

**Minutes of the Overview and Scrutiny Committee
20 November 2018**

Present:

Councillor S.C. Mooney (Chairman)
Councillor J.G. Kavanagh (Vice-Chairman)

Councillors:

S. Capes	A.T. Jones	R.A. Smith-Ainsley
R. Chandler	V.J. Leighton	B.B. Spoor
A.E. Friday	A. Sapunovas	

In attendance: Councillor C. Barnard, Portfolio Holder for Planning and Economic Development; Councillor D. Patel, Portfolio Holder for Environment and Compliance, Councillor H. Williams, Portfolio Holder for Finance.

Apologies: Councillors J.R. Sexton

272/18 Minutes

The minutes of the meeting held on 11 September 2018 were approved as a correct record.

273/18 Disclosures of Interest

There were none.

274/18 Call-in of Cabinet decisions

No Cabinet decisions were called in.

275/18 Cabinet Forward Plan

The Committee noted the Cabinet Forward Plan.

276/18 Air Quality

The Pollution Control Officer presented a report reviewing the air quality in the borough. The principal pollutant in the Spelthorne area was nitrogen dioxide and this had been monitored locally since 1996. There were three continuous monitoring stations in the borough located in Stanwell, Sunbury Cross and Upper Halliford. The monitoring station at Sunbury Cross was funded by the Council until December 2018 and was subject to a growth bid for continued funding. The levels of nitrogen dioxide had continued to exceed the required annual national air quality objective in some monitoring locations in the borough, particularly alongside major roads and busy junctions.

The report highlighted four actions being taken to raise awareness of the impact of air quality: a Surrey Schools project to educate pupils on air quality issues and encourage a change in modes of travel to school, an Air Alert scheme to offer advice to help those with respiratory conditions manage them when air quality was poor, participation in national air quality campaigns, and the introduction of electric vehicle car charging points in the borough.

Also considered was the potential impact on air quality of the expansion of Heathrow and the Eco Park. The Pollution Control Officer advised that the construction work for Heathrow expansion would last for approximately 9 years with resultant impact on air quality and noise. Airport car parking for up to 25,000 cars was being proposed for land at Stanwell Moor. Heathrow Airport Ltd (HAL) had said that expansion would not increase airport related traffic from today's levels but Spelthorne Borough Council was sceptical of this claim.

Members asked a number of questions about the location of the air quality monitoring stations, whether the proposed Esso pipeline would have any effect on air quality in the area, and electric vehicle charging points. The Pollution Control Officer agreed to circulate enhanced maps that clearly identified the location of air quality monitoring stations in each area of the borough together with a list of roads where the monitors were situated.

At the suggestion of a member, the Committee agreed to make the portfolio holder aware that they supported the continued funding of the Sunbury Cross monitoring station.

Richard Parkinson of Surrey County Council, Jorge Hau from Suez the Eco Park operators, and Stephen Othen of Fichtner Consultant Engineers, gave a presentation on the operation of the Eco Park (attached). This included an overview of the project, including the layout and the different processes: recycling and recovery, gasification and anaerobic digestion.

They advised that emissions from the Eco Park were regulated and if pollutants exceeded the permitted levels they were required to close down within four hours. The pollutants were constantly measured in the flue and a monitor was located on the chimney itself where the greatest concentrations would be found.

The presenters responded to questions from members about keeping information simple and not too technical for the benefit of the public, conversion of waste to electricity, siting of the monitoring equipment, and access to monitoring data. They agreed to look at placing monitoring data on Eco Park website or another accessible place.

They anticipated that the anaerobic digestion plant would be operational in the first quarter of 2019 and the gasification plant in the second quarter.

Notification would be given in advance of this taking place.

Resolved:

1. To note the report and thank Richard Parkinson, Jorge Hau and Stephen Othen for their presentation; and

2. To make portfolio holder aware that the Committee would like funding to continue for the Sunbury Cross monitoring station

277/18 Houses in Multiple Occupation - Article 4 Direction

With the agreement of the Committee, this item was considered earlier on the agenda.

The Planning Development Manager presented her report outlining the current planning legislation for Houses in Multiple Occupation (HMO) and the options for making an Article 4 Direction to remove Permitted Development Rights for HMOs (which would mean that permission would be required for any HMO regardless of the number of occupants) in certain areas.

She explained that Article 4 Directions were intended for use in exceptional circumstances where evidence suggested that development under Permitted Development rights, such as the spread of HMOs, harmed local amenity or the proper planning of an area. Article 4 Directions did not stop development; they simply meant that planning permission was required for a specified development which, without the Article 4 Direction, would be permitted development.

The Planning Development Manager advised that the data used to undertake a spatial analysis by ward of the numbers and types of HMOs which existed in the Borough, and the extent of the complaints received did not currently support the introduction of an Article 4 Direction. She confirmed that the situation would continue to be monitored and an updated report presented to Overview and Scrutiny Committee in a year's time.

The Planning Development Manager further advised that as a result of new licensing legislation which had come into effect from 1 October 2018, it was anticipated that the management and safety standards in a high proportion of privately rented residential properties within Spelthorne would improve. It was the responsibility of the Environmental Health department to monitor HMOs and enforce the legislation.

The Planning Development Manager agreed to circulate the list of criteria that was used when considering an HMO licence following the meeting.

Resolved to note the report and receive an updated report in 12 months' time.

278/18 Capital Monitoring Q2

The Committee considered a report on capital expenditure covering the period April to September 2018.

Members asked for further information to be provided about the reasons for the variations between projected and actual spend and for further detail about the overspend on disabled facilities grants.

Resolved to note the current level of capital spend.

279/18 Revenue Monitoring Q2

The Committee considered a report on revenue expenditure covering the period April to September 2018.

Information was provided in response to questions about the Gigabit project and the reasons for its delay, and the homelessness initiatives. Members also asked if there were plans to roll out electric car charger units across the borough, and in particular in Ashford. The Deputy Chief Accountant agreed to write to members after the meeting advising of the cost of an individual electric car charger unit .

Resolved to note the current level of revenue spend.

280/18 Capital Strategy

Deputy Chief Executive Terry Collier, Michael Graham, Head of Corporate Governance, Nick Cummings, Property and Development Manager, and David Birley, Housing Strategy Officer, gave a presentation to the Committee explaining the requirement to produce a capital strategy by 31 March 2019 and guidelines issues by CIPFA. The presentation gave details of the four main elements of the strategy: capital expenditure, investment decisions and arrangements, treasury management and skills and knowledge.

Members asked questions about the change in emphasis from investment for the purpose of supporting services, to addressing the local housing needs, risk assessment and management, the effect of any interest rate increases and the timetable to produce and publish a strategy.

Resolved to note the presentation and include the Capital Strategy on the Work Programme for January 2019.

Following this item and having sat for three hours continuously, it was moved by Councillor R.A. Smith-Ainsley, seconded by Councillor Friday and agreed to suspend Standing Order 5.1 to continue with the remaining items on the agenda.

281/18 Budget Issues 2019/20 - 2020/21

Deputy Chief Executive Terry Collier gave a presentation to the Committee on issues that would affect budget setting; these included the pressures being experienced by councils, the reductions in central government funding, whether the business rates bid was successful and the relevant timescales. Other possible factors such as Brexit, expansion of Heathrow, and potential Surrey County Council cuts were highlighted and the strategies to be used to close the budget gap.

Mr Collier also advised that the net surplus from investment acquisitions would be used to support services that would otherwise be at risk.

Members were concerned at the delay in Surrey County Council advising of any budget cuts as a result of the consultations they are currently holding and felt this was unreasonable and made our own budget setting very difficult. They requested that feedback is given to the relevant portfolio holder and/or Leader of Surrey County Council that the delay in notifying Spelthorne Borough Council of budget cuts is unreasonable.

Resolved:

1. To note the presentation.
2. Councillor Mooney to convey the Committee's concerns to Surrey County Council.

282/18 Task Groups

Members were asked to consider which items on the work programme might be a suitable subject for a task group to undertake. Due to the lateness of the hour, the Committee agreed to discuss this as the first item at its next meeting.

Resolved to defer consideration of this item to the next meeting in January 2019.

283/18 Work Programme

The Committee considered its work programme for the remainder of the Municipal year.

Resolved to note the work programme for the remainder of 2018/19.

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Eco Park Surrey Project Overview

Page 7 The Eco Park and Air Quality

Minute Item 276/18

Outline of the Presentation

- Project overview
- Process Description
- National Air Quality Objectives
- Eco Park and the Environment Permit
- Air Pollution Control and CEMS
- The Eco Park and Air Quality in Spelthorne

Project Overview

Project Overview

- **Sept 1999:** Surrey County Council awarded a Waste Management Contract to SUEZ for 25 years. Proposed solution is based on an integrated waste management solution including 2 EfW facilities.
- **2001 & 2008 :** Planning failed twice
- SUEZ operates 15 recycling centres, 5 waste transfer stations, landfilling and out-of-County disposal contracts.
- **2010 :** First discussions on an Eco Park solution
- **31-Oct-2013:** NTP1 (Basic Engineering)
- **2015:** Planning Approval - Repricing due to expiry of Long-stop date: £70M to £91M
- **19-May-15:** NTP2 (Construction)
- **2-Jun-15:** Start onsite
- **14-Jul-17 (forecast: end Dec 18):** AD Take Over
- **24-Oct-17 (forecast end Dec 18):** Gasification Take Over



Eco Park Surrey

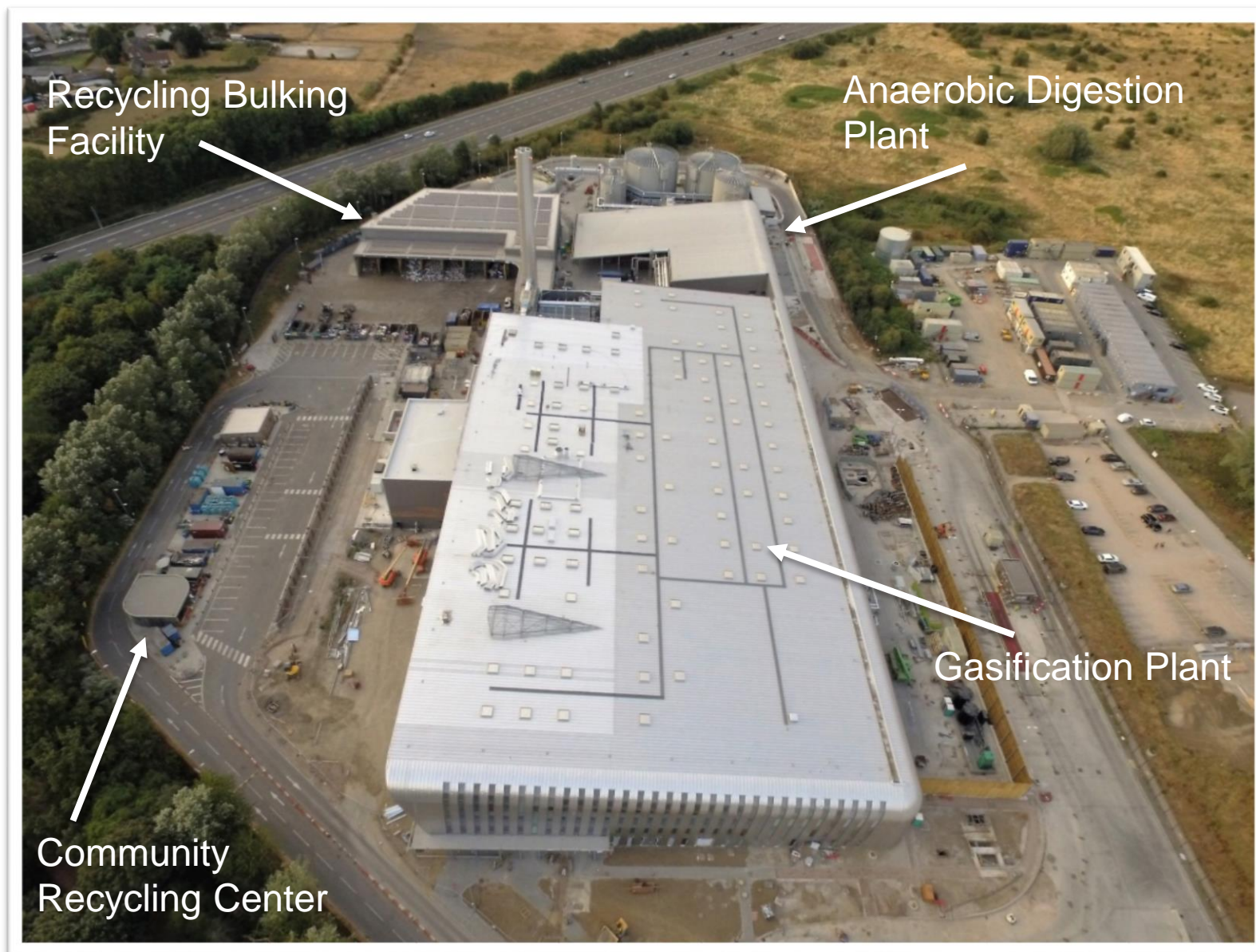
- New technology (≠ EfW)
 - Gasification
 - Anaerobic digestion
- Small size
 - 100 kt per annum
- Integrated
 - Local solution
 - In Surrey



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Layout

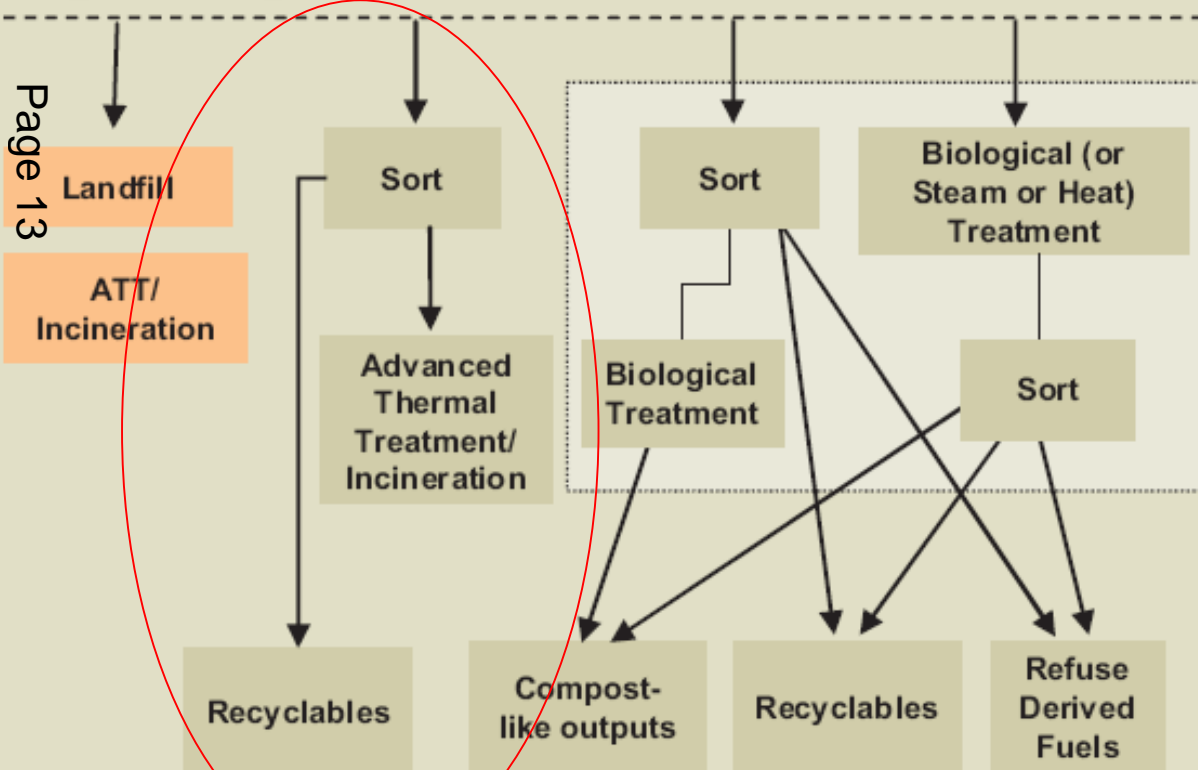
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Recycling and Recovery at the Eco Park



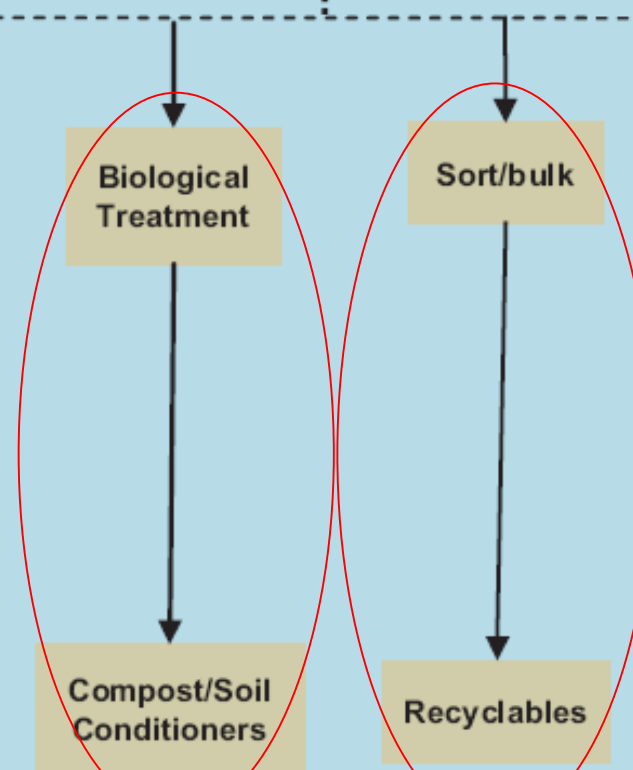
Residual Waste



Source Segregated Materials

Wet / Organic
(e.g. garden/food)

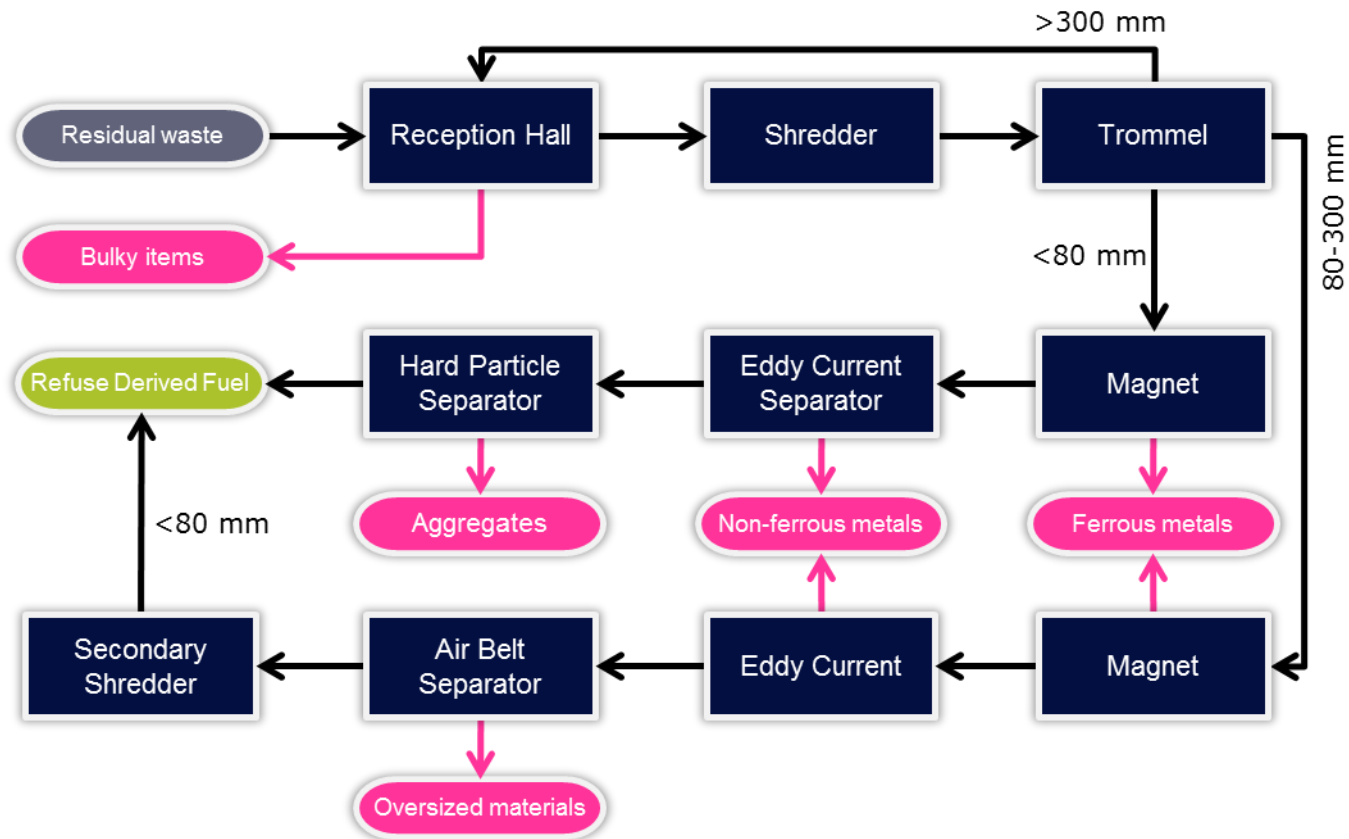
Dry / Recyclables
(e.g. paper, cans)



SUBJECT TO MARKET CONDITIONS AND OUTLET AVAILABILITY

Process Description

Pre-Treatment



RDF Manufacture (Pre-treatment)

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Shredding

- MSW input to shredder 55kt/yr

Metals Separation

- Ferrous
- Non-Ferrous

Others

- Aggregates
- Residual (Carpet, shoes etc.)

RDF

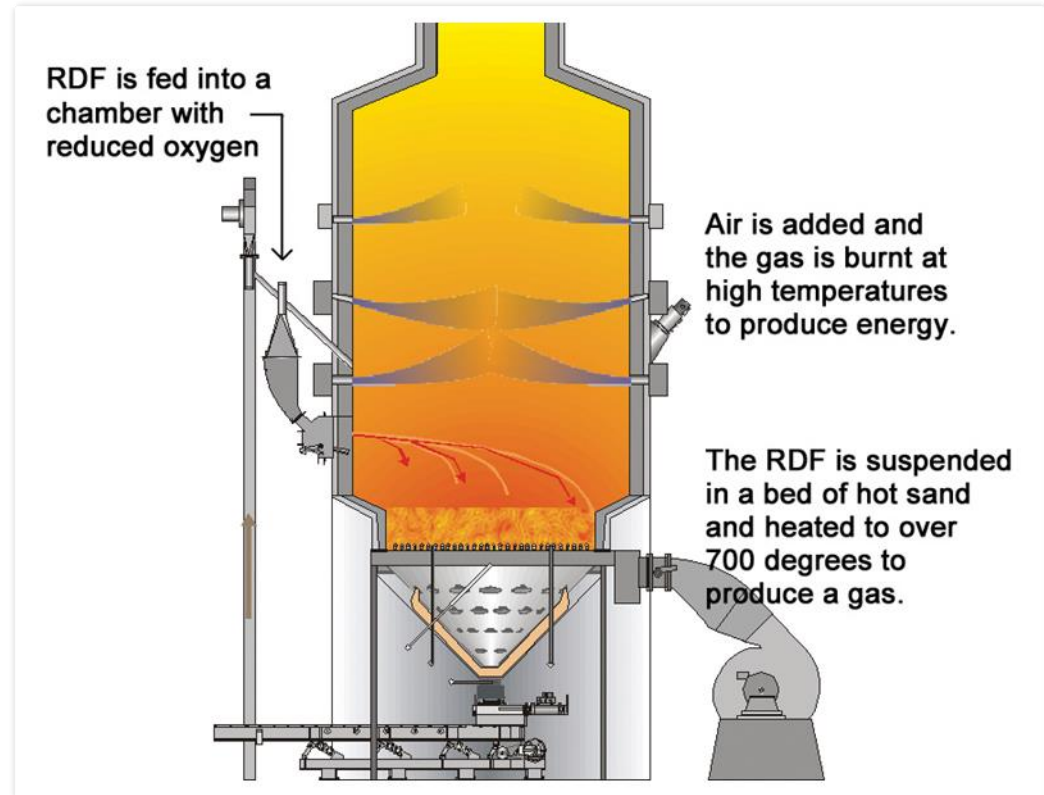
- Refuse Derived Fuel 45kt/yr



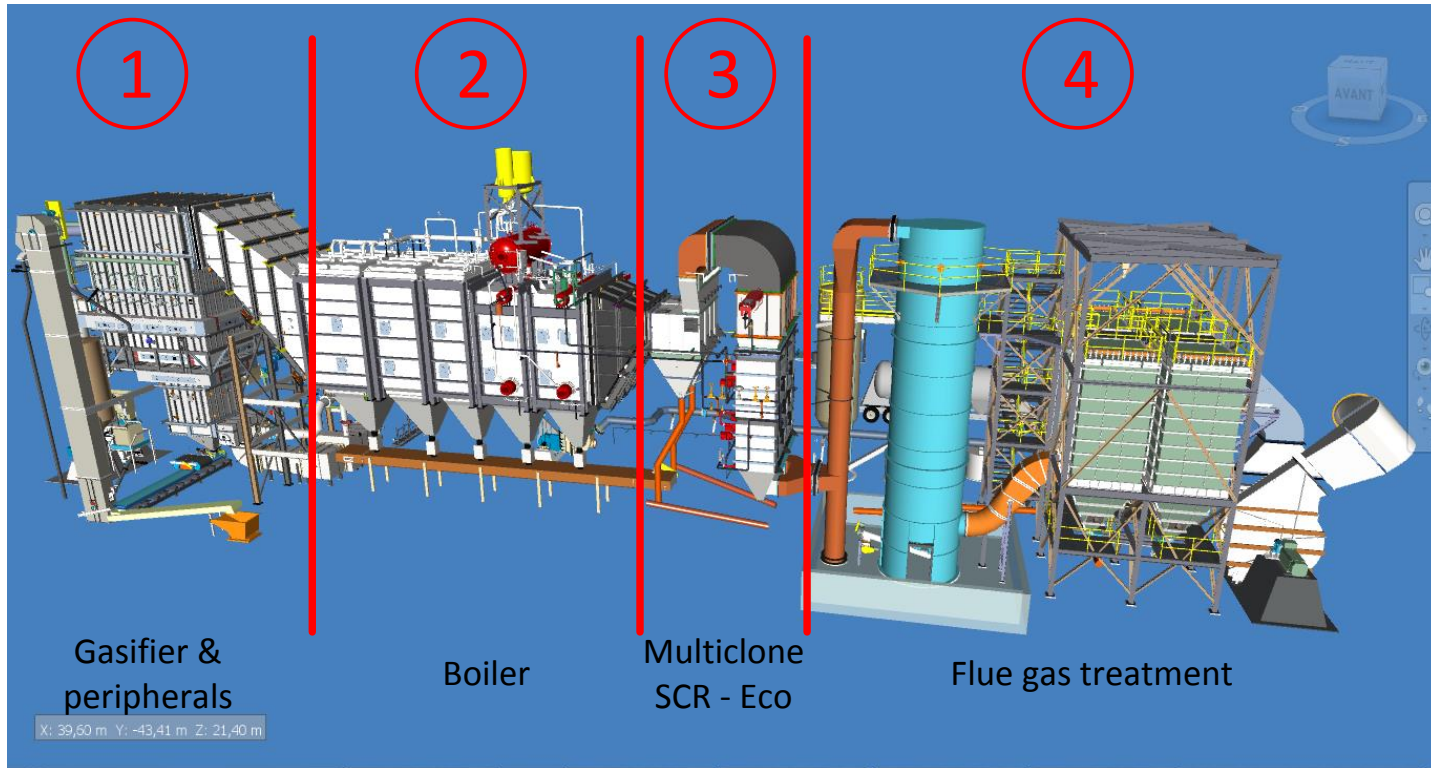
Gasification

- Fluidised Bed
- Refuse Derived Fuel
- Processing 45ktpa
- 5.6 t/h x 10.3 MJ/kg
- 17.5 t/h steam
- @ 405 C – 43 bar
- 3.65 MWe Gross
- 2 - 2.4 MWe Net

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Gasification Process Overview



Anaerobic Digestion

- 40,000 tpa
- Process stages
 - Pre-treatment
 - Hydrolysis
 - Pasteurisation
 - Anaerobic digestion
 - Dewatering
- Other functions
 - Liquor treatment
 - Biogas handling
 - Odour control
- Gas produced is burned in two CHP gas engines:
1.8 MWe Gross (1 MWe Net)



National Air Quality Objectives

Pollutants with National Air Quality Objectives

- In England there are air quality objectives for seven pollutants:
 - Nitrogen Dioxide (NO₂)
 - PM₁₀
 - Carbon Monoxide (CO)
 - Sulphur Dioxide (SO₂)
 - Benzene
 - 1,3-butadiene
 - Lead
- Previous local air quality assessments in Spelthorne have shown that concentrations are compliant with the relevant objectives,
 - With the exception of Nitrogen Dioxide

Pollutants with National Air Quality Objectives

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Pollutant	Concentration	Averaging period	Permitted exceedances each year
Nitrogen dioxide (NO₂)	200 µg/m³	1 hour	18
	40 µg/m³	1 year	n/a
PM₁₀	50 µg/m³	24 hours	35
	40 µg/m³	1 year	n/a
Fine particles (PM_{2.5})	25 µg/m³	1 year	n/a
Carbon monoxide (CO)	10 mg/m ³	Rolling 8 hour mean	n/a
Sulphur dioxide (SO ₂)	350 µg/m ³	1 hour	24
	125 µg/m ³	24 hours	3
Benzene	5 µg/m ³	1 year	n/a
Butadiene	2.25microg/m ³	running annual mean	
Lead (Pb)	0.25 µg/m ³	1 year	n/a

About NOx

- Mixture of nitrogen dioxide and nitrous oxide, known as NOx.
- Primary health effects are respiratory.
- Main emission sources
 - Road transport
 - Power stations
- High ambient concentrations are almost always associated with high traffic densities.

About PM10

- PM10 is dust or particulate matter with a diameter smaller than 10 microns.
- Studies have shown increases in mortality associated with high levels of PM10s as well as short term respiratory effects.
- Main emission sources
 - Road transport
 - Quarrying
 - Combustion processes

About PM2.5

- PM2.5 is dust or particulate matter with a diameter smaller than 2.5 microns.
- PM2.5 is a fraction of PM10.
- Health effects are similar to PM10, but there is some evidence that the PM2.5 fraction has greater impacts than PM10.
- Main emission sources
 - Road transport
 - Combustion processes

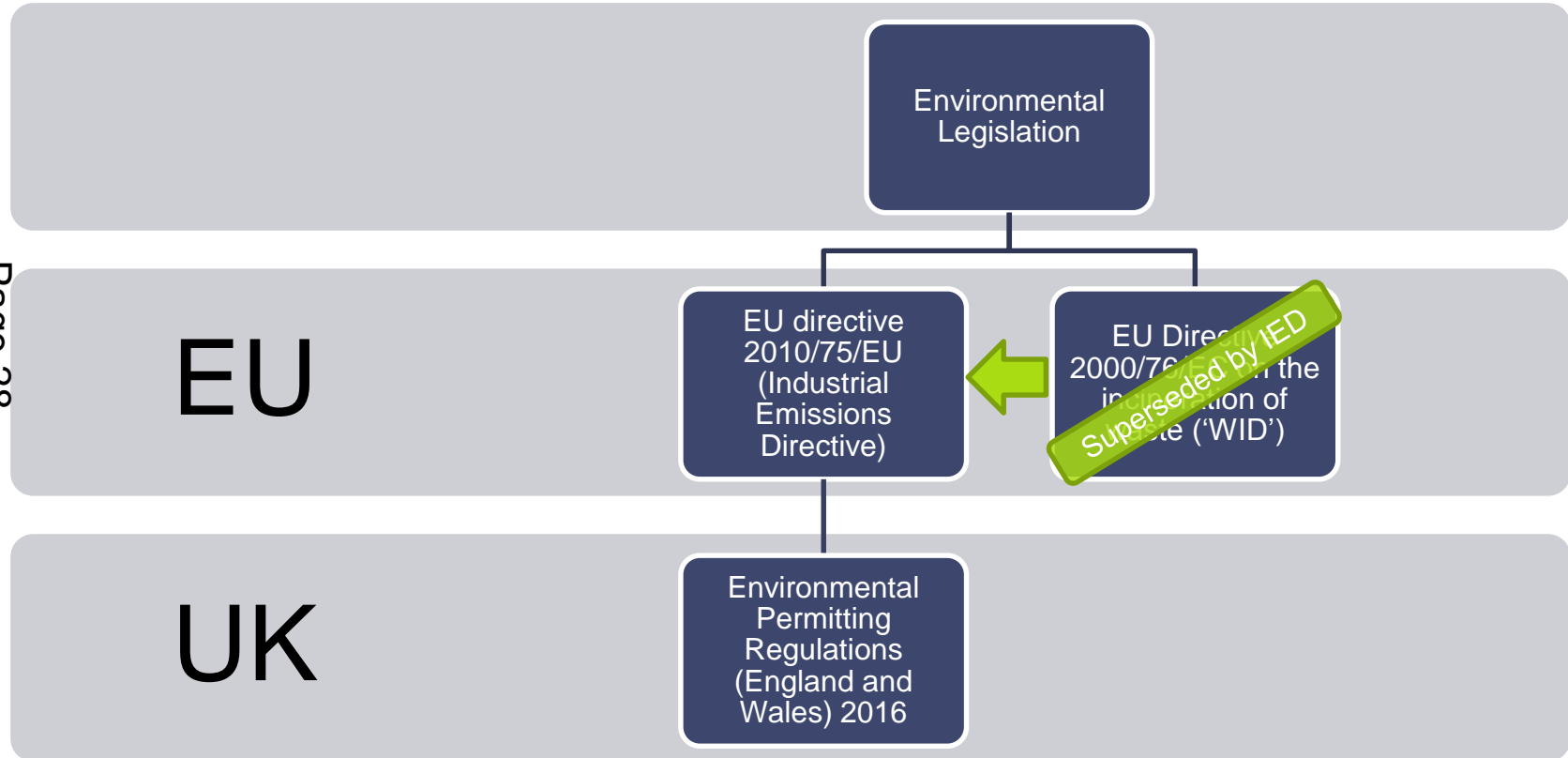
Air Quality Monitoring Station

- Analyser installed at a location along Birch Grove, Shepperton.
- Purpose: to establish baseline conditions before operation of the Eco Park and monitor conditions during the operation.
- Equipment installed:
 - NO₂ (Nitrogen dioxide) – Monitor Labs Chemiluminescence analyser ML9841b;
 - PM₁₀ – Met-One BAM 1020 PM10
 - PM_{2.5} – Met-One 1020 smart BAM for PM2.5;
 - Wind Speed and Direction – Ultrasonic from Gill Instruments Ltd; and
 - Logger – Campbell Logger
- NO₂ and PM₁₀ analysers installed and commissioned on 23rd March 2016. PM_{2.5} and wind analysers on 17th May 2016.

Eco Park and the Environment Permit

Governing Legislation

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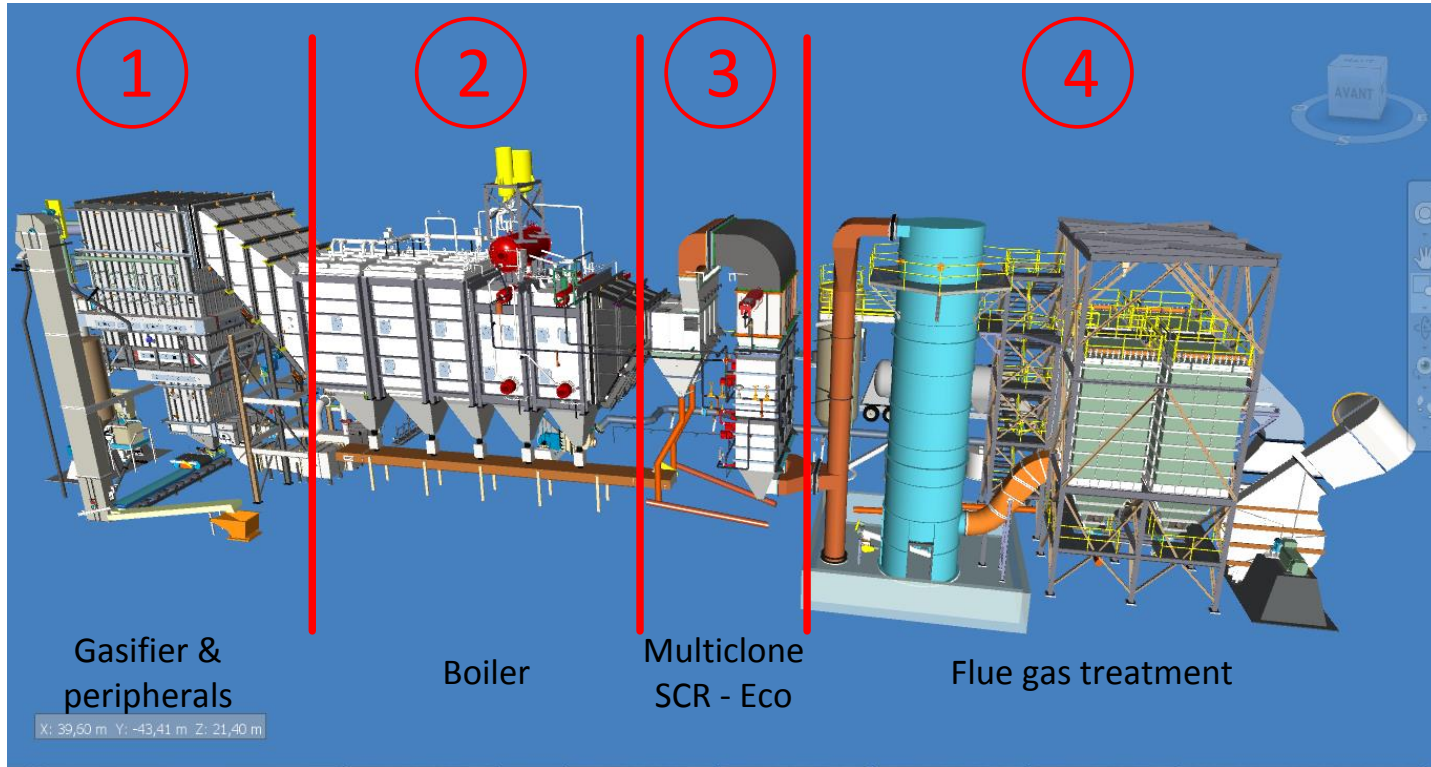
The Eco Park Permit-

- Single permit covering all operations on site
- Defines:
 - How we must construct the site
 - How we can operate
 - What wastes we can accept
 - What we can emit
 - How we must monitor our emissions
 - That we must regularly review operations to determine if improvements can be made
- Issued and applies since 29th October 2014

- Operations:
 - A1: Gasification
 - A2: Anaerobic Digestion
 - A3: Electricity generation (Gasifier Turbine)
 - A4: Electricity generation (AD Plant CHP engines)
 - A5: Use of auxiliary flare on the AD Plant
 - A6: Community Recycling Centre
 - A7: Recyclables Bulking Facility
 - A8: Road Sweepings Bulking Facility

Air Pollution Control and CEMS

Air Pollution Control of the Gasifier



Continuous Monitoring

○ Emissions to Air

- Continuous Emissions Monitoring System (CEMS)
 - NO_x
 - SO_x
 - Ammonia
 - Total Organic Carbon (TOC)
 - CO
 - HCl
 - Particulates
- Limits imposed for both ½ hourly averages as well as daily average

○ Process Monitoring

- Facility Distributed Control System (DCS)
 - Combustion Chamber Temperature (>850°C)
 - Exhaust Gas Temperature
 - Exhaust Gas Pressure
 - Exhaust Gas O₂
 - Exhaust Gas H₂O

CEMS System

- Continuous measurement of exhaust gas at the base of the stack
- Dual redundant systems
- Will be MCERT certified
- Periodic parallel sampling carried out by external consultants to validate measurement

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Periodic Monitoring

○ Gasification (A1)

- Emissions to Air: HF, Cd & Tl, Hg, Heavy Metals, Dioxins/Furans & PCBs, Polycyclic Aromatic Hydrocarbons (PAHs)
- Emissions to Land:
 - Bottom Ash (TOC, metals, Dioxins/Furans & PCBs);
 - APCr (metals, Dioxins/Furans & PCBs);
 - Boiler Ash (metals, Dioxins/Furans & PCBs);

○ AD Plant

- Emissions to Air (CHP Engines & Flare): NO_x, SO₂, CO, VOCs)

Abnormal Operations

○ Activity A1 (Gasification) only:

- Must be recorded
- Defined as:

"abnormal operation" means any technically unavoidable stoppages, disturbances, or failures of the abatement plant or the measurement devices other than continuous emission monitors for releases to air of particulates, TOC and/or CO, during which the emissions into the air and the discharges of waste water may exceed the prescribed emission limit values.

○ Must shutdown process if:

- Total "abnormal operation" exceeds 60hrs/calendar year.
- An individual period of "abnormal operation" exceeds 4 hrs.
- Limits of Particulates, TOC and/or CO during abnormal operation are exceeded
- Particulates, TOC and/or CO parts of CEMS system are offline

Potential Impact of the Eco Park on Air Quality

Eco Park AQA Model Assumptions

- Both the AD and Gasification Processes are expected to comply with the permit
- As worst case scenario, emissions assumed to be equal to the permitted emissions limits
- The emissions limit for Nitrogen Oxides (100 mg/Nm³) is lower than that prescribed within the Industrial Emissions Directive (IED)
- More detail is available on the Air Quality Assessment Report, which is part of the Environment Permit for the Eco Park

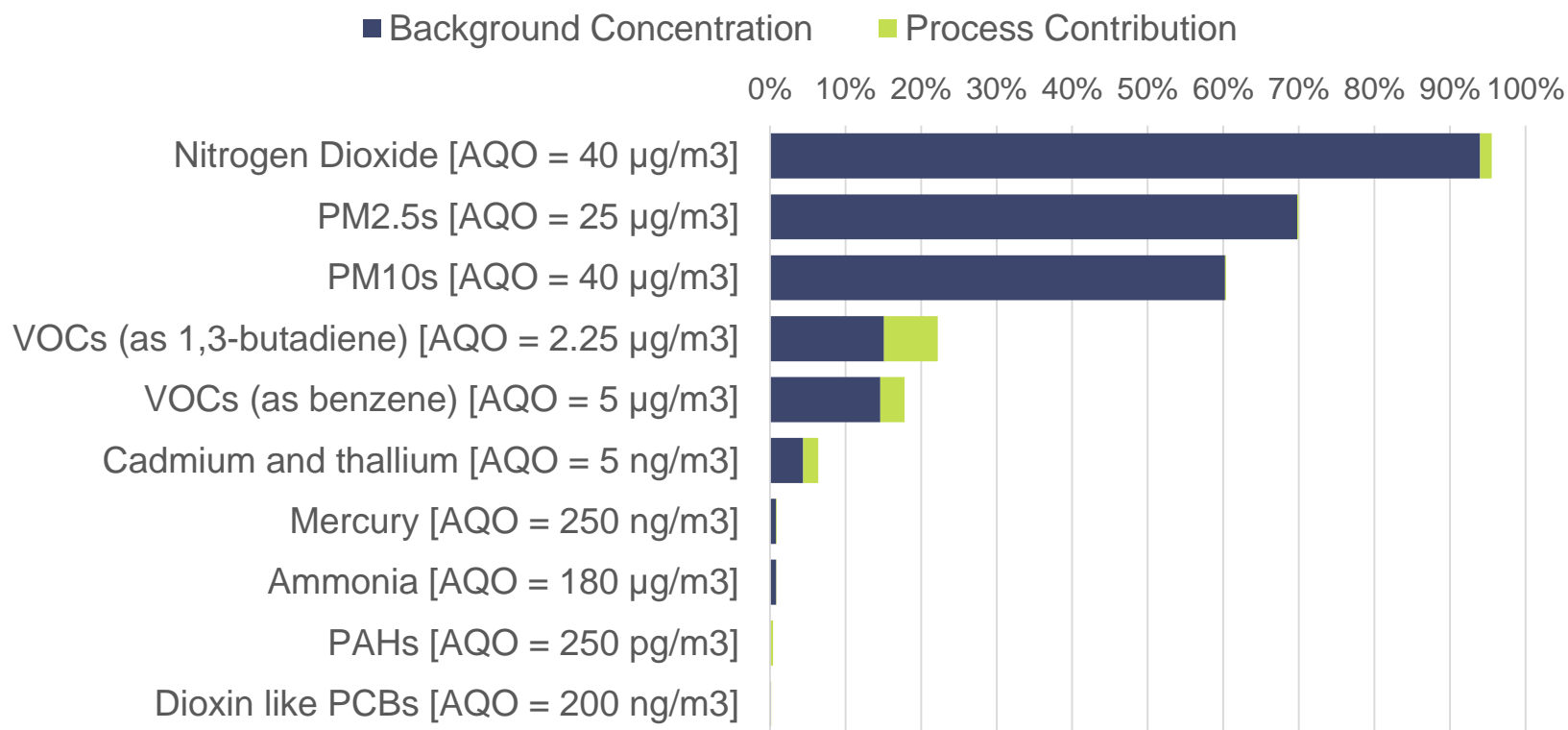
Eco Park AQA Model Inputs

	Gasification Plant		Gas Engines (x2)	
	Conc. (mg/Nm ³)	Release Rate (g/s)	Conc. (mg/Nm ³)	Release Rate (g/s)
Oxides of nitrogen (as NO ₂)	100	0.928	300	0.286
Sulphur dioxide	50	0.464	350	0.333
Particulates	10	0.093	-	-
Carbon monoxide	50	0.464	1,400	1.333
Hydrogen chloride	10	0.093	-	-
Hydrogen fluoride	1	0.009	-	-
Volatile organic compounds (as TOC)	10	0.093	1,000 (75 as non-methane)	0.952 (0.071)
Ammonia	10	0.093	-	-
Cadmium and thallium	0.05	0.464 µg/s	-	-
Mercury	0.05	0.464 µg/s	-	-
Other metals	0.5	4.640 µg/s	-	-
Benzo(a)pyrene	0.0001	1.856 ng/s	-	-
Dioxins and furans	0.1 ng ITEQ/m ³	0.928 pg/s	-	-
Dioxin like PCBs	0.005	0.0464 µg/s		

Eco Park Contribution to Air Quality

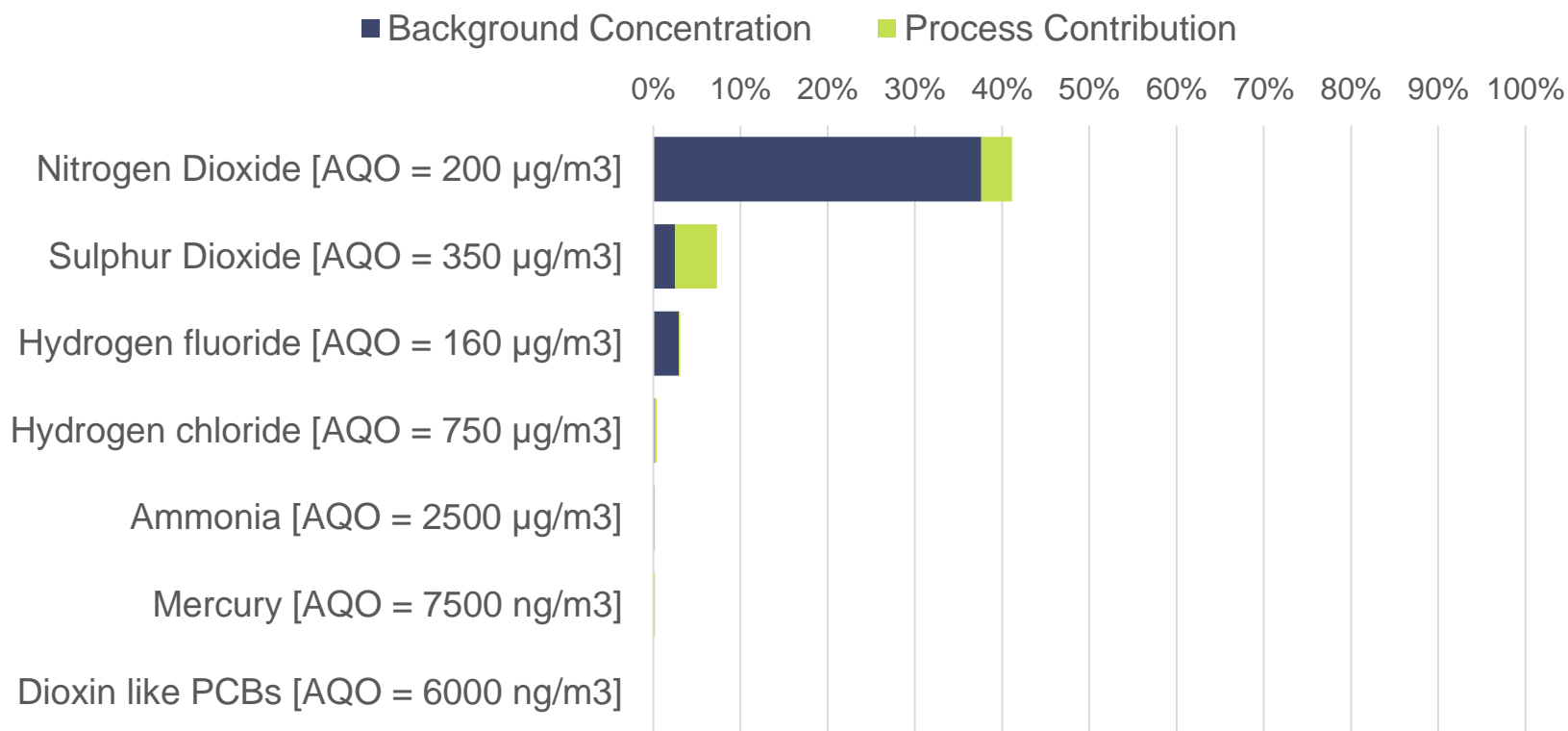
Measured in Annual Means

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Eco Park Contribution to Air Quality

Measured in Hourly Means



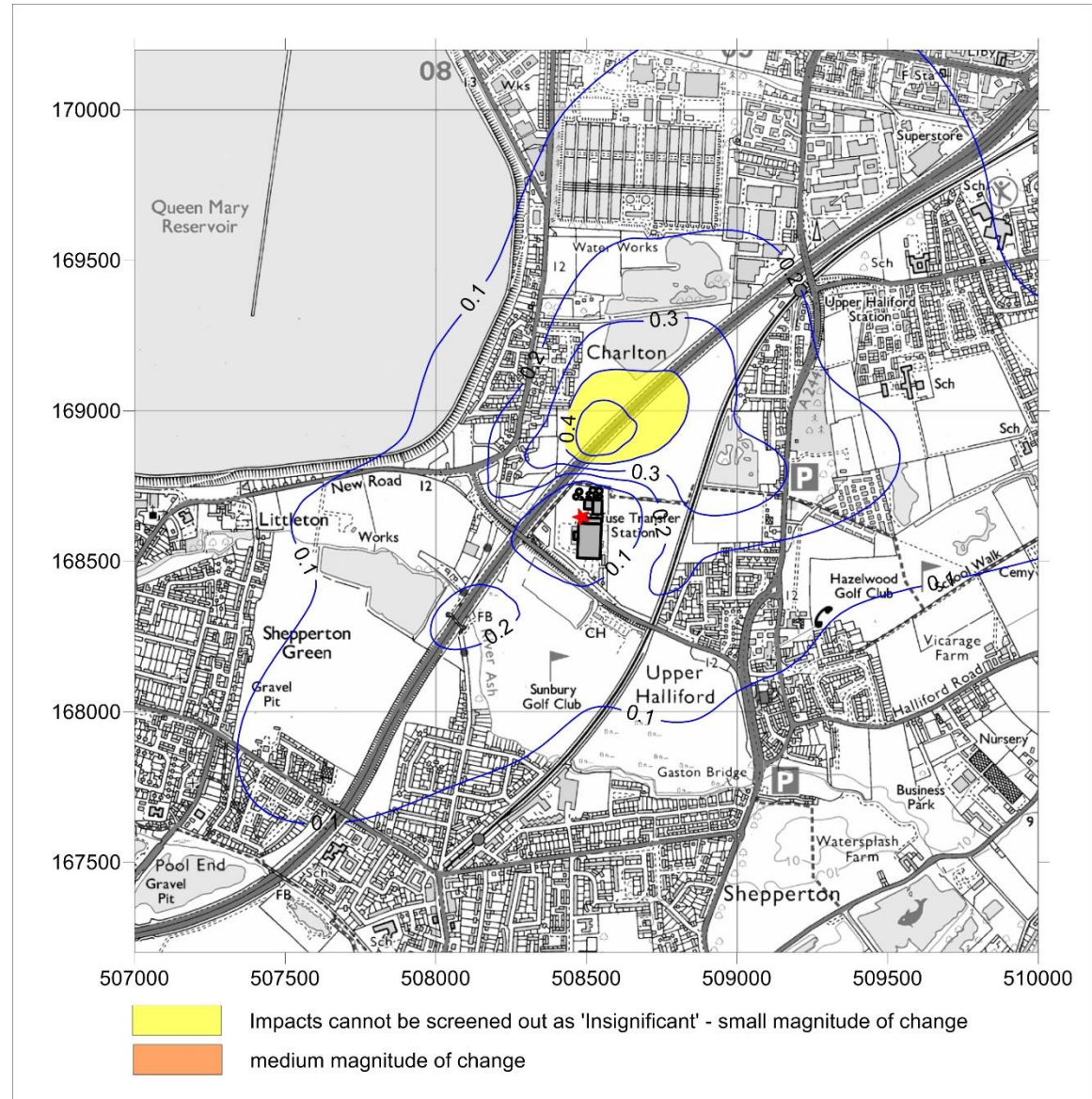
Eco Park Contribution to Air Quality

Results

- Emissions from the Facility will not cause a breach of any Air Quality Objective
- Under the Environment Agency Screening Criteria, all but the 4 emissions below could be classed as “insignificant”
 - Annual Mean Nitrogen Oxides
 - Annual Mean VOCs (as benzene)
 - Annual Mean VOCs (as 1,3-butadiene)
 - Annual Mean Cadmium
- These were further assessed on the Air Quality Assessment:
 - All impacts are based on a worst-case assumption, hence actual impact will be lower than as modelled (e.g. the entire non-methane VOCs assumed to be only benzene or 1,3-butadiene)
 - NOx impact where there are residential properties is insignificant

Dispersion Diagram

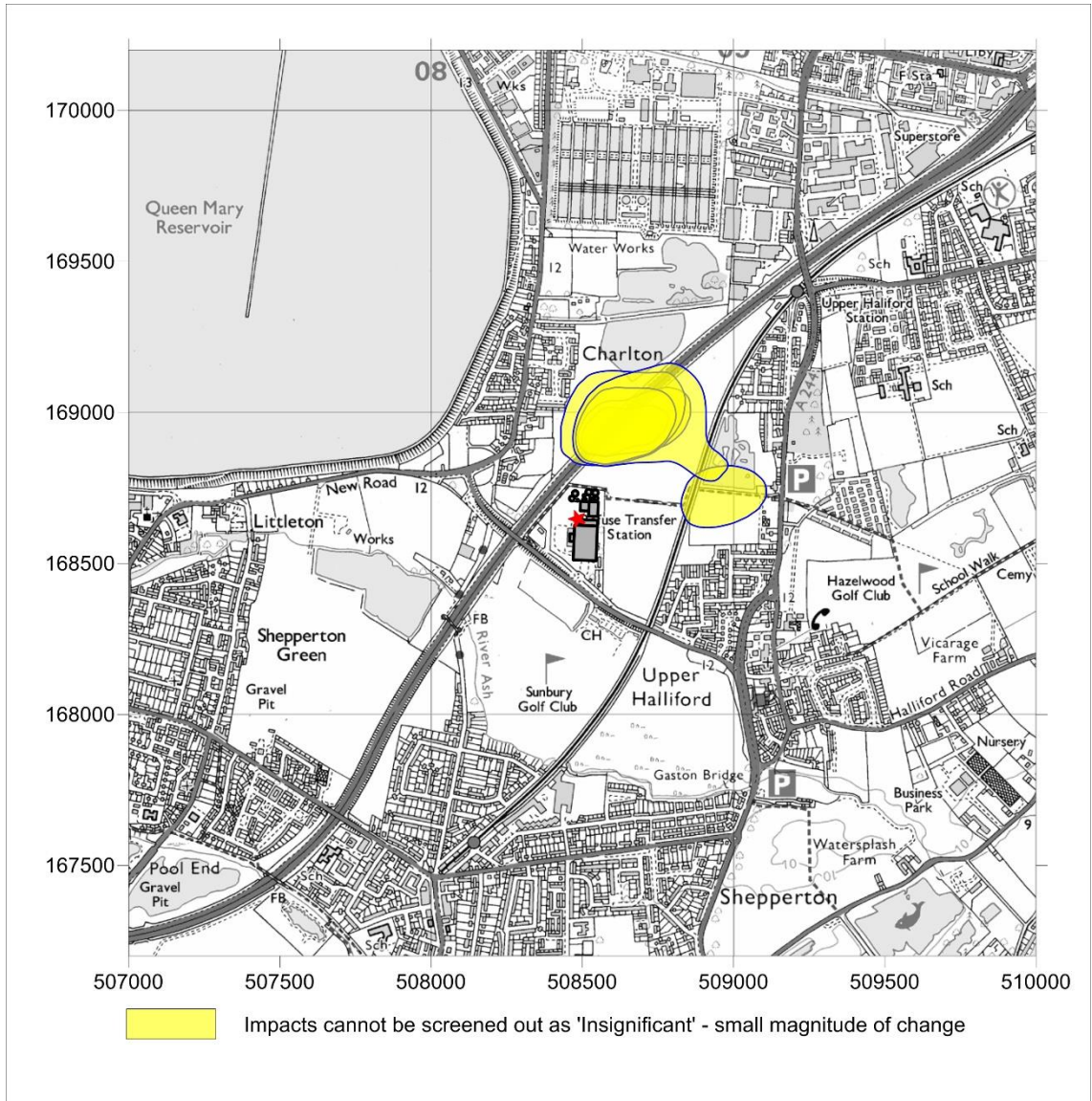
- Shows Annual Mean NO₂ process contribution.
- Based on 2006 weather data, which was worst case.
- Shaded area is >1% of the air quality objective.
- Assumes 100% availability, operating at emission limit.



Dispersion Diagram

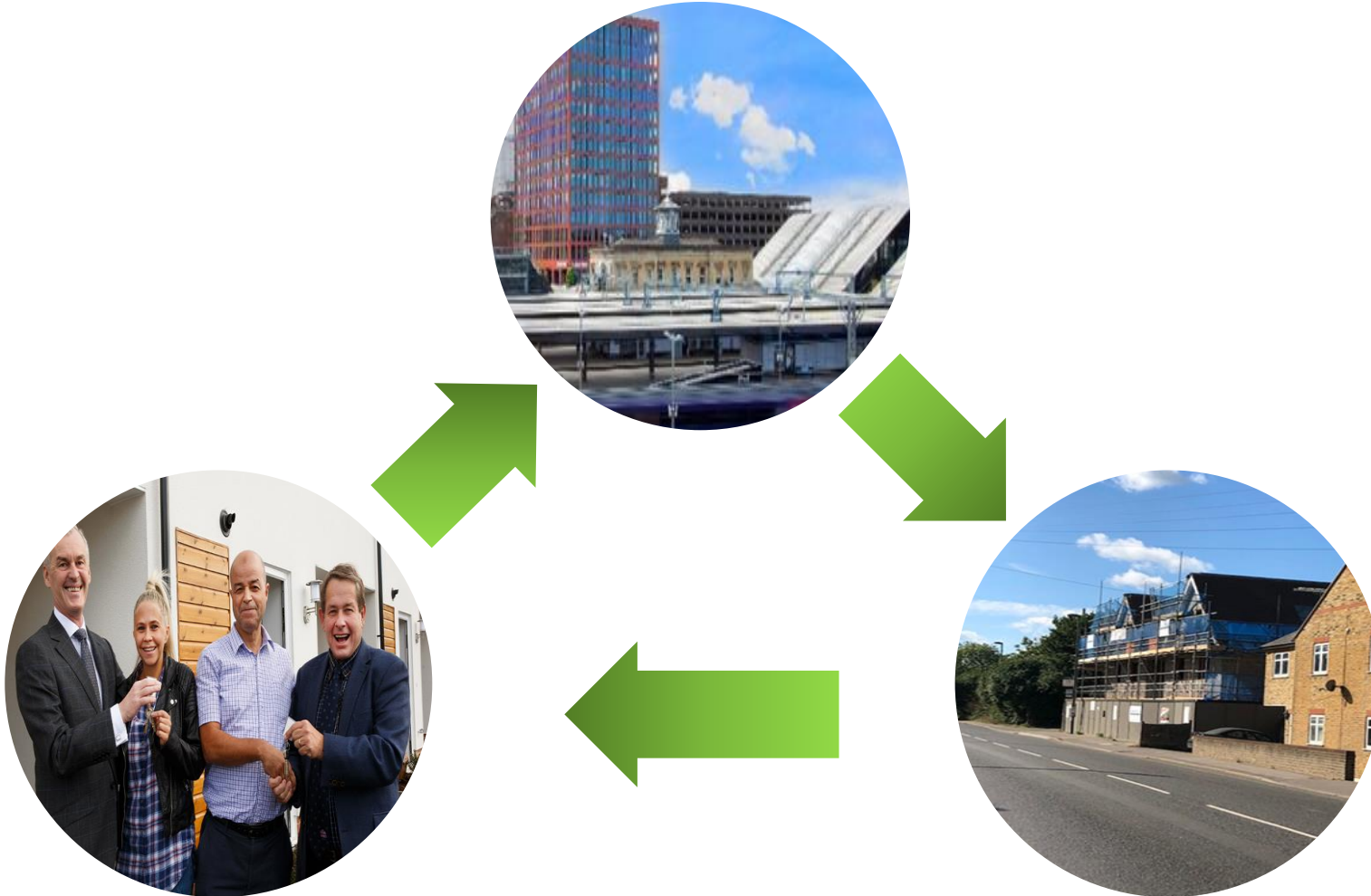
- Shows areas where impact is $>1\%$ of air quality objective.
- Shows all weather data considered.
- Assumes 100% availability, operating at emission limit.

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End of Presentation

Overview and Scrutiny Budget Issues 20/11/18



Agenda

- **Timescales**
- **General Grant Funding update**
- **Council Tax Parameters**
- **Revised Budget Gap Estimates**
- **Risks**
 - **Impact of SCC financial position**
 - **Impact of Heathrow**
 - **Brexit**
- **Capital Strategy**
- **Update on additional commercial income generation**
- **Budget Consultation**
- **Housing Delivery – Knowle Green Estates.**

Budget Timescales

- 29th October Chancellor's Budget – some additional business rates relief to be funded by Government
- 6th December Provisional Local Government Funding Settlement
 - Hopefully confirmation of dropping of negative grant for 19-20
 - Confirmation of New Homes Bonus Grant
 - Confirmation of whether Surrey Business Rates pilot for 19-20 or whether SBC in a pool
- January firm up provisional SBC Budget proposals
- February 21st – SBC Budget and Council Tax set by Council

Pressures facing Local Government



National Audit Office

Financial sustainability of local authorities 2018

**Northampton Council plans cuts to all
services and workforce**

Core services including child social care
will not escape insolvent council's cuts

**We're not another
Northamptonshire, says Norfolk
council boss**

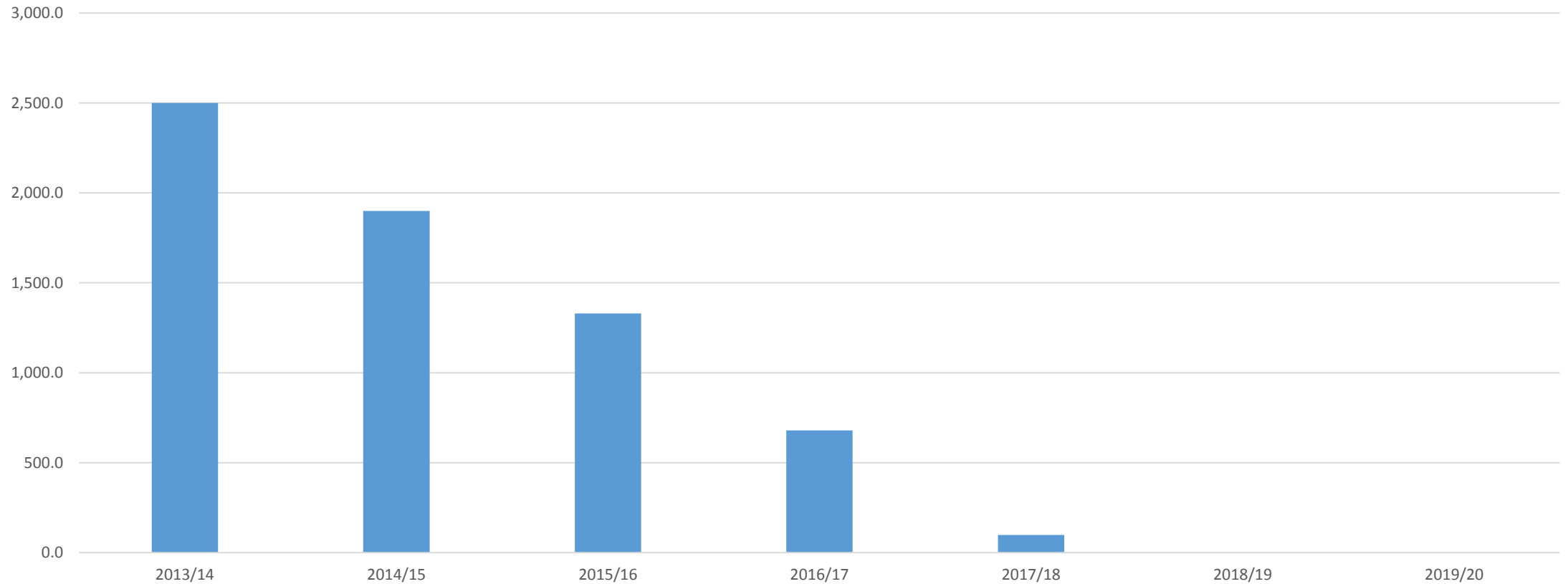
**Somerset County Council proposes 130 job
losses and cuts**

**Will Lancashire County Council
go bust?**



Reducing central government funding- dropping of negative grant for 19-20

Revenue Support Grant with Transition grant



Business Rates

- Surrey councils submitted a bid to continue as a pilot in 2019-20
- However only (with exception of London) 75% pilots are on offer, so amount we would retain would be less than under 100% scheme – approx. £600k
- Chances of success low as a lot of areas chasing small number of pilots
- As a backup we have submitted a pool proposal in which Spelthorne are one of four Surrey districts with County providing the offset to enable us to avoid paying levy on growth

Income returns delivered by acquisitions- SBC in the spotlight- £9.8m net surplus supporting services

	Purchase Cost incl SDLT & fees	Gross Initial Annual Rental	Net initial Yield	Initial Lease length	Initial net Revenue Surplus available to support Services
	£	£	%	Yrs	£
Commercial Investment Assets					
Completed					
BP Main Campus	381,532,600	15,666,000	4.12%	20	3,330,247
BP South West Corner	28,288,142	1,905,000	6.78%	12	732,798
Elmbrook House	7,579,100	477,000	6.35%	10	327,913
3 Roundwood Avenue	22,766,190	1,426,000	6.26%	10	478,012
WBC4	50,324,698	2,446,958	4.98%	15	531,617
HG12	179,067,914	9,530,865	5.32%	mixed	2,150,644
Communications House	11,962,099	1,232,000	10.33%	4.5	234,791
Reading Tower	134,071,035	6,329,071	4.72%	mixed	951,684
Charter Building	142,606,065	7,926,321	5.56%	mixed	625,723
Porter Buiding	76,867,259	3,689,778	4.80%	mixed	407,014
Total above	1,035,065,103	50,628,992	4.89%		9,770,443

Where we would be if we had not generated additional £9.8m of income

- Like other councils in Surrey we would be looking to cut back discretionary services.
 - Cutting all day centres, meals on wheels and Spelride, halving grants and cutting Leisure activities - would only deliver £1.25m savings
- Would not be able to protect existing assets through increased planned maintenance £0.75m per annum
- Would need to look at how we could cut back expenditure on service areas such as street cleaning, grounds maintenance and refuse (e.g. move to three or four weekly collection, share depot with Runnymede drop recycling?)
- Would be no capacity to deliver any housing units so no Harper, Churchill, Bugle etc.
- No capacity to cushion residents from impacts of SCC cuts

Where we would be if we had not generated additional £9.8m of income

- We would be ramping up car parking charges
- No additional pay increases for staff or councillors- impact on recruitment and retention
- Selling assets such as:
 - Bridge Street (which would to generate £1m interest per annum)
- Might need to sell Knowle Green and relocate to cheaper premises and invest receipts to earn interest- unknown relocation costs
- Would be making cuts across all services of the order of 15-20% (as 2 other Surrey districts are currently having to do)

Capital Strategy

- MHCLG has implemented new investment guidance
- Risk that because this has not achieved Treasury's desire of reducing activity that further tightening will happen and PWLB rationed
- We need to produce Capital Strategy by end of 18-19 setting out
 - Capital needs for longer term
 - Rationale for commercial investments and how they support local current needs such as financing our housing delivery projects
 - How we manage risk
 - How we ensure we have the right skills and resources to manage the activity

Council Tax Parameters

- Government has confirmed that limits likely to be unchanged
- For borough councils limit will be higher of £5 Band D increase or 3% (£5.77 Band increase)
- Each 1% increase adds approx. £80k of income
- SBC share of the total council tax bill is 10.7%
- SCC increase this year will also be limited to 3% as have used up their allowable Adult Social Care Precept increases

Revised Estimated Budget Gaps

A challenging picture 20-21 to 23-24
(figures will change)

				19-20	20-21	21-22	22-23
				£	£	£	£
Lastest Budget gap estimates				888,500	3,890,500	4,706,100	6,274,700
Revenue financing of housing developments				2,477,400	3,456,800	3,821,800	307,500
Underlying Budget Gap				3,365,900	7,347,300	8,527,900	6,582,200
Impact of most recent commercial acquisitions				(2,000,000)	(2,500,000)	(2,500,000)	(2,500,000)
Budget Gap reflectng development financing				1,365,900	4,847,300	6,027,900	4,082,200

Key Factors feeding into the Gaps

2019-20 :

New Homes Bonus (NHB) Grant £106k

- Business rates £300k
- SCC Waste & Recycling credits £137k
- Borough Elections £140k
- Pay award £330k
- Resourcing ICT £200k
- Resourcing response to Heathrow £320k
- **Net Financing of developments £1,436k**

2020-21:

Assumed reduction in Business Rates income £800k

- NHB £138k
- Funding Loss £750k
- SCC Waste & Recycling credits £186k
- Planned Maintenance £250k
- Pay award £350k
- **Net Financing of developments £1,618k**

•2021-22:

Pay award £370k

- NHB £190k
- **Net Financing of developments £825k**

SCC's unknown cuts

- CIPFA Report on financial arrangements
- Potentially running out of reserves
- New 5 Year Preliminary Financial Plan in place
- Consultations on 5 themes now underway deadline 4th January, we will be responding
- Looking to deliver £85m savings next year
- We have now received confirmation of phasing of grant cuts to MoW, Spelride etc over the next two years
- SCC have just notified us of in-year 25% funding reduction (£13k) for Home Improvement Agency (note Capital)
- Parallels to Northamptonshire CC
- Over next 3 years phased reduction in recycling credits income
- Other impacts as yet unknown

Impact of Brexit?



Heathrow

- Resourcing impact of representing the Borough's interests - £3m over 6 years
- Seeking to obtain fair reimbursement from HAL
 - Shortfall currently £160k = 2% council tax increase
- No net revenue growth factored in at present into Budget Gap estimates



Strategies to close budget gap

- Continue to generate more net commercial investment income and more net housing rental income
- Look at other options for financing housing delivery programme
- Project Lima reducing office accommodation costs, facilitating rental income stream on West Wing, and enabling us to consolidate printers(delivering £12k per annum saving)
- Root and Branch review – identifying process efficiencies across service areas
- Prioritisation of growth bids
- Continuing achievement of good treasury management returns
- Looking to make savings in areas such as printing, energy, postage
- Business rates allocations decisions may help close the 2018-19 gap

Housing Developments

- In early years a revenue pressure but in future year's produces a net rental stream
- Easing pressures on Revenue homeless budget
- Making significant contribution towards our Local Plan numbers
- Delivering housing to meet the needs of **our** residents

Pay settlement update

- Unison indicating looking to move to a collective agreement with respect to implementing Local Pay- currently parallel running of collective agreement discussions and preparing for option of reissuing terms and conditions
- Future consultation arrangements likely to provide opportunity for Unison to present their proposal for pay increase to Cabinet Budget Briefing
- Whilst 2019-20 Pay offer will be subject to affordability we are currently providing for a 2.5% increase in our modelling for each of next 4 years

Beyond 2020

- Government's consultation indicating dropping negative grant for 19-20
- Currently assuming this impact will only be for one year and that beyond that resources will continued to be taken away
- Business rates baseline reset in 2020/21 and, from 2020/21, business rates retention will be at 75% nationally –
- In future years risk that business rates income we keep could be significantly cut back and shift of funding towards counties
- If we are to avoid difficult service reductions in future years we need to continue to grow alternative income streams
- Focus on getting further income earning acquisitions across the line- timing running out a) risk of further restrictions b) interest rates rising
- Housing developments once completed will start to generate income- need to ensure tight project management and delivery

Budget Consultation

- Cabinet has discussed using consultation to inform future budget decisions
- More challenging gaps from 20-21 therefore make sense to delay consultation until summer 2019
- Also inform 2019-22 Corporate Plan for next administration
- Budget consultation helps inform decisions
- Undertaken with support from experts in undertaking budget consultations
- A mix of focus group, face to face and online

Housing Delivery

- Churchill delivered – 3 families provided with affordable housing
- Bugle on track – 8 flats
- Ceaser Court phase 1 on track – 55 flats
- Hostel and affordable housing on White House being progressed will attract Homes England grant

Questions

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