly Lane Hartley Wintney has had a positive impact on the surface water drainage in the area. That development included a sustainable drainage strategy with

several soakaways, an attenuation basin, wetland features and swales. It has reduced the surface water flow that leaves the site from 41 litres per second to 25 litres per second meaning flood risk to the wider area has been significantly reduced,
- Whilst there have been incidents of flash flooding since the St. Mary's Park development was completed, this did not affect the properties previously considered to be at risk, nor any other properties.

28. The flood alleviation scheme at Phoenix Green is now no longer required as the properties have not flooded for the last 14 years. However, it is considered prudent for reassurance purposes to support the EA by commissioning new modelling to re-evaluate the risk to properties in this area. A decision can then be taken as to whether any interventions are justified and what they would look like, or to close the project.

29. £23,500 of EA funding remains from the original grant EA grant of £147,000. This and additional funding available from the EA can used to fund the modelling work. The procurement process can commence if approval by Cabinet.

KINGSWAY, BLACKWATER

30. Of the three schemes, Kingsway, Blackwater has the most significant flooding issues, suffering regularly from both surface and foul water flooding which affects 42 properties. Some of the 42 properties are owned by Vivid Homes.

31. The Kingsway project referred to in this report solely relates to the Property Flood Resilience (PFR) measures proposed by the Council.

32. There are other elements of flood alleviation/management taking place in Kingsway area that do not form part of the Hart District Council project. These include:

- Thames Water have included the Kingsway rain garden scheme in their Drainage and Wastewater Management Plan 2025-2050 (DWMP) which sets out their long-term approach to protecting the environment, reducing the risk of sewer flooding to homes, and reducing storm discharges,

- Thames Water are considering improvements to Hawley Hill balancing pond to reduce flood impacts,
- the creation of a multi-agency group comprising Hart District Council, Hampshire County Council, EA, Thames Water and Network Rail to discuss the drainage / culvert issues and identify solutions.

33. Any decision made on this project relates only to the PFR measures. Each of the other elements can be delivered individually and the Council will continue to work with other agencies to progress the other projects.

34. The PFR measures would require legal agreements with each individual property owner and an agreement with Vivid Homes will need to be signed for all Vivid- owned properties.

35. Due to the nature of the project, the EA is unable to claim for the relevant funding. The Council therefore took on the project coordination role and were able to access the funding.

36. This scheme does not rely on any further funding from the Council. The Council has secured the following:

- £53,500 remains from a previous funding claim and a further £234,000 has been secured but not yet claimed from grants administered by the EA (a combination of Flood Defence Grant in Aid from the Department for Environment Fisheries and Rural Affairs, and local levy from the Regional Flood and Coastal Committee),
- £38,000 from Hampshire County Council,
- contributions from Blackwater & Hawley Town Council and Vivid Homes were previously agreed but would need to be reconfirmed.

37. The project is deliverable. The recommendation is to continue to support the project in its current form. There is however, a risk that property owners do not take up the PFR offer which would reduce the effectiveness of PFR for adjoining properties. This risk always exists with PFR on such properties and in this case is not necessarily a reason to stop the project at this time.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

38. There is no alternative option but to close down the Mill Corner project. It is not deliverable. Instead, the Council will work with the EA on its alternative projects for this area.

39. The challenges for the Phoenix Green, Hartley Wintney project mean that continuing with the current project is not feasible. Furthermore, the need for the project has diminished. However, it would be prudent to support the commissioning of new modelling to re-evaluate the risk to properties in this area.

40. Closing down the Kingsway, Blackwater project is rejected because of the severity and regularity of flood events. Funding is secured from external partners, and it is a deliverable project where progress is being made. Without it, properties will continue to flood even if other measures are implemented to reduce flood risk.

CORPORATE GOVERNANCE CONSIDERATIONS

Relevance to the Corporate Plan and/or The Hart Vision 2040

41. Corporate Plan 2023/2027:

- Planet: a carbon neutral and climate resilient district by 2040 - Support climate mitigation schemes such as flood alleviation, and the delivery of low or carbon neutral electricity generation.
- Building a resilient Council: Delivering what matters to you - Ensuring effective use of our assets and to make the council more financially self-sustaining.

Service Plan

- Is the proposal identified in the Service Plan? Yes
- Is the proposal being funded from current budgets? Yes
- Have staffing resources already been identified and set aside for this proposal? Yes

Legal and Constitutional Issues

43. To deliver the Property Flood Resilience (PFR) measures the Council will need to enter into legal agreements with the relevant property owners. If such agreements cannot be reached with each individual landowner, then the project is not feasible. There is also no agreement with the respective private property owners to contribute to measures that are solely proposed for their private benefit.

Financial and Resource Implications

44. **Mill Corner:**

- £26,800 remains from £50,000 that was previously secured from the EA expenditure on studies and designs. This would be returned to the EA if the project closes.

45. **Phoenix Green:**

- The Council originally claimed £147,500 from the EA for this scheme, £23,500 of which remains and will be used to support new modelling work.
- In January 2020 Cabinet agreed that HDC would fund £70,000 towards this project, match funding £70,000 from Vivid Homes. If the project does not proceed after the modelling work this money will be retained in reserves.
- As it stands there is a further £336,000 of available external funding for this project from the EA and DEFRA. However, the project could change, or close down, in light of the modelling work.
- Officer time is required to progress the procurement of modelling work which is a resource implication for the Council.

46. **Kingsway:**

- £53,500 remains from a previous EA funding claim of £142,500.
- Also available for this project is a further £234,000 from the EA and £38,000 from Hampshire County Council. Both have been secured but not yet claimed.
- Contributions from Blackwater & Hawley Town Council and Vivid Homes were previously agreed but would need to be reconfirmed.
- The funding provided by the EA is sufficient to carry out the project and therefore the Council will not need to contribute any funds.
- The intention is to capitalise Officer time so that it is funded as part of the overall project costs.

Risk Management

47. Mill Corner: The risk of closing this project is minimal as it is not a deliverable project. There is a greater chance of success by supporting the EA with its work in this area.

48. Phoenix Green: The risk is that the results of new modelling identify the need for a project in this area. If this is the case the Council will support partner organisations to see what solutions may be deliverable. However, this is unlikely given the evidence of changes that have happened in the area and the absence of reported flood events in recent years.

49. Kingsway: The main risk is that some residents within a row of terraced properties decline the PFR measures. That would potentially reduce the effectiveness of the PFR measures as flood water might be able to access those properties via adjoining unprotected properties.

EQUALITIES

50. The proposals set out in this paper are not considered to have an impact on equality. They are based around properties at flood risk regardless of occupancy.

CLIMATE CHANGE IMPLICATIONS

51. Addressing flood risk is a means of adapting to the effects of climate change which is expected to increase the risk of flooding. The recommendations are not expected to impact on carbon reduction targets.

ACTION

52. Cabinet approves the recommendations in this report.

Appendices

Appendix 1: Responsibilities for Flood Risk Management Appendix 2: Overview Map of the Flood Schemes

Responsibilities for Flood Risk Management

BACKGROUND

1. Responsibilities for flood risk management fall to different organisation depending on the nature or cause of the flooding.
2. This document highlights the responsibilities for each agency.

ENVIRONMENT AGENCY

3. The EA has strategic overview of all sources of flooding and is responsible for flood risk management activities on all main rivers.
4. The EA are responsible for managing the risk of flooding from main rivers, reservoirs, estuaries and the sea.
5. The EA can prepare and deliver projects to manage flood risk from main rivers.
    a. The project at Mill Corner focuses on fluvial flood risk and therefore the EA can progress a project in this area.
    b. The Kingsway project being carried out by Hart relates to surface water, fluvial and sewer flooding and therefore the EA are an important stakeholder in the project. The could carry out work to reduce the fluvial flood risk to the properties.
    c. The main focus of the Phoenix Green project is surface water flood risk and hence why the EA could not apply for funding and carry out this work.
6. The EA has a priority to increase the resilience of people, property and businesses to the risks of flooding and coastal erosion.
7. The EA provides funding opportunities to Local Authorities to carry out flood alleviation work for both fluvial and surface water flooding.

HAMPSHIRE COUNTY COUNCIL

8. HCC is the Lead Local Flood Authority (LLFA) and is required to:
    a. Prepare and maintain a strategy for local flood risk management in their areas.
    b. Investigate significant flooding incidents and publish the results of the investigations.
    c. Regulate ordinary watercourses and has powers to enforce obligations for maintenance.
9. Lead local flood authorities (LLFAs) are responsible for managing the risk of flooding from surface water, groundwater and ordinary watercourses and lead on community recovery.
10. HCC is also the Highway Authority and has responsibility for:
    a. Providing and managing highway drainage and roadside ditches.
    b. This includes all road drains and the connection to the public sewer.
11. Hampshire County Council has a responsibility surrounding surface water flood risk but does not have any requirement to carry out large projects to address flood risk unless it falls within their direct responsibility.

12. HCC is a stakeholder in all the Hart owned projects.

THAMES WATER

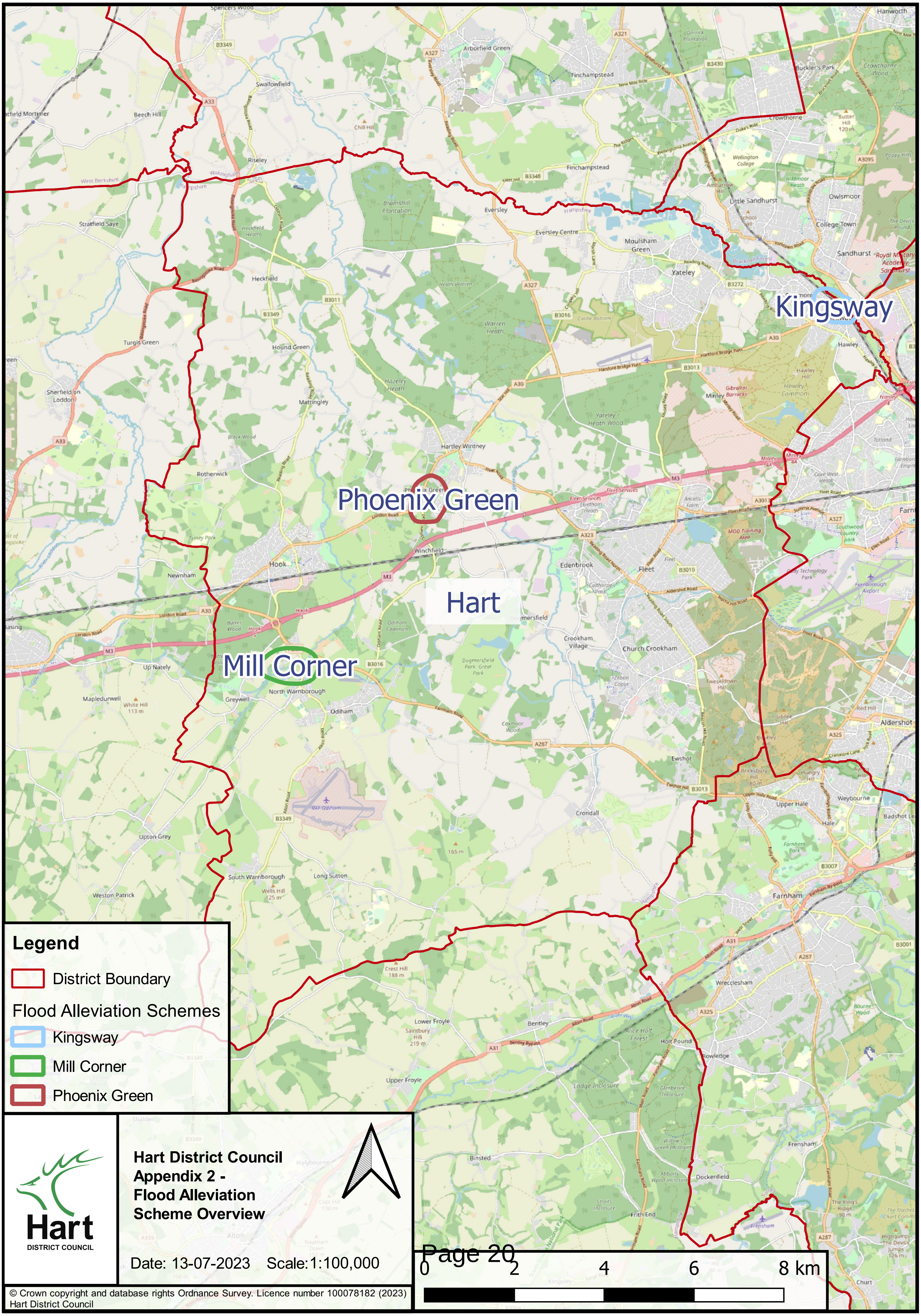
13. Thames Water is the sewerage undertaker for the district of Hart.
14. This means they have a duty to provide, improve and maintain the public sewer system for surface water, foul water and combined sewers. This is to ensure properties and residents are not adversely affected by sewer issues or flooding.
15. They are not responsible for private drainage systems.
16. Thames Water can carry out flood mitigation works to their sewer networks to improve drainage and reduce flood risk.
17. They also provide funding opportunities to Local Authorities for reducing that aim to reduce the pressure on sewer networks.
18. They can work as a stakeholder in major flood alleviation projects and are an important Agency in the Kingsway scheme due to the known risk from sewer flooding. Hart is working with TW to develop other opportunities to reduce flood risk to the at-risk properties.

HART DISTRICT COUNCIL

19. Hart District Council is a Risk Management Authority under the Flood and Water Management Act (2010). This means it has a responsibility to:
    a. Co-operate with other RMAs (Environment Agency, HCC, Water companies etc.)
    b. Act in a manner that is consistent with National and County Flood Management Strategies.
    c. Exchange information between RMAs.
20. District Councils are key in planning local flood risk management and can carry out flood risk management works on minor watercourses. It works with LLFAs (HCC) to ensure risks are managed effectively.
21. Hart is responsible for all watercourse that flow through or adjacent to land that it owns and can carry out works to manage flood risk.
22. The Council does not have any statutory responsibility for carrying out the work within the work within the three Flood Alleviation Schemes. However, it can apply for funding to carry out larger flood risk management works. It is often the case that Local Authorities are relied on to carry out these works as the funding is often only available to them.

SOUTH EAST WATER

23. South East Water is responsible for the supply of clean water up to and including the water stopcock of properties.
24. Any flooding caused by burst water mains should be reported to South East Water for their attention.
25. They do not have any involvement in the Hart managed Flood Schemes as there are no issues with the water supply.



Hart
DISTRICT COUNCIL

Hart District Council
Appendix 2 -
Flood Alleviation Scheme Overview

Date: 13-07-2023 Scale: 1:100,000

CABINET

DATE OF MEETING: 5 OCTOBER 2023

TITLE OF REPORT: WINCHFIELD NEIGHBOURHOOD PLAN: EXAMINERS REPORT AND DECISION TO PROCEED TO REFERENDUM

Report of: Executive Director - Place

Cabinet Portfolio: Planning Policy and Place

Key Decision: No

Confidentiality: Non Exempt

PURPOSE OF REPORT

1. The purpose of this report is to set out the findings of the Examiner's report into the Winchfield Neighbourhood Plan; to seek agreement to the Examiner's recommended modifications; and for the Neighbourhood Plan to proceed to a local referendum.

RECOMMENDATION

2. That the Neighbourhood Plan modifications set out in the Decision Statement at Appendix 2 are agreed and the Decision Statement published; and

3. That the Winchfield Neighbourhood Plan proceeds to a local referendum.

BACKGROUND

4. The Council has a statutory duty to help communities in the preparation of Neighbourhood Development Plans and Orders.

5. In March 2017, the Council 'made' the Winchfield Neighbourhood Plan 2015 – 2032 following the statutory processes of preparation including a positive local referendum result.

6. Whilst not a statutory requirement, it is good practice to review Neighbourhood Plans every five years. Winchfield Parish Council decided to review their made Neighbourhood Plan in light of various changes, including the adoption in April 2020, of the Hart Local Plan (Strategy & Sites) 2032, and changes to national planning policy since 2017. The Parish Council has updated its Neighbourhood Plan to include a number of new and modified policies.

7. The revised Winchfield Neighbourhood Plan 2022 - 2037 has been prepared with on-going engagement with the local community including the following statutory stages:

   i) designation as a Neighbourhood Area (8 January 2015)

   ii) consultation on a Pre-Submission version (28 October - 12 December 2022)

   iii) submission to Hart District Council (9 March 2023)

   iv) submission consultation (12 May – 23 June 2023)

8. The revised Neighbourhood Plan includes a range of policies covering landscape, biodiversity, climate change, heritage, design, parking, Brenda Parker Way, affordable homes, employment and community facilities.

9. The Neighbourhood Plan was submitted for independent Examination in June 2023 following the close of the submission consultation. A total of 25

representations were received and forwarded to the Examiner for consideration.

10. The Council appointed an independent examiner to examine the Neighbourhood Plan. The examination was undertaken by written representations.

11. The purpose of the examination is to consider whether the Plan complies with the relevant legislative requirements, in particular with the Neighbourhood Planning (General) Regulations 2012 (as amended), and to consider whether the Plan meets a set of 'Basic Conditions' – these are:

    i) have regard to national policies and advice contained in the guidance issued by the Secretary of State; and
    ii) contribute to the achievement of sustainable developments; and
    iii) be in general conformity with the strategic policies contained in the development plan for the area; and
    iv) be compatible with, and not breach European Union (EU) obligations; and
    v) not breach the requirements of Chapter 8 part 6 of the Conservation of Habitats and Species Regulations 2017.

OUTCOME OF EXAMINATION

12. The final version of the Examiners Report was received on 7 September 2023.

13. The Examiner concluded that subject to the recommended changes set out in his report, the Plan meets the basic conditions and should proceed to referendum..

14. The Decision Statement at Appendix 2 includes a table setting out all of the Examiner's recommendations. The majority of the Examiner's recommendations relate to matters of clarity and precision to ensure that the Neighbourhood Plan fully accords with national planning policy

15. The Council must now decide what action to take in response to each of the report's recommendations and take a decision on whether to send the Neighbourhood Plan to referendum.

16. The assessment is that the Plan, as modified in line with the Examiner's recommendations, meets the basic conditions and legal tests. The recommendation is that it should therefore proceed to referendum.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

17. The Council could decide that the Plan does not meet the basic conditions and should not proceed to referendum. Alternatively the Council could decide to modify the Plan. However, this requires an explanation to be prepared and it must publish its decision, with its reasons and invite representations.

CORPORATE GOVERNANCE CONSIDERATIONS

Relevance to the Corporate Plan and/or The Hart Vision 2040

18. The Plan, and the process of community engagement that went with it, reflect the Hart Vision 2040 including building a sense of community, supporting affordable housing, and reducing the impact of climate change.

19. The Neighbourhood Plan helps to deliver the Corporate Plan 2023 – 2027 ambitions including those relating to the natural environment, affordable homes, supporting employment and climate change.

Service Plan

- Is the proposal identified in the Service Plan? No
- Is the proposal being funded from current budgets? Yes
- Have staffing resources already been identified and set aside for this proposal? Yes

Legal and Constitutional Issues

20. The Council must follow relevant legislation in undertaking the referendum. If more than 50% of those voting in the referendum support the Plan it will immediately become part of the development plan for Hart district. The Council will subsequently need to decide whether to formally 'make' the Plan in order for it to remain part of the development plan.

Financial and Resource Implications

21. The Neighbourhood Plan examination and referendum are funded by Hart District Council. The Council can apply for a government grant of £20,000 towards the costs of these once it has issued a decision statement setting out the intention to send the Plan to referendum. Staff resources are needed for the referendum, and for administrative tasks in moving the Neighbourhood Plan towards being 'made' or adopted.

Risk Management

22. There is little risk in the decision proceeding to referendum.

EQUALITIES

23. Winchfield Parish Council and Hart District Council are both responsible authorities under the Public Sector Equality Duty. An Equalities Impact Assessment screening has therefore been undertaken. This was initially undertaken on the submission version of the Neighbourhood Plan and has subsequently been refreshed to take into consideration the recommendations set out in the Examiner's Report. Positive or neutral impacts were noted for all protected characteristics, and it was concluded that a full EqIA was not required.

CLIMATE CHANGE IMPLICATIONS

24. Policies in the Neighbourhood Plan will support the delivery of climate change adaptation and mitigation measures through policies relating to biodiversity, trees and woodlands, energy efficiency and generation and support for rights of way and cycle paths.

ACTION

25. If this report is agreed, then the Decision Statement at Appendix 2 will be published and the relevant tasks to run the local referendum will be implemented. The outcome of the referendum will be reported to Council.

Contact Details: Daniel Hawes

Appendices:

Appendix 1 – Winchfield Neighbourhood Plan Examiner's Report, September 2023

Appendix 2 – Winchfield Neighbourhood Plan Decision Statement

Background Papers:

The Winchfield Neighbourhood Plan and associated documents can be viewed here

CABINET

DATE OF MEETING: 5 October 2023

TITLE OF REPORT: COUNCIL RISK REGISTER REPORT SEPTEMBER 2023

Report of: Senior Leadership Team

Cabinet Portfolio: Leader and Portfolio Holder - Strategic Direction and Partnerships

Key Decision: N

Confidentiality: Non Exempt

PURPOSE OF REPORT

1. The Council maintains a risk register which is revised by management on a regular basis. It is reported to both the Overview & Scrutiny Committee and Cabinet every 6 months to provide assurance that appropriate arrangements are in place to mitigate the risks identified.

RECOMMENDATION

Cabinet is asked to review the extract from the council's risk register (Appendix A) and note the action in place to reduce the overall impact of the risks.

BACKGROUND

2. Risk management enhances strategic planning and prioritisation, assists in achieving objectives and is a key element of the Council's governance framework. It is essential that the Council identifies, monitors, and mitigates (when proportionate to the resources required) the risks it is exposed to.
3. An extract of the council risk register as of September 2023 is attached at Appendix A showing the highest rated risks at this point in time. It has been prepared by the Senior Leadership Team (SLT) and their managers. All managers are responsible for the identification and management of risk within their service areas.
4. The council risk register presented contains the key risks as assessed by SLT, the format has been updated to mirror the format presented at the individual Service Panels, to maintain consistency and for ease of comparing.
5. The comments from Overview and Scrutiny Committee are:

   - Members asked for more clarity within it, as items that carry a high risk, but were unlikely, would score the same as a moderate risk that was more likely to happen. It was agreed that this would be reflected in the report next time with both impact and likelihood scores being shown for each risk rather than just the combined rating.
   - A request was made for some of the major high rated risk items, such as the waste contract, to be reviewed more than twice a year. Members also asked for future reports to show the previous residual risk rating alongside the current one.
   - Discussion took place around the new planning law that the government is bringing in. The meeting was told that it would affect the amount of money the council could receive for planning, and once the government announces what the changes are, the council would adjust the budgets accordingly.

- The spending of the £0.96 million forecast budget surplus in 2023/24 was discussed, it was queried as to whether it should be saved as there was a budget shortfall forecast for 2024/25. It was agreed that although there was
- currently a surplus, it was confirmed that it would not be allocated until the in- year position and budget for next year was more certain

CORPORATE GOVERNANCE CONSIDERATIONS

Relevance to the Corporate Plan and/or The Hart Vision 2040

6. The O&S Committee and Cabinet's oversight of risk management contributes to the Corporate Plan priority of delivering an efficient and effective Council.

Service Plan

- Is the proposal identified in the Service Plan? Yes

Legal and Constitutional Issues

7. There are no legal implications arising from this report.
8. The local code of corporate governance and the annual governance statement make reference to the regular updating and review of the council risk register.
9. Oversight of risk management ensures that the processes that have been publicly stated as being in place are followed.

Financial and Resource Implications

10. There are no financial implications arising from this report. All risk management activities are currently carried out within approved budgets.
11. Decisions to further mitigate risks may require additional resources which will be considered as part of the mitigation decision process.

Risk Management

12. The maintenance and oversight of the Council's corporate risks is an important control. A failure to manage risk appropriately brings a range of potential implications for the Council including financial loss and reputational damage.

EQUALITIES

13. There are no equality implications arising from this report.

CLIMATE CHANGE IMPLICATIONS

14. There are no direct carbon/environmental impacts arising from the recommendations.

ACTION

15. To review the high rated risks and note the action being taken to reduce the overall risk impact.

Contact Details:
Graeme Clark, Executive Director of Corporate Services and S151 Officer
Kirsty Jenkins, Executive Director Community
Mark Jaggard, Executive Director Place

Appendices

Appendix A – Council Risk Register September 2023 highest rated risks

Background Papers:

None

Council Risk Register – September 2023

The tables below summarise the key risks presented to the latest service panels held for each service. A key to the table format is found at the end of this document.

Community Services Key Risks

Description	Residual rating	Impact	Source of Risk	Controls in place
Loss of MHCLG Homelessness Grant. HPG is secure till 2025 but unknown after that	9	Loss of income to deliver homelessness prevention services and fund emergency accommodation. Negative financial impact on budgets	Changes in government policy	Key staff are on establishment Some EMR to provide a buffer
Changes to planning law resulting in loss of Sec106 sites and increased workload for staff	6	Loss of affordable homes delivery - longer housing waiting lists. No new burdens funding currently so additional work having to be accommodated within existing resources	First Homes Policy introduced and no new burdens funding to support its delivery	Interim statement produced and planning and housing working closely over any applications
Failure to recover rent bond money	4	Financial liability	Changes to housing market / poverty of tenants who cannot pay. Cost of living crisis	Rent Bond Officer in post to assist in debt management. Use of DHP to assist financial hardship Use of Household Support Grant to assist residents

Corporate Services Key Risks

Description	Residual rating	Potential Impact	Source of Risk	Controls in place
Waste and recycling service facing significant change in next 3 years due to new legislation, new disposal arrangements with HCC and Serco contract end-date	12	Potential material financial impact on budget – uncertain costs and government funding Potential impact on residents from changes to collection arrangements	Uncertainty in government funding and timing of new arrangements HCC cabinet report for 18 July Serco contract end date Sept 2026	Governance with B&D and HCC Watching brief with government changes, timing and funding
Risk of a Cyber-attack on the Council's systems and data	12	Reputational damage Data loss or ransom could use significant staff and other resources and have major financial impact	Constant threat of attacks directly and via third party data holders	Insurance policy in place for financial consequences Secured grant funding and have put in a range of measures to strengthen resilience Undertaken training and awareness for staff and planned for councillors
Secure future provision of legal services that delivers the Council's needs and provide good value for money	9	Potentially less cost effective and disjointed provision of legal services Service delays	Existing arrangement has not been reviewed for some time	Active dialogue in place under the partnership governance arrangements with Basingstoke and Deane Council who provide the current shared service

Medium Term Financial Strategy and Budget – unable to deliver sustainable balanced budget over the medium term	9	MTFS currently shows a budget shortfall from 2024/25 Savings and efficiency programmes will be needed if income and external funding remain static or decline in future. New Homes Bonus, retained business rates and planning income are key risk areas	Uncertainty around timing and impact of government funding Volatile economic conditions including inflation and interest rates making accurate forecasting difficult Government restrictions on commercial property deals	Outturn and reserves review provide an opportunity to assess current risks and financial pressures and take steps to alleviate these in the medium term including base budget alignment MTFS emerging pressures will be assessed and reported to O&S and Cabinet in the Autumn ahead of budget setting in February
Delivery of climate change action plan objectives and achievement of zero carbon aims	9	If staff capacity and focus is not sufficient and funding (external and internal) is not secured, this will impact on the speed and extent of achieving the agreed plan and consequent carbon reduction	Funding resourcing Engagement from staff, councillors and the community (residents and businesses)	Refreshed Action Plan approved by Cabinet following scrutiny Strengthened staff resource in place and new officer group active The Council has approved a further £300k budget in 2023/24 to progress the climate change programme Reserves review has identified the funding need to deliver the action plan Local Partnerships are supporting as a critical friend including signposting external funding and sharing good practice and success from other councils

Place Services Key Risks

Description	Residual rating	Potential Impact	Source of Risk	Controls in place
Recruitment & retention of key staff	9	Unable to deliver key statutory service / Service Plan	Loss of key staff and unable to recruit	Succession planning, appropriate staff recognition, backfill with agency staff as last resort
Workload required due to outside influences. For example, neighbourhood plans, Parish-led Conservation Area Appraisals, Duty to Corporate	8	Unable to deliver key statutory service / Service Plan	Workload created by other organisations where the District Council is obliged to respond	Better working with partner organisations to understand their work, and what requirements they will have for support from the District Council
Changes to the Planning System (Planning Policy & Development Management)	6	Major changes to planning services, potential roles and responsibilities and work priorities	National changes	Keep up to date with current think / consultations, plan for different scenarios

Key to tables

Description: A summary of the nature of the risk.

Residual rating: The risk score after assessing the consequence and likelihood of that risk occurring. See the matrix below for the colour chart.

Potential Impact: A summary of the consequences if the risk is realised

Source of Risk: Where the risk originated from or the pressures that are creating the risk

Controls in place: The measures put in place by the service to mitigate the consequences (including tolerating the risk if necessary)

	Likelihood	Rare	Unlikely	Possible	Likely	Almost certain
Consequence		(1)	(2)	(3)	(4)	(5)
Catastrophic	(5)	5	10	15	20	25
Critical	(4)	4	8	12	16	20
Major	(3)	3	6	9	12	15
Moderate	(2)	2	4	6	8	10
Minor	(1)	1	2	3	4	5

CABINET

DATE OF MEETING: 4 OCTOBER 2023

TITLE OF REPORT: UK SHARED PROSPERITY FUND

Report of: Chief Executive

Cabinet Portfolio: Leader of the Council

Key Decision: Yes

Confidentiality: Non Exempt

PURPOSE OF REPORT

1. Hart District Council (HDC) has been granted £1million through the Government's UK Shared Prosperity Fund (UKSPF) to fund projects identified HDC's Local Investment Plan (LIP). This report provides an update on the resources required to deliver the LIP and provides an update on progress to date.

RECOMMENDATION

That Cabinet agrees:

I) To note the staff resources being deployed on the UKSPF programme
II) To seek approval for an additional project officer to support UKSPF projects, funded from the UKSPF funding
III) To note the progress on the spending proposals for 2023/24 set out in Appendix 1 - Financial Plan.

BACKGROUND

2. In March, Cabinet approved the UKSPF spending proposals for 2022/23 and 2023/24 which are in line with the approved Local Investment Plan (LIP) and the Government's prescribed funding profile over the three years. It was noted that there was likely to be a potential shortfall in the administrative allocation element of the grant compared to resources required to deliver the projects identified in the LIP.
3. The Government has allocated 4% of the fund (£40k) for the administration of the UKSPF over the 3-year period. Cabinet noted that officer time is likely to exceed the £40k allocation over the three-year period and therefore it was estimated that there will be a resource cost to the Council to implement the LIP. Cabinet requested that any shortfall be quantified and reconsidered at a later date.

MAIN ISSUES

Resourcing

4. In order to administrate fund and deliver the approved projects within the LIP, the following direct resources have been identified:
Programme Manager – To manage the administration of the fund with the Government; to manage progress and to coordinate spend across all projects

within the LIP; and to provide project management guidance and support to the Project Leads.
Senior Finance Business Partner – To manage cash flow/spend for all projects
Project Leads – Manage the delivery of the individual projects
Delivery Leads – Delivers the individual projects

5. The 4% administration allocation in the UKSPF covered set-up costs in 2022/23 and covers costs for part of 2023/24. The remaining costs would need to be covered by the Council.
6. The Council currently has limited internal programme and project management resources. It is anticipated that the Programme Manager would be required for circa 1 day per week from now until the end of the programme in March 2025. This resource would be relocated from existing projects/BAU.
7. The Finance Team will need to allocate a Senior Finance Business Partner to the programme for 0.5 days per week until the programme concludes in March 2025. There is capacity in finance team's budget to undertake this commitment but a part time project accountant will need to be recruited to in Autumn 2023.
8. Resource has been allocated for the Project Leads in Community Services for the Communities and Places projects (Data mining, Community Hubs, Young Persons Engagement and the Green Grid Strategy) for 2-3 days per week (combined resource). While the Delivery Leads (project managers) will be funded directly from the 2023/24 and 2024/25 grant allocations. Given the amount work required to deliver the Communities and Places projects, it is proposed to increase the project management support from one project manager to two.
9. In terms of the Supporting Local Business projects (Attracting Investment into the District and drafting an Economic Development Strategy), Project Lead resource has been provided by the Planning Policy and Economic Development Team for 0.75 days per week. The Delivery Lead, from Rushmoor Borough Council's Economy and Growth Team, will be funded directly from grant.
10. There are also a number of indirect resources that would also be required such as procurement, legal, and senior leadership. These are not quantified as the resource implications would be limited but it is recognised that this will result in an increase in pressure on other services/functions.
11. It is proposed that Cabinet allocates the above resources to administrate fund and deliver the approved projects within the LIP.

Programme Update

12. An updated high-level financial and programme plan for the delivery of the LIP is attached at **Appendix 1** and **Appendix 2** respectively.
13. In line with the funding profile of the grant, the focus in 2023/24 is project planning and strategy, with implementation in 2024/25.
Communities and Places Projects:
14. The Here for Hart Forum (which included Parish and Town Councils) met in June to discuss the Data Mining project. The primary aim was to understand the datasets currently being held by our stakeholders, whether anonymous

data could be shared and whether any gaps in these datasets have been identified. The project team received very positive feedback from the forum.

15. External resource has now been recruited and with our partners/stakeholders, work to collate local, regional and national datasets has begun.
16. Community Hubs project was also touched upon at the forum. This is where the largest proportion of the 2024/25 funding will be spent and Hart will act as an enabler, working in collaboration with partner organisations in the district to deliver projects with community value. More specifically, the forum was asked to identify any existing projects, which could meet the requirements the Community Hub project and could be implemented before the end of the financial year.
17. The UKSPF grant identifies £14,300 capital funds for 2023/24 allocated to Community Hubs. Two projects have been identified to qualify for this funding; circa £7k for an accessible toilet at Odiham Town Council's The Bridewell, The Bury, Odiham and circa £7.3k for furniture to support a new community café at Yateley Industries.
18. The project team will review both projects and allocate the 2023/24 capital funding by autumn to these projects to ensure that the funds are defrayed in accordance with the terms and conditions of the UKSPF.

Supporting Local Business projects:

19. Rushmoor Borough Council (RBC) and HDC continue to work together around the opportunity to deliver the Supporting Local Business workstreams.
20. It is envisaged that an agreement will be drafted and signed by the end of the year, in order for work to begin on the projects at the beginning of 2024.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

21. With regards to resourcing, an alternation option would be to outsource the internal roles identified however it is likely that this would be at a higher cost to the Council and therefore is not recommended.

CORPORATE GOVERNANCE CONSIDERATIONS

22. The proposed projects align with the Corporate Plan and the Hart Vision 2040 as identified in earlier Cabinet reports.

Service Plan

- Is the proposal identified in the Service Plan? Yes
- Is the proposal being funded from current budgets? No, funded from external funding
- Have staffing resources already been identified and set aside for this proposal? No, the shortfall is the subject of this report.

Legal and Constitutional Issues

23. The Council will need to adhere to the rules and guidance set out for the UKSPF.
24. In accordance with HDC's approved LIP, the Here for Hart forum will act as an advisory panel and the Council's Project Board will provide corporate oversight of the programme.

25. The programme will be subject to the Council's usual Overview & Scrutiny and Cabinet procedures. Key decisions, including the scope, finance and resourcing, will require Cabinet approval.

Financial and Resource Implications

26. £1 million for capital and revenue funding will be provided by the Government. This funding is staged over the three-year period as follows:
    a. 2022/23 - £39,708
    b. 2023/24 - £79,417
    c. 2024/25 - £880,875
27. The financial plan attached as **Appendix 1** provides a high-level breakdown of the spend over the three-year period for each of the projects. The 2022/23 allocation has been defrayed. The 2023/24 allocation is on track on to be spent by the end of the financial year, and 2024/25 has been forecast.
28. The revenue spend for 2023/24 is split between three projects, to predominantly be used to build up the Council's evidence base to inform activity to be undertaken in 2024/25. The combined capital fund for 2022/23 and 2023/24 is allocated to the Community Hubs project. Two potential projects have now been identified for this allocation (please see Main Issues above).
29. The Financial Plan also provides an indicative spend plan for 2024/25. An updated financial plan confirming 2024/25 spend, including mitigation for inflation, will be subject to a further Cabinet report at the beginning of 2024.
30. In March's Cabinet paper, officers identified the opportunity to accelerate delivery of some of the UKSPF projects by requesting a drawdown of the 2024/25 fund for spend in 2023/24. DLUHC have since confirmed that no early drawdowns will be possible and therefore the 2023/24 and 20224/25 budgets have been realigned to ensure that all of the projects identified for spend in 2023/24 were able to progress. This was achieved in part by reallocating the administration funding from 2023/24 into 2024/25. As mentioned previously in the report, the officer time is likely to exceed the £40k administration allocation over the three-year period and the Council will need to confirm its commitment to resource the delivery of fund from its own budget.

Risk Management

31. Each project will have a designated project plan, risk assessment and Integrated Impact Assessment to ensure suitable management of the project. Each contribution to a partner organisation will have a funding agreement signed which sets out the conditions of funding including deliverables, outcomes, timescales and communication/publicity requirements.
32. Whilst unlikely, there is a risk that the Government may change or cancel the indicative funding allocation in 2024/25. Hart will not incur new expenditure in 24/25 until the funding is confirmed and, wherever possible, it will aim to be flexible with its delivery and admin costs.
33. There is a risk that the council will need to provide legacy resource and/or costs to continue to support the community projects beyond 2024/25 if they are not self-sustaining. It is intended to undertake checks on each project when applications for funding are submitted and this will be included in the project information put forward for decision on allocations.

Overview and Scrutiny Comments

34. The O&S Committee considered this report at its meeting on 19 September 2023 and the following is an extract from the minutes of that meeting:

- It is not currently known how much the council will need to spend on staff overall, O&S felt that this was an important figure to confirm.
- The meeting was told, in order to minimise costs and back office work the team were creating standard forms for the projects, for example standard funding agreements, PID and Financial Plans.
- It was queried as to whether the data mining project was going to generate new and exciting opportunities. It was explained that the initial 'Here for Hart' meeting had generated many ideas and themes but didn't provide any numerical data. The data mining would be the vehicle that would be investigating the numerical data. This would be reported back at a councillor event in October. It was agreed any positives generated by the data mining should be reported.
- The point made in the report about avoiding legacy costs for the Council was stressed by the Committee. A query was raised as to whether consideration, for the self-sustainability of a project was taken into account when a project for funding was being selected. It was confirmed that the team were looking into creating Hubs and the sustainability and viability of the hub would be taken into consideration when selecting a project.

EQUALITIES

35. Equalities impact assessments will need to be carried out for all projects.

CLIMATE CHANGE IMPLICATIONS

36. Many of the projects identified will have positive roles in delivering the Council's carbon reduction targets, for example by providing services in walking and cycling distance of residents or to progress sustainable travel opportunities in the district. The climate change implications will be assessed for any successful projects.

ACTION

37. Subject to the decision of Cabinet, Hart District Council will progress work associated with implementing the local investment plan.

Contact Details: Christine Tetlow

Appendices

Appendix 1: Financial Plan

Appendix 2: Programme Plan

Programme Name	UKSPF				Cost Centre HAHSPF	Funding Sources	DLUHC Grant	Programme Manager	Christine Tetlow
Date: - July 2023	**Budget**		**Expenditure and Profile**					**Totals and Differences**	
Works / Budget Description	**Original Budget £**	**Latest Forecast £**	**Year 1 Actual Expenditure £**	**Year 2 Planned Expenditure 23/24 £**	**Year 2 Actual to date £**	**Year 2 Committed Expenditure 23/24 £**	**Year 3 Projected Expenditure 24/25 £**	**Total Expenditure (incl. Commitments) £**	**Difference to Budget (+ = Overspend / (underspend)) £**
Expenditure (generally positive figures)									
Capital Works									
Community & Neighbourhood Infrastructure Projects - Capital	190,500	190,500	0	14,300		14,300	176,200	190,500	0
Revenue Works									
Communities and Place									
Community & Neighbourhood Infrastructure Projects - Revenue	436,700	436,700		0	0	0	436,700	436,700	0
Impactful volunteering and/or social action projects	123,600	123,600		0	0	0	123,600	123,600	0
Relevant feasibility studies - Green Grid	47,000	47,000	10,706	18,000	0	18,000	18,294	47,000	0
Relevant feasibility studies - Data Mining	57,600	57,600		41,000	0	14,300	16,600	57,600	0
Supporting Local Business									
Business support measures to drive employment growth	66,600	66,600		10,000	0	0	56,600	66,600	0
Support relevant feasibility studies	38,000	38,000		0	0	0	38,000	38,000	0
Administration	40,000	40,000	25,129	0	0	0	14,871	40,000	0
Total Expenditure	**1,000,000**	**1,000,000**	**35,835**	**83,300**	**0**	**46,600**	**880,865**	**1,000,000**	**0**
Funding (negative value)									
DLUHC Grant	(1,000,000)	(1,000,000)	(39,700)	(79,400)		(79,400)	(880,900)	(1,000,000)	0
								0	0
Total Programme Funding	**(1,000,000)**	**(1,000,000)**	**(39,700)**	**(79,400)**	**0**	**(79,400)**	**(880,900)**	**(1,000,000)**	**0**
Programme Cashflow	**0**	**0**	**(3,865)**	**35**	**35**	**(32,765)**	**(32,800)**	**0**	**0**
Set-up funding	(20,000)		(20,000)						

UKSPF Programme Plan

Dec-22 Jan-23 Feb-23 Mar-23 Apr-23 May-23 Jun-23 Jul-23 Aug-23 Sep-23 Oct-23 Nov-23 Dec-23 Jan-24 Feb-24 Mar-24 Apr-24 May-24 Jun-24 Jul-24 Aug-24 Sep-24 Oct-24 Nov-24 Dec-24 Jan-25 Feb-25 Mar-25

Project	Tasks/Sub Tasks	Progress	Start	End
Feasibility Study - Green Grid	Commission and draft Signage Strategy for the Green Grid	100%	Apr-22	Oct-22
Feasibility Study - Green Grid	Commission and draft evidence base for the Green Grid - LCWIP	70%	Aug-22	Dec-23
Feasibility Study - Green Grid	Development of the Green Grid Strategy	0%	Apr-24	Mar-25
Feasibility Study - Data Mining	Develop the Job Specification for Data Mining Resource	100%	Feb-23	Mar-23
Feasibility Study - Data Mining	Recruit Data Mining Resource	100%	Apr-23	Jun-23
Feasibility Study - Data Mining	Baseline data and GDPR review	100%	Jun-23	Sep-23
Feasibility Study - Data Mining	Working with key stakeholders, draft Data Mining work plan	100%	Jul-23	Aug-23
Feasibility Study - Data Mining	Here for Hart Working Group Collaboration initial scope of plan	100%	Jun-23	Jun-23
Feasibility Study - Data Mining	Here for Hart Workshop to discuss areas and requirements for potential Community Hubs. Attendees from Parish Councils and local charity groups (20th June)	100%	Jun-23	Jun-23
Feasibility Study - Data Mining	Carry out Data Mining work plan. Data mining 6-month contract to start which will include Surveys, Census Data Mining and close collaborative working with Parish clerks and local charity organisations	40%	Jul-23	Dec-23
Feasibility Study - Data Mining	Information evening for Hart Councillors and Town & Parish Councillors	0%	Oct-23	Oct-23
Feasibility Study - Data Mining	Output of Data Mining findings. Recommendation and evaluation of data findings.	0%	Dec-23	Jan-24
Feasibility Study - Data Mining	Data Mining report of findings and recommendations to Overview & Scrutiny Committee	0%	Jan-24	Jan-24
Feasibility Study - Data Mining	Data Mining report of findings and recommendations to Cabinet	0%	Feb-24	Feb-24
Community Hubs	Select 'oven ready' Community Hub projects (for 2023/24)	100%	Jun-23	Jul-23
Community Hubs	Approval of 'oven ready' Community Hub projects (for 2023/24)	100%	Aug-23	Aug-23
Community Hubs	Procurement of 'oven ready' Community Hub projects by partner organisations (for 2023/24)	100%	Jul-23	Sep-23
Community Hubs	Develop the Job Specifications for Project Managers	100%	Sep-23	Sep-23
Community Hubs	Equality Impact Assessment and Health & Safety checks of 'oven ready' Community Hub projects (for 2023/24)	0%	Sep-23	Oct-23
Community Hubs	Baseline of 'oven ready' Community Hub projects (for 2023/24)	0%	Sep-23	Oct-23
Community Hubs	Allocation of funding for 'oven ready' Community Hub projects	0%	Oct-23	Oct-23
Community Hubs	Recruit Project Managers	0%	Oct-23	Nov-23
Community Hubs	Working with key stakeholders, implement 'oven ready' Community Hub projects	0%	Nov-23	Jan-24
Community Hubs	Evaluation of 'oven ready' Community Hub projects	0%	Jan-24	Mar-24
Community Hubs	Equality Impact Assessment and Health & Safety checks for Community Hub projects (for 2024/25 spend)	0%	Jan-24	Mar-24
Community Hubs	Baseline for Community Hub projects (for 2024/25)	0%	Feb-24	Mar-24
Community Hubs	Procurement for Community Hub projects by partner organisations (for 2024/25)	0%	Feb-24	Mar-24
Community Hubs	Allocation of funding for Community Hub projects (for 2024/25)	0%	Feb-24	Mar-24
Community Hubs	Working with key stakeholders, implement Community Hub projects (for 2024/25)	0%	Feb-24	Dec-24
Community Hubs	Progress update to O&S/Cabinet	0%	Sep-24	Sep-24
Community Hubs	Evaluation of Community Hub projects (for 2024/25)	0%	Jan-25	Feb-25
Young Persons Engagement	Develop Young Person's Engagement Strategy & Plan	0%	Oct-23	Nov-23
Young Persons Engagement	Commision Young Persons Engagement Activity	0%	Dec-23	Jan-24
Young Persons Engagement	Allocation of funding for Young Persons Engagement Activity	0%	Feb-24	Mar-24
Young Persons Engagement	Deliver Young Persons Engagement Activity	0%	Mar-24	Jan-25
Young Persons Engagement	Evaluation of Young Persons Engagement Activity	0%	Feb-25	Mar-25
Supporting Local Businesses	Arrange external resource to undertake Supporting Local Businesses projects, including project governance and terms of engagement	70%	Apr-23	Dec-23
Supporting Local Businesses	Second Economic Development Officer to Hart	0%	Jan-24	Mar-25
Attracting Investment	Business engagement benchmarking exercise	0%	Jan-24	Feb-24
Attracting Investment	Stakeholder management/ project plans developed	0%	Jan-24	Mar-24
Attracting Investment	EDO - delivery of business engagement project plan	0%	Apr-24	Mar-25
Attracting Investment	Ad hoc - business engagement events	0%	Apr-24	Mar-25
Attracting Investment	Communications, marketing activity and direct business engagement	0%	Apr-24	Mar-25
Attracting Investment	Project Evaluation	0%	Feb-25	Mar-25
Feasibility Study - Economic Development Strategy	Scope Hart economic profile report	0%	Jan-24	Mar-24
Feasibility Study - Economic Development Strategy	Procurement of Hart economic profile report	0%	Mar-24	Apr-24
Feasibility Study - Economic Development Strategy	Delivery of economic profile commission	0%	Apr-24	May-24
Feasibility Study - Economic Development Strategy	Consultation on economic profile report/ emerging themes	0%	May-24	Jul-24
Feasibility Study - Economic Development Strategy	Engage key stakeholders on emerging themes	0%	Jun-24	Jul-24
Feasibility Study - Economic Development Strategy	Procure economic strategy	0%	Jul-24	Sep-24
Feasibility Study - Economic Development Strategy	Delivery of economic strategy	0%	Sep-24	Nov-24
Feasibility Study - Economic Development Strategy	HDC sign off process	0%	Dec-24	Jan-25
Feasibility Study - Economic Development Strategy	Project Evaluation	0%	Feb-25	Mar-25

Cabinet

THURSDAY, 5 OCTOBER 2023

CIVIC QUARTER REGENRATION PROJECT UPDATE

Report of: Chief Executive

Cabinet Portfolio: Corporate Services

Key Decision: N

Confidentiality: Non Exempt

PURPOSE OF REPORT

1. The purpose of this report is to seek Cabinet's agreement to pause further work on the Civic Quarter regeneration project.

RECOMMENDATION

2. Work on the Civic Quarter Generation project should be paused until such time as the prevailing economic climate and market conditions are suitable to support the delivery of a viable and comprehensive regeneration opportunity.

BACKGROUND

3. In April 2020 the Council commissioned a multi-disciplinary team to help inform the commerciality of the potential regeneration of the Fleet Civic Quarter (broadly comprising the Civic Office, the Library, the Harlington, and Victoria Road car park). The purpose of the project was to understand the available regeneration options to achieve a viable and deliverable solution which would create a vibrant quarter centred around the civic and cultural offerings within Fleet.

4. A master planning exercise subsequently highlighted that there were two scheme options that offered the strongest long-term masterplan for Fleet

   I. The existing Civic office building retained/refurbished with 2 sub-options reviewed, 1. Residential refurbishment (Option C) or 2. Office refurbishment (Option D)

      In both Options C and D

   II. The Harlington was to be demolished and a new build Harlington performance centre re-provided with active edges on the high street

   III. The current library is demolished, with a new build residential block to be built to include a re-provided library.

5. In light of the prevailing economic situation, particularly rising costs and interest rates, and the need to conduct evidence-based financial checks and move forward cautiously, Cabinet decided in December 2022 to commission a review of the Project's viability.

THE REFRESHED VIABILITY REPORT

6. The refreshed viability report is attached at Appendix 1. In summary it highlights. that the rise in build costs and the increase in the cost of borrowing, combined with static values means the business case for options C and D in its entirety has become more challenging. This is primarily due to the increased funding deficit for the reprovision of the Harlington where costs have risen to c.£18M in comparison to the £16m previously forecast.

7. The refreshed viability report comments that the scope for development to deliver significant cross-subsidy is limited by virtue of the modest level of development within the masterplan and therefore modest land receipts. The potential for cross-subsidy has also diminished, primarily due to rising costs.

8. It goes on to suggest that a way forward could be to address refurbishment or redevelopment of the civic office building in isolation (as an early phase of work), which could allow parallel workstreams to be progressed including a more detailed examination of the Harlington options.

9. The Harlington business case it says, should be built around the long-term revenue considerations, rather than a reliance on commercial development cross-subsidising significant community investment with funding from HDC/FTC. At c.£18M, the anticipated development costs are creating a significant funding gap.

CONSIDERATIONS

10. The Civic regeneration project at the current time is unviable. Therefore, the primary objective of delivering a viable and comprehensive redevelopment of the Civic Quarter cannot be achieved in the foreseeable future.

11. Whilst it is suggested that a way forward could be to address refurbishment or redevelopment of the Civic Offices in isolation (as perhaps an early phase of work), this does not in itself require the continuation of the current Civic Regeneration project. The Council has already successfully sought to deliver more effective occupation of the Civic Offices outside the Civic Regeneration framework.

12. Furthermore, in the absence of alternative office provision, there is no business case at the moment to support either redevelopment of the Civic Offices nor is there a business case to convert it into residential accommodation. There is already an ongoing programme of day-to-day refurbishment of the building. It is fit for purpose and as recently demonstrated by Farnborough College of Technology's adaption of the first floor, the Civic Offices floor space is readily flexible and adaptable to accommodate alternative uses.

13. Finally, the refreshed viability advice refers to a need to look at parallel workstreams to be progressed including a more detailed examination of the Harlington options. This has some merit in such an approach but not at the current time. Market conditions are not suitable and there is no reasonable prospect of a scheme coming forward for some time. Work therefore on parallel working would be premature and, in any event, would need to be revisited in later years.

14. The recommendation, therefore, is that the project should be paused until such time as the market conditions indicate that this ambitious project is both viable and deliverable.

FINANCIAL AND RESOURCE IMPLICATIONS

15. No direct financial or other resource implications arise from this recommendation. Significant abortive cost would, however, arise should the decision be to continue with the project in the current economic climate.

RISK MANAGEMENT

16. There is no risk associated with this recommendation. Substantial risks would arise however, if the project were to proceed in the current economic climate.

EQUALITIES

17. There are no equailties issues raised by this recommendation.

CLIMATE CHANGE IMPLICATIONS

18. There are no climate change issues raised by this recommendation]

ACTION

19. Subject to Cabinet's decision, the Civic Regeneration project will be paused but kept under review until the economic climate improves. A further report will then be brought back to Cabinet.
20. In the meantime, the Council will complete the lease as previously agreed with FTC on the Harlington.

Contact Details: Daryl Phillips, Chief Executive

Appendix 1: Fleet Civic Quarter Regeneration Draft Viability Update Briefing Paper February 2023 Update

FLEET CIVIC QUARTER REGENERATION

DRAFT VIABILITY UPDATE BRIEFING PAPER

FEBRUARY 2023 UPDATE

21 FEBRUARY 2023

THIS IS THE CONTENTS

1.0
INTRODUCTION

INTRODUCTION

Hart District Council (HDC) commissioned a Montagu Evans (ME) led multi-disciplinary team in August 2020 to help inform the commerciality of a town centre regeneration project in Fleet, known as the Civic Quarter. The Montagu Evans team included HLM Architects, who have led on the masterplanning options review and cost advice we provided by Gleeds. The project focused on the existing civic campus which is located to the south west of the main high street, off Fleet Road. The brief from HDC sought to understand the available regeneration options to achieve a viable and deliverable solution which would create a vibrant quarter centred around the civic and cultural offerings within Fleet.

The 2020 masterplan review concluded that there were two scheme options that best met the project and the Council's critical success factors and offered the strongest long-term masterplan for Fleet, namely Option's C and D. These options assume:

I. The existing HDC office building is retained/refurbished with 2 sub-options reviewed, 1. Residential refurb (Option C) or 2. Office refurb (Option D) – Building 2 on HLM's plans (Fig 1)

In both Options C and D

II. The Harlington is demolished and a new build Harlington performance centre is re-provided with active edges on the high street – Building 1 on HLM's plans (Fig1)

III. The current library is demolished, with a new build residential block to be built to include a re-provided library – Building 3 on HLM's Plans (Fig 1)

This briefing note provides an update on the viability position of these two options to inform HDC's next steps.

In preparing this note we have engaged with cost consultants, Gleeds, to review the build cost assumptions and undertaken a market review of commercial and residential capital and rental values.


Fig 1
New-Build Performance Centre
Residential Permitted Development
New-build Residential & Library
New Hard Landscaping
New Soft Landscaping
New Square
Car Park Improvements
Refurbished Civic Offices
Victoria Road Car Park Improvements
Linking Avenue
3
New Square
2
Linking Avenue
1
Flagship House Car Park Improvements

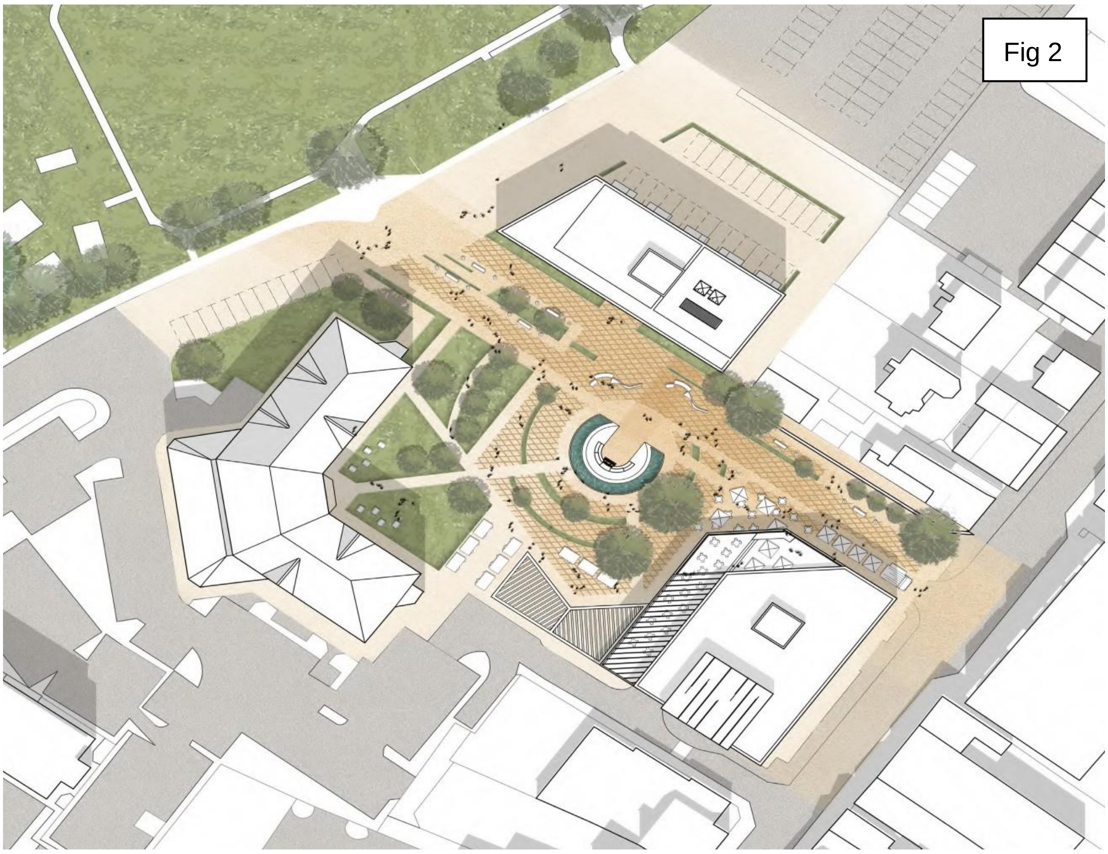


Fig 2

VIABILITY COMMENTARY

EXECUTIVE SUMMARY

The rise in build costs since early 2021 and the increase in the cost of borrowing, combined with static values means the business case for options C and D in its entirety has become more challenging primarily due to the increased funding deficit for the reprovision of the Harlington where costs have risen to c.£18M in comparison to the £16m previously forecast.

The scope for development to deliver significant cross-subsidy is limited by virtue of the modest level of development within the masterplan and therefore modest land receipts. The potential for cross-subsidy has also diminished since our report in 2021, primarily due to rising costs.

As a result, there is a need to undertake more detailed business planning by HDC and Fleet Town Council (FTC) to assess the affordability of a replacement Harlington and consider what this means for the size of a new venue and consideration of refurbishment/extension of the existing facility as an alternative to provide an up to date baseline from which to compare new build vs retention.

There is however a clear case for HDC to address refurbishment or redevelopment of the civic office building in isolation (as an early phase of work), which allows parallel workstreams to be progressed including a more detailed examination of the Harlington options.

The Harlington business case will need to be built around the long-term revenue considerations, rather than a reliance on commercial development cross-subsidising significant community investment with funding from HDC/FTC. At c.£18M, the anticipated development costs are creating a significant funding gap.

We have provided an updated detailed financial review below. This includes an assessment of the individual elements of the masterplan on a building-by-building basis. Based on the review of each building we have summarised what this means for different scenarios for HDC in the latter part of this Briefing Note to provide a financial overview.

In terms of next steps, we would recommend that HDC/FTC assess the business case and RIBA Stage 1 brief for the Harlington in parallel with the development of the masterplan by a more detailed review of (1) the funding streams to inform refining the options, (2) review the potential to share facilities, (3) review the potential to retain/refurbish/extend and (4) assess the opportunity for redevelopment of a slightly smaller facility, so up-to-date comparisons can be drawn to aid further decision making. This should also involve reviewing the opportunities for sharing of space by all three public sector stakeholders to make more effective use of facilities and reduce overheads where possible.

BUILDING 1 (FIG. 1) – NEW HARLINGTON

The estimated cost of a new venue is c.£18M, including fees and a contingency of 7.5%. Gleeds have based the costs on Charcoal Blue's previous building specification and spatial requirements. This compares to £16M two years ago.

We have assumed HDC provide the land for the new venue <u>at nil value,</u> with the loss of car parking income displaced to Victoria Rd Car Park.

'Fleet Town Council are faced with the challenge of a large increase in build cost for the new Harlington plus reduced borrowing capacity due to the rate increases (£10m to £7m). From engagement with Bob Schofield at FTC it is evident FTC are - in light of higher borrowing rates - having to revise the amount of borrowing FTC would contemplate to finance a new venue.

As context, FTC previously in 2021 considered funding the majority of a new venue through Public Loans Board (PWLB) funding with a £10M loan. However, FTC now believes £7M is the limit possible. Therefore, a c.£3M funding gap has emerged plus the additional £2M of costs, so there is c £5M of extra cost assuming the other assumptions in the 2021 report were agreed by HDC/FTC.

The rates precept that FTC has raised is anticipated by FTC to provide the basis for funding PWLB loan interest and covering the anticipated revenue shortfall of c £120K p/a for running the venue. It is clear FTC have a key role to play as a funder and operator.

To recap, in 2021 the funding scenario in our report assumed;

- £3M from FTC assuming £2M collected and additional precept collected over 2021 and 2022
- £3M from HDC funding the site-wide public ream and providing land at nil cost
- £3M HDC capital contribution
- £10M PWLB loan funded by FTC
- Annual running deficit funded by FTC

In 2023 however, given the increase in costs and reduced capacity of FTC's borrowing capabilities, the current indicative funding model would by comparison to 2021 be as follows:

- £3M from FTC assuming £2M collected and additional precept collected over 2022 and 2023
- £8M from HDC or FTC as a capital contribution
- £3.3M from HDC funding the site-wide public ream and providing land at nil cost
- £7M PWLB loan funded by FTC
- Annual running deficit funded by FTC

Assuming FTC can support the funding of the £7M loan, and FTC can only provide £3m additional funding including the precept - the cost to HDC would be c £11.3M in total to fund the Harlington and public realm which equates to a circa £5M uplift when compared to the previous viability report. Based on HDC adopting PWLB funding at 5% with MRP to fund the £11.3M, this would equate to an annual cost of circa £565k p/a. Which equates to a circa £325k p/a uplift when compared to the 2021 viability report on a like for like basis (assuming £6m gross funding cost excluding building 3 site sale).

We appreciate there are significant financial implications for both HDC and FTC in a do-nothing and redevelopment scenario. We recommend the updated do-nothing scenario is assessed so there is clarity over the costs to HDC/FTC of the current and anticipated repairs. This will form part of a refreshed outline business case review for the Harlington and Civic Quarter Masterplan. This will allow FTC/HDC to review the assumed size of the building and review should its functionality change to cater for more flexibility. We see this as a priority piece of work it allows FTC/HDC to prepare a business case for funding and operating and comparing this with refurbishment, reduction in size and specification.

The scenarios above would need to be compared to the "do nothing option" for HDC. We have also been made aware by the HDC that they are in discussions with FTC regarding the grant of a full repairing and insuring lease for 72 years for the Harlington and corresponding underlease of the reception area of the HCC library for 72 years at a peppercorn. In effect, this would mean the repairing liability for HDC on the Harlington would be passed over to FTC – and therefore HDC would, in a no scheme world, not be liable for backlog maintenance, but instead only be liable for the sum of £100K for the replacement of the boilers as part of the lease agreement. In this scenario the 'do nothing position' for HDC is not exposed to significant financial expenditure, but if FTC is unable to fund the new venue then there could be an option for HDC to play some form of funding role; however, this may require a new lease and a review of any investment case.

Grant funding opportunities should be explored as part of a business case review.

BUILDING 2 (FIG.1) – HDC CIVIC OFFICES

OPTION C

This option focuses on the conversion of the current office space to residential use for c.50 units. We have assessed the viability of both a refurbishment for sale and letting. Below shows the comparison from today's appraisals with updated cost and value assumptions compared to the previous appraisals in 2021. Full details of the assumptions can be found within Appendix 1.

Previous 2021 Appraisals

Option	NDV	Total Cost	Profit (20%)	Residual Value / or Yield	Net Development Yield (net of HDC decant)
Sale	£15.4m	£8.2m	£1.6m	£5.4m	
Let	£8.3m	£7.5m	n/a	5.9%	4.1%

Current 2023 Appraisals

Option	NDV	Total Cost	Profit (20%)	Residual Value / or Yield	Net Development Yield (net of HDC decant)
Sale	£15.4m	£8.8m	£2.6m	£4.0m	
Let	£9.3m	£8.1m	n/a	6.2%	4.6%

The cost has increased by c.15% from the previous iterations in 2021 which has a detrimental effect on the land value on the sale option – a reduction by £1.4m. In the residential for let option the development yield has improved, despite the cost increases, as the rental values have increased by c£100 per calendar month within the appraisal. However, we appreciate HDC may not wish to retain the building as an investment.

OPTION D

Option D assumed the HDC office building is refurbished and remains as commercial space. We have assessed two options as previous:

i) Public Hub - assumes the building is refurbished, the Council remain on one floor of the building (assumed level 2 is retained as democratic and work space functions) and the remainder of the office space is let to other public sector related occupiers. This could include the Police/ACAS, possibly HCC Library. We have assumed the 1st floor space is let to Farnborough Tech college as per the Agreement for Lease in place at £230k per annum - Alteration works will be undertaken at the tenants cost and therefore we have removed the refurb cost to the Council on this floor.

ii) Commercial leasing - The Council move out of the HDC office entirely, the building is refurbished and then let to the private sector. The Council would lease space reduced space (c.5,500 sq ft) within a third party owned office building, assuming a rent of £17.50 psf (£96,250 pa) plus a potential fit-out cost assumed at £800k (£90 psf plus fees, moving cost and IT). We have assumed HDC pays for the refurbishment of the office building. It is also possible within this option that HDC remains in occupation and lets then the remainder of the space to private businesses, subject to demand.

A comparison of today's appraisals with updated cost and value assumptions compared to the previous appraisals in 2021 is below. Full details of the assumptions are within Appendix 1.

Previous 2021 Appraisals

Option	NDV	Total Refurb Cost	Income (p/a) before interest	Dev yield (Before Interest)	Net Dev yield (inc. Flagship move)
Public Hub £12.50	£3.5m	£5.7m	£312K	5.5%	n/a
Commercial £12.50	£4.8m	£5.3m	£433K	8.2%	5.7%
Commercial £15.00	£5.8m	£5.3m	£519K	9.8%	7.3%

Current 2023 Appraisals

Option	NDV	Total Cost	Income (p/a) before interest	Dev yield (Before interest)	Net Dev yield (inc. Council decant)
Public Hub £12.50	£4.9m	£5.1m	£410K	8.0%	n/a
Commercial £12.50	£4.8m	£6.0m	£433K	7.2%	5.0%
Commercial £15.00	£5.8m	£6.0m	£519K	8.6%	6.2%

Notes

Floor Area Assumptions:

- Total Net Area: 35,866 sq ft
- HDC occupied: 10,764 sq ft (second floor)
- Farnborough Tech College: 9,138 sq ft (first floor)
- Third Party Let: 15,964 sq ft.

Office rents have remained similar to 2021 and so we have assumed the same rents in our updated appraisals. The development yield has reduced in all scenarios due to the increase in cost of the refurbishment, with the rents remaining at the same level as previously. It is important to note the returns are before interest costs are taken into account.

ASSESSMENT

From our assessment of demolish/rebuild or refurbish, we are of the view that HDC would be better to retain the existing building and refurbish for office use if there is demonstrable demand from other public or private sector occupiers. Farnborough Tech College is a good example of potential demand, reducing the letting risk of a refurbishment option with one less floor to find occupiers for. In the absence of public sector occupiers, a leasing agents review is recommended to assess the scope for attracting occupiers with the public sector in situ. Potentially a positive income stream can be secured which negates HDC having to relocate and preserves the civic hub anchor to the town centre.

We have used a conservative rental of £12.50sqft and assumed a permanent void of 10% on lettable space. With the council staying within the HDC building, this negates the rent and fit out costs associated with moving to new office premises which we have estimated at c.£800K to fit out. We have assumed the building will require refurbishment though at a cost of £5.1M. The cost of finance could be c.£0.255M p/a, which would create a net income to the Council of approximately £155K. In addition, HDC will reduce its current operating costs of the building. Based on high level information, this could be in the region of £205K p/a, and therefore a total net revenue benefit of £360K p/a - but this will need to be assessed as part of a more detailed business case.

Residential Conversion: The residential private rental option D provides scope to retain control of the building and manage the environment and create an income stream. The capital investment would be c £8.1M to generate a rental income of c £500K p/a. However, allowing for finance costs of 5% inc MRP on the cost of £8.1M, would leave a surplus of only c.£95K p/a, but HDC would be liable to pay off-site offices, which are likely to cost c.£100K p/a, plus fitting-out costs. Therefore, given the rise in building and borrowing cost, a disposal of the site for residential is the more viable option of the two when compared to retaining and receiving rental income.

A disposal of the building for residential use this could generate in the region of £4m, allowing HDC to use the proceeds to pay towards the site-wide masterplan cost and/or office move to alternative premises. This would be a lower risk option in creating an actual capital receipt, but it would mean HDC forgoing a degree of control.

BUILDING 3 (FIG. 1) – NEW BUILD RESIDENTIAL

This building comprises a new build residential development of c.38 units with commercial / activation space at ground floor. This could accommodate a relocated library. It assumes the Harlington is demolished. 20% Affordable Housing (AH) is assumed. We think the building could produce a modest land value of £0.3m (assuming 20% AH) which could contribute towards funding the public realm for the Civic Quarter.

This compares to a land value of £1.25m previously, with the contributing factor in the reduction being an increase in build cost over the two-year period.

HAMPSHIRE CC LIBRARY

We have considered the scope for a cost-neutral solution for HCC to incentivise a relocation to new, smaller accommodation. From our high-level updated review, we think it is likely HCC will still require an additional payment over and above the existing asset value as the value of the library is assumed the same but the cost have increased.

We have assumed HDC purchase HCC Library at £1M, but the cost to deliver the ground floor of building 3 is c.£2m. in terms of build costs/fees exc profit. Therefore, HCC will be in a c.£1M deficit to buy a long leasehold interest of this 8,000sqft unit. But HCC will have capital cost liabilities for upgrading the existing Library which could be c.£250K for a heating system and repairs. Equally, if HCC are making revenue savings on lower overheads could these costs also be capitalised? If the overheads are say £25K p/a lower, capitalised over 20 years at a discount rate of 7%, a case be made for the “funding gap” to be c £250-500K in total.

Alternatively, if the library is left in situ, the cost of buying out HCC is obviously negated and would represent a saving to the project. However, the impact of the Library on the masterplan options would limit the scenarios.

COMBINED SITES FINANCIAL SCENARIO

INTRODUCTION

To illustrate the overarching financial position for the masterplan sites we have used two scenarios (based on the same funding principles for the Harlington we adopted in the 2021 report for consistency) to show the impact of the updated projections.

Scenario 1 – HDC sells the civic offices for residential development, leases third-party space, sells Building 3 development opportunity site and the Harlington is redeveloped as per the current Charcoal Blue plans.

- Civic office capital receipt - £4M
- Building 3 receipt - £0.3M
- HDC lease offices at a cost of c.£100K p/a and incur moving costs of c.£0.8M

Other HDC Costs:

- Public realm costs £3.3M as per masterplan
- £8M Harlington capital contribution (FTC fund £10M of Harlington costs inc. £7M loan)
- Net Cost to HDC if £4M and £0.3M of building sale receipt off-sets £11.3M capital sum; £7M
- Annual borrowing cost based on £7M at say 5% £350K p/a
- Relocated Civic offices cost say £100K (excs service charge): £100K p/a

Total annual cost to HDC: £450K p/a (note repayment of principal loan to be reviewed with HDC).

Scenario 2 – HDC remain in the Civic offices and re-let to the private sector or public bodies. Building 3 development opportunity is sold and the Harlington redeveloped as per Charcoal Blue scheme.

- Civic office net revenue benefit compared with current position, saving of - £360K p/a (assuming borrowing of £5.1M for the refurbishment)
- Building 3 Receipt - £0.3M

Other Costs:

- Public realm costs £3.3M as per masterplan
- £8M Harlington capital contribution (FTC fund £10M of Harlington costs inc £7M loan)
- Net HDC cost: £11M
- Annual Interest Cost of £11M = £550K p/a (note repayment of principal loan to be reviewed with HDC)
- Less Additional net benefit from HDC offices: £360K p/a

Net Extra Cost: say £190K p/a

NOTE: capital of c.£5.1M required to refurbish the HDC offices. MRP to be discussed.

Scenario 3 – Do Nothing

To compare the scenarios with the current day position we have taken data provided in 2020 on the existing offices and Harlington to provide a baseline. We would recommend the current day position is updated with the latest repairs and backlog maintenance position.

Harlington:
In 2020 HDC advised there was c.£5m of capital expenditure required plus annual running cost in the order of £140K p/a. Noting that FTC covers the annual running cost deficit.

Civic Offices:

Total anticipated HDC civic office overheads to March 23 are projected to be £611K. This equates to £20.39 per sq ft according to the schedule we have received from the Council.

Assuming HDC reduce their occupational requirement from the 86.5% liability to c.30% this would equate to savings of £360K p/a.

SUMMARY

Building 2 (HDC offices)
The land value of Building 2 (HDC offices) as a residential conversion for private sale units could generate a c.£4M sales receipt. This funding could be used in part to fund the downsizing and relocation of HDC's offices, with surplus funds used towards the Harlington and public realm works. However, HDC will have an ongoing rental liability to fund new offices. This could be in the region of c.£100K p/a plus service charge depending on the size of accommodation.

Residential refurbishment is no longer seen as viable allowing for finance costs and the annual cost of renting out alternative HDC office space.

The retention of the existing Civic offices as public sector offices or a combination of public sector and private sector rental is seen as a more viable option particularly in light of the Farnborough Tech College letting. This option has the potential to generate a longer-term benefit. Demand testing is recommended for the vacant space to inform the future revenue projections and capital budgets for refurbishing the lettable space.

There is clearly a standalone business case for the refurbishment of HDC's current offices, but there is modest scope to create surplus income or capital to contribute to the replacement of the Harlington. The option to refurbish the Civic offices for commercial/civic use provides more synergy with the masterplan objectives but carries letting risk which will be informed by the demand assessment. The Farnborough Tech College letting helps mitigate occupier risk.

Building 3
Based on today's costs and values the building's land value has reduced by c.£1M to £0.3M (based on 20% affordable housing) since 2021 due to the increase in build costs. This building can therefore only provide a very modest contribution towards funding the public realm of the wider masterplan redevelopment.

Harlington
The affordability of the Harlington is the principal concern for the project. The building cost based on the current size and specification requirements has increased to c.£18M (from £16m in 2021), and FTC borrowing capacity via PWLB has fallen from £10M to £7M. Assuming FTC can still only provide £3M additional funding including the precept – the cost to HDC, therefore, could equate to £8M, in order to achieve the required £18M to fund the Harlington and £3M for the public realm. It is important to note the split of financial contributions will need to be discussed between FTC/HDC, so the figures we have provided are for illustrative purposes.

HDC will need to review the business case options (with FTC) as part of the affordability assessment to consider the implications for funding the project. Options could include:

- A smaller venue/optimisation of the current plans for the Harlington.
- Assess the refurbishment option – capital and revenue implications to allow a comparison with 1. Do Nothing scenario and 2. New Build

The opportunity from Farnborough Tech College taking space within the Council office / Harlington, if the requirement is being positively progressed.

Harlington Refurbishment Option

As part of the recommended next steps we have considered with HLM the opportunity to bring the HCC Library into the Civic offices ground floor area. This could form part of an alternative option to consider refurbishment of the Harlington and an assessment of optimism the use of space and assets. The HLM sketch option below includes a new build residential building within Gurkha Square.

The viability of Building 2 in this scenario would remain as per the above with the Council retaining the second floor with the remainder let out to either the public sector or a combination of public and private sector occupiers. Building 3 viability is likely to be similar to the current projected figure. The opportunity is to reduce the costs of the Harlington through a refurbishment option.

RECOMMENDED NEXT STEPS

Given the impact of the Farnborough Tech College letting and Harlington lease on HDC's commercial position we would recommend more detailed business planning is undertaken to assess a preferred option for Civic Quarter masterplan.

The approach taken to the future of the Harlington will be critical to the direction for the masterplan. This work can include parallel work by to deliver the rationalisation of HDC's civic offices, which is the logical first phase and can be de-coupled from the Harlington delivery.

Whilst the viability of the masterplan has become more challenging the opportunity remains to optimise the use of the public sector assets (to reduce revenue costs through the sharing of space where possible) on the site and we would recommend that is an important thread of any next stage work. More specifically we would recommend:

- Review the funding options for HDC/FTC to understand the financial parameters which will inform the affordability criteria.
- Collate up to date data on the existing Harlington running costs and repairs required.
- Collate data with FTC to understand the trading projections for a redeveloped building and understand the scope for a reduced building footprint and scope for sharing uses.
- A business case review including spatial planning to assess the above which compares refurbishment vs redevelopment.
- Appoint a local office leasing specialist to advise on the office leasing implications for the 2 vacant floors of the Civic offices to inform the detailed business planning.

APPENDIX 1

FEASIBILITY OVERVIEW

FLEET CIVIC QUARTER REGENERATION

VIABILITY UPDATE

PRIVATE & CONFIDENTIAL

FEBRUARY 2023

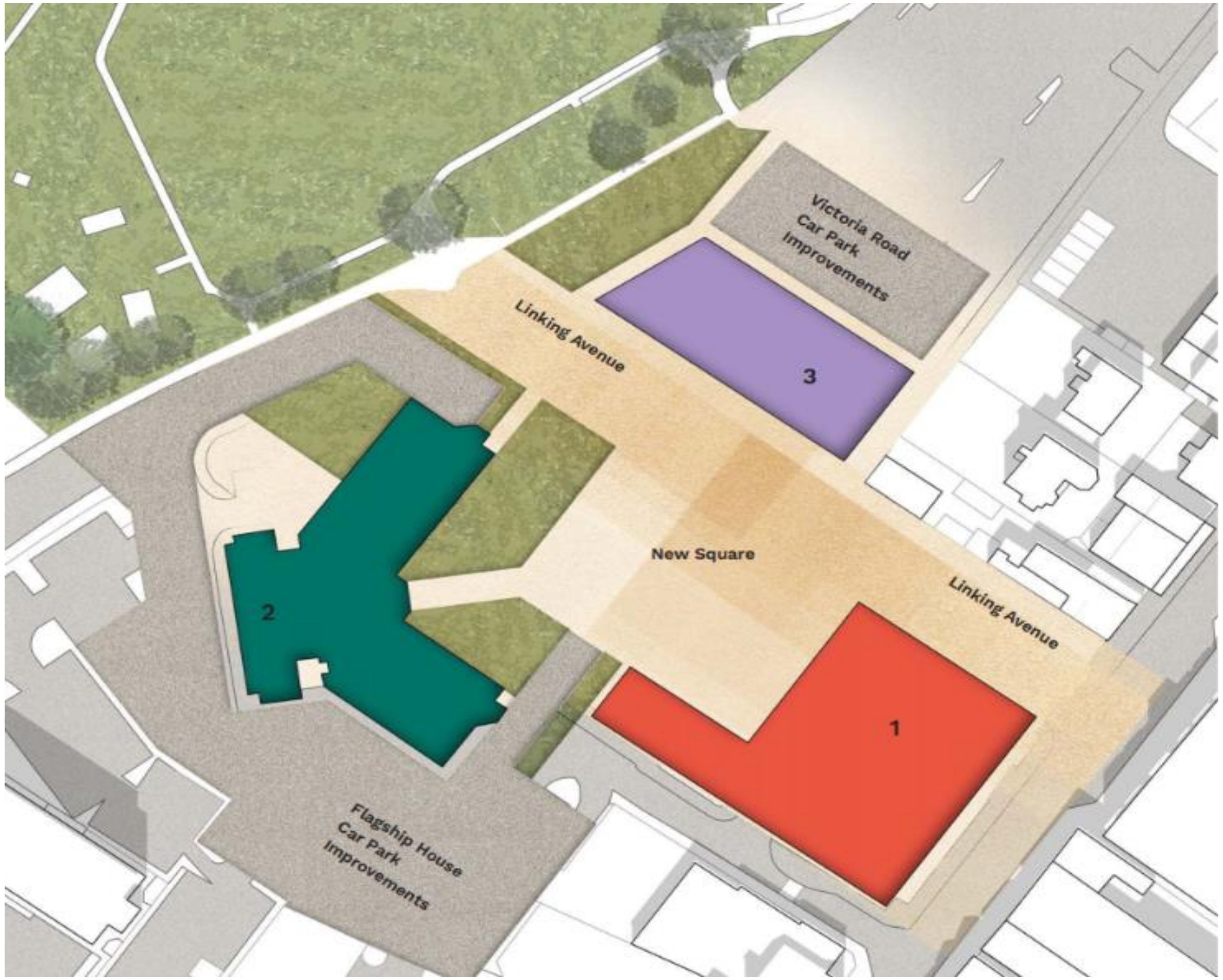
gleeds

HLM Architects

Hart DISTRICT COUNCIL

OPTION C & D

- New-Build Performance Centre
- Residential Permitted Development
- New-build Residential & Library
- New Hard Landscaping
- New Soft Landscaping
- New Square
- Car Park Improvements



FEASIBILITY SUMMARY

Building	Description	NDV	Total Cost	Profit	Land Value or Profit / deficit	Development Yield	Net Development Yield (inc. decant cost)
1	Performance Venue	£0	£18m	n/a	n/a		
2 - Option C – Refurb sale	£100k p/r	£15.4m	£8.8m	£2.6m	£4.0m		
2 - Option C – Refurb let	£100k p/r	£9.3m	£8.1m	n/a	n/a	6.2%	4.6%
2 - Option D - Public Hub (£12.50)	Council Remain	£4.9m	£5.1m	n/a	n/a	8.0%	
2 - Option D – Commercial (£12.50)	Let All	£4.8m	£6.0m	n/a	-£1.2m	7.2%	5.0% (inc. £800k decant cost)
2 - Option D – Commercial (£15)	Let All	£5.8m	£6.0m	n/a	-£0.2m	8.6%	6.2% (inc. £800k decant cost)
3 - (either option) – (20% AH)	New Build Residential	£12.5m	£10.3m	£1.9m	£0.3m		
Public Realm Cost (C/D)			£3.3m				
HCC Library Purchase Price	Valuation to be discussed		£0.9m				

Notes:
1. If HDC sell Building 2 then replacement rental c £100K p/a plus capital cost of c £800K
2. If HDC decant then need to assume cost p/a to rent committee rooms?

BUILDING 1

Building 1 - Performance Venue

CharcoalBlue specifications:
Performance
Multi-purpose studio/performance
Social spaces including cafe
Administration
Ancillary (Changing etc)

GIA: 2,100sqm

CharcoalBlue Plus:
Multi-purpose (meeting/conference)
Bookable meetings/workplace
Roof top terrace and bar

GIA: 550 sqm

Active frontages to New Square and part Fleet Road

Total GIA: 2,650 sqm

Building A provides a new performance venue replacing the Harlington Centre. The building area is based Charcoal Blue's previous work.

HLM have provided initial plans for the building and Gleeds have provided a high level benchmarked build cost estimate.

The total construction cost equates to £14.1m which includes the demolition of the HCC building (£200K). Professional fees of 12%,a contingency of 7.5% and a DM fee of 3% is included. We have excluded finance costs pending discussing the source of funding.

The question of who funds and takes the business case risk will need to be considered. If this is FTC, then does HDC rent rooms periodically and provide the land at a cost to be agreed, so FTC take on all operational control/risk of the building. This avoids HDC taking operational risk and streamlines control. Land purchase by FTC? These are not topics we are proposing to discuss at the next Working Group, but we wanted to discuss the topic with the HDC officer team.

Option	NDV	Total Cost	Profit	Land Value
Building 1	£0m	£18.02m	N/A	N/A

BUILDING 1

Funding Gap

How does the new venue costing £18m get funded?

Could be funded by both FTC/HDC. An indicative model we propose for discussion on possible sources of capital funding for the building could involve:

- £3M from FTC assuming £2M collected and additional precept collected over 2022 and 2023
- £8M from HDC as a capital contribution
- £3.3M from HDC funding the site-wide public ream and providing land at nil cost
- £7M PWLB loan funded by FTC
- Annual running deficit funded by FTC

Assuming FTC can support the funding of the £7m loan, and FTC can only provide £3m - the Cost to HDC will be £11.3m to fund the Harlington and Public realm. Taking account of the sale of building 3 for £0.3m this net cost to HDC would be £11m.

Based on PWLB funding at 5% with MRP, this would equate an annual cost of £550k p/a – which is worse than the current do nothing scenario.

Other options for the Harlington will need to be considered.

BUILDING 2 – OPTION C

For Building 2 we have looked at a number of potential scenarios for the repurposing of the HDC office space. This option focuses on the conversion of the space to residential use.

Option C – Refurb for Sale

The Council move out of the office and the building is converted into residential for private sale.

GIA of 4,550 sq m (c 49,000 sq ft). We have assumed a 70% efficiency ratio producing 3,185 sq m (34,250 sq ft), providing c.52 residential units.

A 20% developer profit on cost is assumed for the sale option, assuming a sales value of £450 psf.

Option C – Refurb for Let

The Council move out of the office and the building is converted into residential development for PRS. The same area and unit assumption have been assumed as in the private sale option.

We have assumed an average rental value per calendar month of £1,050 per unit. 25% management and void cost have then been deducted producing a net rent of £500,850 per annum.

The base build cost is assumed at £172.50 psf (15% inflation since previous iteration) equating to £8.45m. However we are aware specialist developers will operate at a lower cost model which can influence the residual/yield on cost, so we have shown a range.

Option	NDV	Total Cost	Profit (20%)	Residual Value / or Yield	Net Development Yield (inc. Council decant)
Sale - £100k	£15.4m	£8.8m	£2.6m	£4.0m	
Let - £100k	£9.3m	£8.1m	n/a	6.2%	4.6%

Council decant - Council would pay a rent in the region of £96,250 pa (5,500 sq ft at £17.50) plus service charge and rates. Plus there could be a cost of c £800K to fit-out and move.

Add £800k to cost and deduct £96,250 from rent for net yield calculation.

BUILDING 2 – OPTION D

For Building 2 we have looked at a number of potential scenarios for the repurposing of the HDC office space to include:

Option D - 1 (Public Hub)

We have assumed the building is refurbished, the Council remain on one floor, Farnborough Tech College (FTC) occupy the 1st floor (HoT's reflected £230k) and the remainder is let to other public sector related occupiers. This could include the Police/ACAS, possibly HCC Library (ground floor) if there was a requirement. FTC will be responsible for the cost of works to that floor.

We have therefore assumed the Council remain on the second floor at nil rent enabling the retention of the Committee Rooms and Chambers (2,600 sq ft) and then use the remainder of the floor as office space (6,450 sq ft) plus 1,000 sq ft of circulation space.

The total rent from the lettable space is c £410K @ £12.50 psf per annum (including FTC rent of £230k), excluding the HDC occupied space. We have allowed a 10% permanent void. We have also run this option at £15 psf.

Option D – 2 (Commercial leasing)

The Council move out of the HDC office entirely, the building is refurbished and then let to the private sector at a target rent of £15.00 per sq ft. This would produce a rent of c £519K p/a. A 10% permanent void has been included. We have also run this option at a rent of £12.50 psf for comparison. Whilst the income return is significantly higher there is a higher risk attached to this option as tenants will need to be sought, we question if there would be sufficient demand for the whole building.

For both options we have assumed no developers profit assuming the Council retain the building and undertake the refurbishment works themselves. A project managers fee of 3% has been included within the costs.

Council decant to 3rd party address

If the Council were to move out of their current office, we have assumed the Council could take c.5,500sqft NIA of space in the alternative office building. Based on a rent of £17.50 per sq ft the Council would pay a rent in the region of £96,250 pa plus service charge and rates. Plus there could be a cost of c.£800K to fit-out and move.

This rent should be deducted from the rent generated from refurbishing the existing HDC building in Option D (Commercial Leasing) option to give a net rent and development yield should the Council move out. See Net Development Yield column below:

Option	NDV	Total Cost	Income (p/a)	Dev yield	Net Dev yield (inc. Council decant)
Public Hub £12.50	£4.9m	£5.1m	£410K	8.0%	n/a
Public Hub £15.00	£5.3m	£5.1m	£446K	8.7%	n/a
Commercial £12.50	£4.8m	£6.0m	£433K	7.2%	5.0%
Commercial £15.00	£5.8m	£6.0m	£519K	8.6%	6.2%

Notes:

1. In the Commercial Leasing option HDC will also incur extra overheads by renting a committee room on a regular basis
2. Space summary Public Hub:

- HDC occupy c 25%
- HCC could occupy c 25% for Library on ground floor
- Police could occupy c 15% TBC
- Remaining space leased to private sector 35%-50% depending on HCC

BUILDING 2 – OPTION D

BUSINESS CASE – NET RETURNS

RENTAL Option:
Looking at the Council's net rent and therefore Development Yield of Building 2, we also have to consider the possibility that HDC will incur interest payments to pay for the purchase of the HCC Library and Public Realm costs.

Public realm borrowing cost @ 5% on £3.3m – block 3 sale (£0.3m (20% AH)) = £3m @ 5% = **£150K per annum**

Borrowing cost on £1.2m HCC library purchase @ 5% = **£60K per annum.**

Council relocation fit out cost - £800k @ 5% = **£40k per annum**

SALE Option:

If HDC sell Building 2 for a build to sell residential refurb, assuming the sale receipt of c.**£4m**, plus **£0.3m** receipt from Building 3.

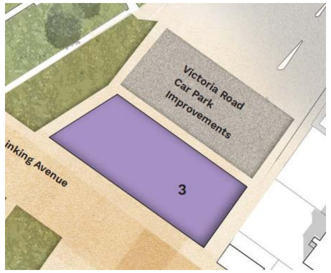
Total receipt say - £4.3m
Less: public realm - £3.3m
HCC Library - £0.9m

Net surplus to HDC: £0.1m (in essence – breaks even)

HDC also incur a rental of c.£100K p/a for the new offices/customer service within new rented accommodation.

Option	Rental Income	Dev yield	Net Dev yield (inc. Council decant)	Dev Yield after Interest cost
Public Hub £12.50	£410,000	8.0%	n/a	13.9% (net rent £200,000/£5.1m)
Commercial £12.50	£433,000	7.2%	5.7%	1.4% (net rent £83,000/£6m)
Commercial £15.00	£519,500	8.6%	7.3%	2.8% (net rent £169,500/£6m)

BUILDING 3



Building 3 looks to provide a new build residential led development over 5 stories on the former Harlington Centre site.

We have assumed the ground floor provides 760 sq m GIA of ground floor commercial space which is rented out at a nominal rent of £7.50 psf.

The 4 upper floors are assumed to be residential for sale units over 3,040 sq m GIA (32,722 sq ft). Based on an efficiency ratio of 82% this provides a total NIA of 26,832 sq ft which can accommodate c.38 units based on a NIA per unit of c.700 sq ft. 40% Policy compliant Affordable Housing has been assumed, but we have also run sensitivities based on the %.

Car parking at 1:1 to be provided in Victoria Road Car Park.

We have assumed a demolition cost for the Harlington of £450k. The total construction cost of building C equates to £7.65m. Contingency, professional fees, letting and sale fees and 17.5% developers profit have also been applied. The appraisal outputs can be seen below.

Option	NDV	Total Cost	Profit (17.5%)	Residual Value
40% AH	£11.6m	£10.2m	£1.8m	-£0.4m
20% AH	£12.5m	£10.3m	£1.9m	£0.3m
0% AH	£13.4m	£10.5m	£2.0m	£0.9m

20% and 0% Affordable Housing is able to provide a residual land value that can contribute to a cross subsidy required for public realm, albeit minimal unless 0% can be justified.

OTHER ASSUMPTIONS

Council relocate into Alternative Address

Assuming the Council are to move out of the HDC office building if the building is to be converted into residential, we have assumed the Council who require c.5,500sqft NIA of space could relocate to a floor in an alternative office building.

We have assumed the move would include stripping out the floor, a Cat B fit out cost of c.£90 psf and an allowance for furniture. The total cost provided by Gleeds equates to £652k.

Based on current comparables a rent of £17.50 psf may be achievable in new space. Based on a floor area of 5,500 sq ft the Council would have to pay a total rent in the region of £96,250 pa plus service charge and rates.

Total cost of relocation:

£652k (fit out), plus fees and moving costs/IT costs, assume c.£800,000.
borrowing cost @ 5% pa = £40,000

Rental cost to lease c.£96,250 p/a, plus service charge. The rental options for HDC owned buildings to be reviewed to establish net rent after finance costs.

Public Realm & Flagship House Car Park Works

Public Realm

New public square - £1.05m
Soft landscaping and greenery to car parks - £270k
Hard landscaping, street furniture, lighting etc - £1.4m
Car Park – £220k

Total - £2.94m plus fees say £3.3m in total

OTHER ASSUMPTIONS CONT…

Current Library Value

Options C and D will require the purchase of the HCC library site. This cost will need to be included in the appraisals of the two schemes. Currently we believe the current book value is high and purchasing at this price will significantly damage the viability of the entire scheme.

We have therefore looked at the Library's existing use value assuming a nominal rent based on the current internal floor area of 1,102m/2 (11,862 sq ft).

11,862 x £7.50 = £88,965 rent per annum

Capitalised @ 7.5% = £1.186m

However, the building also requires a significant amount of work that would include new boilers and roof. Gleeds have estimated this cost at £290k and have deducted it from out estimate of value.

Estimate of exiting use value - £1.186m - £0.290m = £896,000 – **Say £900,000**

VICTORIA ROAD CAR PARK

Valuation

We have been provided with the Current income by the Council, see below:

Annual Income – **2021/22 income £134,449** (excludes Gurkha Square CP income) – **average over the last 3 years £158,864.**
The development of building 3 will mean some spaces will be lost – tbc. But if we assume Gurkha Sq. car park £100K p/a (average of last 3 years) income is redistributed to Victoria Square and Church Road.

Valuation based on average income less assumed operating cost capitalised at 7% - **£1.49m** but would increase with extra income

Supermarket Sale

Based on the site area of 1.55 acres for the car park (including Harlington site) it is likely that Lidl could purchase the site in the region of c **£1.5m.** However the site is sub-optimal for the floor layout/parking.

OTHER ASSUMPTIONS CONT…

Building 2 – Public Hub – Net Income and Operating cost savings

Based on current service charge budget - £611K

Unit		Area Sq.Ft.	Schedule 1 - Estate	Budget Year	Schedule 2 - Utilities	Budget Year	Schedule 3 - Building A	Budget Year	Total Base Line Budget	Cost Per Sq.Ft.		Schedule 3 - Exceptional Expenditure	Budget Year	Budget - Grand Total	Cost Per Sq.Ft.		Previous Budget	Variance (£)	Variance (%)
Ground Floor	CAB	2000	6.67%	£ 10,667	6.67%	£ 8,813	6.67%	£ 21,299	£ 40,778	£ 20.39		6.67%	£ 600.03	£ 41,378.46	£ 20.69		£ 26,541.98	£ 14,836.48	55.90%
Ground Floor	Hart DC	4000	13.33%	£ 21,333	13.33%	£ 17,625	13.33%	£ 42,598	£ 81,557	£ 20.39		13.33%	£ 1,199.97	£ 82,756.82	£ 20.69		£ 26,541.98	£ 56,214.84	211.80%
First Floor	Hart DC	6000	20.00%	£ 32,000	20.00%	£ 26,438	20.00%	£ 63,897	£ 122,335	£ 20.39		20.00%	£ 1,800.00	£ 124,135.28	£ 20.69		£ 15,284.95	£ 108,850.33	712.14%
First Floor	External Tenant	2000	6.67%	£ 10,667	6.67%	£ 8,813	6.67%	£ 21,299	£ 40,778	£ 20.39		6.67%	£ 600.03	£ 41,378.46	£ 20.69		£ 12,831.16	£ 28,547.30	222.48%
Second Floor	Hart DC	8000	26.67%	£ 42,667	26.67%	£ 35,250	26.67%	£ 85,197	£ 163,114	£ 20.39		26.67%	£ 2,400.03	£ 165,513.74	£ 20.69		£ 27,380.31	£ 138,133.43	504.50%
Third Floor	Third Floor	8000	26.67%	£ 42,667	26.67%	£ 35,250	26.67%	£ 85,197	£ 163,114	£ 20.39		26.67%	£ 2,400.03	£ 165,513.74	£ 20.69		£ 56,767.96	£ 108,745.78	191.56%
Totals		30000	100.00%	£ 160,000	100.00%	£ 132,189	100.00%	£ 319,487	£ 611,676			100.00%	£ 9,000.00	£ -			£ 165,350.00		

New assumed rent - Building 2	£410,000	
Cost of borrowing 5% on 5.1m	£255,000	
	£155,000	**net income to council**
Ground & 3rd floor Business Rates and Service savings	£ 244,671	Council will save £163k + £81,557 that they are paying on the third and ground floors currently
Minus BR + SC for Farn Tech	£ 40,778	Council are currently liable of £122k on 1st floor, with External Tenant liable for a further £40k on 1st floor - tech college taking whole space with rent all icnlusive - Council there will become liable for this additional £40k also
	£ 203,892	**Total saving**
	£ 358,892	**Total net benfit to the Council**

BUILD COST ASSUMPTIONS

Gleeds have provided high level benchmark costs for each of the scenarios which have been appraised.

Option C – residential conversion assumes a total construction cost of £8.45m equating to c.£175 per sq ft.

Option D – office refurbishment cost of £80 per sq ft for the rental workspace, £115 per sq ft for the Council workspace and £150 per sq ft for the ground floor business hub.

Contingency, professional fees, letting and sales fees have been applied where relevant. Car parking for all options assumed 1:1 and provided for within the current parking zone for the building.

An additional cost for the replacement of the exiting windows of £700k has been included in each option. For Option D this budget can be applied to M&E upgrades instead of the windows – but further survey work would be required to verify the costs.

APPENDIX 2

MARKET REVIEW UPDATE

INTRODUCTION

In order to support the Civic Hub regeneration, an understanding of the property market context, an understanding of Fleet's property market is required. This paper examines property demand and pricing across the office and residential market within Fleet, whilst drawing upon independent property market research and other trusted sources including Rightmove, Zoopla, CoStar & Promis.

We have focused on the residential and office markets as the primary uses influencing the masterplan, specifically the private sale and build-to-rent sector.

It should also be noted that this report was prepared against the backdrop of the high inflation and consequently, rising interest rates. The full economic shocks of the latter are not yet known, nor the duration. Thus, the views below must be measured against the current market environment, as well as a longer-term horizon, by which time the concerns and volatility associated with these market forces will be expected to have subsided.

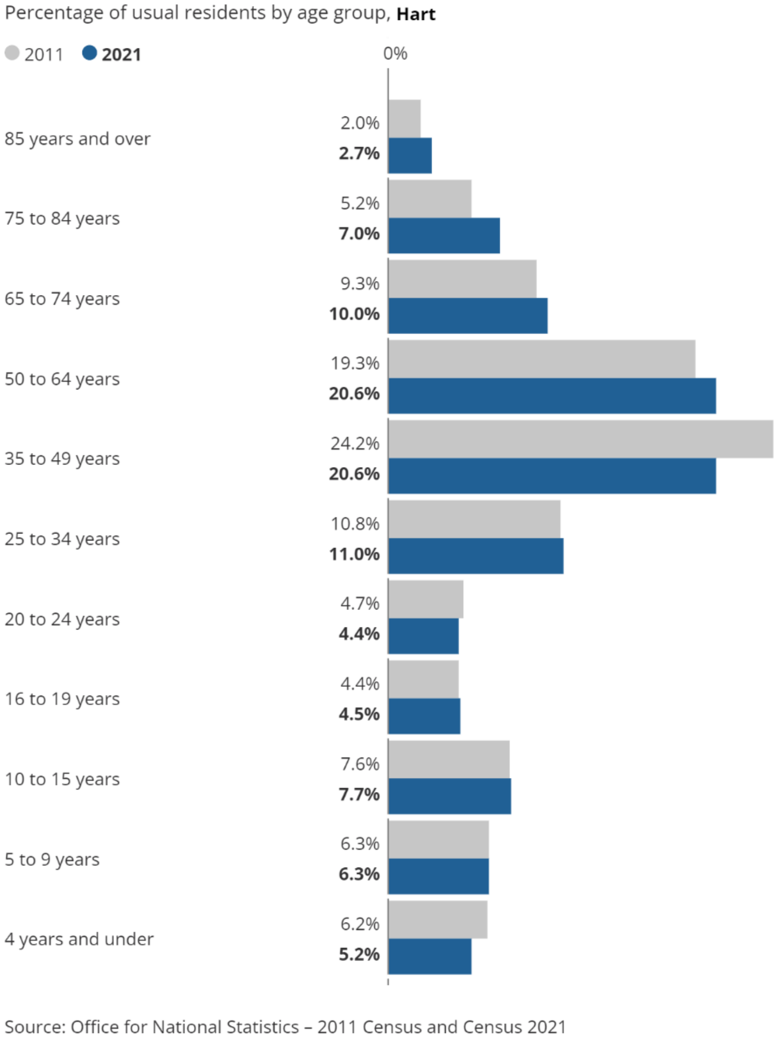
The situation is still evolving with investors, lenders, authorities, and occupiers considering their current property positions as the economy heads towards a recession. The pressures of mortgage affordability and the cost-of-living crisis is expected to cause a fall in house prices continuing into 2023, with recovery initiating towards the beginning of the following year. As a result of this, rental values may increase due to the shift in demand in these markets, balancing out the increasing operational costs.

This being said, market sentiment is divided, with some estimates of economic resilience in 2023 being able to weather the inflationary storm, and monetary policy pivoting to a neutral position. With this, a return in investor & consumer confidence may lead to pricing corrections in both the residential & commercial markets.

It is only over time that market activity will dictate the long-term property valuation implications, but in the short term, we can only advise where we see changes in market sentiment and must acknowledge the wider context in which this report has been produced.

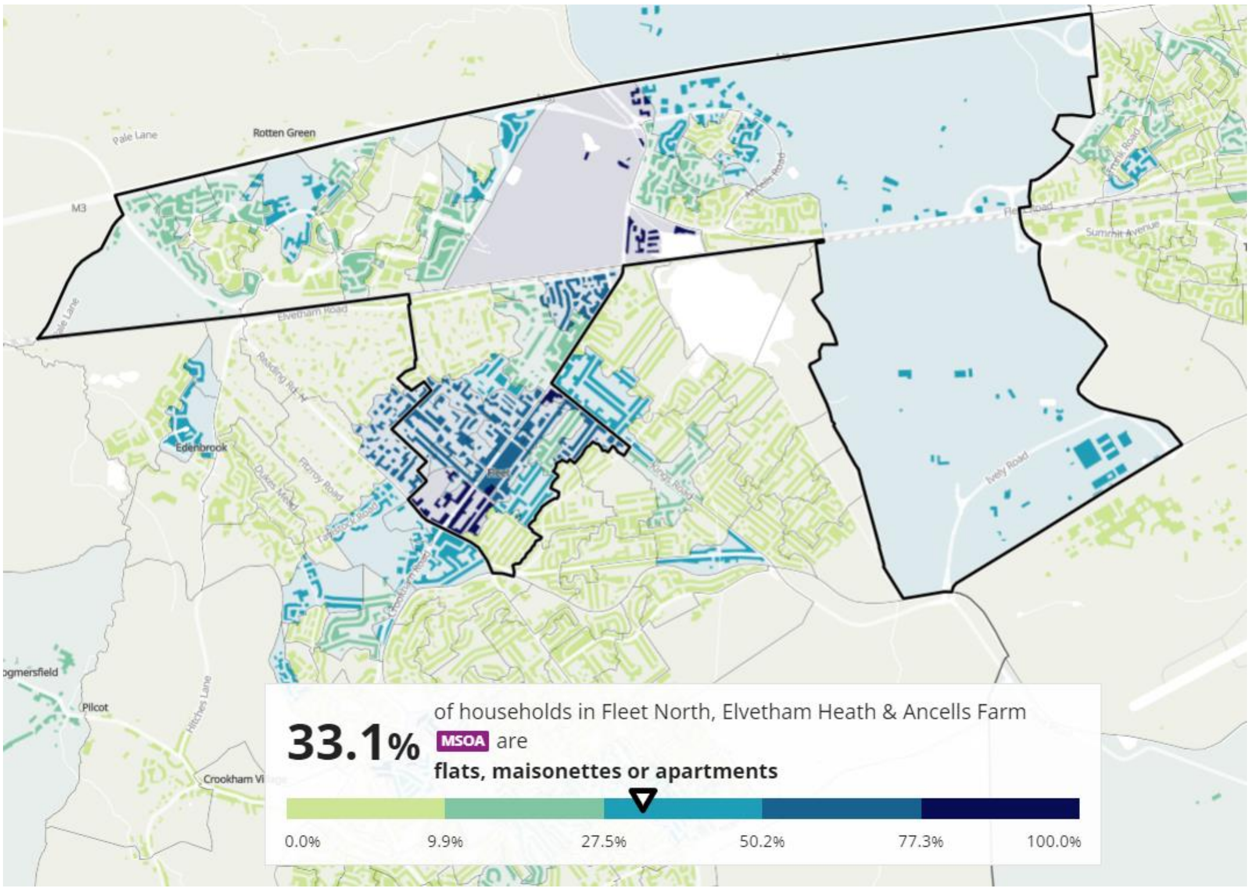
FLEET DEMOGRAPHICS

As complete Census data for Fleet is yet to be published, this report will draw upon data produced for the Local Authority District of Hart, in which Fleet is located. According to 2021 Census data, Hart had a population of 99,400. Between the last two census average age of Hart increased by two years, from 41 to 43 (*Source: ONS).* This is a marginally higher average than the Southeast region (41 years) and rest of England (40 years). However, Hart has an old age dependency ratio of 33.3 per 1000 working age population which is 23rd lowest out of 51 districts in the South-East region and 70th lowest out of all district authorities in England.



The subject site is located within Middle Layer Super Output Layer (MSOA) of Fleet North, Elvetham Heath and Ancells Farm. This MSOA is disproportionately represented in education levels, with Level 4 and above pertaining to 47.4% of the population, 37.8% of the population obtaining Level 1,2 or 3 qualifications and 9.3% of the population having no qualifications. 3.4% of the population have obtained apprenticeship level education and 2.3% with other qualifications. This reflects the national averages with 47% of the UK population obtaining a Level 4 or above qualification in the 2021 census.

In terms of accommodation type, 66.8% of households in the MSOA of Fleet North are whole houses or bungalows and 33.1% are flats, maisonettes, or apartments. The image below shows the distribution of flats, maisonettes or apartments within the MSOA of Fleet North. Within this, 28.2% of dwellings are owned outright, 41.5% are owned with a mortgage or loan and 24.7% are privately rented. The remaining 5.6% of dwellings are provided through social rent. In comparison to national figures, outright ownership is lower the national average (62.5%) and the number of privately rented dwellings is also significantly lower (37.3%).



In the last quarterly survey, Hart's labour market is composed of 46,500 individuals in employment between the age 16-64, reflecting a total c.85.1% of Hart's total population of working age (*Source: Hampshire County Council*). This is higher than both the national average (c.75.4%) and for the Southeast region (c.78.2%). Fleet North's population is equally dominated by those in L4, L5 and L6 professions (26.5%) and L1, L2 and L3 professions (25.3%). This reflects the comparative affluence of the area with these groupings of professions tending to have higher than national average levels of remuneration.

Predominantly, Fleet North's population works from home (49.8%), followed by 25.9% who travel less then 10km to work and 14.1% who travel over 10km. This rise in hybrid/WFH model has little variance from the national figures in which 42% of those in employment recorded using this model, a character that has been heavily influenced by the Coronavirus pandemic (*Source: ONS).*

2.0
RESIDENTIAL MARKET

RESIDENTIAL PROPERTY MARKET

LOCAL HOUSING MARKET

SALE

Data from Rightmove and Zoopla indicates that properties in Fleet had an overall average price of £507,452 last year. Majority of sales in Fleet in the last year were detached properties (38% of sales), selling for an average price of £745,023. Semi-detached properties (24% of sales), sold for an average of £457,131 and flats/apartments (23% of sales), fetched £232,979. In terms of price indexing, an increase of 7% was observed since 2022 in Fleet, slightly below the national average of 10% and 31% up on the 2020 peak of £388,998 *(Source: Halifax).* The heatmap below indicates the distribution of property prices in Fleet, showing that towards the North East of the town on Reading Rd North and Elvetham Road, the highest property values are observed.

For comparison, in the nearby town of Farnborough, the overall average price of a property over the last year reached £372,972 c.31% lower than Fleet (*Source: Rightmove*). Majority of sales in Farnborough last year were terraced properties, selling for an average price of £348,561. Semi-detached properties in Farnborough achieved an average value of £412,620 and flats fetched £207,013 over the last year.

Camberley is another nearby town useful for comparative analysis. Within the last year, the overall average price for a dwelling was £499,061(*Source: Rightmove*). Sales were predominantly composed of detached properties, having an average price of £767,277. This was followed by semi-detached properties which achieved £464,193 and Flats recorded an average price of £242,600. Overall, sold prices in Camberley over the last year were 9% up on the previous year (2% higher than Fleet), and 11% up on the 2017 peak of £448,235.

Considering new build residential-led apartment developments, there has been little activity in Fleet's development pipeline. Developments in the area tend to be focussed on provision of semi-detached or detached homes within a 1.5-mile radius of the town centre. Due to the site's nature, flats or apartments will be the main focus within the Civic Hub regeneration. Several providing new apartment stock in Fleet have originated through office conversions in Ancells Business Park and the Fleet High Street. Additionally, developments have been delivered via Permitted Development conversion instead of completely new build stock. Comparable transactions are detailed below.

ANCELLS HOUSE

This is an office conversion providing 1- and 2-bedroom apartments on Ancells Road, just outside the town centre of Fleet (1.21 miles), and nearby to Fleet Train station (0.65 miles). The average price achieved for the flats we have been able to identify, per sq ft for the properties sold from 2021 to date equates to £301 per sq. ft. A selection of the sales can be seen in the table below.

ADDRESS	BED	FLOOR	SOLD PRICE	AREA (SQ FT)	PRICE (PER SQ FT)	DATE SOLD
Flat 1, Ancells House, Ancell Road	1	-	£200,000	592	£338	01/05/2022
Flat 7, Ancells House, Ancell Road	2	-	£216,500	667	£324	04/05/2022
Flat 13, Ancells House, Ancell Road	2	-	£281,000	1163	£242	18/04/2022

INFINEON HOUSE & LORICA HOUSE

Developer Matthew Homes has converted this business park office into a 19 dwelling apartment block. This development is located on the corner of Ancells & Minley Road, 1.21 miles from Fleet town centre and 0.47 miles from Fleet Train Station. This scheme achieved an average price per sq. ft of £401 for sales since 2020. A selection of the most recent sales can be seen below.

ADDRESS	BED	FLOOR	SOLD PRICE	AREA (SQ FT)	PRICE (PER SQ FT)	DATE SOLD
16 Infineon House	1	-	£250,000	560	£447	09/11/2021
1 Infineon House	2	-	£298,950	818	£365	30/09/2021
29 Infineon House	1	-	£238,000	474	£503	30/09/2021
1 Lorica House	1	-	£285,000	657	£434	31/08/2021
21 Lorica House	1	-	£215,000	463	£465	27/08/2021
2 Infineon House	1	-	£235,000	614	£383	23/07/2021
5 Infineon House	2		£315,000	958	£329	30/06/2021
10 Infineon House	2	-	£285,000	764	£373	17/05/2021
18 Lorica House	1	-	£215,000	495	£434	15/04/2021
14 Infineon House	2	-	£315,000	958	£329	30/03/2021
11 Lorica House	2	-	£275,000	667	£412	25/03/2021
3 Infineon House	2	-	£235,000	721	£326	24/03/2021
24 Infineon House	2	-	£290,000	958	£303	16/03/2021
8 Lorica House	1	-	£265,000	657	£404	26/02/2021
25 Lorica House	2		£300,000	667	£450	23/02/2021
23 Lorica House	2	-	£282,000	667	£423	12/02/2021

ADDRESS	BED	FLOOR	SOLD PRICE	AREA (SQ FT)	PRICE (PER SQ FT)	DATE SOLD
7 Lorica House	1	-	£225,000	506	£447	01/12/2020

Current market listings of this scheme are shown below in which an average per sq. ft value of £497 is being asked on the open market.

ADDRESS	BED	FLOOR	ASKING PRICE	AREA (SQ FT)	PRICE (PER SQ FT)	DATE SOLD
21 Infineon House	1	2	£220,000	565	£389	Live Listing
26 Infineon House	1	2	£210,000	490	£429	Live Listing
27 Infineon House	2	2	£275,000	671	£410	Live Listing
32 Lorica House	1	G	£228,000	465	£490	Live Listing
36 Lorica House	1	G	£230,000	496	£464	Live Listing
44 Lorica House	1	1	£235,000	496	£474	Live Listing

DUCHESS COURT

Duchess court is another office conversion development led by Prunus Developments. It provides a mixture of studio, 1-bedroom and 2-bedroom apartments. It is located in the town centre on Fleet Road, 0.62 miles from the heart of the town centre and 0.16 miles from Fleet Train station. The table below shows live listings for the scheme, in which the average asking price of a dwelling is £427 per sq. ft.

ADDRESS	BED	FLOOR	SOLD PRICE	AREA (SQ FT)	PRICE (PER SQ FT)	DATE SOLD
Flat 4	1	1	572	£230,000	£402	Live
Flat 3	1	1	587	£265,000	£451	Live

There have also been two new build developments in Fleet by Berkeley homes, a large national house developer. Whilst development of this scale on the subject site is not achievable, and the offering in regard to location and amenity differs between these and the subject scheme, analysis of the values achieved of the Berkley sites can highlight the values achievable in a scheme of larger scale or within a joint venture/development partner agreement.

ALMOND HOUSE

Almond House is a Berkley homes development, providing 141 residential units (24 of which are affordable). It is located 0.91 miles North-west of the subject site, 1.10 miles from Fleet town centre and 1.64 miles from Fleet Train Station. The development offers a mixture of 1,2 and 3-bedroom apartments, along with 4- and 5-bedroom houses. The average price value achieved on this scheme from sales dating from 2021 to current is £469 per sq. ft. Below are the most recent sales associated with this site.

ADDRESS	BED	FLOOR	SOLD PRICE	AREA (SQ FT)	PRICE (PER SQ FT)	DATE SOLD
9, Almond House, Mulberry Walk	2	-	£325,000	710	£457	17/12/2021

ADDRESS	BED	FLOOR	SOLD PRICE	AREA (SQ FT)	PRICE (PER SQ FT)	DATE SOLD
2, Almond House, Mulberry Walk	1	-	£255,000	517	£494	26/11/2021
5, Almond House, Mulberry Walk	1	-	£244,500	517	£473	29/10/2021
3, Almond House, Mulberry Walk	2	-	£305,000	710	£429	27/10/2021
7, Almond House, Mulberry Walk	2	-	£345,000	710	£486	29/09/2021
6, Almond House, Mulberry Walk	2	-	£310,000	710	£436	22/09/2021
4, Almond House, Mulberry Walk	2	-	£335,000	710	£472	20/09/2021
8, Almond House, Mulberry Walk	1	-	£262,500	517	£508	20/09/2021

HARESHILL (CROOKHAM VILLAGE)

Hareshill is a Berkley homes development, providing 423 residential units (79 of which are affordable). It is located 0.83 miles East of the subject site, 1.05 miles from Fleet town centre and 1.80 miles from Fleet Train Station. The development offers a mixture of 1- and 2-bedroom apartments, along with 1,2,3,4 and 5-bedroom houses. The average price achieved for apartments units on this scheme from sales onwards of 2021 equate to £557 per sq. ft. Below are examples of these.

ADDRESS	BED	FLOOR	SOLD PRICE	AREA (SQ FT)	PRICE (PER SQ FT)	DATE SOLD
Plot 147	1	GF	£292,500	526	£556	30/09/2021
Plot 155	1	3	£296,500	526	£564	30/09/2021
Plot 165	1	4	£317,500	555	£572	30/07/2021
Plot 159	2	2	£330,000	571	£578	30/07/2021
Plot 175	2	1	£399,950	752	£532	15/11/2021
Plot 160	2	2	£405,500	724	£560	25/10/2021

Based on the evidence above, we would expect the subject scheme to achieve residential sales values of between £450-£475 per sq ft. This range is attributed to the preferable location of the subject site, in comparison to the other schemes in Ancells Business Park, where there is better transport access and nearby amenities. Additionally, the new build nature of the scheme would suggest a better-quality offering with newer and potentially design hardened dwellings, over the conversion offerings seen in several of the comparable schemes.

RENTAL

As mentioned earlier, there has been a number of offices to residential conversion in Fleet town centre via Permitted development (Pioneer House, Fleet House and Oak House). One of the newer schemes that has recently completed is Westminster and Elizabeth House, which was converted under PDR by Shaviram Group to provide 30 one and two-bedroom apartments, entirely for rent. Live listings of this scheme are shown below alongside other build-to-rent developments in Fleet.

ADDRESS	BED	FLOOR	RENT (PER CALENDAR MONTH)	AREA (SQ FT)	DATE	COMMENTS
Fleet House, Fleetwood Park, Barley Way	1	2	£975	797	Live	New BTR Office conversion on outskirts of fleet, open plan, 0.53 miles from Fleet Train Station, high quality finishings, unfurnished, EPC C, close to Fleet pond nature reserve, Ancells farm small parade nearby, in business park, allocated parking
Fleet House, Fleetwood Park, Barley Way	2	2	£1,150	813	Live	New BTR Office conversion on outskirts of fleet open plan, 0.53 miles from Fleet Train Station ,1.25 miles from the TC, high quality finishings, unfurnished, EPC C, close to Fleet pond nature reserve, Ancells farm small parade nearby, allocated parking
Oak House, Harvest Crescent	2	2	£1,050	786	Agreed – September 2022	New BTR office conversion, on outskirts of fleet, open plan, 0.62 miles from Fleet station, 1.37 miles from TC, high quality finishings, unfurnished, EPC C, nearby Fleet pond nature reserve, allocated parking
Oak House, Harvest Crescent	1	1	£925	667	Live	New BTR office conversion, on outskirts of fleet, non-open plan, 0.62 miles from Fleet station, 1.37 miles from TC, high quality finishings, unfurnished, EPC C, nearby Fleet pond nature reserve, in business park, allocated parking
Pioneer House, Fleetwood Park, Barley Way	1	GF	£950	-	Live	New BTR Office conversion, outskirts of fleet, non-open plan, 0.57 miles from Fleet Train Station, 1.30 miles from TC, high quality furnishings, unfurnished, EPC C, nearby Fleet Pond nature reserve, in business park allocated parking
Pioneer House, Fleetwood Park, Barley Way	1	1	£1,110	-	Live	New BTR Office conversion, outskirts of fleet, open plan, 0.57 miles from Fleet Train Station, 1.30 miles from TC, high quality furnishings, unfurnished, EPC C, nearby Fleet Pond nature reserve, in business park allocated parking
Westminster House, Westminster Close	2	1	£1,075	477	Live	Non-Office conversion, BTR scheme, on fleet high street, good access to local amenities and TC (0.2 miles away), 0.5 miles from Fleet Train Station, good quality furnishing, unfurnished, secured allocated parking, EPC D
Westminster House, Westminster Close	2	2	£1,150	560	Live	Non-Office conversion, BTR scheme, on fleet high street, good access to local amenities and TC (0.2 miles away), 0.5 miles from Fleet Train Station, good quality furnishing, unfurnished, secured allocated parking, EPC D
Elizabeth House, Fleet Road	2	1	£1,150	654	Live	Non-Office conversion, Maisonette Dwelling, BTR scheme, on fleet high street, good access to local amenities and TC (0.2 miles away), 0.5 miles from Fleet Train Station, good quality furnishing, unfurnished, secured allocated parking, EPC D
Old Dairy Close	2	3	£1,095	-	Live	Dated "new build", Internal shared communal courtyard, French balcony EPC C, 1x allocated parking space, non-open plan, good location for local amenities and TC (0.14 miles), 0.62 miles away from train station

ADDRESS	BED	FLOOR	RENT (PER CALENDAR MONTH)	AREA (SQ FT)	DATE	COMMENTS
Old Dairy Close	2	3	£1,000	-	Live	Dated "new build", Internal shared communal courtyard, French balcony EPC C, 1x allocated parking space, non-open plan, good location for local amenities and TC (0.14 miles), 0.62 miles away from train station

We would envisage new build apartments within the Civic Quarter to be able to achieve in the region of £1,000 PCM for one bed and £1,100 upwards for two beds apartments. This is supported by the rental figures reflected in other new build developments with a similar offering in terms of access to Fleet's town centre and Fleet Train station, (Elizabeth House & Westminster House). These values are also above those recorded for the office conversion schemes, as a new build premium can be attached to the subject scheme. However, it is worth noting that parking provision is likely to influence the attainable rental values and a sufficient allocation will be required in order to compete with local new build schemes.

COMMERCIAL PROPERTY MARKET

OFFICE SECTOR

Over the previous two years, the COVID-19 outbreak has put pressure on office markets. An increase in hybrid working models has reduced office utilisation rates in less resistant markets. A flight to quality is also being observed in which tenants are prioritising their ESG strategies and as a result, requirements for energy efficient, cleaner, and sustainable office spaces have grown. In turn, the best-in-class space assets and Grade A schemes are showing greater retention of demand, despite Q4 of 2022 showing the lowest levels of office investment since October 2008 (*Source: PropertyData)*. Additionally, we anticipate the flexible work-space sector may experience growth into 2023, through demand from SME and corporate occupiers.

LOCAL OFFICE MARKET

Fleet forms part of the submarket known as Blackwater Valley, the area situated in a triangle junction 4 and 5 of the M3 motorway to the North, and the A31 to the South. This area encompasses three districts Surrey Heath, Rushmoor and Hart. Agents have predominantly combined these districts into one interchangeable market, as such market analytic do not distinguish between them.

The office market is focused on out-of-town locations around the main centres of Camberley and Frimley (within Surrey Heath), Farnborough and Aldershot (Rushmoor) and Fleet and Hook (Hart), which provide good access to the wider M25 West area and to the rest of the South East. These places established themselves as office centres following the high-tech boom of the late 1990s, as overspill occurred from more prominent, core M4 office centres such as Reading, Maidenhead and Slough.

The labour market in the Blackwater valley is majorly occupied by the IT sector, though a number of these were significantly affected by the dotcom crash of the early 2000s and later by the Global Financial Crisis (*Source: Promis)*. The Production sector dominates, in part due to Aldershot's position as the British Army and Airforce HQ and Farnborough's reputation as a hub for aerospace. The area is also home to hi-tech manufacturing and pharmaceuticals firms; however, relocations away from this more peripheral market to surrounding core markets has been prevalent in recent year. The largest subsector in Blackwater Valley is Professional & Business Services, accounting for 14.3% of total employment or 23,600 jobs (*Source: Promis).*

Blackwater Valley: Location factors important to office occupiers			
	Blackwater Valley	**M25 West average**	**Office PROMIS average**
Availability of labour			
Economic Activity Rate 2021 (% working age pop.)	87	81	80
Unemployment Rate October 2022 (%)	2.2	2.7	3.5
Unemployment annual change to October 2022 (%)	-0.7	-0.9	-1.2
Quality of labour force			
Managerial office based 2021 (% of employment)	41	42	39
Routine office based 2021 (% of employment)	27	28	26
Non-office based 2021 (% of employment)	32	30	35
University Students 2020-21 (No. of)	18,000	10,300	30,000

Sources: Labour Force Survey, National Statistics, Higher Education Agency *Last update: 16/12/2022*

Within the M25 West Market Area the nearest centres in size to Blackwater Valley are Heathrow & Uxbridge and Watford. Since the last review we conducted, there has not been any significant office schemes in Fleet's development pipeline. It is still worth highlighting Ancells Business Park, located approximately 1.5 miles to north of the town centre. Developed from the late 1980s to mid-2000s, Ancells provides a range of multi-let and stand-alone office buildings for occupiers such as Keysight Technologies and Grass Roots. The park suffers prolonged high vacancy rates and resultantly, several buildings have undergone conversion to residential use. Technology House, for example, has been converted to 43 flats which has swiftly followed nearby Oak House's recent conversion. Close by is the fully let Waterfront Business Park, which backs on to Fleet Pond. The park currently comprises of a mix of modern office buildings developed by Helical Bar in 2002 alongside older industrial buildings. Current occupiers include Barclays and NTT, both of which occupy two separate buildings, as well as Royal Mail and a Premier Inn hotel. Located nearby is Summit Avenue, the location of two large office premises of BMW and vehicle leasing firm Alphabet.

Despite the ailing Ancells Business Park, top headline rents in Blackwater Valley stand at £27 psf for out-of-town office and £28.50 psf for in town, according to PMA research. But it should be noted the prime rents are typically set outside of Fleet and within Farnborough. We are of the opinion that in Fleet town centre the top rents are likely to be in the region of £15 - £20 per sq. ft.

Within Fleet town centre there is limited office stock, with Admiral House and Flagship House offering the most modern office space in a central location with good floorplates comparable to buildings within Ancells Business Park. Otherwise, the majority of the space in the town centre is smaller floor plates with previous office space having been converted to residential. Demand within the town centre is likely to be localised.

We have identified the following key deals:

SIGN DATE	ADDRESS	TOTAL SQUARE FT LEASED	RENT PER SQUARE FT PER YEAR
August 2021	161 Fleet Road	1430	£16.50
July 2021	161 Fleet Road	1399	£16.50
December 2021	Beech House, Ancells Business Park	2505	£17.50
June 2021	Beech House, Ancells Business Park	1355	£17.00
July 2021	One Fleet, Ancells Road	2,183	£16.00
July 2020	Fleet 27, Ryle Close	11,712	£16.00
October 2022	349 Fleet Road	1,065	£16.50

We are also aware that floorspace is available within Flagship house, next door to the current HDC offices, which is being marketed at £20.50 psf and Space within Admiral House is currently available for £19.50 psf.

It is of our opinion then, that a flexible refurbished space in the civic quarter could be competitive at rents between £15.00 - £20.00 per sq. ft.

MONTAGU EVANS

70 ST MARY AXE
LONDON
EC3A 8BE

WWW.MONTAGU-EVANS.CO.UK

London | Edinburgh | Glasgow | Manchester

WE CONSIDER OUR CREDENTIALS, HOW WE HAVE STRUCTURED OUR BID AND OUR PROPOSED CHARGING RATES TO BE COMMERCIALLY SENSITIVE INFORMATION.
WE REQUEST THAT THESE BE TREATED AS CONFIDENTIAL.

Cabinet

THURSDAY, 5 OCTOBER 2023

CIVIC QUARTER REGENRATION PROJECT UPDATE

Report of: Chief Executive

Cabinet Portfolio: Corporate Services

Key Decision: N

Confidentiality: Non Exempt

PURPOSE OF REPORT

1. The purpose of this report is to seek Cabinet's agreement to pause further work on the Civic Quarter regeneration project.

RECOMMENDATION

2. Work on the Civic Quarter Generation project should be paused until such time as the prevailing economic climate and market conditions are suitable to support the delivery of a viable and comprehensive regeneration opportunity.

BACKGROUND

3. In April 2020 the Council commissioned a multi-disciplinary team to help inform the commerciality of the potential regeneration of the Fleet Civic Quarter (broadly comprising the Civic Office, the Library, the Harlington, and Victoria Road car park). The purpose of the project was to understand the available regeneration options to achieve a viable and deliverable solution which would create a vibrant quarter centred around the civic and cultural offerings within Fleet.

4. A master planning exercise subsequently highlighted that there were two scheme options that offered the strongest long-term masterplan for Fleet

   I. The existing Civic office building retained/refurbished with 2 sub-options reviewed, 1. Residential refurbishment (Option C) or 2. Office refurbishment (Option D)

      In both Options C and D

   II. The Harlington was to be demolished and a new build Harlington performance centre re-provided with active edges on the high street

   III. The current library is demolished, with a new build residential block to be built to include a re-provided library.

5. In light of the prevailing economic situation, particularly rising costs and interest rates, and the need to conduct evidence-based financial checks and move forward cautiously, Cabinet decided in December 2022 to commission a review of the Project's viability.

THE REFRESHED VIABILITY REPORT

6. The refreshed viability report is attached at Appendix 1. In summary it highlights. that the rise in build costs and the increase in the cost of borrowing, combined with static values means the business case for options C and D in its entirety has become more challenging. This is primarily due to the increased funding deficit for the reprovision of the Harlington where costs have risen to c.£18M in comparison to the £16m previously forecast.

7. The refreshed viability report comments that the scope for development to deliver significant cross-subsidy is limited by virtue of the modest level of development within the masterplan and therefore modest land receipts. The potential for cross-subsidy has also diminished, primarily due to rising costs.

8. It goes on to suggest that a way forward could be to address refurbishment or redevelopment of the civic office building in isolation (as an early phase of work), which could allow parallel workstreams to be progressed including a more detailed examination of the Harlington options.

9. The Harlington business case it says, should be built around the long-term revenue considerations, rather than a reliance on commercial development cross-subsidising significant community investment with funding from HDC/FTC. At c.£18M, the anticipated development costs are creating a significant funding gap.

CONSIDERATIONS

10. The Civic regeneration project at the current time is unviable. Therefore, the primary objective of delivering a viable and comprehensive redevelopment of the Civic Quarter cannot be achieved in the foreseeable future.

11. Whilst it is suggested that a way forward could be to address refurbishment or redevelopment of the Civic Offices in isolation (as perhaps an early phase of work), this does not in itself require the continuation of the current Civic Regeneration project. The Council has already successfully sought to deliver more effective occupation of the Civic Offices outside the Civic Regeneration framework.

12. Furthermore, in the absence of alternative office provision, there is no business case at the moment to support either redevelopment of the Civic Offices nor is there a business case to convert it into residential accommodation. There is already an ongoing programme of day-to-day refurbishment of the building. It is fit for purpose and as recently demonstrated by Farnborough College of Technology’s adaption of the first floor, the Civic Offices floor space is readily flexible and adaptable to accommodate alternative uses.

13. Finally, the refreshed viability advice refers to a need to look at parallel workstreams to be progressed including a more detailed examination of the Harlington options. This has some merit in such an approach but not at the current time. Market conditions are not suitable and there is no reasonable prospect of a scheme coming forward for some time. Work therefore on parallel working would be premature and, in any event, would need to be revisited in later years.

14. The recommendation, therefore, is that the project should be paused until such time as the market conditions indicate that this ambitious project is both viable and deliverable.

FINANCIAL AND RESOURCE IMPLICATIONS

15. No direct financial or other resource implications arise from this recommendation. Significant abortive cost would, however, arise should the decision be to continue with the project in the current economic climate.

RISK MANAGEMENT

16. There is no risk associated with this recommendation. Substantial risks would arise however, if the project were to proceed in the current economic climate.

EQUALITIES

17. There are no equailties issues raised by this recommendation.

CLIMATE CHANGE IMPLICATIONS

18. There are no climate change issues raised by this recommendation]

ACTION

19. Subject to Cabinet's decision, the Civic Regeneration project will be paused but kept under review until the economic climate improves. A further report will then be brought back to Cabinet.
20. In the meantime, the Council will complete the lease as previously agreed with FTC on the Harlington.

Contact Details: Daryl Phillips, Chief Executive

Appendix 1: Fleet Civic Quarter Regeneration Draft Viability Update Briefing Paper February 2023 Update

Cabinet

THURSDAY, 5 OCTOBER 2023

NEW LEASE ARRANGEMENTS FOR THE CROSS BARN, ODIHAM

Report of: Chief Executive

Cabinet Portfolio: Corporate Services

Key Decision:[=

PURPOSE OF REPORT

1. The purpose of this report is to seek Cabinet's approval for a new lease arrangement for the Cross Barn, Odiham.

RECOMMENDATION

2. The Chief Executive be authorised to conclude arrangements for a new 25-year lease for the Cross Barn, Odiham.

BACKGROUND

3. The Cross Barn is a Grade II listed building constructed in 1532. It is owned by Hart District Council and operated as a community asset by a board of Trustees under a lease agreement dated 10th April 2015 for a term of 20 years, at a peppercorn rent.

MAIN ISSUES

4. The Cross Barn's trustees have asked for an extension to the current lease for similar reasons to that recently agreed by the Council with Hartley Wintney Cricket Club. The Trustees are finding that a remaining 12-year term is not enough in terms of securing outside funding, grants etc.
5. None of the main terms of the current lease would change. The proposal is that a reversionary lease for a 25-year term is granted, rather than a surrender of the current lease and the re-grant of a new lease, which should save on legal costs etc.
6. If a reversionary lease is granted now it will come into force on the expiry of the current lease in April 2035.
7. The only minor change proposed to the current lease would be the termination provision in that the Council would have the ability to terminate the lease with three months' (rather than the current one-month arrangement) notice should the premises cease to be used for its permitted use. The new arrangement would allow this to be a mutual arrangement.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

8. The Cross Barn is self-financing and well managed by the Trustees. The do-nothing option of leaving the lease as it is in its current form, however, would be of no advantage to either the Council or the Trustees. It would simply leave the Trustees an unnecessary challenge to securing long term outside funding, grants etc.

FINANCIAL AND RESOURCE IMPLICATIONS

9. No direct financial or other resource implications arise from this proposal.

RISK MANAGEMENT

10. There is no risk associated with this proposal.

EQUALITIES

11. There are no equailties issues raised by this proposal.

CLIMATE CHANGE IMPLICATIONS

12. There are no climate change issues raised by this proposal.

ACTION

13. Subject to Cabinet's approval new lease arrangements will be finalised with The Cross Barn Trustees.

Contact Details: Daryl Phillips, Chief Executive

CABINET

KEY DECISIONS / WORK PROGRAMME AND EXECUTIVE DECISIONS MADE

October 2023

Cabinet is required to publish its Key Decisions and forward work programme to inform the public of issues on which it intends to make policy or decisions. The Overview and Scrutiny Committee also notes the Programme, which is subject to regular revision.

Report Title	**Outline/Reason for Report/Contents**	**Due Date**	**Key Decision Y? (Note 1)**	**Cabinet Member (Note 2)**	**Service (Note 3)**	***This item may contain Exempt information**
Review and Project Plan Flood Schemes	Review and project plan the flood schemes at Kingsway, Blackwater Mill Corner, North Warnborough Phoenix Green, Hartley Wintney. A full review of the current schemes, new project plans, project management, resources and timeframes	5 Oct	No	Portfolio Holder - Planning Policy and Place	PL	Open
Corporate Risk Register (Half Yearly Review)	Cabinet to review the Corporate Risk Register and pass any comments to officers.	5 Oct 4 Apr	No	Portfolio Holder - Climate Change and Corporate Services	CS	Open

Report Title	Outline/Reason for Report/Comments	Due Date	Key Decision Y? (Note 1)	Cabinet Member (Note 2)	Service (Note 3)	*This item may contain Exempt information
UK Shared Prosperity Fund (UKSPF) resources and programme update	To consider proposals for the necessary resources to deliver the UKSPF programme, as approved in the Investment Plan, and to note the updated timetable	5 Oct	No	Leader and Portfolio Holder - Strategic Direction and Partnerships	CS	Open
Winchfield Neighbourhood Plan 2022-2037	To receive Inspector's report and consider whether to proceed to referendum.	5 Oct	No	Portfolio Holder - Planning Policy and Place	PL	Open
Civic Regeneration Update	To report to Cabinet the outcome of the updated financial appraisal for the Civic Regeneration scheme and to agree next steps	5 Oct	No	Portfolio Holder - Finance	CS	Open
Lease for Cross Barn, Odiham	To agree revised lease to enable the Cross Barn Trustees to secure external funding for improving the facilities in the future	5 Oct	Yes	Portfolio Holder - Climate Change and Corporate Services	CS	Open

Report Title	Outline/Reason for Report/Comments	Due Date	Key Decision Y? (Note 1)	Cabinet Member (Note 2)	Service (Note 3)	*This item may contain Exempt information
Q2 Budget monitoring report and forecast outturn for 2023/24 - incorporating treasury activity	Report to Cabinet the latest projections of expenditure and income, including capital, for 2023/24 for review and approval of any action necessary. Report to include treasury activity and adherence to approved policy.	2 Nov	No	Portfolio Holder - Finance	CS	Open
Butterwood Homes Report from Scrutiny Panel	To consider adopting any proposals recommended by the Butterwood Homes Scrutiny Panel	2 Nov	No	Portfolio Holder - Climate Change and Corporate Services	CS	Open
Supplementary Planning Document - Viability Appraisals for New Developments	Following public consultation, Cabinet to consider adopting the Supplementary Planning Document on Viability Appraisals for New Developments	2 Nov	No	Portfolio Holder - Planning Policy and Place	PL	Open
Supplementary Planning Document - Cycle and Car Parking in New Developments	Following public consultation, Cabinet to consider adopting the Supplementary Planning Document on Cycle and Car Parking in New Developments	7 Dec	No	Portfolio Holder - Planning Policy and Place	PL	Open
Medium Term Financial Strategy Mid Year Review and Headline Budget Strategy for 2024/25	To note emerging pressures on the Council's finances and agree a budget strategy for the coming year and consider changes to the MTFS	7 Dec	No	Portfolio Holder - Finance	CS	Open

Report Title	Outline/Reason for Report/Comments	Due Date	Key Decision Y? (Note 1)	Cabinet Member (Note 2)	Service (Note 3)	*This item may contain Exempt information
Settlement Capacity and Intensification Study	To consider the Settlement Capacity & Intensification Study produced by consultants. The study was commissioned to review the potential capacity within the district's settlements to accommodate future growth	7 Dec	No	Portfolio Holder - Planning Policy and Place	PL	Open
Planning Local Enforcement Plan	To consider and adopt an updated Planning Local Enforcement Plan. The current Planning Local Enforcement Plan was adopted in January 2016, and this review is to ensure if reflects current best practice and to bring it up to date.	7 Dec	No	Portfolio Holder - Planning Policy and Place	PL	Open
Adoption of Local Cycling and Walking Infrastructure Plan (LCWIP)	Following the end of the consultation period, to consider adopting the updated LCWIP.	7 Dec	No	Portfolio Holder - Planning Policy and Place	PL	Open
Review of CCTV Service	To review the CCTV service, including any requirement for additional funding for replacement cameras/additional maintenance as required	4 Jan	No	Portfolio Holder - Community Safety and Development Management	COM	Open

Report Title	**Outline/Reason for Report/Comments**	**Due Date**	**Key Decision Y? (Note 1)**	**Cabinet Member (Note 2)**	**Service (Note 3)**	***This item may contain Exempt information**
Climate Change Update	Cabinet to receive an update on progress against the Climate Change Action Plan	4 Jan	No	Portfolio Holder - Climate Change and Corporate Services	CS	Open
Draft Budget 2024/25	To consider and recommend to Council, the revenue and capital budget for 2024/25 including revised Medium Term Financial Strategy and any proposed changes to council tax discretions.	1 Feb	No	Portfolio Holder - Finance	PL	Open
Q3 Budget monitoring report and forecast outturn for 2023/24	Report to Cabinet the latest projections of expenditure and income, including capital, for 2023/24 for review and approval of any action necessary.	1 Feb	No	Portfolio Holder - Finance	FIN	Open
Treasury Management Policy and Capital Strategy annual statutory review	To consider and recommend to Council the revised Treasury Management Policy including Investment Strategy, prudential indicators and Capita Strategy, having regard to O&S comments	1 Feb	No	Portfolio Holder - Finance	FIN	Open
Draft Service Plans 2024/25	Cabinet to review and approve draft service plans for 2024/25 having regard to O&S comments and the approved budget.	4 Apr	No	Chief Executive	ALL	Open

Report Title	Outline/Reason for Report/Comments	Due Date	Key Decision Y? (Note 1)	Cabinet Member (Note 2)	Service (Note 3)	*This item may contain Exempt information
Crondall Conservation Area Appraisal	Cabinet to consider adopting the updated Crondall Conservation Area Appraisal		No	Portfolio Holder - Planning Policy and Place	PL	Open
Crookham Village Conservation Area Appraisal	Cabinet to consider adopting the updated Crookham Village Conservation Area Appraisal		No	Portfolio Holder - Planning Policy and Place	PL	Open
Hartley Wintney Conservation Area Appraisal	Cabinet to consider adopting the updated Hartley Wintney Conservation Area Appraisal		No	Portfolio Holder - Planning Policy and Place	PL	Open
Ongoing Items throughout the year						
Climate Change updated and request for funding allocations for projects to deliver Action Plan	To update Cabinet on progress against Hart's Climate Change Action Plan		No	Portfolio Holder - Climate Change and Corporate Services	CS	

Executive Decisions

None this month

Note 1
A “key decision” means an executive decision which, is likely to –

a) result in Council incurring expenditure or the making of savings which amount to £30,000 or 25% (whichever is the larger) of the budget for the service or function to which the decision relates; or
b) be significant in terms of its effects on communities living or working in an area comprising two or more wards within the area of the district of Hart.

Note 2

Cabinet Members

D Neighbour	Leader and Strategic Partnerships
J Radley	Deputy Leader and Finance
A Oliver	Development Management and Community Safety
T Clarke	Digital and Communications
T Collins	Regulatory
R Quarterman	Climate Change and Corporate
S Bailey	Community
G Cockarill	Planning Policy and Place

Note 3

Service:

CX	Chief Executive	CS	Corporate Services	PL	Place Services
CSF	Community Safety	PP	Planning Policy		
FI	Finance	COM	Community Services		
SLS	Shared Legal Services	MO	Monitoring Officer		

Report Title	Outline/Reason for Report/Comments	Due Date	Key Decision Y? (Note 1)	Cabinet Member (Note 2)	Service (Note 3)	*This item may contain Exempt information

Note 4

*This item may contain Exempt Information – Regulation 5 of the Local Authority (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012