

**Roberto Tambini**  
**Chief Executive**

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Our Ref: PGH/Cabinet  
Date: 5 December 2014

## Notice of Meeting

### CABINET

**Date: Tuesday 16 December 2014**

**Time: 19.00hrs**

**Place: Council Chamber, Council Offices, Knowle Green, Staines-upon-Thames**

<b>Members of the Cabinet</b>	<b>Cabinet member areas of responsibility</b>
R.L. Watts (Chairman)	Leader of the Council, Strategy and Human Resources
P. Forbes-Forsyth (Vice-Chairman)	Deputy Leader, Community Safety, Young People, Leisure and Culture
T.J.M. Evans	Finance
N. St. J. Gething	Economic Development and Fixed Assets
V. J. Leighton	Planning and Corporate Development
A. J. Mitchell	Environment (including Parks and Waste Management)
D. Patel	Parking services and ICT
J. M. Pinkerton OBE	Housing, Health, Wellbeing and Independent Living
J. R. Sexton	Communications and Procurement



## AGENDA

Description	Page Number
<b>1. Apologies for absence</b>	
To receive any apologies for non-attendance.	
<b>2. Minutes</b>	
To confirm the minutes of the meeting held on 18 November 2014.	1 - 6
<b>3. Disclosures of Interest</b>	
To receive any disclosures of interest from members in accordance with the Council's Code of Conduct for members.	
<b>4. Bridge Street car park redevelopment - Key Decision</b>	
Councillor Gething	7 - 16
<b>5. The Crooked Billet and funding future affordable housing opportunities - Key Decision</b>	
Councillor Pinkerton OBE	17 - 19
<b>6. Outline Budget 2015-16 to 2018-19 - Key Decision</b>	
Councillor Evans	20 - 31
<b>7. Provision of resilience services - Paper withdrawn</b>	
<b>8. Textiles collection service</b>	
Councillor Mitchell	32 - 44
<b>9. Land at Plots 12 and 13 tow path Shepperton (Revelstoke)</b>	
Councillor Gething	45 - 49
<b>10. Vacant pavilion to the rear of Cedars recreation ground</b>	
Councillor Gething	50 - 54
<b>11. Vacant commercial office, garages and service yards in Fordbridge Park, Ashford</b>	
Councillor Gething	55 - 60
<b>12. Community Infrastructure Levy Charging Schedule Implementation</b>	
Councillor Leighton	61 - 78

**13. Leader's Announcements**

To receive any announcements from the Leader.

**14. Issues for future meetings**

Members are requested to identify issues to be considered at future meetings.

**15. Urgent Items**

To consider any items which the Chairman considers as urgent.

## **Minutes of Cabinet**

**18 November 2014**

### **Present:**

Councillor R.L. Watts, Leader of the Council, Chairman of the Cabinet and Cabinet Member for Strategy and Human Resources  
Councillor P. Forbes-Forsyth, Deputy Leader and Cabinet Member for Community Safety, Young People, Leisure and Culture  
Councillor T.J.M. Evans, Cabinet Member for Finance  
Councillor N. Gething, Cabinet Member for Economic Development and Fixed Assets  
Councillor V.J. Leighton, Cabinet Member for Planning and Corporate Development  
Councillor T. Mitchell, Cabinet Member for Environment  
Councillor D. Patel, Cabinet Member for Parking services and ICT  
Councillor J.M. Pinkerton OBE, Cabinet Member for Housing, Health, Wellbeing and Independent Living  
Councillor J. Sexton, Cabinet Member for Communications and Procurement

### **2105. Minutes**

The minutes of the Cabinet meeting held on 30 September 2014 were agreed as correct.

### **2106. Disclosures of Interest**

There were none.

### **2107. Petition on Heathrow airport**

Cabinet received and noted a petition on the possible expansion of Heathrow airport.

Cabinet noted that the petitioner, Mr. Andrew McLuskey, who did not attend the meeting, had expressed his satisfaction with the response to his petition, given by John Brooks, Acting Head of Planning and Housing Strategy.

### **2108. Recommendation of the Cabinet Sub-Committee – Key Decision**

Cabinet noted that the Sub-Committee on the redevelopment of Bridge Street car park, which had been scheduled to take place on Thursday 13 November 2014, was cancelled, and that the report will now be discussed at the Cabinet meeting on 16 December 2014.

### **2109. Treasury management half-yearly report**

Cabinet received a report on Treasury management at the half-yearly stage for 2014-15.

**RESOLVED** that Cabinet notes the report.

### **2110. Capital monitoring and projected outturn – 6 months' update**

Cabinet received a report on the spend figures on the Capital programme for the period April to the end of September 2014.

**RESOLVED** that Cabinet notes the report.

**2111. Revenue monitoring and projected outturn – 6 months' update**

Cabinet received a report on the net revenue spend figures to the end of September 2014.

**RESOLVED** that Cabinet notes the report.

**2112. Parking Services**

Cabinet considered a report on a review of parking charges.

**RESOLVED** that Cabinet agrees to:

- Authorise the Head of Sustainability and Leisure to proceed with proposals made in this report
- Authorise the Head of Corporate Governance to publish a notice of proposal to advertise the proposed changes
- Delegate authority to the Head of Corporate Governance, in consultation with the Head of Sustainability and Leisure and the Cabinet Member for parking services to deal with any responses to the proposed changes
- Delegate authority to the Head of Sustainability and Leisure, in consultation with the cabinet Member for parking services to amend the proposals following consultation
- Authorise the Head of Corporate Governance to publish a notice of making once the final decision is made.
- The changes to the operational policy.

**2113. \*Changing the name of a ward**

Cabinet considered a report on a proposal to change the name of Staines ward to Staines-upon-Thames.

**RESOLVED TO RECOMMEND** that Council agrees to change the name of Staines ward to Staines-upon-Thames ward.

**Reason for the decision:**

Cabinet noted that the change of name would be in line with the renaming of Staines itself in December 2011.

**2114. \*Review of polling districts and places**

Cabinet considered a report following a consultation on a proposal to retain all the current polling stations, polling places and polling districts.

**RESOLVED TO RECOMMEND** that Council agrees to:

- Retain all polling stations as they currently are with the exception of The Lady of the Rosary School within Polling District S3.
- Consider using the church hall at Our Lady of the Rosary in Gresham Road.

**2115. Laleham camping club – lease renewal**

Cabinet considered a report on a request from Laleham Park camping club that the Council grants a renewal of their lease, which is due to expire on 30 November 2014.

**RESOLVED** that Cabinet:

- Approves the grant of a new lease to the Trustees of the Laleham Camping Club for Laleham Campsite for a period of 25 years, and
- Authorises the Head of Leisure and Sustainability to negotiate and agree all necessary terms.

**Reason for the decision:**

Cabinet noted that the club had recently made significant improvements to the site in order to improve the usage of the facility, and that it was a local club for local people.

**2116. Leader's Announcements**

The following are the latest service updates from various Council departments:

Councillors and staff attended remembrance services across the Borough on Sunday 9 November. The service at Sunbury was attended by the Mayor, Chief Executive, Kwasi Kwarteng MP and visitors from Melun.

The sporting success of local players, coaches and volunteers was celebrated at the annual Sports Awards at Shepperton Studios on Tuesday 21 October. Awards were presented to recognise sporting stars for their achievements, effort and dedication to sport in Spelthorne.

A medieval event in Lammas Park, Staines-upon-Thames and a river pageant are proposed for 13 June 2015 to celebrate the 800th anniversary of the Magna Carta. Community activities in liaison with the museum, schools and community arts groups are also planned. Further details will follow.

The Council Tax collection rates (cumulative) up to end October:-

- Council Tax: 74% (74% sply)
- Business Rates: 67.25% (72.4% sply)
- Council Tax Support: 53.8% (44.7% sply)

The Council's collection of Council Tax Support is significantly better than the same period last year despite the fact that Council Tax Support claimants now having to pay 25% of their Council Tax bill (up from 10% last year).

The new customer relationship management system being introduced by Customer Services is making good progress with phase 1 currently being tested.

A scheme offering landlords incentives to rent their property to Spelthorne Council has been launched. The incentives include guaranteed rent and a free tenant-finding service.

Dozens of local residents attended a Senior Citizens Safety Day on 29 October, dedicated to providing advice to older people on how to stay safe and keep healthy. Open to people aged 65 and over, the event was organised by Spelthorne Council and housing group A2Dominion with sponsorship from Wood Group Kenny.

Everyone Active Spelthorne won a Gold award for the best club in the South East region (Kent, Surrey, Sussex) at the Annual Health Club Awards. This is the 4<sup>th</sup> successive year that Everyone Active has picked up an award at this prestigious event.

Four park homes have had solid wall insulation installed, making the properties more energy efficient for the winter and reducing the risk of health issues and financial problems for the owners. A quarter of the funding for these works was obtained from npower.

Watercourse clearance works have been completed at Mark Way Ditch, Felix Lane and Black Ditch in Shepperton.

A report regarding textile collections has been approved by MAT and will now be included in the revenue growth bid process to determine if the project can proceed.

A consultation has been held to gain residents' views on what they would like to see done with the multi-story car park in Church Road, Ashford. Over 100 responses have been received.

The deadline for applications for the Repair and Renew Grant has been extended to 31 December.

Spelthorne Council's Chief Executive, Roberto Tambini, met with the family of Zane Gbangbola, who presented a petition calling for a public debate on the tragic death of their son who died during the floods earlier in the year. He wrote to the family after the meeting to express his sympathy for their ongoing anguish and to confirm that he has contacted the Coroner's Office asking for the Inquest to be arranged as soon as possible. The petition will be discussed at the Council meeting scheduled for 18 December and the family has been invited to attend.

Cllr Vivienne Leighton, ward councillor for Shepperton Town and Cabinet Member for Planning and Corporate Development was recently interviewed by Brooklands Radio. She spoke on a range of topics including her role as a Cabinet Member, Surrey County Council's plan for an Eco Park and flooding.

The Communications team has been working on the winter Bulletin magazine which will be delivered to residents from 6 December. It includes articles about flood awareness, the law enforcement trial and Christmas events.

The owner of the K2 restaurant in Stanwell has been prosecuted for food hygiene offences. He was fined a total of £6,000 with legal costs of £3,977.25 and a surcharge of £100.

A Spelthorne resident has been prosecuted under Part III of the Clean Air Act 1993 for allowing smoke emissions to be discharged from the chimney of a domestic property in a designated Smoke Control Area. The defendant was ordered to pay a nominal fine for the offence (£100) and the associated court costs of the Council.

Environmental Health Officers worked in partnership with Surrey Police and Surrey Fire Rescue Service to stop the illegal occupation of a disused warehouse in the Borough by 25 people. The conditions found by staff were unsafe with inadequate means of fire escape.



The team of staff required for the law enforcement trial have all been recruited. The trial will be launched at the Partnership Action Day being held in Stanwell on 3 December.

A member of the Streetscene team has been seconded to the Planning enforcement team to cover a member of staff who is on maternity leave.

### **2117. Issues for Future Meetings**

There were none.

### **2118. Urgent items**

There were none.

### **NOTES:-**

- (1) ***Members of the Overview and Scrutiny Committee are reminded that under Overview and Scrutiny Procedure Rule, the "call-in" procedure shall not apply to recommendations the Cabinet makes to the Council. The matters on which recommendations have been made to the Council, if any, are identified with an asterisk [\*] in the above Minutes.***
- (2) ***Members of the Overview and Scrutiny Committee are entitled to call in decisions taken by the Cabinet for scrutiny before they are implemented, other than any recommendations covered under (1) above.***
- (3) ***Within three working days of the date on which a decision of the Cabinet or a Cabinet Member is published, not less than three members [one of whom must be the Chairman] of the Overview and Scrutiny Committee are able to "call in" a decision;***
- (4) ***To avoid delay in considering an item "called in", an extraordinary meeting of the Overview and Scrutiny Committee will be convened within seven days of a "call in" being received if an ordinary meeting is not scheduled in that period;***
- (5) ***When calling in a Cabinet decision for review the members doing so should in their notice of "call in":-***  
***Outline their reasons for requiring a review;***
  - ***Indicate any further information they consider the Overview and Scrutiny Committee needs to have before it in order to conduct a review in addition to the written report made by officers to the Cabinet;***
  - ***Indicate whether, where the decision was taken collectively by the Cabinet, they wish the Leader or his nominee (who should normally be the Cabinet Member) or where the decision was taken by a Cabinet Member, the member of the Cabinet making the decision, to attend the committee meeting; and***
  - ***Indicate whether the officer making the report to the Cabinet or the Cabinet Member taking the decision or his/her representative should attend the meeting.***

***(6) The deadline of three working days for "call in" by Members of the Overview and Scrutiny Committee in relation to the above decisions by the Cabinet is the close of business on 21 November 2014***

**Cabinet****16 December 2014**

<b>Title</b>	Bridge Street car park redevelopment		
<b>Purpose of the report</b>	To make a Key Decision		
<b>Report Author</b>	Heather Morgan, Staines-upon-Thames Regeneration Manager		
<b>Cabinet Member</b>	Councillor Nick Gething	<b>Confidential</b>	No (but exempt Appendices)
<b>Corporate Priority</b>	Value for money Council		
<b>Cabinet Values</b>	Self-Reliance		
<b>Recommendations</b>	<p><b>That Cabinet authorise the Assistant Chief Executive (Assets and Finance):</b></p> <ol style="list-style-type: none"> <li><b>1. To proceed with the sale and disposal, and select the preferred bidder as advised in the Final Selection report of Cushman and Wakefield (confidential Appendix 3)</b></li> <li><b>2. To enter into a Conditional Sale and Development Agreement for the site</b></li> <li><b>3. To dispose of the land on the best terms possible and provided that a certificate for best value has been received from the Council's professional advisors</b></li> <li><b>4. To work with the preferred bidder to ensure a considered and well-designed scheme is brought forward, which meets the 6 development objectives in the Marketing brief, and for the Council to use external expert design and urban design advice to ensure these objectives are achieved.</b></li> </ol>		

**1. Key issues**

- 1.1 Cabinet made the decision on 26 November 2013 to proceed with the redevelopment of Bridge Street car park for private residential development, to dispose of the site for a capital receipt, for that money to be re-invested and to maximise the capital receipt for the site as far as possible.
- 1.2 The site was actively marketed for the Council by our property advisors (Cushman and Wakefield) between 2 August and 19 September 2014. At the same time, a Prospectus for Staines-upon-Thames was issued to all prospective parties. This highlighted the wider vision and aspirations which the Council have for the town, particularly highlighting the pivotal role of the River Thames in re-branding the image of the town. The Prospectus

specifically included future opportunities for development on other Council owned sites close to the river.

- 1.3 A total of 17 bids were received. These were evaluated on paper by Cushman and Wakefield (their Bid Assessment report is attached as **confidential Appendix 1**) as well as officers, and a select group of interested councillors, and clarification was sought where required. **Appendix 2** sets out the evaluation criteria used for assessing the bids.
- 1.4 Shortlisting took place on 3 October 2014. Six bidders were taken forward through a shortlisting interview process. These bids were considered in detail, and robustly evaluated by a Panel of officers, councillors and external advisors (property and design) on 17 October 2014. Further clarification was sought 'post' the interview process on a number of detailed points.
- 1.5 The final Selection Report from our professional property advisors is attached as **confidential Appendix 3** to this Cabinet report. Full details of the shortlisted bids and the evaluation of each of them are attached in the confidential Appendix. The report also recommends that the Council work with a preferred developer.
- 1.6 Also attached as **confidential Appendix 4** is a report from Design South East, who were appointed by the Council to give design advice on the shortlisted proposals.
- 1.7 Further clarification around the details of the process and the bids received, plus a Matrix of key information have been provided (**confidential Appendix 5**).
- 1.8 Cabinet is asked to recommend the approval of the next steps in the disposal and development process.

## 2. Options analysis and proposal

- 2.1 The marketing details asked bidders to consider price on the basis of (1) 50% affordable housing on site (2) provision of affordable housing off site at an alternative location (3) and an off-site financial contribution for the affordable element. If they so wished developers were able to submit bids where the Council retained an interest in the site (whether in the form of the Council retaining the freehold or through a joint venture). There was no requirement to re-provide any public car parking on the site (as the parking requirement for the nearby office block has now been resolved).
- 2.2 The Council has the option to:
  - (a) Proceed to negotiate detailed Heads of Terms with the preferred developer (as set out in **confidential Appendix 3**);
  - (b) Not to continue with the sale of the land and look at alternative delivery options for the site.
- 2.3 If option A is followed, there is a clear and reasoned decision for doing so. Any risk of challenge from an unsuccessful bidder will be mitigated as there has been a full and robust evaluation process. From the report by our independent property advisors, it is clear that the preferred developer has provided the 'best value' bid. Best value should be viewed in terms of 'the best price reasonably obtainable'. This recommendation can be fully justified. **Appendix 6** is an advice note from the Head of Corporate Governance which

sets out guidance on Section 123 of the Local Government Act 1972 and the disposal of land.

- 2.4 It is recommended that Cabinet accept the preferred developer as set out in the Cushman and Wakefield report (**confidential Appendix 3**).
- 2.5 If option A is not followed, and an alternative party is chosen, there is a very real risk of legal challenge from the recommended preferred developer, not least because of the high value of the development. The same could apply to any other shortlisted parties who take the view they put in a higher 'best value' bid. It is for this reason that the Council employs qualified and competent valuers to ensure that the bids have been evaluated on a comparable and objectively justifiable basis which will withstand outside scrutiny.
- 2.6 If option B is followed the Council would need to consider very carefully the implications of doing so. To date, the process of getting the site to market and to the stage of a preferred bidder has taken some 7 months. If a decision were made to halt the disposal process, and consider an alternative (for example through procurement of a building via an OJEU competitive dialogue process) then the Council would effectively be starting completely afresh.
- 2.7 If the alternative process requires an OJEU procurement then we would be looking at a minimum of 18 months before we could appoint a developer to deliver a joint venture/development partnership. There would be no scope to run with those bidders who suggested such an approach as part of this process, as others who may have been interested may not have expressed an interest in the site on the basis they understood the site was being sold by the Council.
- 2.8 This would have a real impact on the ability of the Council to deliver the year on year financial savings it needs to make in order to become a 'Self Financing Council' (as any income stream would inevitably be delayed by a much longer period). Additional pressure would almost inevitably be placed on other strands of the 'Towards a Sustainable Future' transformation programme to make up the shortfall (e.g. achieving more from other assets, re-considering where we re-locate, and the structural review of services and Councillors).

### **Financial implications**

- 2.9 Cabinet need to be fully satisfied that the bid from the preferred developer will not be diluted to any significant degree once the design and scale of the proposed development is refined prior to planning. All the bidders received a copy of the Council's draft Heads of Terms, and none of the shortlisted bidders expressed any material concerns about the content. The draft heads of terms include a number of measures designed to ensure that the Council benefits from any potential uplift in value in the future (known as overage). In addition it minimises, as far as possible, any dilution of the bid price once the conditional agreement has been signed (based on a set residual value per square foot). The draft heads of terms are contained in **confidential Appendix 7**.
- 2.10 The proposal will generate a significant capital receipt for the Council – further details are given within the **confidential Appendix 3** (Selection Report from Cushman and Wakefield). This will assist in delivering one of the three main strands of the Council's 'Towards a Sustainable Future' (TSF) transformation

programme – namely ‘Income Generation’ through the effective use of assets. The interest generated by the capital receipt will help significantly to offset the on-going savings which the Council will be required to find in the future.

- 2.11 Cabinet accepted back in November 2013 that the loss of revenue from all the parking spaces at Bridge Street would be more than offset by the interest generated by any significant capital receipt. (The average net income for the car park between 2011 and 2014 was £154,400 pa). Since November 2013 the residential market has improved, and a revised business case has been undertaken in light of the preferred bid. This demonstrates a much improved situation.
- 2.12 Parking Services will be working with BUPA (who currently contract 78 spaces) to try and re-locate them, and in so doing retain their business and the income. For the purposes of the business case, no assumptions have been made as to the success of these discussions.

### **3. Other considerations**

- 3.1 The design and quality of the eventual scheme will be considered by the Local Planning Authority when an application is submitted. In light of the importance that the Council attaches to the site, it is strongly recommended that external expert design/urban design advice is brought on board from the outset to help assist the Council (which does not have the relevant ‘in house’ expertise to draw on). There will be scope for officers to discuss with the preferred developer the option of a design competition in parallel with work to get the conditional sale and development agreement signed.
- 3.2 Legal resource is being provided to ensure that once the preferred bidder is agreed, detailed discussions can start immediately on the Sale and Development Agreement (SDA). The preferred developer (along with all others) received (in September 2014) a draft Heads of Terms which clearly set out the Councils requirements. This reduces the degree of uncertainty on the part of the preferred developer, and will help speed up the Agreement process. None of the shortlisted parties expressed concern about signing a conditional SDA within a month of a decision being made in principle by Cabinet.
- 3.3 There are no procurement or OJEU requirements involved if the Council undertakes a straight disposal of the site. The Council would simply be undertaking the sale of land to a developer. We would not retain any interest in the site after it has been sold, nor would the Council be in a position to put any requirements on the developer on the future build (other than the role of the Local Planning Authority in determining any planning application).
- 3.4 As set out in paragraph 2.6, if the Council were to decide to pursue an alternative option then full consideration would need to be given afresh as to how this could best be achieved.
- 3.5 If the Council were to even contemplate making a decision not to run with the preferred developer recommend by our professional property advisors, there are a number of real risks Firstly, the potentially extremely high cost (both financially and in staff resources) to the Council of any legal challenge from an unsuccessful party/parties. This could also include a claim for abortive costs from those parties for the work undertaken. Secondly, the prospect of real reputational damage if the Council opted to work with a developer when it turned out a certificate for best value was not capable of being signed.

(Counsel's opinion confirming the robustness of the Cushman Wakefield Selection Report is included as **confidential Appendix 8**).

- 3.6 Members should note that officers will be looking into what third party rights may exist or have the potential of being claimed at the site. Following this investigation officers will consider whether there is a compelling case to appropriate the land for planning purposes thereby preventing the extent of any agreed development from being compromised by any third party right, as far as this process is able. If this process is deemed necessary, officers will come back to Cabinet to seek a resolution for appropriation providing fully justified reasons for doing so
- 3.7 A 12 month termination notice was served on BUPA on 22 October 2014 which should ensure the preferred developer can take vacant possession on 23 October 2015.
- 3.8 The Council has an agreed strategy in place for dealing with the temporary and permanent re-location of the 22 parking spaces which are currently licenced to the adjoining office building (known as Strata). There will be no requirement to re-provide onsite, as an alternative location is available within the 'blue line' of the lease. This can be resolved satisfactorily by 23 October 2015.
- 3.9 The impact of not moving forward the delivery of this project on the 'TSF' transformation programme is set out in paragraphs 2.7 and 2.8 above.
- 4. Timetable for implementation**
- 4.1 The sale and development of Bridge Street forms a key component of the Council's 'TSF' transformation programme. The deal needs to be concluded as expeditiously as possible.
- 4.2 The aim is for the Council and the preferred bidder to sign a conditional SDA within a month of the decision being made by this Cabinet. There are then a number of further steps which the developer is required to take before the land is sold and the ownership transferred across (namely obtaining planning permission and demonstrating that they have the funding in place to acquire the site and build the development). It is anticipated that this will take say a further 12 months (to December 2015). However if there is scope to accelerate this process then every effort will be made to ensure that this is achieved.

**Background papers: None**

**Appendices:**

- (1) Cushman and Wakefield Bid Assessment September 2014 (confidential)**
- (2) Evaluation criteria used for shortlisting bids**
- (3) Cushman and Wakefield Selection Report October 2014 (confidential)**
- (4) Design South East report (confidential)**
- (5) Points of clarification and Matrix of key information (confidential)**
- (6) S123 advice note from the Head of Corporate Governance**
- (7) Draft heads of terms (confidential)**
- (8) Opinion from Counsel (confidential)**

Appendices 1, 3, 4, 5, 7 and 8 have been circulated to members of Cabinet only as it contains exempt information within the meaning of Part 1 of Schedule 12A to the Local Government Act 1972, as amended by the Local Government (Access to Information) Act 1985 and by the Local Government (Access to information) (Variation) Order 2006 Paragraph 3 – Information relating to the financial or business affairs of any particular person (including the authority holding that information) And on the basis that publication of these appendices would not be in the public interest because publication of the Councils approach to this agreement prior to contract award and negotiation of the Development Agreement would likely prejudice the Councils ability to agree the most advantageous terms and conditions with the preferred bidder. Details of the contract process and evaluation of bids can be made available after exchange of contracts.



## **EVALUATION CRITERIA FOR BIDS**

Set out below is an extract from the Cushman and Wakefield Bid Assessment report September 2014 (page 4 para 2.4) which sets out how they evaluated the bids.

Many of the financial proposals are either explicitly or implicitly subject to third party funding or financing. In selecting the development partners to shortlist, CW has had regard to the following matters in evaluating the sustainability of the financial proposal and deliverability of the envisaged scheme:

- Quantum, unit mix, scale and scheme design
- Level of financial offer
- Suggested overage or provisions for the Council to share in unanticipated success
- Conditions to which the bid was subject to
- Experience and expertise of the company in successfully securing planning permission and undertaking recent and comparable projects
- Available financial resource to sustain the bid indicated
- Anticipated development timescale and period suggested to complete legal documentation



Note to: Roberto Tambini, Chief Executive  
CC: Terry Collier, Chief Finance Officer  
Heather Morgan, Staines upon Thames Regeneration Programme Manager  
From: Michael Graham, Monitoring Officer  
Date: 15 October 2014

### **Disposal of Land**

You asked me for a short note in relation to the Council's duties on disposing of land. Without attempting to provide a long legal treatise on the subject, this is a summary of the position.

By virtue of section 123 of the Local Government Act 1972, councils have the power to dispose of land 'in any manner they see fit' provided they receive the 'best price reasonably obtainable'.

A disposal of land relates to the freehold or leasehold interest in land (provided the leasehold interest is for a term in excess of seven years).

Councils are not obliged to follow any particular disposal process (councils don't have to advertise, tender, go to market or have any formal process) but they must demonstrate that the objective of best price has been met.

In many cases the best price reasonably obtainable is easily ascertained by running a competition in the open market to determine the highest bidder. A certificate under section 123 from a competent external surveyor and valuer will satisfy the auditor that the process to select the purchaser reflects the prevailing market conditions and that the bids have been scrutinised to ensure comparability and that all elements relating to value have been considered (e.g. bids subject to planning permission, bids conditional upon funding or preleasing, bids not subject to overage, bids based upon flawed economic models etc).

Similarly, a sale by private treaty not subject to market testing also requires a s123 certificate to ensure that the local authority can demonstrate best price even though there has been no competition in the process.

Section 123 reflects the Council's wider common law fiduciary duty to Council Tax Payers to safeguard public funds and assets.

It should be noted that even if a bid may bring other benefits to a local authority area the Council is still obligated to its taxpayers to base its decision making around 'best price'.

Councils cannot take into account non-monetary benefits; such as the number of jobs that might be created, the desire for certain facilities e.g. a health & fitness club, the attractiveness of one scheme over another or that one land use is preferred over another. Land use is a matter for the Council acting as local planning authority to determine via the application of properly determined planning policy.

I trust this note assists.

Michael.



**Cabinet****16 December 2014**

<b>Title</b>	The Crooked Billet and funding future affordable housing investment opportunities		
<b>Purpose of the report</b>	To make a recommendation to Council on a Key Decision		
<b>Report Author</b>	John Hesbrook		
<b>Cabinet Member</b>	Councillor Mrs Jean Pinkerton OBE	<b>Confidential</b>	No
<b>Corporate Priority</b>	Creating opportunity and prosperity for our borough		
<b>Cabinet Values</b>	Community and Opportunity		
<b>Recommendations</b>	<ol style="list-style-type: none"> <li>1. Council agrees to a supplementary capital estimate of £500,000 for the above project.</li> <li>2. Cabinet agrees that the final decision on the structure of the transaction to be delegated to the Head of Planning and Housing Strategy in consultation with the Portfolio Holder</li> <li>3. Council agrees to setting up a £2 Million fund that can be drawn upon to be invested in affordable housing opportunities in advance of Section 106 funds being received.</li> </ol>		

**1. Key issues****1.1 The Crooked Billet Scheme**

The Crooked Billet development is a 29 unit residential scheme being developed by Bellway Homes. The Development is subject to a Section 106 Agreement that will secure 9 of the units for affordable housing. Of those 9 units, 5 will be for affordable rented tenure and 4 for shared ownership tenure. The affordable housing units on the development will be owned and managed by Thames Valley Housing Association (TVHA), who is one of the Council's preferred partner registered social landlords.

1.2 Discussions have taken place between the Council and TVHA who have the opportunity to purchase the whole scheme on completion and secure all 29 units for affordable housing. The Council would invest £1million to achieve this outcome. Bellway Homes would build the scheme out and transfer the ownership of the development on completion.

1.3 The Council would secure the additional 20 units of affordable housing for the sum of £1Million which equates to an investment of £50K per unit. The sum is the balance required for TVHA to purchase the units.

- 1.4 The initial proposal was for the Council to purchase the freehold of the Development and subsequently to grant TVHA a 150 year lease of the Development. As a result of which the Council would secure 100% ongoing nomination rights on all the affordable housing units. An alternative structure to the transaction has now been proposed by TVHA which would involve the Council purchasing the freehold of the Development at a price of £1,000,000 and thereafter a simultaneous sub-sale of the freehold to TVHA. It is proposed that the nomination rights should be secured through this back to back transaction. The final structure of the transaction is currently in negotiation between legal advisors for the respective parties with a view achieving the outcomes set here in the most tax efficient manner.
- 1.5 This investment would secure nomination rights to far greater number of units than could be achieved were the Council to invest the same sum of money into the open market to purchase properties.
- 1.6 A valuation report for this proposal was instructed from Kempton Carr Croft (Independent Valuation Consultants) to ensure that the Council are achieving good value for this investment. The report confirms that the proposal represents good value for money for the Council.
- 1.7 Other Opportunities
- The Council was recently made aware by TVHA of a 33 unit development in Sunbury that could potentially be secured for a 100% affordable housing scheme in partnership with TVHA if the Council would invest £1.3 Million. Unfortunately this opportunity was lost due to the site vendor opting to sell the site to an alternative party who was in a position to complete on the sale quicker than the Council would be able to obtain the necessary consents for such expenditure.
- 1.8 It is therefore proposed to set a £2 Million fund for affordable housing opportunities that come forward and need swift action to be realised. Commuted sums in excess of £1.3 Million will be received by the Council from the London Irish development over the next 12 to 24 months. Other schemes being negotiated are also likely to yield commuted sums and these monies can replenish the initial capital investment by the Council.
- 1.9 A full valuation report would be commissioned from Kempton Carr Croft for any scheme proposed to establish that good value is being achieved.

## **2. Options analysis and proposal**

There are two options

- a) To use the Council capital funding to secure 20 additional affordable units at the Crooked Billet Site and to set aside a £2 Million fund to be used in advance of receiving future Section 106 monies to secure other affordable housing opportunities.
- b) To not invest the monies and let the opportunity at Crooked Billet go and also not be in a position to respond quickly to future opportunities

**3. Financial implications**

- 3.1 Funding is available within the commuted sum budget to fund the Crooked Billet scheme, but a further supplementary budget of £500,000 needs to be agreed in order to deliver this project.
- 3.2 Should the £2 Million fund be agreed to allow forward funding of schemes, these monies can be repaid upon receipt of commuted sums.

**4. Other considerations**

- 4.1 The Council currently has 71 families in B&B accommodation. For the year 2013/14, the Council's net spend for Bed and Breakfast (B&B) provision was £139,518.63. The forecast net spend for 2014/15 is £266,830. These figures clearly demonstrate the increasing housing need and the financial burden this places on the Council. Funding schemes like the Crooked Billet in partnership with TVHA provides additional permanent, decent housing and reduces the overall reliance on B&B provision.

**5. Timetable for implementation**

- 5.1 To go to 16 December Cabinet/ and 18 December Council with recommendation for approval.
  - Complete contracts - Jan/Mar 2015
  - Potential Occupation – Spring 2016

**Background papers:**

Kempton Carr Croft Valuation Report

**Appendices:**

There are none.





**Cabinet****16 December 2014**

<b>Title</b>	Outline Budget 2015-16 to 2018-19 and Issues to be addressed as part of first draft of Detailed Revenue Budget 2015-16		
<b>Purpose of the report</b>	To make a Key Decision		
<b>Report Author</b>	Chief Finance Officer		
<b>Cabinet Member</b>	Councillor Tim Evans	<b>Confidential</b>	No
<b>Corporate Priority</b>	Value for money Council		
<b>Cabinet Values</b>	Accountability		
<b>Recommendations</b>	<p><b>Cabinet is asked to agree:</b></p> <ul style="list-style-type: none"> <li>• <b>That the net budgeted expenditure (before investment and use of reserves ) for 2015-16 be set at a maximum level of £13.5m</b></li> <li>• <b>That the report be noted and that the Towards a Sustainable Future programme of savings and income generation continues to be progressed in order to enable the Management Team, the Leader and Cabinet, identify a package of options by which the budget can be balanced both in 2015-16 and over the following three years of the outline period.</b></li> <li>• <b>That the financial health indicators set out in paragraph 2.17 be agreed</b></li> </ul>		

**1. Key issues**

- 1.1 The Council knows that, like all of local government it faces a challenging financial future with the national austerity programme less than half way through delivery, meaning that regardless of the outcome of the 2015 General Election there will continue to be very significant ongoing funding cuts from central government.
- 1.2 The outline budget report is normally produced in the autumn. Each year the Council produces a five-year rolling revenue budget projection based upon the Council's approved financial strategy.
- 1.3 Once approved, the first year of the Outline Budget forms the basis for preparation of the detailed revenue budget and the remaining three show the financial effects of approved policies over that period. Taken with the previous decision on the amount of reserves to be used, assumptions on Government grants and other financial information enable the Council to make a balanced judgement on the levels of Council Tax to be levied.

- 1.4 At the start of our outline budget modelling process the potential budget gaps were, if not mitigating actions put in place, as follows:

2015-16 - £740k

2016-17 a further £730k ; cumulative £1,470k

2017-18 a further £520k; cumulative £1,990k

2018-19 a further £845k; cumulative £2,835k

- 1.5 Taking into growth in council tax base, additional anticipated business rates income (see paragraph 1.8 below), setting aside a proportion of New Homes Bonus for specific housing initiatives, revised investment income figures based on current performance but not taking into account Bridge Street income, but also taking into account reduced Elmsleigh Centre income in 2015-16 and 2016-17 the revised figures are:

2015-16 - £442k

2016-17 a further £1,025k ; cumulative £1,467k

2017-18 a further £309k; cumulative £1,776k

2018-19 a further £850k; cumulative £2,626k

- 1.6 The Outline Budget needs to cover the following areas:

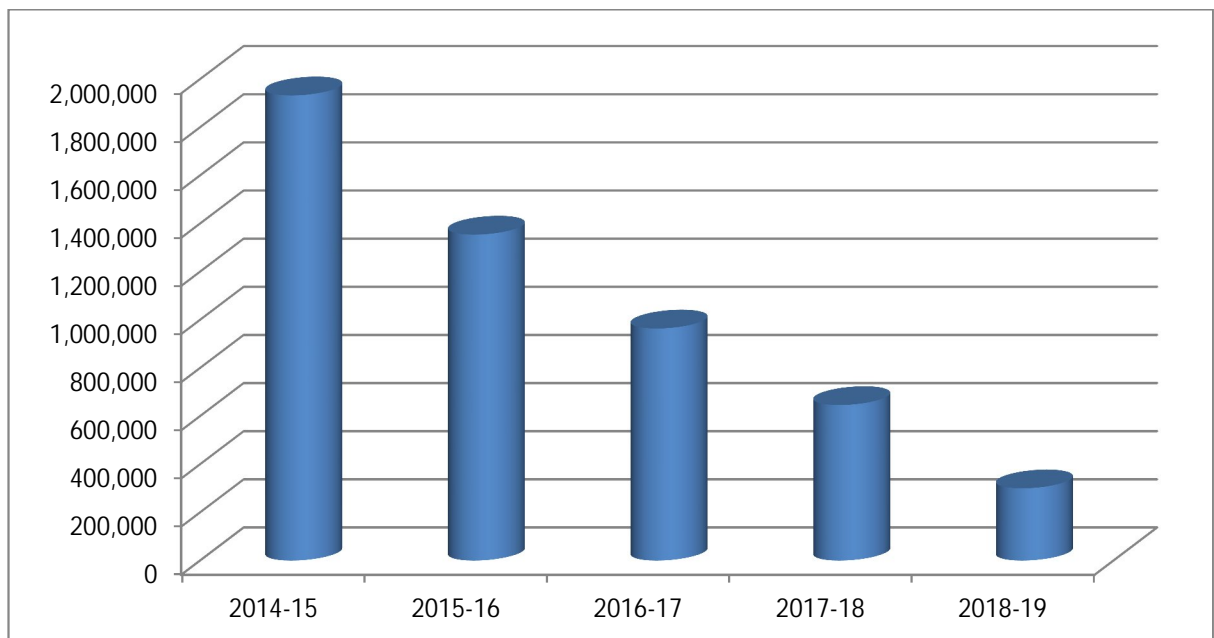
- (a) Anticipated declining levels of revenue grant support
- (b) Anticipated external pressures such as statutory changes impacting over the outline budget period
- (c) How we fund our corporate priorities by generating increased income streams
- (d) The level of Council Tax, which the Council wishes to levy
- (e) Future assumptions on interest rates and investment types.
- (f) The level of services that the Council wishes to provide and the level of revenue expenditure the Council wishes to incur in the provision of those services. This is particularly important in light of the significantly reduced grant the Council will now receive.
- (g) The level and range of charges the Council should make for its services.
- (h) The use of revenue reserves (if any) the Council wishes to use to support that level of service.
- (i) The level of reserves the Council wishes to retain to provide investment income and ensure stability for the future.
- (j) The alternative use of reserves to generate future savings.
- (k) The level of capital expenditure which the Council wishes to support and how it will seek to borrow, including being prepared to borrow where there are robust business cases in support.
- (l) A review of the Council's portfolio of assets to ensure that it is maximising value obtained from use of assets (both in terms of cost of maintaining those assets and income generated from them) and to

review opportunities to rationalise the portfolio and generate additional income streams.

### Reducing Grant Support

- 1.7 Revenue Support Grant (RSG) is currently £1.9m for 2014-15, we have been advised of the provisional figures for 2015-16 with further reduction of £600k taking the grant down to £1.3m. Current projections indicate that it is possible by 2018-19 our Revenue Support Grant will have reduced to less than £0.35m which represents a reduction of 80% over 5 years. This clearly is a very large reduction and is one of the key drivers of our potential rising budget gaps over the medium outline budget period. The Council is therefore preparing for the possibility that by 2020 it will cease to receive any Revenue Support Grant.

### Projected reduction in Revenue Support Grant (£) for Spelthorne over Outline Budget period.



### New Homes Bonus Grant

- 1.5 New Homes Bonus (NHB) grant is paid by the Government to encourage greater numbers of dwellings in areas. The grant match funds the income generated from the additional council tax income from additional dwellings (either new or long term empty brought back into use) with an 80:20 split between districts and counties, and is paid for six years. With the grant accumulating over a six year period the amounts of grant have begun to become significant, in 2014-15 we are receiving £1.2m NHB grant.
- 1.6 With the forthcoming General Election there is the possibility that the level of NHB could be scaled back in future and we also need to have regard that from 2017-18 there is the potential for NHB to start to be scaled back. With this in mind it would be desirable over the next few years to start reducing the

proportion of NHB grant used to support the revenue budget. It is suggested that in anticipation that NHB will rise in 2015-16 to £1.5m that 90% is used to support the general budget and 10% (£150k) set aside for one-off housing initiatives. In 2016-17 we would seek to increase this set aside to 20%. This has been reflected in the Outline Budget projections.

### Retained Business Rates

- 1.7 April 2013 saw the commencement of the new retention of business rates regime under which we retain a small proportion of business rates after paying 50% over to the Treasury, 10% over to Surrey County Council, a £14m tariff and then a 50% levy on additional growth. After adjustments our net share of any underlying growth in business rates is 20%. However, we also bear 40% of the risk of any businesses being unable to pay their business rates. The other risk we are exposed to relates to businesses successfully appealing to Valuation Tribunals to have their valuations set by the Valuation Office Agency reduced.
- 1.8 As mentioned in paragraph 1.7 we would normally pay a 50% levy on any additional business rates growth achieved relative to our baseline (for example we are currently waiting for Strata, Bridge Street and 20 Kingston Road to be added back to the Rating List). However, in 2015-16 Spelthorne along with three other Surrey districts and boroughs (Elmbridge, Mole Valley and Woking) plus the County Council are forming a business rates “pool” which by combining tariff boroughs with a top up county council means we will not be liable to pay a levy on any additional business rates growth we achieve in 2015-16. Applying a cautious approach to the analysis produced by the consultants used by the Surrey Treasurers we anticipate this will be equivalent to at least £250k additional business rates income retained in 2015-16. We have not projected beyond 2015-16 as the membership of the Surrey pool will be reviewed each financial year which may mean Spelthorne is not a member in future years.
- 1.9 **Aggregate impact of RSG, NHB and retained Business Rates**
- 1.10 The ability to build in a higher provision for retained business rates for 2015-16, combined with a projected rise in New Homes Bonus Grant means the combined level will increase by £440k between 2014-15 and 2015-16. However the combined funding level will then fall each year with a cumulative reduction of £900k by 2018-19.

	14-15	15-16	16-17	17-18	18-19
Business rates	2,361,348	3,049,000	2,886,000	2,984,000	2,984,000
RSG	1,932,189	1,354,000	964,000	646,000	300,000
NHB	1,218,600	1,548,000	1,877,000	1,977,000	1,800,000
Total Funding	5,512,137	5,951,000	5,727,000	5,607,000	5,084,000

### 1.11 Pensions

- 1.12 There are two elements to the Council's contributions towards the Surrey Local Government Pension Fund a) ongoing current service accrual rate – towards the additional pension liabilities being accrued as staff serve a further year. This is currently 15.8% of pensionable pay. B) a historic deficit

contribution toward the deficit relating to the funding of pension liabilities arising from past service of current staff, pensioners and individuals who have deferred pensions. The contributions are calculated with the aim of repaying the deficit over a 20 year period. The actuaries initial advice is to that our contribution will need to rise as follows:

Currently £657,000 in 2014/15

- £837,000 in 2015/16
- £1,016,000 in 2016/17

- 1.13 This significant increase has been reflected in the outline budget projections.
- 1.14 Additionally 2016-17 will see the introduction of a single tier state pension system, with the end of employers such as local government “contracting out” of the higher contributions. This will mean Spelthorne’s employer contributions will increase by 3.4% on an ongoing basis. This cost is estimated at approximately £170k per annum from 2016-17 and is reflected in the Outline Budget projections.
- 1.15 It can be seen that this is a particularly significant adverse pensions impact in 2016-17 resulting from an increase of £180k in employer superannuation contributions and impact of ending of contracting out adding a further £170k giving a combined effect of additional £350k expenditure in 2016-17.
- 1.16 **Pay increase**
- 1.17 Previous projections had assumed an annual increase of 1% for staff and councillors 2014-15 and 2015-16 then 1.5% per annum thereafter. Spelthorne applies the nationally negotiated annual pay award. Currently the employers and unions have now agreed a deal for 2014/15 -2015/16 which includes an offer of 2.2% with effect from 1<sup>st</sup> January 2015 for 15 months, with additional weighting for the lower grades particularly staff on scale points 5 to 10. Due to the impact in 2014-15 being only a part year effect the impact on the 2014-15 budget is within the net provision of £100k additional cost we had assumed. However for 2015-16 the net additional cost of the proposed pay award is £45k more than our baseline assumption of a further £100k. This means additional efficiencies will need to be found to offset this impact.
- 1.18 **Universal Credit / Housing Benefit/Welfare reform**
- 1.19 The Department of Work and Pensions has indicated that in 2015 the Universal Credit scheme to replace Housing Benefit will be rolled out across all local authorities. Our modelling currently assumes this will be completed by 2018-19. The disappearance of Housing Benefits will have a net adverse financial impact on the Council as currently we are very efficient at recovering overpayments for which under the current system we are able to retain 40% which contributes £500k income per annum to the Council’s budget. Our outline budget projections currently assume that Universal credit be phased in over four year period we will lose gradually the £500k per annum overpayment income. Therefore by 2018-19 Spelthorne will be £500k per annum worse off.
- 1.20 Whilst we are waiting for clarification as to what residual role local authorities will retain for assisting with those claimants unable to interact over the internet, clearly the majority of the staff currently involved with housing benefit administration will by 2017-18 no longer be required. We are awaiting

clarification, to confirm that the Government will cover any redundancy costs incurred. The outline projections therefore do not assume any net redundancy costs. In the interim period this situation potentially will create staff retention problems.

- 1.21 Like most councils we are facing increasing pressure on our budget with respect to our discretionary housing payments and bed and breakfast budgets. Our homelessness budget is part of the budget which is facing increasing growth pressures.
- 1.22 **Council Tax Support**
- 1.23 From 1st April 2013 the Treasury reduced funding of council tax benefits by 10% (although pensioners are protected so the impact falls disproportionately on working age claimants). At the same time councils have been asked to design their local schemes. The Council implemented a scheme for 2013-14 and then revised it for 2014-15. This was intended to then provide a period of stability so there is no proposal to revise the Spelthorne Local Council Tax Support Scheme further.
- 1.24 The introduction of the council tax support scheme has resulted in higher levels of recovery action required, and the Council is closely monitoring the impact on collection levels.

## **2 Options analysis and proposal**

### **2.1 OUTLINE BUDGET 2015/2016 – 2018/2019**

- 2.2 Attached as [Appendix 1](#) is a summary of projected expenditure and possible financing to 31 March 2019. It will be seen that the amount needed to be funded from Council Tax, if offsetting savings were not put in place, is some £0.50m in 2015/16 (taking into account additional retained business rates) rising to £2.8 m over the Outline period.
- 2.3 Council Tax rate increases for 2015-16 and future years are assumed to be 1.94% per annum. However, it remains possible that the council tax referendum limit will be reduced by Government.
- 2.4 In response to the reducing funding levels, Cabinet and Management Team have recognised that a fundamental transformation programme “Towards a Sustainable Future” (TaSF) needs to be put in place to aim at making the Council a self-funding council by the end of the outline budget period.
- 2.5 The TaSF programme includes three strands
- a) Maximising income streams from investments and the Council’s assets, This will link with the Council’s refresh Housing Strategy which is aiming to use Council assets to generate additional housing supply (easing the pressure on the housing and homelessness budget) and generate income streams for the Council
  - b) Relocation of the Council’s offices to smaller more flexible and efficient location(s) and application of agile working to save money and to enable development of housing on Knowle Green site to generate an income stream

- c) Structural review including; service redesign and different delivery models to reduce expenditure. Several services have come forward with proposals to “spin out” as either Local Authority Trading Companies or Public Service mutual. The Council may consider setting up an overarching trading company arm which may be more cost efficient.
- 2.6 Programme management streams have been put in place to manage the delivery of the strands set out above in 2.5.
  - 2.7 Currently the Council's treasury management investments are performing well with the core investments achieving an average of 5.12% in 2013-14 and currently are anticipated to exceed budget performance in 2014-15 by approximately £150k. It is anticipated this level of performance can be maintained and has been built into the Outline Budget projections
  - 2.8 Currently the Council is in the final stages of selecting a bidder for its Staines-Upon-Thames Bridge Street site. It is anticipated that this will generate a significant capital receipt (possibly November 2015) which will then be available to be re-invested to support income generating projects. As this has not been finalised this has not yet been built into the projections.
  - 2.9 The Council is currently in the process of procuring property advisers to advise on the marketing and development of the Knowle Green site for housing. In parallel a project is underway to identify an alternative site for the Council offices. All services have provided estimates of how much they believe they could reduce their use of office space by (currently over 600 sq metres has been identified). This will help the Council in its objective to reduce its accommodation costs by moving into smaller more flexible accommodation.
  - 2.10 With respect to structure, there will be some senior officer departures which will deliver ongoing annual savings from 2015-16. This in turn will enable the staffing restructure to be revised with a greater focus on aligning services with synergies and aligning resources with the corporate priorities. This re-alignment process is anticipated to deliver ongoing savings.
  - 2.11 In parallel Cabinet and Management team asked all services to look at delivery models to identify how by the end of the outline budget period they could deliver savings of approximately 30%. Service managers responded very positively and have generated a significant list of savings/additional income which when combined with the strands above gives Cabinet and Management Team confidence that the budget gaps in each of the outline budget period can be closed.
  - 2.12 As mentioned in 2.5c) a few services are proposing spins outs, whilst the other services are putting forward significant service redesign proposals.

### **The Level of Revenue Reserves to use in Support of the Council Tax**

- 2.13 Reserves are financial balances set aside within the Council's balance sheet to enable future financing of revenue or capital expenditure. These can be held for three main purposes:

- A working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing – this forms part of general reserves
- A contingency to cushion the impact of unexpected events or emergencies – this also forms part of general reserves. The key general reserve is the General Fund.
- Funds to meet known or predicted liabilities and future spending are often referred to as earmarked or specific reserves.

The cash balances held in our reserves are invested to earn interest income which helps support the overall revenue budget and the provision of services.

2.14 The Council currently uses specific revenue reserves to finance expenditure in two main ways:

- a) Interest equalisation – is built up in years when investment returns are better than expected and used to support investment income in years when returns are lower.
- b) New Schemes Fund – the fund is now exhausted and It is not proposed to continue to provide a stream of funding toward specific revenue costs but instead we intend to put monies back into the fund to offset future years expenditure from those areas.
- c) The key focus is generating additional revenue income streams. It is recognised that whilst the projects to deliver a number of such streams are well under way they will take time to reach the point of delivering income. There is therefore the case that on the basis there is a clear strategy and plan for delivering income streams that in the interim, in order to avoid making short term cuts which ultimately in the longer term may not have been necessary that some use of reserves to help close the revenue gap would be sensible.
- d) The Housing Initiatives Reserve with a balance of £7.6m has been identified as being a source of funding for supporting Housing Strategy initiatives.

Given that there may be timing differences between additional asset income streams and the need to invest to make schemes happen there may be a need for the Council to incur some borrowing. Given the relatively low rates the Council can obtain from the likes of the Public Works Loan Board (PWLB); Homes and Community Agency, the new Municipal Bonds Agency or the European Investment Bank it will potentially be more cost effective to borrow rather than draw down medium term investment funds. The Council's treasury management advisers Arlingclose are assisting in developing a borrowing strategy for the Council.



2.15 At 1 April 2014 Revenue Reserves were £13.7m, as follows:

	<b>2014</b>
	<b>£'000</b>
General Fund Revenue Account*	2,528
Capital Fund*	443
Carry Forward Reserve	240
Housing Initiatives Fund	7,611
Bronzefield Maintenance Fund	282
New Schemes Fund (NSF)	1,605
Interest Equalisation	493
Insurance Reserve	50
Planning Delivery Reserve	50
Bridge Street Car Park Reserve	79
Business Improvement Reserve	286
Business rates equalisation Reserve	43
	<b>13,710</b>

Revenue / Projected Reserves – 1 April

\* indicates an uncommitted reserve available to support Council Tax.

The capital element of the NSF is now exhausted but there is still the revenue element of £1.6m in the table above.

### **The Level of Capital Expenditure to be supported**

2.16 Each year the Council approves a four-year capital programme, which is split between Housing and “Other Services.”

The ‘other services’ programme consists mainly of capital expenditure on Leisure, assets, replacement vehicles and information technology.

The ‘other services’ capital programme is financed from our capital receipts, i.e. money received in past years from the sale of assets such as the sale of the housing stock under the Local Stock Voluntary Transfer (LSVT) reserved right to buy receipts (RTB) and other ‘one off’ sales.

Reserved right to buy receipts from A2Dominion have fallen significantly from £600k in 2005-06 to approximately £150k in 2014/15. Taking account of the impact of Stanwell Newstart and the general housing market, it is assumed that the ongoing level of RTB receipts will be £150k per annum.

In addition to our “mainstream” capital programmes we also set aside in 1996 part of the proceeds from the sale of our housing stock to spend on worthwhile projects within the Borough, (the New Schemes Fund (NSF). Approximately £15m was set aside initially and this has been supplemented by interest earnings on the balance of the fund since 1996. This fund is now fully exhausted.

## Level of Capital Reserves

2.17 Projected capital reserves at 1 April 2013 were as follows:

	2014
Usable Capital Receipts	£914k

The Capital Programme will continue to be financed in the short term by the RTB receipts, the capital reserves and the Social Housing Fund. By the end of the year 2015-16 (not taking into account the potential Bridge Street receipt), there are anticipated to be nil capital reserves remaining and other sources of income will be required to finance future capital expenditure.

The Prudential Code, which came into effect on 1st April 2004, gave us the scope to borrow to fund capital investment. The Council has so far taken the view to date that it will use capital receipts to finance the capital programme, although there may be examples where we might borrow. Prudential borrowing may be appropriate where the capital investment will generate additional income which more than offsets the interest payments incurred, for example some authorities have undertaken prudential borrowing to fund expanded car parking facilities which will generate additional income which would more than offset borrowing costs. If the Council were to look at re-configuring its office accommodation or leisure centre it may need to borrow to facilitate such schemes.

## Financial Health Indicators

2.18 The Use of Resources regime was discontinued by the Coalition Government but there are still local Spelthorne agreed indicators that are useful to monitor. Indicators should cover revenue, capital expenditure and also aspects of the balance sheet. It is therefore recommended that targets be set for capital and revenue outturn, and for debtors and creditors. Linked with the issue of maintaining sufficient reserves to generate a reasonable interest income it is suggested that a target minimum level of reserves is set. The current set of indicators is set out below:

- a) Revenue outturn against original budget target: +/- 1.5%.
- b) Capital outturn against original budget target: +/- 20%.
- c) Council Tax collection target: 98.4%.
- d) Business rates collection target: 98.0%.
- e) Sundry debts aged more than 90 days overdue no more than 10% of total debts.
- f) Payment of creditors within 30 days target: 96.5%

- 2.19 Clearly we need to take account of the challenging economic climate on the achievability of the above indicators particularly the collection rate (which through business rates and council tax support will feed through directly into the Council's financial position and debt indicators and we will keep these indicators under regular review. Maximising collection of business rates will be particularly important in 2015-16 when we are a member of the Surrey Business Rates Pool and do not have to pay a levy on additional business rates income generated.

In addition to the above there are the existing Prudential and Treasury Management indicators.

### **3 Financial implications**

- 4 As in the body of the report.

### **5 Other considerations**

- 6 The Council is legally required to set a balanced budget.

### **7 Timetable for implementation**

- 3<sup>rd</sup> December Autumn Statement announced, shortly afterwards details of local authority grant funding for 15-16 confirmed.
- Late January/early February Government confirms funding settlement including clarify SBC's empty homes allocation for new homes bonus and amount of business rates income we will be allowed to retain
- 24 February 2015– Detailed budget considered by Cabinet for recommendation to Council
- 26 February 2015 Council approves Budget and sets council tax

### **Background papers:**

**Appendices:** Appendix 1

## APPENDIX 1

Outline Budget Projection							
24/11/2014							
	13/14	14/15	15-16	16-17	17-18	18-19	
	original	original					
	£	£	£	£	£	£	
Gross Expenditure	51,897,500	53,571,900					
Less: Fees and Charges and Specific Grants (excl Housing Benefits)	8,590,400	8,885,200					
Less: Housing Benefit Grant	30,988,000	30,988,200					
<b>Net Service Expenditure:</b>	<b>12,319,100</b>	<b>13,698,500</b>					
Broken down over Portfolios							
Communications and Procurement	265,300	222,800	222,800	222,800	222,800	222,800	
Community Safety , Young People,Leisure and Culture	183,800	283,600	283,600	270,600	270,600	270,600	
Finance	2,809,500	3,118,700	3,162,000	3,162,000	3,162,000	3,072,000	
Environment	4,120,500	4,034,000	4,075,600	4,120,600	4,170,600	4,220,600	
Housing,Health,Wellbeing and Independent Living	2,396,300	2,557,600	2,657,600	2,787,600	2,917,600	2,897,600	
Planning and Corporate Governance	1,735,400	1,756,900	1,837,900	1,761,900	1,761,900	1,861,900	
Economic Development and Fixed Assets	649,100	1,328,500	966,500	797,500	517,500	517,500	
Parking Services and ICT	(91,300)	62,500	21,500	21,500	21,500	21,500	
Leader	250,500	333,900	333,900	333,900	333,900	333,900	
	<b>12,319,100</b>	<b>13,698,500</b>	<b>13,561,400</b>	<b>13,478,400</b>	<b>13,378,400</b>	<b>13,418,400</b>	
Salary expenditure - vacancy monitoring	(160,000)	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)	
Pay award		98,000	145,000	245,000	345,000	445,000	
Pensions			180,000	530,000	710,000	890,000	
Unidentified annual growth			300,000	600,000	900,000	1,200,000	
Partnership Savings	(40,000)	0	(40,000)	(80,000)	(120,000)	(160,000)	
Fees and charges			(75,000)	(150,000)	(225,000)	(300,000)	
Efficiencies to offset pay award		(98,000)	(98,000)	(98,000)	(98,000)	(98,000)	
Increased employer contributions due to auto-enrolment		75,000	75,000	75,000	75,000	75,000	
<b>Revised Service Expenditure</b>	<b>12,119,100</b>	<b>13,473,500</b>	<b>13,748,400</b>	<b>14,300,400</b>	<b>14,665,400</b>	<b>15,170,400</b>	
<b>NET EXPENDITURE</b>	<b>12,119,100</b>	<b>13,473,500</b>	<b>13,748,400</b>	<b>14,300,400</b>	<b>14,665,400</b>	<b>15,170,400</b>	
Interest earnings	345,000	335,300	485,000	485,000	485,000	485,000	
<b>NET EXPENDITURE AFTER INTEREST EARNINGS</b>	<b>11,774,100</b>	<b>13,138,200</b>	<b>13,263,400</b>	<b>13,815,400</b>	<b>14,180,400</b>	<b>14,685,400</b>	
<b>Appropriation from Reserves:</b>							
Spend to Save (Fordbridge Bowls club)	0	13,000	0	0	0	0	
Staines-upon-Thames Town Development/ TaSF	0	450,000	200,000	0	0	0	
Elmsleigh Car Park	0	287,000	0	0	0	0	
Customer Services	0	46,700	0	0	0	0	
Enforcement Project	0	100,000	0	0	0	0	
Spend to save (APCs)	56,500	0	0	0	0	0	
Feasibility Study for Knowle Green Hub	70,000	0	0	0	0	0	
Interest Equalisation reserve	70,048	0	0	0	0	0	
<b>BUDGET REQUIREMENT</b>	<b>11,577,552</b>	<b>12,241,500</b>	<b>13,063,400</b>	<b>13,815,400</b>	<b>14,180,400</b>	<b>14,685,400</b>	
Retained Business Rates	1,685,030	2,361,348	2,947,000	2,786,000	2,886,000	2,886,000	
Revenue Support Grant( incl council tax support grant)	2,532,841	1,932,189	1,354,000	964,000	646,000	300,000	
New Homes Bonus	910,300	1,218,600	1,548,000	1,877,000	1,977,000	1,800,000	
<b>NHB set aside for Housing initiatives</b>			<b>(154,800)</b>	<b>(375,400)</b>	<b>(375,400)</b>	<b>(375,400)</b>	
DCLG Transitional LCTSS grant	16,000	0	0	0	0	0	
<b>NET BUDGET REQUIREMENT</b>	<b>6,433,381</b>	<b>6,729,363</b>	<b>7,369,200</b>	<b>8,563,800</b>	<b>9,046,800</b>	<b>10,074,800</b>	
Collection Fund (Surplus)/Deficit	28,800	(187,920)	0	0	0	0	
<b>CHARGE TO COLLECTION FUND</b>	<b>6,462,181</b>	<b>6,541,443</b>	<b>7,369,200</b>	<b>8,563,800</b>	<b>9,046,800</b>	<b>10,074,800</b>	
Tax base	36,514	36,551	37971.1	38,161	38,352	38,544	
Council Tax rate	175.56	178.97	182.44	185.98	189.59	193.27	
Council Tax yield	<b>6,410,481</b>	<b>6,541,443</b>	<b>6,927,524</b>	<b>7,097,228</b>	<b>7,271,088</b>	<b>7,449,208</b>	
			<b>Deficit</b>	<b>441,676</b>	<b>1,466,572</b>	<b>1,775,712</b>	<b>2,625,592</b>
			Year on year movement	441,676	1,024,896	309,139	849,880

# Cabinet

16 December 2014



<b>Title</b>	Textiles Collection Service		
<b>Purpose of the report</b>	To make a decision		
<b>Report Author</b>	Lucy Hicks		
<b>Cabinet Member</b>	Councillor Tony Mitchell	<b>Confidential</b>	No
<b>Corporate Priority</b>	Delivering quality of life services		
<b>Cabinet Values</b>	Community		
<b>Recommendations</b>	<b>Cabinet is asked to approve, in principle, Option 1, subject to the 2015-16 budget approval process.</b>		

## 1. Key issues

- 1.1 Two pieces of new legislation – the Waste Regulations (2011, as amended) and MRF Code of Conduct – come into force in November and January, requiring a reduction of contamination and increase of recycled materials.
- 1.2 Spelthorne has the lowest recycling performance in Surrey – which has reputational, environmental and economic impacts, through income we are not making!
- 1.3 An additional collection service of textiles (see Appendix 2 for details) and small waste electrical items (WEEE) will generate income through Recycling Credit Claims (RCC) and the resale agreement with the Salvation Army.
- 1.4 The Council applied for funding from WRAP's Innovation in Waste Prevention fund, but unfortunately we were unsuccessful; however other WRAP funding was successfully obtained this year for a recycling project in Stanwell.
- 1.5 To launch this new service, will need additional funding of £32,202 for the first year and £12,616 in year two. This needs to be considered as a revenue growth bid as part of the 2015/16 budget process.
- 1.6 By year three, it is anticipated that through income and savings, the service will be in profit. The payback on investment is just over two years and from year 3 will be making a positive contribution to the Council's budget position.
- 1.7 Other Boroughs already collecting textiles in Surrey are: Guildford, Elmbridge, Woking, Epsom and Ewell, Mole Valley, Surrey Heath, and Tandridge will launch their new service on the 1 December 2014.

## 2. Options analysis and proposal

- 2.1 Option 1: Implement new service from 1 April 2015:
  - (a) Implement a monthly kerbside collection of textiles and WEEE, to all houses in Spelthorne.

- (b) Provide textiles banks to flatted properties – initially 10 to test the approach, if successful this could be extended to further properties.

2.2 Option 2: Don't implement the new service:

- (a) Continue to have low recycling performance  
 (b) Continue to miss the opportunity of further income generation

Option 1 (proposed)		Option 2	
PROS	CONS	PROS	CONS
Decrease tonnes of waste for disposal	Upfront and on-going costs	No costs	No additional income
Increase income generation			Negative reputational impact
Increase recycling performance			Increase risk of rejected loads - cost £800 each
Reputational benefits			

Table 1 – outlines pros and cons for the two options

### 3. Financial implications

- 3.1 Recycling Credit is currently paid at a rate of £54.42 per tonne and currently increases by 2% a year. This is paid quarterly by Surrey County Council.
- 3.2 A Request for Quote process was undertaken at the start of 2014, and the Salvation Army were selected as the preferred partner. They will pay £210 per tonne collected and guarantee a payment of £21,000 for the first year.
- 3.3 A recent waste composition analysis showed 5.8% of residual waste is textiles, this equates to ~800t. Based on experience elsewhere, we are anticipating a 12.5% capture rate, in the first year (see table 2.)
- 3.4 As a result of this service there will be a reduction in residual waste and a reduction in contaminated recycling loads (see 4.3). These will both generate savings but these figures are impossible to accurately quantify.
- 3.5 The communication costs will come from existing centralised marketing budget so this figure is not included.
- 3.6 Additional monies of £32,202 are required for the first year, to launch this new service and £12,616 in year two. But the service will be in profit by year 3.

			Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
	Tonnes		100	175	225	275	325	375
INCOME	Revenue	R.C.C	£5,442	£9,714	£12,737	£15,879	£19,139	£22,084
		Sal.Army	£21,000	£36,750	£47,250	£57,750	£68,250	£78,750
		TOTAL	£26,442	£46,464	£59,987	£73,629	£87,389	£100,834
COSTS	Revenue	Vehicle (lease and incl. fuel)	£15,000	£15,000	£15,000	£15,000	£15,000	£15,000
	Revenue	Staff (2)*	£43,644	£44,080	£44,521	£44,966	£45,415	£45,869
		TOTAL	£58,644	£59,080	£59,521	£59,966	£60,415	£60,869
		a) Cost - Income = SBC contribution =	£32,202	£12,616	-£466	-£13,663	-£26,974	-£39,965

Table 2 – Predicted tonnes, income and costs of new service.

\*Appoint at bottom scale, +1% each year

#### **4. Other considerations**

- 4.1 This proposed service forms part of the wider work of Sustainability and Streetscene to increase our recycling rates and reduce waste.
- 4.2 The level of operational needs are based on the predicted capture rate, however if the tonnages are larger than predicted, we may need additional resource. This could be funded by the additional RCC and resale income.
- 4.3 Currently textiles are found in our recycling and constitute contamination. The introduction of the MRF Code of Conduct applies stricter requirements upon MRF operators. If the level of contamination in any recycling load is found to be more than 5%, in a small sample, the entire load could be rejected. This would result in recycling loads having to be disposed of at refuse rates, currently £102/tonne.
- 4.4 This risk of rejected loads is considerable with costs of approximately £800 per load. It is impossible to know how many loads may be contaminated to a point where they would be rejected. But there are 7 rounds a day, and each normally tip at least 2 loads. It wouldn't take long before the cost of contamination becomes substantial.

#### **5. Timetable for implementation**

- 5.1 A timetable is provided in Gantt chart form as Appendix 3.
- 5.2 A more detailed Project Timetable is included as Appendix 4.

#### **Background papers:**

#### **Appendices:**

**Appendix 2 – Communication examples**

**Appendix 3 – Gantt Chart**

**Appendix 4 – Project Timetable**

**Appendix 5 – Project Kick-Off Document**



# DON'T THROW THEM AWAY



**Remember all your unwanted textiles can be recycled, no matter what condition they are in.**



Updated 16 December 2014







## How to recycle your unwanted textiles

- Put your textiles into one of the blue bags that were delivered in March – *if you need more blue bags please get in touch*
- Tie the bag
- Place the bag next to your other mixed recycling bag on your normal collection day

### Examples of textiles you can recycle:

#### Clothing (any condition)



#### Curtains and bed sheets



#### Blankets and towels



#### Shoes and slippers



#### Coats



#### Sportswear



#### Underwear



#### Accessories



#### Soft toys



#### Cushions



### We cannot accept:

- ✗ Rugs and carpets
- ✗ Duvets
- ✗ Items with paint or oil on them
- ✗ Soiled items

### Contact us

For further information please contact us.

**Web:** [www.sholland.gov.uk](http://www.sholland.gov.uk)

**Email:** [recycling@sholland.gov.uk](mailto:recycling@sholland.gov.uk)

**Phone:** 01775 761161

**f** [www.facebook.com/SHDCWR](https://www.facebook.com/SHDCWR)

**t** @SHDCWaste

Project Title	Who is delivering this action	2014												2015		
		Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	August	Sept	Oct	Nov	Dec
<b>STAGE 1: Pre-project</b>																
	Corporate sign-off	LH (SBC)														
<b>Communication</b>	Design graphics for all materials	GW/JL (SBC)														
	Borough-wide Bulletin distributed	GW/JL (SBC)														
	Wrap-around' local newspaper	GW/JL (SBC)														
	Bin hangers distributed	TBA - JL (SBC)														
	Roadshows	JL (SBC)														
<b>Operational</b>	Map rounds/routes - set collection days	JT (SBC)														
	Arrange containers - Depot storage	TS (SA)														
	Arrange containers - collection	JT (SBC)														
	Identify flatted properties to place containers	JL/JT (SBC)														
	New staff recruited and in place															
<b>Stage 2: Project Implementation</b>	Storage containers delivered to depot	TS (SA)														
	Storage containers delivered to flats	TS (SA)														
	Targeted communication to flats	GW/JL (SBC)														
	Houses collections commence (01.04.15)	JT (SBC)														
	Flats collections commence	TS (SA)														
	Houses collections continue monthly	JT (SBC)														
<b>Stage 3: Post Implementation</b>	Monthly tonnage reports received	TS (SA)														
	3 monthly project review data	All														
	6 monthly composition analysis	LH (SBC)														





## Project Kick off – Initial request

This kick off document will be used to initiate the start up of a project. It will form the basis of the authorising bodies' decision to go ahead.

<b>Project Initiator</b>	Service Need / Legislation changes
<b>Project Title</b>	Household textiles collection service
<b>Programme Name</b>	
<b>Project Classification</b>	Medium
<b>Project Review Group</b>	Waste Board
<b>Project Board</b>	
<b>Project Sponsor</b>	Sandy Muirhead
<b>Project Manager</b>	Lucy Hicks
<b>Councillor Endorsement</b>	Tony Mitchell
<b>Brief Project Description</b>	<p>To implement a new, monthly, kerbside collection of mixed textiles across the Borough – to as many households as possible.</p> <p>This will require additional operational resources and a considerable communication campaign with associated materials.</p>

## Project Consideration Document

# Project Consideration document

## 1. Background

Two significant legislative changes will come into force in the next 6 months which require us to change our approach to some materials that are currently being disposed of within our residual waste. The implications of these new pieces of legislation are summarised below:

Legislation	Enforceable	Implications	Risks
Waste Regulations (2011, as amended)	January 2015	Waste Hierarchy testing requirements - prove for all material we collect the Hierarchy has been applied to <u>reduce amount sent as residual</u>  TEEP (Technical, Environmental and Economic Practicability) testing – require evidence of our rationale for our collection methods for <u>all materials</u>	If we are in breach of this legislation we will be at risk to judicial review
MRF Code of Conduct	October 2014	60kg samples of recycling loads will be taken 2-3 times a week, any more than 5% of contamination will result in loads being rejected from the MRF	Rejected load = <£800 Anecdotal evidence showed textiles is significant contaminant

In addition to these two pieces of legislation, there is also greater onus on us to improve our recycling rates, divert more waste to recycling and reuse, and realise the potential savings as well as generate income. This can be further demonstrated by evidence that was gathered via a Waste Composition Analysis that was carried out in June and November 2013, the relevant outcomes of this are summarised below:

- 5.81% of 'residual' waste was textiles - including reusable clothing, other household textiles, duvets, pillow and soft toys, bags and shoes.
- Last year (2013-14) we collected 16,029.58 tonnes of residual waste from our households.
- There could be a possible >800 tonnes of textiles currently going to waste
- This waste has a financial value which is outlined below in section 2.4

At a service level both the Sustainability and Streetscene teams have targets to increase recycling and decrease residual tonnages.

## 2. Project Objectives

1. Increase income through increased capture rate of a valuable material
2. Increase in recycling performance and decrease in residual waste
3. Improved service to Spelthorne residents

## Project Consideration Document

### 2.1 Background documents

A request for quotes exercise was completed and two responses received:

1. Salvation Army offered £210 a tonne for textiles that we collect which would include a guaranteed £21,000, first year payment based on an estimated 100 tonne of textiles collected.
2. British Heart Foundation offered to collect textiles quarterly free of charge.

The two responses were assessed and it was agreed at the Waste Board that we should investigate the partnering arrangement with Salvation Army.

Officers met with a representative from the Salvation Army and are ready to move forward with our agreement with them.

### 2.2 Scope

Within the scope of this project will be:

- Operational elements of a new Textiles collection service:
  - Collection of households textiles waste on a monthly basis
  - Storage at the White House Depot prior to collection by Salvation Army
  - Disposal of the textile waste via an agreement with Salvation Army
- Communication and promotion:
  - Pre-launch promotion
  - Monthly reminder communication for first 3 months/every other month for first 6 months, of the service.

Outside of the project we will continue to facilitate charity banks and other ways of disposing of textiles.

### 2.3 Constraints

Launch date = 1 April

Costs = not currently budgeted for - will need to go through Committee process to request additional funding.

Risks = low participation once scheme is launched, on-going contamination of recycling in spite of the new service.

### 2.4 Funding

Partnering with other Councils has been explored:

- Initially with other Boroughs and Districts that were jointly going out to tender for sale of textiles. This was not possible due to differences in the contractual documents.
- More recently, officers at Runnymede Borough Council were approached and expressed an interest, but on the condition that it would be cost neutral from the outset.
- Unfortunately this wasn't possible and would have resulted in less frequent collections for our residents, which would have impacted the success of the service.

We have made initial estimates of project costs and the income it would generate in the first year, and estimated potential income for years 2-3.

## Project Consideration Document

Costs of service:

		Year 1	Year 2	Year 3	
	Tonnes	100	175	225	
INCOME	Revenue	R.C.C	£5,442	£9,714	£12,737
		Sal.Army	£21,000	£36,750	£47,250
		TOTAL	£26,442	£46,464	£59,987
COSTS	Capital	Vehicle	£15,000	£15,000	£15,000
	Revenue	Staff (2)*	£43,644	£44,080	£44,521
		TOTAL	£58,644	£59,080	£59,521
	a) Cost - Income = SBC contribution =		£32,202	£12,616	£-466

\*Appoint at bottom scale, +1% each year

As mentioned in section 1, textile waste is valuable and as a result will generate income.

Based on the waste composition analysis, there could be a possible 800 tonnes of textiles currently going to waste. The current value in textiles from the both RCC and the Salvation Army is summarised above as is an indication of the possible income. The prices per tonne are current and the possible income would be achievable with a 12.5% capture rate.

- Recycling Credit Claims = £54.42 a tonne
- Re-sale price for textiles (quoted by the Salvation Army) = additional £210 a tonne.

If the Council wants to deliver this new service we will need to invest to save – from avoided costs – and utilise the income that will be generated.

## 2.5 Key project objectives, benefits and deliverables

Key **objectives** for the project are:

- Introduce a new textiles collection service across the Borough
- Reduce residual waste
- Increase income generation from increasing recycling tonnage

The **benefits** of this new service delivery which implementation of the project will provide include:

- Doing things better
- Increased income generation

Some further improvements the project can **deliver** to the Council:

- Savings from decreased gate fee payments as residual tonnage is reduced

## 2.6 MAT/ Cabinet/Key Decision

This project will report to:

Initially MAT for approval in principle  
Waste and Environment Task Group  
Overview and Scrutiny (as requested)  
Cabinet Briefing  
Cabinet  
Launch date

12 August 2014  
2 September 2014  
9 September 2014  
1 December 2014  
16 December 2014  
1 April 2015

[This report has been put on the forward plan for December 2014.](#)

## Project Consideration Document

**3. Key Project Personnel**

Sandy Muirhead will be project sponsor

Key stakeholders are residents and partner organisation the Salvation Army

Lucy Hicks will be project manager.

There will require a large amount of other officer input especially from Jackie Taylor – Head of Streetscene, and project delivery support from both Sustainability team members and Depot staff. Other areas of the Council that will be involved are highlighted below.

Service Area	Involve (Y/N)
Finance	Y
HR	N
Communications	Y
Asset Management	N
IT	N
Committee Services	Y
Legal/ Procurement	N
Other (please indicate)	Streetscene

**4. Link to Council Priorities**

*Please detail any links to the council's corporate Strategic Priorities and indicate how the project will contribute to these overall long term priorities.*

Key corporate priorities	Link to Project
Creating opportunity and prosperity for our borough	
Delivering quality of life services	Increase the value we get from recycling credits and partnering with a well-known charity to support their on-going work.
Value for money	Use the currently un-utilised value within our waste stream, in the form of textiles thus increasing value for money for our residents.

**5. Project Classification/Definition**

High to Medium Level project.

**Sign-off**

Is the project viable? : Y/N

Comments:

Signature

Print Name

Date



Project Consideration Document

Sponsor: .....

Project Manager: .....

If agreed, the project will now be set up and taken forward to the next steps of the project on the basis of the Kick off information given above



**Cabinet****16 December 2014**

<b>Title</b>	Land at Plots 12 and 13 Tow Path Shepperton (Revelstoke)		
<b>Purpose of the report</b>	To make a decision		
<b>Report Author</b>	David Phillips		
<b>Cabinet Member</b>	Councillor Nick Gething	<b>Confidential</b>	No
<b>Corporate Priority</b>	Value for money Council		
<b>Cabinet Values</b>	Opportunity		
<b>Recommendations</b>	<p><b>Cabinet is asked to:</b></p> <ol style="list-style-type: none"> <li><b>1. Agree in principal the proposals.</b></li> <li><b>2. Authorise the Head of Asset Management to enter into lease negotiations with the Residents Association of Pharaoh's Island, subject to planning and valuation advice.</b></li> <li><b>3. Agree to a supplementary capital bid for the constructions and professional fees.</b></li> </ol>		

**1. Key issues**

- 1.1 These two plots of land have been rented from Spelthorne Borough Council (SBC) and used as an extension to the garden of an adjacent property called Revelstoke for a number of years. Indicative location plan attached. (**Appendix 1**)
- 1.2 The tenancy ended in March 2014 and through the Fixed Asset Task Group we have been looking at the future use of the land.
- 1.3 Cllr Leighton has been having in principal discussions with the Residents Association (RA) of Pharaohs Island about a proposal to convert the land into a car park for the residents of the island.
- 1.4 The proposal is that SBC will enter into a lease agreement with the RA for a period of 125 years. SBC will construct the car park ready for use by the RA of Pharaohs Island and SBC will fund the upfront cost including planning and legal fees.

**2. Financial implications**

- 2.1 The upfront costs are estimated at £56,200. This cost will be recovered by SBC over 20 years, with interest being paid on the reducing balance, at 5% for the first five years and 7% for the following 15 years.

- 2.2 For the first 5 years it will be assumed there are 15 spaces used by the RA and this figure will be assumed in calculating the cost per space figures.
- 2.3 At the 5 year review the RA will update and confirm number of spaces being used, with additional users to be charged.
- 2.4 An increase in number of spaces used will result in a lower average cost per space.
- 2.5 Initial rental cost per space per month £26.89.
- 2.6 At 20 years there will be a full rent review.
- 2.7 There is to be no sub-letting. However, residents visitors may park if visiting
- 2.8 Estimated Business Rates (subject to independent valuation assessment by Valuation Agency) £9.83 per space per month. This will rise in line with the Government's annual indexation factor assumed to be 2% on basis of indexation for 2014-15.

### **3. Other considerations**

- 3.1 The site is within the Green Belt and Flood plan. Planning colleges have been consulted and their comments are attached. Appendix 2

### **4. Timetable for implementation**

- 4.1 Subject to all the necessary approvals the site could be up and running late 2017.

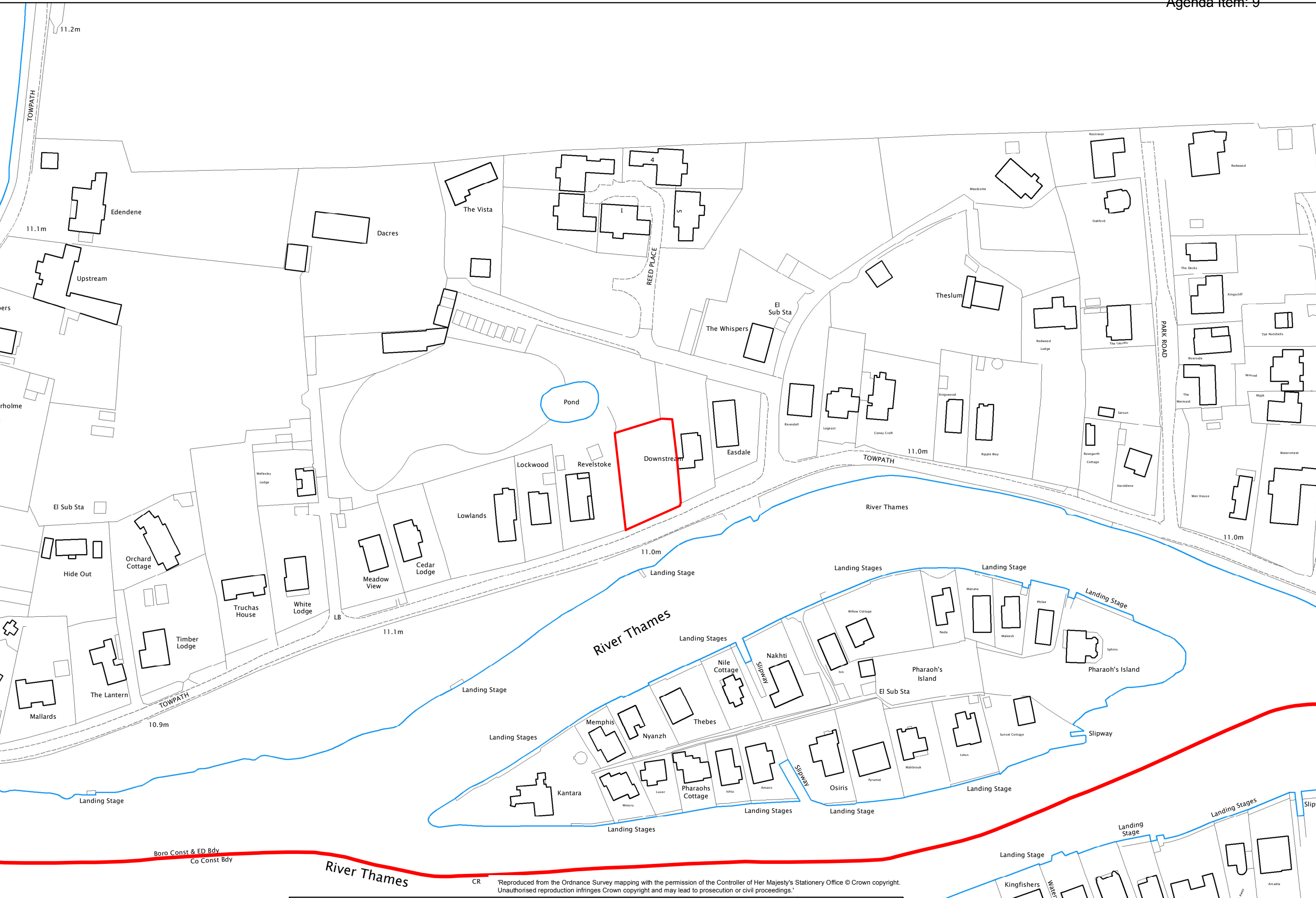
#### **Background papers:**

**None**

#### **Appendices:**

**Location Plan, appendix 1.**

**Planning comments, appendix 2**



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**Plots 12-13 Shepperton Towpath - Land adj Revelstoke**  
 Date: 19/11/2013

Licence Number: 100024284.  
 Scale 1:1,250



Updated 16 December 2014

## Appendix 2

## Planning Evaluation Report of the Head of Planning on Council's Assets

<b>Site address</b>	Revelstoke, plots 12 and 13 Tow Path, Shepperton
<b>Date evaluation requested</b>	12/11/2014
<b>Date papers received</b>	12/11/2014
<b>Proposed use of site</b>	This is a vacant plot of land between two existing properties on the Towpath, opposite Pharaoh's Island and close to the Landing Stage. It is proposed to use the land as a car park for the residents of Pharaoh's Island.
<b>Relevant Planning History</b>	<p>SUN/FUL/6647/B Access road from car park. Withdrawn 26.02.1962 (Address: Vacant plot between, Revelstoke and Lorelet, Towpath, Shepperton, Surrey)</p> <p>SUN/FUL/7945 Extension of the car park. Application Refused 26.02.1964 (Address: Adjacent to Pharaoh's Landing Stage, Towpath, Shepperton, Surrey)</p> <p>SUN/OUT/4608A Outline Application The use of land for the erection of a dwelling. Application Refused 02.01.1958 (Address: Land between Revelstoke and Lovelei Towpath, Shepperton, Surrey)</p>
<b>Development Plan Designations</b>	<p>Plotlands Area Heathrow Safeguarding 90 metres 1 in 20 year Flood Zone Green Belt The Staines Smoke Control Order Number 13 - 1974.</p> <p>Notes – The site is adjacent to TPO166/93 A1</p>

<p><b>Head of Planning's advice on the acceptability or otherwise of the proposal and the likelihood of the Planning Committee granting planning permission</b></p>	<p>The site falls within the Green Belt and the 1:20 flood plain. Currently many of the residents who live on Pharaoh's Island park along the Towpath as no cars are permitted on the island. The proposed use of the site as a car park represents inappropriate development within the Green Belt and can only be permitted if very special circumstances can be demonstrated. The residents of Pharaoh's Island need an area to park their cars. The proposal would contain the parking which currently occurs to within a defined area and overall, is likely to have minimal impact on the openness of the area. In view of this it is considered that a Green Belt case could be made for the proposal.</p> <p>The site is adjacent to two existing residential properties and any layout would need to have regard to the amenity of these dwellings and appropriate boundary treatment provided in accordance with policy EN1 of the CS&amp;P DPD. In addition, the number of spaces within the layout should not exceed the Council's adopted parking spaces as applied to the existing dwellings on Pharaoh's Island.</p> <p>The site falls within the Functional Flood Plain and the Environment Agency would need to be satisfied that the proposal is acceptable on flooding grounds.</p> <p>The County Highway Authority would need to be satisfied on access and parking grounds.</p>
<p><b>Date of report</b></p>	<p>18/11/2014</p>
<p><b>Report recipient</b></p>	<p>Dave Phillips</p>
<p><b>Report copied to</b></p>	<p>Lee O'Neil</p>
<p><b>Report Authors</b></p>	<p>John Brooks/Esmé Spinks/Matthew Churchill</p>





**Cabinet****16 December 2014**

<b>Title</b>	Vacant Pavilion to the rear of Cedars Recreation Ground Sunbury		
<b>Purpose of the report</b>	To make a decision		
<b>Report Author</b>	David Phillips		
<b>Cabinet Member</b>	Councillor Nick Gething	<b>Confidential</b>	No
<b>Corporate Priority</b>	Value for money Council		
<b>Cabinet Values</b>	Opportunity		
<b>Recommendations</b>	<b>Cabinet is asked to agree to accept the tender from Sunshine Nursery.</b>		

**1. Key issues**

- 1.1 This pavilion was last used as a nursery and separate football changing facility and ceased to be used some years ago.
- 1.2 During the time the nursery was in operation, I am informed that the council received some complaints from residents in adjacent properties about the noise from the children playing in the secure rear garden of the nursery, due to its close proximity to their homes.
- 1.3 The adjacent residential road which was used to access the facility is very narrow and congestion from cars using the facility caused some inconvenience for local residents.
- 1.4 A number of proposals have been considered but none were taken forward and as the property was in a very poor condition and Members agreed to "mothball" the site until a use could be found for the facility.
- 1.5 We therefore invited proposals for a leasehold/long leasehold interest to rebuild the existing foot print in a more suitable location within the recreation ground. Indicative location plan attached. **(Appendix1)**
- 1.6 Following a formal tender exercise we had a good level of interest and received two offers from applicants who appear to be running successful existing businesses and to be self funding. The applicants who made the highest offer are called Sunshine Nursery.
- 1.7 The proposals are to construct a modular building, in the new location again with enclosed outdoor area.

1.8 The proposals are subject to planning. Our planners have been consulted on the proposals and their initial comments are attached. **(Appendix 2)**

**2. Options analysis and proposal**

2.1 Agree to the offer from Sunshine Nursery and enter into a 99 year lease with 5 yearly rent reviews at an initial rent of £9,600.00 pa with one years rent free to allow for the necessary building works and subject to the necessary consents being obtained.

2.2 Not to let a lease, land of no use to the council's operational requirements, receive no revenue income.

2.3 Remove all the facilities and return area to open park land.

**3. Financial implications**

3.1 Receive an ongoing revenue income of £9,600.00 pa after the first year.

3.2 Reduce the council's potential liability for ongoing maintenance.

**4. Timetable for implementation**

4.1 Subject to completion of lease agreement and other consents required. (planning ,building control, Social Services approval)

4.2 Works should be able on commence on site early 2015 with a formal open late 2015.

**Background papers:**

**Valuers report and recommendation.**

**Appendices:**

**Indicative plan appendix 1**

**Planning comments, appendix 2**

Cedars Recreation Ground  
Green Street  
Sunbury TW16 6QQ



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## Appendix 2

## Planning Evaluation Report of the Head of Planning on Council's Assets

<b>Site address</b>	Cedars Recreation Ground, Green Street, Sunbury TW16 6QQ
<b>Date evaluation requested</b>	12/11/2014
<b>Date papers received</b>	12/11/2014
<b>Proposed use of site</b>	There is an existing derelict pavilion located to the rear (south western side) of the site backing onto the rear gardens of properties on Rooksmead Road and Stratton Road. The pavilion comprises 146.3 sq. m GEF. It is proposed to demolish this building and erect a new building fronting Green Street, adjacent to the existing car park to provide a playgroup/nursery facility.
<b>Relevant Planning History</b>	<p>01/00647/FUL Use of existing pavilion as pre-school nursery for 24 children, erection of detached storage shed and erection of single storey extension to existing pavilion. Granted temporary consent, expired 31/01/2003 (Address: Clubhouse, Cedars Recreation Ground)</p> <p>PLAN E/FUL/83/13 Use of sports pavilion for play school on weekday mornings, 9.30 a.m. to 12.30 p.m. for 16 children for a temporary period of three years. Grant Conditional 01.01.1983 (Address: The Pavilion, Cedars Recreation Ground)</p> <p>SUN/COU/6123/A Play group for maximum of 15 children Change of Use Granted, temporary consent expired 08/06/1974 26.02.1971 (Address: Tea Room Pavilion, Cedars Recreation Ground)</p> <p>SUN/FUL/6123 Proposed erection of a sports pavilion. Granted 26.02.1960</p>

	(Address: Cedars Recreation Ground)
<b>Development Plan Designations</b>	Heathrow Safeguarding Heights (+90m) Protected Urban Open Space - A3 Sunbury Cedars Recreation Ground
<b>Head of Planning's advice on the acceptability or otherwise of the proposal and the likelihood of the Planning Committee granting planning permission</b>	<p>The site is located entirely within the Council's Protected Urban Open Space. Policy EN4 of the CS&amp;P DPD seeks to maintain open space in the urban area and maintain and improve existing sports and recreational provision. Policy C01 seeks to resist the loss of existing community facilities unless the facility is no longer needed or it can be accommodated elsewhere.</p> <p>The existing building is derelict and has a difficult access. Its demolition and re-provision of a new one on the eastern side closer to the existing building and car park would be acceptable in principle, providing the scale and size of the building is not materially larger than the existing pavilion.</p> <p>The building has had temporary permissions over the years for use as a childrens nursery, the last on expired in 2003. The proposals to remove this building would not, therefore, result in the loss of an existing sports facility. Given the previous permissions on the existing pavilion, the use of the new building for a children's day nursery is acceptable in principle providing sufficient parking provision can be demonstrated without encroaching on additional open space.</p> <p>The County Highway Authority would need to be satisfied on access and parking grounds.</p>
<b>Date of report</b>	18/11/2014
<b>Report recipient</b>	Dave Phillips
<b>Report copied to</b>	Lee O'Neil
<b>Report Authors</b>	John Brooks/Esmé Spinks/Matthew Churchill



**Cabinet****16 December 2014**

<b>Title</b>	Vacant Commercial Office, Garages and Service Yards in Fordbridge Park Ashford		
<b>Purpose of the report</b>	To make a decision		
<b>Report Author</b>	David Phillips		
<b>Cabinet Member</b>	Councillor Nick Gething	<b>Confidential</b>	No
<b>Corporate Priority</b>	Value for money Council		
<b>Cabinet Values</b>	Opportunity		
<b>Recommendations</b>	<b>Cabinet is asked to agree to accept the tender from Sunshine Nursery.</b>		

**1. Key issues**

- 1.1 These vacant facilities were formerly used on a commercial basis for a number of years by the Council's Grounds Maintenance contractors.
- 1.2 The last contractor who occupied the premises was Lotus who have now mover to the Councils nursery in Laleham Park.
- 1.3 We therefor invited proposals for a leasehold/long leasehold interest of the subject properties/areas as either together or separately. Indicative location plan attached. **(Appendix1)**
- 1.4 Following a formal tender exercise we received a good level of interest and the applicants who require no borrowing and who seem to be the most secure tenants are called Sunshine Nursery.
- 1.5 The nursery has had an existing business since 1998 as a private day-care nursery with long waiting list, seeking to expand
- 1.6 The applicant proposes to refurbish the existing property and construct an extension to the front of the building, also adding soft play all weather play area and fencing.
- 1.7 The proposals are subject to planning for change of use. Our planners have been consulted on the proposals and their initial comments are attached. **(Appendix 2)**

**2. Options analysis and proposal**

- 2.1 Agree to the offer from Sunshine Nursery and enter into a 99 year lease with 5 yearly rent reviews at an initial rent of £12,000.00 pa with one years rent free to allow for the necessary building works and subject to the necessary consents being obtained.
- 2.2 Not to let a lease, land of no use to the council's operational requirements, receive no revenue income.
- 2.3 Remove all the facilities and return area to open park land.

**3. Financial implications**

- 3.1 Receive an ongoing revenue income of £12,000.00pa after the first year.
- 3.2 Reduce the council's potential liability for ongoing maintenance.

**4. Timetable for implementation**

- 4.1 Subject to completion of lease agreement and other consents required. (planning ,building control, Social Services approval)
- 4.2 Works should be able on commence on site early 2015 with a formal open late 2015.

**Background papers:**

**Valuers report and recommendations**

**Appendices:**

**Indicative plan, appendix 1**

**Planning initial comments, appendix 2**



PROPERTY AT  
FORDBRIDGE PARK  
ASHFORD, TW15 3SJ



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## Appendix 2

### Planning Evaluation Report of the Head of Planning on Council's Assets

<b>Site address</b>	Fordbridge Park, Kingston Road, Staines TW15 3SJ
<b>Date evaluation requested</b>	12/11/2014
<b>Date papers received</b>	12/11/2014
<b>Proposed use of site</b>	<p>There are two existing buildings located within Fordbridge Park. The first building (A) is located to the east of the existing car park. It was formerly a garage with associated staff/kitchen and some parking to the front. The building comprises 98.88sq m whilst the parking area is 341 sq. m. The second building (B) is a former office comprising 51.47 sq. m with a yard area comprising 169 sq. m. Conversion of the building from offices, storage, garages and yard/compound to a childrens' playgroup facility. It is proposed to convert both buildings to a childrens' playgroup/nursery. It is also stated that the garage/staff area could be either refurbished or rebuilt. Clarification is being sought from the Head of asset Management on whether two separate playgroups are required.</p>
<b>Relevant Planning History</b>	<p>01/00089/FUL (Area A &amp; B) Erection of palisade &amp; vertical bar railing fences and gates. Granted 27.04.2001 (Address: Fordbridge Park, Kingston Road)</p> <p>93/00022/ADV (Area A &amp; B) Erection of (A) a new illuminated totem sign; (B) a non-illuminated exit sign. Granted 15.09.1993 (Address: Fordbridge Park, Kingston Road)</p> <p>PLAN W/DE4/83/838 Erection of a block measuring 61 ft. 2 ins. (18.63 m) by 19 ft. 10 ins. (6.03 m) to form 4 garages, an office, and a store, and (b) formation of a hardstanding area for parking and manoeuvring of</p>

	<p>parks vehicles. DE4 - Deemed Reg. 4 Consent 07.03.1984 (Address: Parks Department, Fordbridge Park, Kingston Road)</p> <p>STAINES/FUL/P9587 Single storey brick bowls pavilion of 1,900 sq.ft., with two public conveniences and a shelter 26' x 9' as described in Application No. STA.9587 (Detailed). Granted 18.05.1967 (Address: New Farm Estate, Kingston Road)</p> <p>STAINES/FUL/P562/3/5 (Area A &amp; B) Erection of a Petrol Filling Station. Granted 30.06.1965 (Address: Fordbridge, Kingston Road, Ashford)</p> <p>33/35495/DET (Area A &amp; B) Tree Planting Scheme. DET - Details pursuant to Outline Granted 26.02.1965 (Address: Fordbridge, Kingston Road)</p> <p>STAINES/FUL/P4069/5 (Area A &amp; B) The erection of railings around open space land. Granted 26.02.1962 (Address: New Farm Estate, Kingston Road)</p>
<p><b>Development Plan Designations</b></p>	<p>Pipeline Consultation Area - Staines Bypass To Laleham Consultation Zone PIPEC/5510 - High Pressure Pipeline Consultation Zone Heathrow Safeguarding Heights (+45m) 1 in a 1000 year flood zone Green Belt Smoke Control Order Number 5</p>
<p><b>Head of Planning's advice on the acceptability or otherwise of the proposal and the likelihood of the</b></p>	<p>The site falls within the Green Belt where there is a general presumption against inappropriate development. The fundamental aim of Green Belt policy is to prevent urban sprawl by keeping land permanently open. The re-use of the two buildings can be considered as acceptable within the Green</p>

<b>Planning Committee granting planning permission</b>	<p>Belt providing the openness of the Green Belt is permanently maintained. Any proposal would need to demonstrate that any additional car parking, fencing and extensions are strictly limited to accord with Green Belt policy. Any possible re-building of the garage/staff area building would only be acceptable providing it does not result in disproportionate additions over and above the size of the original building.</p> <p>The County Highway Authority would need to be satisfied on access and parking grounds.</p>
<b>Date of report</b>	18/11/2014
<b>Report recipient</b>	Dave Phillips
<b>Report copied to</b>	Lee O'Neil
<b>Report Authors</b>	John Brooks/Esmé Spinks/Matthew Churchill

**Cabinet****16 December 2014**

<b>Title</b>	Community Infrastructure Levy Charging Schedule		
<b>Purpose of the report</b>	To make a recommendation to Council		
<b>Report Author</b>	Geoff Dawes		
<b>Cabinet Member</b>	Councillor Vivienne Leighton	<b>Confidential</b>	No
<b>Corporate Priority</b>	This item is not in the current list of Corporate priorities but still requires a Cabinet decision		
<b>Cabinet Values</b>	Opportunity and Self-Reliance		
<b>Recommendations</b>	<p><b>To recommend to Council that:</b></p> <ul style="list-style-type: none"> <li>- <b>the CIL Charging Schedule be approved,</b></li> <li>- <b>the proposed Instalment Policy be adopted</b></li> <li>- <b>the proposed Regulation 123 List be agreed</b></li> <li>- <b>the approved CIL Charging Schedule be implemented with effect from 1 April 2015,</b></li> </ul>		

**1. Key Issues and Background**

- 1.1 The Community Infrastructure Levy (CIL) is a new discretionary charge on development. It is a mechanism for collecting and pooling contributions from developers and will substantially replace Section 106 contributions for the purpose of providing new infrastructure. The levy will be the main source of local funding for new or improved infrastructure that serves the wider area and may include roads and transport facilities, education and health facilities, recreation and sport, open space and flood defence.
- 1.2 The main CIL Regulations were introduced on 6 April 2010 but have been subject to regular amendments. The latest guidance and amended regulations came into force on 24 February 2014. The Local Plan Working Party has considered regular progress reports on the various stages necessary to introduce CIL in Spelthorne and in turn has reported to Cabinet. The process required two formal periods of consultation prior to submission and independent examination before the Charging Schedule can be approved at a meeting of the full Council. All the documentation relating to the preparation of the Charging Schedule, including the Examiner's report is published and available on the Council's website.

- 1.3 In order to set a levy, the charging authority (Spelthorne Borough Council) is required under the Regulations to consider two distinct aspects. First it must demonstrate that there is a need for new or improved infrastructure within the area and that there is insufficient funding already available, or identified, to implement that infrastructure. This is referred to as the 'funding gap'. Secondly, the charging authority must set a rate, or rates, which 'must strike an appropriate balance between' the desirability of funding infrastructure from the levy and 'the potential effects (taken as a whole) of the imposition of CIL on the economic viability of development across its area'.
- 1.4 The Council commissioned Dixon Searle Partnership (DSP) to carry out a viability assessment to consider the levels of CIL charge that most development could pay and remain viable. The study, which recommended three different charging zones across the Borough, was published with the Preliminary Draft Charging Schedule for consultation in July/August 2013. Submitted representations were taken into account before the second round of consultation on the Draft Charging Schedule (DCS) in March/April 2014. Following this the DCS and all the supporting evidence was submitted to the Planning Inspectorate for independent examination on 30 May 2014.
- 1.5 The appointed Examiner, Mr T Kemmann-Lane conducted an examination by written representations as none of the 14 parties who submitted representations wished to appear at a public examination. The Examiner's report was received by the Council on 8 September 2014. He considered that "the Council has tried to be realistic in terms of achieving a reasonable level of income to address an acknowledged gap in infrastructure funding, while ensuring that a range of development remains viable across the authority's area". He therefore concluded that, "subject to the modification set out in Appendix A (*attached to his report*) the Spelthorne Borough Council Community Infrastructure Levy Charging Schedule satisfies the requirements of Section 212 of the 2008 Act and meets the criteria for viability in the 2010 Regulations (as amended)" and accordingly recommended that the Charging Schedule be approved.
- 1.6 Before the Council can implement the Charging Schedule it must be approved at a meeting of the full Council. A copy of the Spelthorne CIL Charging Schedule is attached as Appendix 1 and incorporates the modification required by the Examiner, which was to replace the map showing the CIL charging zones with one which showed a full ordnance survey base.

## **2. Options analysis and proposal**

- 2.1 Having received a favourable report from the CIL Examiner the Council, as charging authority, has two options:
1. It can choose not to adopt the CIL charging schedule, in which case it could only raise limited contributions from developments after 1 April 2015 through the mechanism of Section 106 obligations. If the Council were to adopt such an approach it would significantly reduce the potential income which would otherwise be generated to fund necessary infrastructure.
  2. Alternatively the Council can agree to approve the CIL Charging Schedule as recommended, which will then, from the date of implementation, allow

it, as charging authority, to secure the charge on all relevant new development approved after the implementation date. The sums collected may then be spent on agreed infrastructure across the Borough.

- 2.2 It is proposed and **recommended that the Council approves** the Spelthorne CIL Charging Schedule as set out in Appendix 1.

### 3. Financial implications

- 3.1 CIL will deliver additional funding for the local authority to carry out a wide range of projects that support growth and benefit the local community. However, the levy is intended only to contribute in part towards the total cost of infrastructure. It is also a requirement of the regulations that a 'significant proportion' (15% in non-parished Boroughs with no Neighbourhood Plans) must be spent by the local authority in the areas affected by development. Allocation of funds will be subject to local consultations for which appropriate mechanisms are being developed. These will be subject to a further report in due course. Regulations also permit up to 5% of CIL revenue per annum to be taken by the charging authority for administrative purposes.
- 3.2 The remaining proportion of CIL must be spent by the charging authority in accordance with the stated priorities. Authorities must produce and publish for consultation a list of spending priorities in accordance with Regulation 123. This list must relate to the infrastructure requirements identified by the local authority. A draft Regulation 123 list was submitted with the Draft Charging Schedule and was considered as part of the examination process. Once adopted any subsequent changes to the list will require appropriate consultation and formal approval by the charging authority. The draft list, set out in Appendix 2 is **recommended for approval**. It can then be published on the Council's website and reviewed as necessary in accordance with the CIL regulations to take account of any changes in funding priorities or infrastructure requirements.
- 3.3 On the basis of the recommended charges and future scale of development across the Borough it has been estimated that an annual CIL income of between £0.96m (200 dwellings) and £1.2m (250 dwellings) may be generated. This compares favourably with sums negotiated through Section 106 agreements over the last three years at an average of £0.78m per annum, which cover both site specific and general infrastructure provision. Variations in any of the assumptions will affect the sums generated but it is considered that the figures provide a reasonable estimate, based on past trends, of the scale of income generation. Over the remaining Local Plan period from 2015-2026 total income generation could be in the order of £12m compared to the overall funding gap of £36.5m.
- 3.4 Looking at the shorter term over the five year period 2015 to 2020 CIL income could be in the region of £3m - £4m allowing for the implementation of existing planning permissions where no CIL will apply. This compares with an infrastructure funding gap of some £22.5m for the same period.
- 3.5 Under the regulations CIL is payable in full 60 days after commencement of any relevant development. However, the regulations also provide for a charging authority to allow CIL to be paid in instalments. It is acknowledged

that payment of the total charge at an early stage of the development may have serious implications for cash flow and scheme viability especially in relation to small sites. Having had regard to representations made during the consultation stages, it is considered that it would be appropriate for the Council to agree an instalment policy for the phasing of CIL payments over the construction period. A draft scheme is attached at Appendix 3 and is **recommended for approval** and publication on the Council's website.

#### 4. Other considerations

- 4.1 Currently Section 106 of the Town and Country Planning Act 1990 provides the main mechanism that local planning authorities use to secure developer contributions for infrastructure to support development. Planning obligations in future may only be used to secure contributions towards infrastructure, or its provision, where there are site specific implications of development. Any planning obligations will only be taken into account in determining planning applications where they meet the following tests from Regulation 122 of the CIL Regulations 2010 (as amended). Contributions must in future be:
- (a) Necessary to make the development acceptable in planning terms.
  - (b) Directly related to the development.
  - (c) Fairly and reasonably related in scale and kind to the development.
- 4.2 From April 2015 Regulation 123 will also limit the use of planning obligations where there have been five or more obligations in respect of a specific infrastructure project or type of infrastructure. This is intended to ensure that local planning authorities use CIL instead of planning obligations to secure contributions for infrastructure that serves a wider area. CIL will not replace Section 106 agreements altogether but it will become the main mechanism for funding the provision of general infrastructure. Affordable housing, however, will still be secured by negotiation and the use of S106 agreements. The Council will need to prepare appropriate explanatory guidance to clarify the relationship between CIL and the use S106 agreements.

#### 5. Timetable for implementation

- 5.1 In approving the Charging Schedule it is also necessary for the Council to agree an implementation date from which the charge will be levied on all relevant development granted planning permission.
- 5.2 Once the Charging Schedule has been formally approved a reasonable lead in time is necessary to ensure that all the administrative arrangements and detailed processes required by the regulations have been set up and tested prior to implementation. It is also necessary that adequate time can be given for appropriate publicity so that fair notice is available to those submitting applications. Having regard to the extent of work involved and based on the experience of a number of authorities who have already introduced CIL, it is **recommended** that the Council agrees to implement the CIL Charging Schedule with effect from 1 April 2015.



**Background papers:**

There are none

**Appendices:**

**Appendix 1 - CIL Charging Schedule**

**Appendix 2 - CIL Regulation 123 List**

**Appendix 3 - Proposed CIL Instalment Policy**

## Appendix 1

# Community Infrastructure Levy

## Charging Schedule

**December 2014**





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## Community Infrastructure Levy (CIL) Charging Schedule

### Statutory Compliance

1. Spelthorne Borough Council is a charging authority for the purposes of Part 11 of the Planning Act 2008 and may therefore charge the Community Infrastructure Levy (CIL) in respect of development in its administrative area.
2. In preparing the Charging Schedule the Council has complied with the requirements set out in Part 11 of the Planning Act 2008 and the Community Infrastructure Regulations 2010 (as amended).
3. In setting the levy rates the Council has struck an appropriate balance between:
  - a. the desirability of funding from CIL, in whole or in part, the estimated cost of necessary infrastructure to support the development of the area, taking into account other actual and proposed sources of funding, and
  - b. the potential effects, taken as a whole, of the imposition of CIL on the economic viability of development across its area.

### Date of Approval

4. The Charging Schedule was approved by the Council on 18 December 2014.

### Date of Implementation

5. The Charging Schedule will come into effect on 1 April 2015.

### Scope of Community Infrastructure Levy

6. As set out in the CIL Regulations the levy is applicable on the net additional gross internal floorspace of all new development apart from that specifically exempted by the Regulations as follows:
  - buildings into which people do not normally go and buildings into which people go only intermittently for the purpose of inspecting or maintaining fixed plant or machinery.
  - new buildings or extensions of less than 100 sqm gross internal floor area, unless they result in one or more dwellings.
  - Residential extensions and free standing “residential annexes”.
  - changes of use.
  - affordable housing.
  - development by charitable bodies and used for charitable purposes.
  - self-build housing.

### The CIL rate (£ per square metre)

7. CIL will be charged at differential rates in £s per square metre based on the net additional increase in floorspace for qualifying development in accordance the provisions of the Community Infrastructure Regulation 2010 (as amended).

8. The CIL rates to be charged by Spelthorne Borough Council, subject to any statutory and mandatory exemptions are set out in Table 1.

**Table 1 - CIL Rates**

Land Use	CIL Charge (£/sqm)		
	Zone 1	Zone 2	Zone 3
Residential development <sup>1</sup> (schemes of fewer than 15 units to which Policy HO3 Affordable Housing does not apply)	£100	£140	£160
Residential development <sup>1</sup> (schemes of 15 or more units to which Policy HO3 Affordable Housing applies)	£0	£40	£60
Purpose built student accommodation	£120		
Retail – out of centre larger convenience based supermarkets and superstores and retail warehousing (net retail selling space of more than 280 sqm)	£120		
Hotels and Care Homes	Nil		
Offices, commercial and all other uses	Nil		

1. 'Residential development' includes all dwellings falling within Use Class C3 (Town & Country Planning (Use Classes) Order 1987 (as amended)).

9. The rates will apply throughout the Borough and for residential development in accordance with the charging zones shown on Map 1.
10. The Charging Authority has used appropriate viability evidence to inform the charging schedule.

#### **Calculating the chargeable amount**

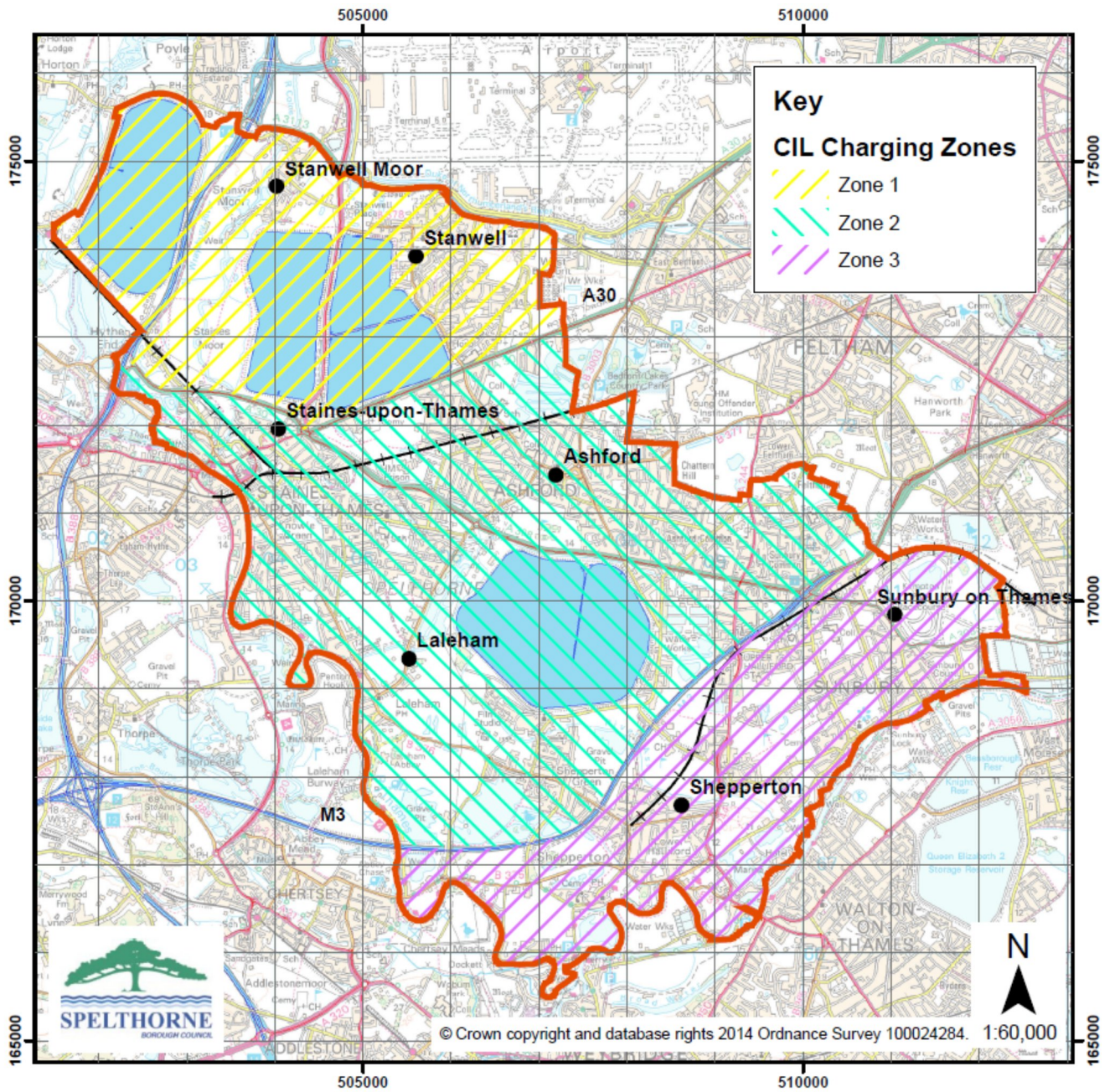
11. The amount of CIL arising from development liable for CIL will be calculated in accordance with Regulation 40 of the CIL Regulations 2010 (as amended).
12. All CIL liability will be index linked to the Building Cost Information Service (BCIS) All-in Tender Price Index.

#### **Instalment Policy**

13. Liability for the payment of CIL is triggered by the commencement of development. The Council proposes to adopt, and keep under review, an Instalment Policy in accordance with the procedures set out in Section 69B of the CIL Amendment Regulations 2011.

**This Charging Schedule has been issued, approved and published in accordance with the Community Infrastructure Levy Regulations 2010 (as amended) and Part 11 of the Planning Act 2008.**

Map 1 CIL Charging Zone Boundaries





## Appendix 2

# Community Infrastructure Levy

## Draft Regulation 123 List

Consultation Document - March 2014





## Community Infrastructure Levy

### Draft Regulation 123 List

#### Infrastructure Projects to be funded by CIL

Regulation 123 of the Community Infrastructure Levy Regulations 2010 (as amended) provides for charging authorities to set out a list of those projects or types of infrastructure that it intends to fund, or may fund, through the levy. The regulations restrict the use of planning obligations (Section 106 agreements) for infrastructure that will be funded wholly or partly by the Community Infrastructure Levy. The list is intended to clarify what developers will be expected to pay for and by which route, in order to ensure that there is no actual or perceived “double dipping” with developers paying twice for the same item of infrastructure. In addition the Regulations (as amended 2014) help to ensure that Section 278 agreements (under the Highways Act 1980) cannot be required for works that are intended to be funded through the levy

Category	Exceptions
<ul style="list-style-type: none"> <li>Education facilities (Early years, Primary and Secondary) provided by Surrey County Council</li> </ul>	
<ul style="list-style-type: none"> <li>Highways and Transport schemes promoted by Surrey County Council</li> </ul>	Site specific highway improvements or alterations necessary to facilitate implementation of the particular development
<ul style="list-style-type: none"> <li>Open space and leisure facilities</li> </ul>	The provision of on-site play space and play equipment in residential schemes of 30 or more family dwellings where Policy CO3 of the Core Strategy and Policies DPD applies
<ul style="list-style-type: none"> <li>Strategic flood defence measures</li> </ul>	Site specific flood mitigation measures necessary to facilitate implementation of the particular development

This list will be reviewed by the Council and updated as necessary after appropriate consultation in accordance with the CIL Regulations 2010 (as amended).

## Appendix 3

### Spelthorne Borough Council

#### Community Infrastructure Levy (CIL) Instalment Policy

- 1.1 In accordance with Regulation 69B of the Community Infrastructure Levy Regulations 2010 (as amended 2011) Spelthorne Borough Council will allow the payment of CIL by instalments as set out in the table below. This approach of allowing payments over a longer period will assist with cash flow and development viability.
- 1.2 This instalment policy comes into effect on 1 April 2015.

Total CIL liability	Number of instalments	Percentage payment	Calendar days
Amounts less than £10,000	0	100%	Within 90 days of commencement
Amounts equal to or greater than £10,000 and less than £50,000	2	50%	Within 90 days of commencement
		50%	Within 180days of commencement
Amounts equal to or greater than £50,000 but less than £100,000	3	25%	Within 90 days of commencement
		25%	Within 180 days of commencement
		50%	Within 270 days of commencement
Amounts equal to or greater than £100,000 but less than £500,000	3	25%	Within 180 days of commencement
		25%	Within 270 days of commencement
		50%	Within 360 days of commencement
Amounts equal to or greater than £500,000	4	25%	Within 180 days of commencement
		25%	Within 270 days of commencement
		25%	Within 360 days of commencement
		25%	Within 540 days of commencement

- 1.3 The instalments relate to the amount payable (the chargeable amount) as indicated on the Demand Notice. The commencement date will be the Commencement Notice date as advised by the developer under CIL Regulation 67.
- 1.4 Where outline planning permission permits development to be implemented in phases, each phase of the development, as agreed by Spelthorne Borough Council, can be treated as a separate chargeable development. The approved instalment policy will, therefore, apply to each separate phase of the development and its associated separate chargeable amount.

## 2. Circumstances where the Instalment Policy will not apply

- 2.1 In accordance with the CIL Regulations 2010 (as amended 2011) this Spelthorne CIL instalment policy will **not** apply in the following circumstances:
- a. Where a Commencement Notice has not been submitted prior to commencement of the chargeable development;
  - b. Where nobody has assumed liability to pay CIL for the chargeable development on the intended day of commencement;
  - c. An instalment payment has not been made in full within 30 days of the due date for the instalment payment;
  - d. A person has failed to notify Spelthorne Borough Council of a disqualifying event within 14 days of a disqualifying event occurring. (Disqualifying events relate to when CIL relief has previously been granted and circumstances subsequently change).
- 2.2 Where the instalment policy does not apply, **the chargeable amount must be paid in full within 60 days** of the notified or deemed commencement date of the chargeable development or the date of the disqualifying event, whichever is the earliest. Surcharges may also apply for failure to submit Assumption of Liability forms or Commencement Notices.

### **3. Instalment policy rationale (not part of policy)**

- 3.1 Liability for the payment of CIL is triggered by the commencement of development. The Draft Charging Schedule published in March 2014 for consultation prior to submission in May (para 13) confirmed that the Council proposed to adopt, and keep under review, an instalment policy in accordance with the procedures set out in Regulation 69B of the CIL Amendment Regs 2011.
- 3.2 The regulations require the CIL charge to be paid in full within 60 days of commencement of a development unless the charging authority has adopted an instalment policy. During the consultation stages a number of representations were received requesting the Council to consider an instalment policy in order to reduce the financial burden on small scale developers and to ensure that cash flow problems did not have an adverse impact on viability.
- 3.3 The Council has therefore carefully considered the evidence and has developed an instalment policy which aims to ensure that all development can contribute to the infrastructure needs of the Borough whilst maintaining viability. In the Final Report on viability proposed by the Council's consultants DSP, it was recommended (para 3.10.4) that the scope to phase CIL payment timings should be considered where needed as part of mitigation for scheme viability or delivery issues. The front-loading of significant costs can impact on development cash flow in a very detrimental way, so costs (negative balances) are carried in advance of sales income which counteracts them.
- 3.4 It was suggested that spreading the cost burden even on some smaller schemes may well provide a useful tool for supporting viability in the early stages. In addition it was suggested that discussions with developers on the timing of affordable housing provision and/or financial contribution obligations could also be important in this regard. In some cases an affordable housing element can provide valuable and relatively secure cash flow; in others there may be overall scheme benefits from phasing its provision differently.
- 3.5 There is a clear case for adopting an instalment policy. The CIL regulations allow for the setting of phased payments based on time periods measured from commencement of development and as proportions of the total charge liable for the particular development. Instalments cannot be linked to completions or stages of development or the type and size of development, although large developments may be formally split into distinct phases so that each phase is considered as a separate development for the purpose of CIL payments.