



*Please reply to:*

Contact: Gillian Scott  
Service: Committee Services  
Direct line: 01784 444243  
E-mail: [g.scott@spelthorne.gov.uk](mailto:g.scott@spelthorne.gov.uk)  
Date: 18 February 2020

## Notice of meeting

### Cabinet

**Date:** Wednesday, 26 February 2020

**Time:** 7.30 pm

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

<b>The members of the Cabinet</b>	<b>Cabinet member areas of responsibility</b>
I.T.E. Harvey (Leader)	Leader and Council Policy co-ordination
A.C. Harman (Deputy Leader)	Deputy Leader and Finance
R.O. Barratt	Environment and Compliance
I.J. Beardsmore	Strategic Planning - Local Plan
A. Brar	Portfolio Holder for Housing
S. Buttar	Community Wellbeing
H. Harvey	Portfolio Holder for Investment, Management and Regeneration
J. McIlroy	Portfolio Holder for Planning Department Management
O. Rybinski	Economic Development, Customer Service, Estates and Transport
J.R. Sexton	Portfolio Holder for Corporate Management

*Councillors are reminded that the Gifts and Hospitality Declaration book will be available outside the meeting room for you to record any gifts or hospitality offered to you since the last Committee meeting.*

**Spelthorne Borough Council, Council Offices, Knowle Green**

**Staines-upon-Thames TW18 1XB**

[www.spelthorne.gov.uk](http://www.spelthorne.gov.uk) [customer.services@spelthorne.gov.uk](mailto:customer.services@spelthorne.gov.uk) Telephone 01784 451499

## AGENDA

Page nos.

- 1. Apologies for absence**  
To receive any apologies for non-attendance.
- 2. Minutes** **7 - 20**  
To confirm the minutes of the meeting held on 29 January 2020 as a correct record.
- 3. Disclosures of Interest**  
To receive any disclosures of interest from councillors in accordance with the Council's Code of Conduct for members.
- 4. Local Plan update**  
To receive an update on progress with the Local Plan from the Strategic Planning Portfolio Holder, Councillor I.J. Beardsmore.
- 5. Capital Strategy 2020-2025** **21 - 76**  
**Councillor I.T.E. Harvey**  
  
To consider the proposed Capital Strategy for 2020-2025 and make a recommendation to Council.
- 6. Capital programme and strategy 2020/21 to 2023/24** **77 - 92**  
**Councillor A.C. Harman**  
  
To consider the Capital Programme and Prudential Indicators for 2020/21 to 2023/24 and make a recommendation to Council.
- 7. Fees and Charges 2020/21 - Key Decision** **To Follow**  
**Councillor A.C. Harman**  
  
To consider the Fees and Charges for 2020/21 as set out in Appendix A.
- 8. Annual Revenue Grants 2020/21 - Key Decision** **93 - 100**  
**Councillor A.C. Harman**  
  
To consider the proposed annual grants awards for 2020/21, to aid charities and voluntary organisations operating in the Borough.

- |            |                                                                                                                                                                                                                                                                                           |                  |
|------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| <b>9.</b>  | <b>Pay Award 2020/21</b><br><b>Councillor O. Rybinski</b>                                                                                                                                                                                                                                 | <b>101 - 102</b> |
|            | To consider a report on the Spelthorne Pay Award for 2020/21 and make a recommendation to Council.                                                                                                                                                                                        |                  |
| <b>10.</b> | <b>Members' Allowances Scheme 2020/21</b><br><b>Councillor I.T.E. Harvey</b>                                                                                                                                                                                                              | <b>103 - 122</b> |
|            | To consider the recommendations of the Independent Remuneration Panel on the Members' Allowances Scheme for 2020/21 and make a recommendation to Council.                                                                                                                                 |                  |
| <b>11.</b> | <b>Revenue Budget 2020/21</b><br><b>Councillor A.C. Harman</b>                                                                                                                                                                                                                            | <b>123 - 140</b> |
|            | To consider the detailed Revenue Budget for 2020/21 and make recommendations to Council.                                                                                                                                                                                                  |                  |
| <b>12.</b> | <b>Capital Monitoring Report</b><br><b>Councillor A.C. Harman</b>                                                                                                                                                                                                                         | <b>141 - 146</b> |
|            | To note the current level of capital spend.                                                                                                                                                                                                                                               |                  |
| <b>13.</b> | <b>Revenue Monitoring Report</b><br><b>Councillor A.C. Harman</b>                                                                                                                                                                                                                         | <b>147 - 158</b> |
|            | To note the current level of revenue spend.                                                                                                                                                                                                                                               |                  |
| <b>14.</b> | <b>Food Safety and Health and Safety Service Plans 2020/2021</b><br><b>Councillor R.O. Barratt</b>                                                                                                                                                                                        | <b>159 - 196</b> |
|            | To consider the adoption of the Food Safety and Health and Safety Service Plans for 2020/21.                                                                                                                                                                                              |                  |
| <b>15.</b> | <b>Leader's announcements</b>                                                                                                                                                                                                                                                             |                  |
|            | To receive any announcements from the Leader.                                                                                                                                                                                                                                             |                  |
| <b>16.</b> | <b>Urgent Action</b>                                                                                                                                                                                                                                                                      |                  |
|            | To note an urgent action undertaken by the Chief Executive.                                                                                                                                                                                                                               |                  |
|            | On 11 February 2020 the Chief Executive in consultation with the Leader, agreed a letting in respect of part 1st floor, Charter Building, Uxbridge and waived contract standing orders in respect of procuring works for 1st and 4th floor, Charter Building. This is not a Key Decision. |                  |

The matter was considered as urgent action because the tenant required completion of the letting and works before the Cabinet was next due to meet.

**17. Urgent items**

To consider any items which the Chairman considers as urgent.

**18. Exempt Business**

To move the exclusion of the Press/Public for the following items, in view of the likely disclosure of 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.

**19. Exempt report - Business Waste Collection Service - Key Decision** **197 - 218**  
**Councillor R.O. Barratt**

To consider an exempt report proposing the formation of a limited company to deliver a business waste collection service.

**Reason for exemption**

This report 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 in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

**20. Exempt report - Specialist housing management and resident support service for the White House Hostel** **219 - 224**

**Councillor A. Brar**

To consider an exempt report proposing the procurement of a specialist housing management and resident support service for the White House Hostel.

**Reason for exemption**

This report 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 in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information because, disclosure to the public would prejudice the financial position

of the authority in a competitive procurement process by allowing other bidders to know the financial position of the Council. This in turn prejudices the Council by (i) distorting the procurement process and (ii) prejudicing the opportunity for the Council to achieve a competitive price and good value for money.

This page is intentionally left blank

**Minutes of Cabinet**

**29 January 2020**

**Present:**

Councillor I.T.E. Harvey, Leader and Council Policy co-ordination  
Councillor A.C. Harman, Deputy Leader and Finance  
Councillor M.M. Attewell, Community Wellbeing and Housing  
Councillor R.O. Barratt, Environment and Compliance  
Councillor I.J. Beardsmore, Strategic Planning - Local Plan  
Councillor H. Harvey, Portfolio Holder for Investment, Management and  
Regeneration  
Councillor J. McIlroy, Portfolio Holder for Planning Department Management  
Councillor O. Rybinski, Economic Development, Customer Service, Estates  
and Transport

**Apologies:**

Councillor A. Brar, Portfolio Holder for Housing  
Councillor J.R. Sexton, Portfolio Holder for Corporate Management

**Councillors in attendance:**

Councillor C. Bateson  
Councillor L. E. Nichols  
Councillor V.J. Leighton  
Councillor R.W. Sider BEM

**Also in attendance:**

Mr. Nirmal Domah, Chairperson and Mr. Shyam Teeluck, Chief Executive of the District Council of Grand Port, the Council's twin town in Mauritius.

**2668 Minutes**

The minutes of the Cabinet meeting held on 4 December 2019 were agreed as a correct record.

**2669 Disclosures of Interest**

There were none.

**2670 Petition on the Local Plan**

Cabinet considered 6 petitions relating to 5 locations, which had been submitted in response to the consultation on the Local Plan. The petitions were in relation to:

- Charlton Village – 609 signatories
- Land between Old Charlton Road and the M3, Shepperton – 280 signatories
- Stratton Road, Sunbury – 534 signatories
- Land to the west of Town Lane, Stanwell – 227 signatories on 2 petitions

- Land adjacent to Windmill Gate Estate, Sunbury – 232 signatories

The statements for each petition were set out in both the main agenda for this meeting and in a supplementary agenda.

Four petitioners attended the meeting to address the Cabinet. Councillor R.W. Sider BEM, as ward councillor took the opportunity to address the Council in relation to the petition for Land between Old Charlton Road and the M3, Shepperton.

The Leader made the following remarks in relation to the petitioners' comments:

"I would like to thank all of the residents here tonight for taking the time to come and present your concerns about the Local Plan and about the possible loss of Green Belt.

We have petitions from Charlton Village, Shepperton, Sunbury and Stanwell.

All these are understandable and all Cabinet Members will be sympathetic to the individual circumstances relating to each site. We all have a commitment to the Green Belt – that is a commitment which we have made publicly as a Council and a ruling Conservative Group. We do not wish to see development on the Green Belt.

This present consultation follows on from our earlier issues and options consultation May 2018 in which we highlighted some of the issues facing the Borough including the possibility of the loss of Green Belt or the option of intensifying uses in the town centres.

I would stress to all the petitioners tonight that this Council is still consulting, this is a genuine consultation and no conclusions have yet been reached. All these views will be taken into account. I would however caution residents that with regards to the Local Plan – there are no simple answers. If any resident thinks there is an easy answer, then, with respect, you may have failed to understand the very difficult circumstances in which we find ourselves. As councillors we have to take into account the interests of all our residents, present and future. We have to find housing solutions for children who are still at school and who are not present at this meeting. This means as councillors we have to make difficult decisions in the public interest which will stand the test of time.

We have objections with the housing numbers which have been given to us by government and we are seeking to negotiate a better solution for the Borough. That has to be a priority and I have given my personal commitment to that task.

All of the proposals here tonight are rightly looking out for what they see as the public interest. All those views are valid, but you will appreciate that some of the implications of your submissions will be unpalatable to others. For



instance, if we accepted all these proposals we could be asking residents in Staines and Ashford to take many more high-rise blocks. There will be lots of people opposed to that option too.

So in conclusion, thank you for submitting your petitions. All views will be considered. The Council has hard decisions ahead. We need the involvement of the whole community to find the right answers and so your participation and presentations are very gratefully and humbly received.”

The Leader invited the Strategic Planning portfolio holder, Councillor I.J. Beardsmore to respond to the petitions. He commented as follows:

“Thank you all for your efforts.

Firstly, the most important thing to say is that no Spelthorne councillor wants to build on Green Belt. We have been forced to potentially consider some weakly performing Green Belt sites for housing because of the huge increase in demand for the provision of new housing, forced on us by central government. Not surprisingly, Many residents across the borough have reacted strongly to proposals in their own area.

Weakly performing Green Belt was identified via the Green Belt Assessment and methodology agreed by the council last year. This is online and clearly lays out the methodology used. The rules for Green Belt can be found in the NPPF (National Planning Policy Framework) para 135, these are the rules and criteria we have to use. Again this is publically available and online.

Occasionally other reasons can be found to reject a weakly performing Green Belt site, these are few and far between, which does not mean we will not make the effort - because we will - which is where your representations and any new evidence they supply is so important.

I need to dispel a few misconceptions that are still going around despite repeated attempts to explain the truth.

The council does not own any of the sites referred to in the petitions. In fact we own hardly any of the sites in the entire consultation. Spelthorne has not submitted any of these sites for building, the landowners have. We will not be making any money from them, the land owners and developers will.

Despite being repeatedly told the information is false, it is still being said that we have a huge number of Brownfield sites we are not considering. Wrong. There was a previous Housing Land Availability Assessment which has identified sites for approximately 5,500 houses. Every one of them on Brownfield sites. So those Brownfield sites have already been included. This includes 29 re-considered in this consultation to potentially transfer them from that pot to this. The fact it is recommended not to transfer them to this ‘pot’ simply means they will stay in the other ‘pot’. Either way they are all under consideration

Now to the petitions

I cannot answer any of the petitions specifically because the work to analyse all the submissions has hardly started and these petitions, as well as all the other submissions, are likely to contain new information that has to be looked at carefully. I will though, make some general observations.

There is a lot of anecdotal information about what is and is not right for a Gypsy and Traveller site. They are a hard group to communicate with which does not make the problem any easier. However, as far as I am aware, nothing has yet been found that is beyond the anecdotal – i.e. is evidence based sufficiently to withstand cross-examination at an inquiry. So we are left with trying to find the best solution from what we know, since finding these sites is a legal obligation on the council. I am also aware that there are potentially access issues with two of these sites and that will have to be looked at in more detail.

We are in discussions with the local health providers and the results of these discussions, along with infrastructure and other issues will all be incorporated into an infrastructure assessment.

Flooding. We will have to take a look at photographic evidence that has been produced in some cases, and incorporate that with the latest EA flood data updates that are currently 9 months late. Developers will of course argue that these can be overcome with a SUDs scheme (Sustainable Urban Drainage). That may be possible but only up to a point. That 'Point' will have to be separately analysed in more detail for each individual site with input from the Environment Agency.

Biodiversity related issues. I do not believe any of the sites have been identified as specifically a BOA (Biodiversity Opportunity Area), but whether or not some are close enough to a recognised BOA to have potential impacts on that BOA will have to be looked at again, and separately for each site.

As of two days ago when we last checked, Surrey were still confident they could meet the extra demand for school places across Spelthorne if the proposed new building was to go ahead approximately as laid out.

Surrey's formal response to the consultation is also quite clear about roads. If the proposals were to go ahead broadly as laid out, collectively they would not have a severe impact on the road network, and therefore could not be opposed on those grounds. YES I find this hard to swallow but legally Surrey are the competent authority on this and we have to listen to what they say, however hard we find it to believe them. Further mitigation will be needed to accommodate the traffic generated by specific sites but this will be delivered if they go ahead."

In accordance with Standing Order 16.4 in the Constitution, the options open to Cabinet were:

(a) to take the action the petition requests; or

(b) not to take the action requested for reasons put forward in the debate; or  
(c) to note the petition and keep the matter under review.

**Resolved** that Cabinet notes the petitions and asks the Local Plan Working Party to review the matters they have raised.

**2671 Spelthorne Borough Council (Off-Street Parking Places) Order 2020 - Key Decision**

Cabinet considered a report on the implementation of a new Off-Street Parking Places Order 2020.

The Order sets out the terms and conditions for use of Council owned car parks, and the charges and penalties which apply to those using the car parks. It forms the legal basis from which all future charges and enforcement actions relating to Council owned car parks are made.

**Alternative options considered and rejected by Cabinet:**

Not to implement the proposed Parking order

**Resolved to:**

- 1) Authorise the Group Head of Neighbourhood Services to proceed with the proposals made in this report and to implement the Spelthorne Borough Council (Off-Street Parking Places) Order 2020;
- 2) Authorise the Head of Corporate Governance to publish all notices required to implement the Spelthorne Borough Council (Off-Street Parking Places) Order 2020;
- 3) Authorise the Group Head of Neighbourhood Services in consultation with the Head of Corporate Governance to consider and address any objections and to amend the proposals if necessary following the public consultation;

**Reasons for Decision**

To ensure that parking regulations in all off-street car parks identified within the report are current and enforceable and to support the Council's aim for Financial Sustainability.

**2672 Treasury Management half yearly report 2019/20**

Cabinet considered the half yearly report on the Treasury Management Strategy for 2019-20.

The report outlined the treasury activity during the half year and the associated monitoring and control of risks.

At 30 September 2019 the Council's total borrowing was £1,050m, a small decrease of £3m from the beginning of the financial year.

The Council's investment portfolio totalled £89m, with £53m of this being short-term and cash funds. The pooled fund investments for the period to the

end of September was £817k, with an annualised revenue return of £1.54m (4.8%).

**Resolved** to note the treasury position for the first six months of 2019-20 and the financial environment in global markets.

**2673 \*Treasury Management Strategy Statement 2020/21**

Cabinet considered a report on the Treasury Management Strategy Statement 2020-21 which the Council is required to approve before the start of each financial year.

The Council had taken advice from its Treasury advisers, Arlingclose, to ensure a prudent and robust approach in the Strategy, which considers the external financial context and provides information on the local context in terms of current investment and borrowing.

**Resolved to recommend** that Council approves the proposed Treasury Management Strategy for 2020-21 as set out in this report.

**Reason for the decision:**

The Treasury Management Strategy is fundamental to developing the financial sustainability of the Council.

**2674 \*Housing Strategy 2020-2025**

Cabinet considered a report proposing the adoption of a Housing Strategy for the period 2020 to 2025. Whilst it is not a legal requirement to have a Housing Strategy, the Council has continued to publish one due to the importance of access to suitable affordable housing in the borough.

An amended version of the Strategy was circulated in a supplementary agenda. The Strategy is based upon the findings of an independent review of the Council's performance in affordable housing delivery and sets out three key areas of focus. The draft framework of the new Strategy was open to public and stakeholder consultation.

**Alternative options considered and rejected by Cabinet**

None

**Resolved to recommend** to Council that the Housing Strategy 2020-25, as amended in the supplementary agenda, be approved.

**Reason for recommendation**

The Housing Strategy 2020-25 sets out how the Council will ensure that local residents have an appropriate and affordable range of housing options to meet their needs.

**2675 \*Pay Policy Statement 2020/21**

Cabinet considered a report on the Annual Pay Policy Statement 2020-21. The statement sets out the Council's policies on a range of issues relating to

the pay of its workforce, particularly its senior staff and the lowest paid employees.

**Resolved to recommend** that Council approves the Pay Policy Statement for 2020-21.

**Reason for the decision:**

Cabinet noted that the Localism Act 2011 required local authorities to publish an annual pay policy statement to increase transparency regarding the use of public funds to pay Council staff. The pay policy statement must be agreed by full council and published by 31 March each year.

**2676 Spelthorne Leisure Centre - Consultation**

Cabinet considered a report on the planned consultation on revised proposals for a replacement Spelthorne Leisure Centre, which was circulated at the meeting.

The current Spelthorne Leisure Centre in Staines-upon-Thames will be nearing the end of its useful life by the end of 2021. Following a consultation exercise in Summer 2018 on proposals to build a new leisure centre on Staines Park, which caused the public significant concern, the Council decided not to take forward any plans to use the Park and agreed to seek an alternative location for the new leisure centre.

It was proposed to run a consultation exercise from 28 February to 27 March 2020 on a revised location.

**Alternative options considered and rejected by the Cabinet:**

- Do nothing
- Propose an alternative approach

**Resolved to**

1. Approve proposals for:
  - The revised location (as outlined in Appendix 1), and
  - The proposed facilities mix (as outlined in Appendix 2) and additional information for consideration, for the new Spelthorne Leisure Centrefor presentation to residents, businesses and other stakeholders.
2. Authorise the Council's Leisure Centre Development Working Group to:
  - Consider the results of the consultation exercise; and
  - Decide on the business case for any amendments to the proposals for a new Spelthorne Leisure Centre based on the consultation responses, prior to seeking approval from Cabinet to proceed with any planning application.

**Reason for decision**

To ensure that the views of stakeholders are taken into consideration before any detailed design is finalised for the new Leisure Centre.

**2677 To delegate authority to select the supplier of a refuse collection vehicle**

Cabinet considered a report on the selection of a supplier of a refuse collection vehicle.

The Council agreed the budget for the purchase of a new refuse collection vehicle in June 2019. To ensure the vehicle could be ordered and delivered as soon as possible, bearing in mind the lead in time for the build and delivery was up to 11 months, Cabinet was asked to delegate the selection of the supplier to the Group Head of Neighbourhood Services in consultation with the portfolio holder.

**Alternative options considered and rejected by the Cabinet**

Not to agree the delegation.

**Resolved** to delegate the selection of the supplier of a refuse collection vehicle to the Group Head of Neighbourhood Services in consultation with the portfolio holder.

**Reason for decision**

To ensure that the procurement of the refuse collection vehicle can progress as soon as possible due to the long lead in time for delivery.

**2678 Leader's announcements**

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

Spelthorne Borough Council has successfully prosecuted a man for multiple fly-tipping offences. Harry Shaw from Ashford pleaded guilty to five charges of fly-tipping at Guildford Magistrates Court in December and was given a 12 month community order, including a requirement to undertake 150 hours of unpaid work. He is also required to pay prosecution costs of £1,923 and clean-up compensation to the total of £1,420. Mr Shaw was also ordered to forfeit the vehicle used in the offences. The offences related to fly-tips in Stanwell, Ashford and Shepperton.

Heathrow has announced that it will undertake another eight-week consultation to finalise its proposals for airport expansion. The consultation will run from April – June and the responses will feed into the final planning application, to be submitted to the Planning Inspector towards the end of 2020. Spelthorne has welcomed the news, having strongly argued that Heathrow's previous consultation, which closed in September 2019, lacked the necessary detail.

The consultation for the Spelthorne Local Plan has now closed. The responses from residents will be reviewed by the Strategic Planning team and a summary of the feedback will be produced soon. The next steps will be to

redraft the policies if required, decide which sites should be taken forward, produce new supporting evidence and commission the Staines Masterplan.

Capture Spelthorne, the Council's photography competition opens on 28 February. There are four categories to enter and the overall winner will see their photograph published on the cover of the summer Bulletin. Entries close on 30 April.

The Fordbridge Community Centre is celebrating 'National Make a Friend Day' by hosting a lunch for members on Tuesday 11 February.

Spelthorne Council held a special memorial event on 27 January to mark Holocaust Memorial Day which reflects on the horrors of the Holocaust and other genocides throughout history. Staff, councillors and representatives from a number of different religious groups joined together to take part in the flag raising ceremony.

Prime Minister Boris Johnson visited Spelthorne's Charter Building in Uxbridge on Friday 17 January to address a meeting of female entrepreneurs. During the visit, the Prime Minister met Cllrs Olivia Rybinski and Ian Harvey and had the opportunity to hear about Spelthorne's commercial investment strategy.

The Council is continuing to make good progress with its eco-initiatives and has recently ordered two electric bicycles, two electric vans and two electric pool cars.

Work has started on the spring edition of the Bulletin which will be delivered to residents from 16-20 March and includes articles about the Council's housing initiatives, Spelthorne Business Awards and VE Day celebrations.

**2679 Urgent Action**

Cabinet noted that on 6<sup>th</sup> and 9<sup>th</sup> December 2019, the Chief Executive in consultation with the Leader, agreed lettings on part of the 3<sup>rd</sup> floor and part of the 4<sup>th</sup> floor respectively, within Charter Building, Uxbridge. These were not Key Decisions. The matters were considered as urgent actions because the proposed tenants required completion of the lettings before the Cabinet was next due to meet.

**2680 Urgent items**

There were none.

**2681 Review of Knowle Green Estates Ltd**

Cabinet considered a report and an exempt Business Plan reviewing the structure of Knowle Green Estates Ltd following a 3 year operational period. The report proposed a new corporate structure for the business in keeping with the Council's ambitious development plan.

**Alternative options considered and rejected by Cabinet**

None

The Cabinet considered the recommendations from the Overview and Scrutiny Committee following its consideration of the Business Plan at its meeting held on 21 January 2020.

The Chairman, Councillor V.J. Leighton spoke to the recommendations which were:

1. That the Business Plan for the Knowle Green Estates Group is presented alongside a mission statement or that a mission statement is subsequently developed identifying the purpose and aims of the Group.
2. That the process of asset valuation and transfer detailed in the Business Plan for the Knowle Green Estates Group be subject to further clarification.

The Leader responded to the recommendations, on behalf of the Cabinet, as follows:

**“Mission Statement**

As regards a mission statement for Knowle Green Estates Group Ltd – I can see how this will provide some assurances for members. I think the business plan makes it clear the direction of travel for the business, but I have no reservations to ask the Directors to consider their proposal for a mission statement and submit it to the Council. I think this will complement the Business Plan.

**Asset valuation and transfers**

I know that this is a live issue for the Directors because it fundamentally affects the financial appraisals for all the development sites.

I am also aware that the Council has taken some initial advice in this area. This has clarified that we do not need to transfer at full value where there is affordable housing and the Council is the sole proprietor of the Company. It is worth the Council and the Company developing a protocol on this for the future schemes and taking further advice on a revised protocol. As Shareholder Representative, I will discuss this with the Directors to see how such a protocol could be developed and how the approach can be clarified in the business plan.

Thank you for your recommendations which I propose to accept.”

**Resolved** that the Directors of Knowle Green Estates Ltd be requested to furnish further information to Cabinet along the lines outlined by the Leader in his response to the Overview and Scrutiny Committee recommendations.



The Cabinet then considered the recommendations in the report, and exempt appendix, before them and

**Resolved to:**

1. Authorise the Head of Corporate Governance to establish a group holding company – Knowle Green Estates Group Ltd;
2. Authorise the Head of Corporate Governance to establish a Lettings Agency and to subscribe to one share in this company in the name of the Council and thereafter to transfer the share to Knowle Green Estates Group Ltd;
3. Authorise the Head of Corporate Governance, subject to their confirmation of willingness to be so appointed, to appoint the Directors of Knowle Green Estates Ltd as the Directors of Knowle Green Estates Group Ltd and the new letting agency company;
4. Authorise the Head of Corporate Governance to recruit an additional independent Director for the Group;
5. Appoint Spelthorne Borough Council as the Company Secretary for Knowle Green Estates Group Ltd and any subsidiary companies and delegate the Head of Corporate Governance to undertake that function and update the scheme of delegation accordingly;
6. Authorise the Head of Corporate Governance to transfer the Council's shareholding in Knowle Green Estates Ltd (KGE) to Knowle Green Estates Group Ltd;
7. Authorise the Head of Corporate Governance to establish a Limited Liability Partnership with Knowle Green Estates Group Ltd for the development at Block E of London Road (Berkeley Homes scheme);
8. Authorise the Head of Corporate Governance to establish a Limited Liability Partnership with Knowle Green Estates Group Ltd for Ceaser Court;
9. Authorise the Head of Corporate Governance to establish a Limited Liability Partnership with Knowle Green Estates Group Ltd for Thameside House;
10. Approve the Knowle Green Estates Group business plan 2020-2024 submitted and approved by the Board of Knowle Green Estates Ltd (Exempt Appendix 1); and
11. Appoint the Leader of the Council as the Shareholder representative for Knowle Green Estates Group Ltd and all subsidiary companies.

**Reasons for decision**

To review the purpose of Knowle Green Estates Ltd in light of its first three years of operation.

1. To recommend a new corporate structure for the business which is in keeping with the Council's ambitious development plan.
2. To document the relationship between the Council and the Company and a proposed Group holding company.

**2682 Leader's Thanks**

The Leader noted that this was the last Cabinet meeting that Michael Graham would attend at Spelthorne Borough Council as the Monitoring Officer and thanked him for his support over many years and offered his best wishes on behalf of the Council in his new position. He also welcomed Karen Limmer who had been appointed as the Interim Monitoring Officer.

**NOTES:-**

- (1) Members of the Overview and Scrutiny Committee are reminded that under Overview and Scrutiny Procedure Rule 16, 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 five 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 five 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 7 February 2020.***

This page is intentionally left blank

**Cabinet****26 February 2020**

<b>Title</b>	Capital Strategy 2020 - 2025		
<b>Purpose of the report</b>	To make a recommendation to Council		
<b>Report Author</b>	Terry Collier, Deputy Chief Executive Heather Morgan, Group Head Regeneration and Growth		
<b>Cabinet Member</b>	Councillor Ian Harvey	<b>Confidential</b>	No
<b>Corporate Priority</b>	Financial Sustainability		
<b>Recommendations</b>	<b>Cabinet is asked to recommend to Council: Approve the Capital Strategy for 2020/21</b>		
<b>Reason for Recommendation</b>	<b>Since April 2018 there has been a statutory requirement for every Council to have Capital Strategy. This is particularly important for us in light of our £1bn investment portfolio and substantial level of development activities. It sets out in plain english the why, what, where, when and how of our capital investment decisions.</b>		

**1. Key issues**

- 1.1 The Councils' first Capital Strategy was adopted on 21 February 2019, after the government stated it was a statutory requirement. This was in response to the growing level of commercial investment activity being undertaken by authorities in 'non treasury assets' (essentially property investments). All Councils are required to set out what need the Council has for capital financing, why it has this need and what the money will be spent on. In addition to that, there are more technical aspects which have to be included and the document should also outline our approach to risk management and how we are resourcing this side of our business.
- 1.2 The 2020 Strategy is a refreshed and revised version of the 2019 document, taking account of activity in the last year, and reflecting our greater emphasis on the performance of the investment portfolio, refined and improved governance arrangements and the need to embed sustainability.
- 1.3 There has been no change in direction or approach on the three drivers, which are:

(1) **investing** in commercial property which will deliver an ongoing sustainable income stream to support development activity

(2) **creating** new housing for residents and regenerating our town centres

(3) **delivering** the affordable homes which the market fails to provide and we are prioritising people who are on our housing register

1.4 It continues to be the case that we are using the investment assets to drive forward with our transformational agenda of delivering housing, regeneration and prosperity in the borough. Our investment parameters remain unchanged.

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

2.1 There is a statutory requirement for a Council to have a Capital Strategy and for this to be adopted on an annual basis before the end of the financial year (in much the same way as we are required to do with our Treasury Management Strategy). This Strategy needs to be formally agreed by Council, hence the recommendation.

2.2 The revisions and improvements include the following:

(a) Specific reference to ensuring that the Council embeds sustainability in its broadest sense (particularly within the development portfolio)

(b) Enhanced performance monitoring of the investment portfolio through a series of Key Performance Indicators. These will cover matters such as loan to value ratio, portfolio running yield, voids by income and rent collection. A number will be reported on annually whilst others will be reviewed on a quarterly basis to enable active asset management and corrective action to be taken promptly (if required). These are included as a new Appendix.

(c) Refined governance arrangements have been set up (agreed by Cabinet on 6 November 2019) with the creation of Property and Investment Committee which will operate as a Cabinet sub-committee. This will ensure that the Council can make fully informed and transparent decisions but at a speed that is acceptable within a fast moving and commercial environment.

(d) Minor amendments to update on our acquisitions and to reflect our current and forthcoming development programme.

(e) An asset management plan has been developed which be considered at March Cabinet

## **3. Financial implications**

3.1 These are set out in the Capital Strategy itself, especially in relation to the capital financial requirements to deliver the proposed housing activity. It needs to be read alongside and in conjunction with the annual Treasury Management Strategy and the budget for 2020/21.

## **4. Other considerations**

4.1 Risk management, governance, skills, governance and performance management are all covered in the Capital Strategy itself and do not require repeating here. As previously, an Executive Summary will be provided to give the headline information in an easily digestible format. A series of appendices

provide the supporting and technical detail. As a whole the strategy has again been kept short, informative and readable.

**5. Timetable for implementation**

- 5.1 The Capital Strategy needs to be adopted by Council by the end of the financial year alongside the budget, which is also on this agenda. Once adopted the text will be put into the same presentational format as the current Capital Strategy for consistency.

**Background papers: None**

**Appendix 1**

**Capital Strategy 2020 - 25**

**Appendix 2**

**Appendices to Capital Strategy**

This page is intentionally left blank



# The Capital Strategy of Spelthorne Borough Council

## Contents

1. Introduction
2. What is a Capital Strategy?
3. How do existing strategies feed into the Capital Strategy?
4. Where does the Council get its money from and what does it spend it on?
5. What if we had not invested?
6. Our commercial activity
7. The focus on housing and homelessness
8. The focus on economic development
9. How we finance our capital spend
10. How we manage risk and ensure sound decision making
11. How we ensure we have enough money day-to-day and maximise return on investment

## 1. Introduction

This document sets out Spelthorne Council's Capital Strategy. It gives residents and other stakeholders an overview of why, where and how we intend to spend capital to provide services and meet some of the Council's wider strategic aims. Supported by other documents including Asset Management plans and Treasury Management strategies, it spells out our priorities in the short-, medium- and long-term.

In particular, this document demonstrates how our Capital Strategy will help to deliver two key goals contained in our [Corporate Plan](#):

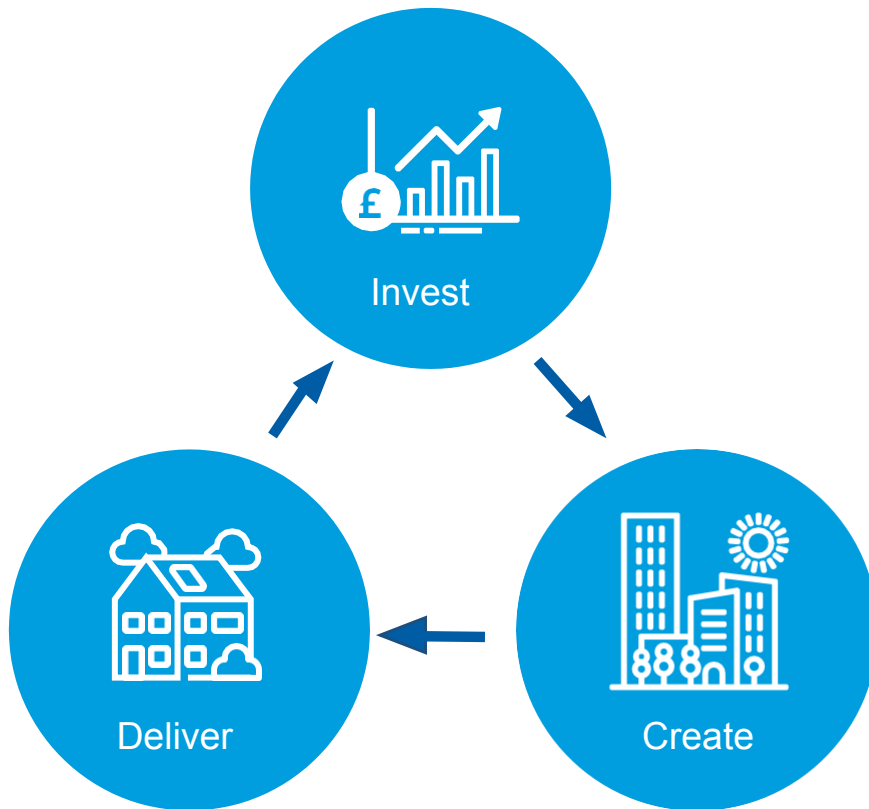
- **To deliver much-needed housing** in order to help reduce homelessness locally, increase affordable provision and help meet the overall need for additional homes
- **To regenerate our town centres** so that we can contribute to the economic development of the Borough

### **How capital expenditure is defined**

Capital expenditure is money used by the Council to acquire, upgrade, and maintain physical assets such as property, operational buildings and equipment. Capital expenditure can include everything from repairing a roof or purchasing a piece of equipment to constructing a brand new building. Capital expenditure is different to revenue expenditure, which is the money used by the Council for the day-to-day delivery of services, staffing and supplies.

## 2. What is our Capital Strategy?

2.1 Put simply, our Capital Strategy is to **Invest, Create, Deliver**.



- We are **Investing** in commercial property which will deliver an ongoing sustainable income stream to support development activity
- We are **creating** new housing for residents and regenerating our town centres in particular Staines-upon-Thames
- We are **delivering** the affordable homes which the market fails to provide and we are prioritising people who are on our Housing Register

2.2 Beyond housing, our Capital Strategy will also help us meet our need to upgrade and maintain:

- Operational buildings
- Infrastructure in the borough
- Our vehicle fleet

- Our ICT infrastructure

### 2.3 Our duty to look after public money

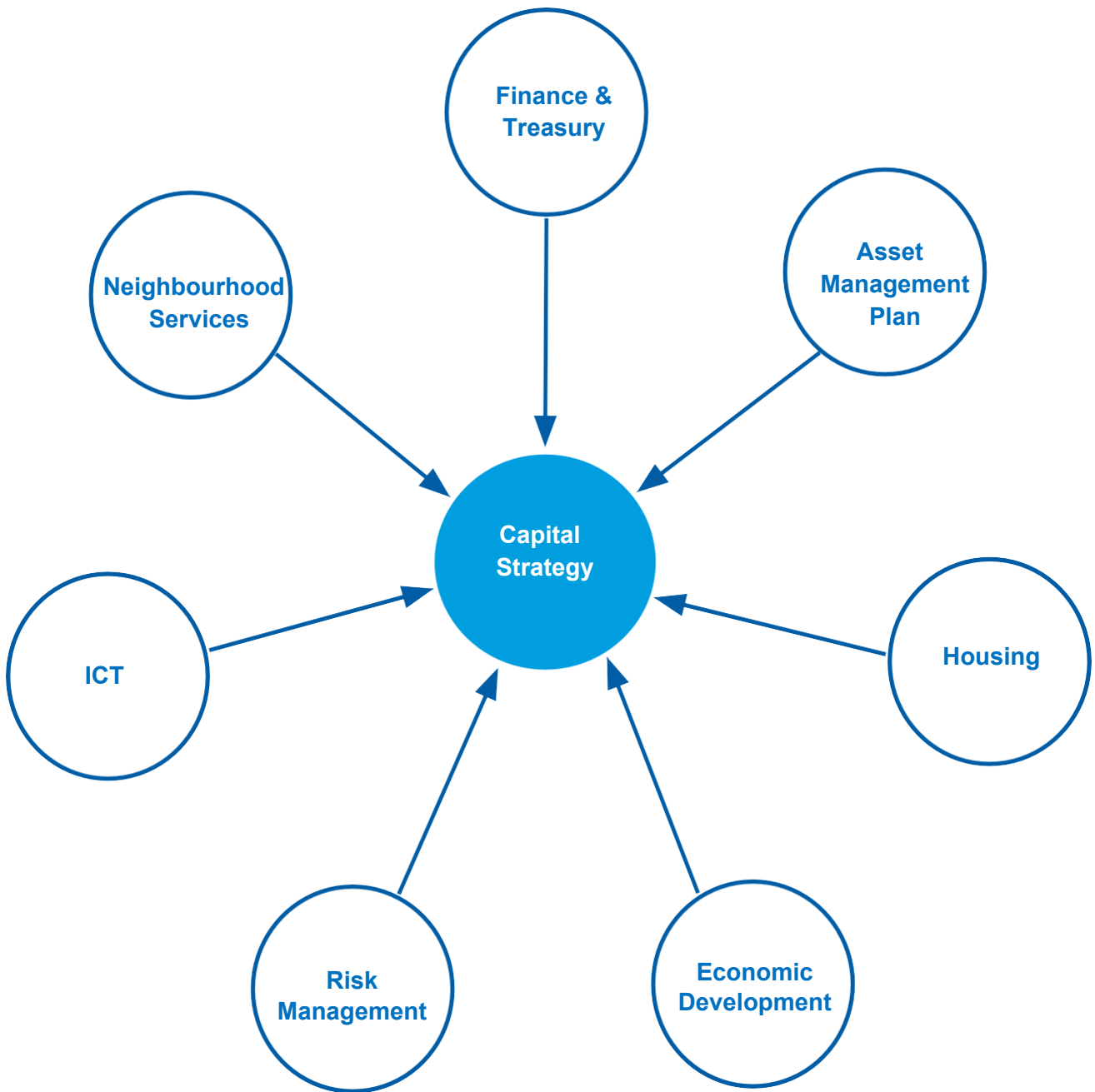
As a Council, we have a duty to look after the public purse, and residents and businesses expect us to do so in a sensible and rational way. This Capital Strategy will demonstrate how we:

- **Finance our spending** through prudent borrowing or use of reserves (called capital financing) within the upper level of our borrowing (called the external debt boundary)
- **Spend wisely and safely**, especially in relation to the investment portfolio that we hold (called commercial activity)
- **Manage risk and make decisions**, ensuring we have the appropriate skills and expertise, and taking a measured approach to investment
- **Ensure we have enough money** immediately to hand to keep services running on a day-to-day basis
- **Maximise our returns** on monetary investments (called treasury management)

2.4 Underpinning the whole Capital Strategy is the need to ensure that the Council is financial sustainable in the future (this is another [Corporate Plan](#) priority), something that is especially challenging in the current financial landscape.

The Council acknowledges the need to positively address climate change and will look to actively embed in all its Capital investment, development and spending decisions moving forwards.

## 3. How do existing strategies feed into the Capital Strategy?



3.1 The Council already has a number of strategies in place which cover various aspects of spending. We appreciate that it can be difficult to understand how all of these elements

mesh together to form a 'whole', which is where the Capital Strategy comes in. By bringing everything together in one document, we can show how the need to invest in assets – such as building a new waste depot, for example – has a range of implications.

### 3.2 **An overview of our individual strategies**

The various strategies that we currently have in place are set out below, although some are being updated to reflect the intentions set out in this document. Please follow the links if you would like to read them in full.

3.3 **Medium Term Financial Strategy** (also known as the Council's Outline Budget) – how the Council sees our need for revenue funding in the next five years

3.4 **Treasury Management Strategy** – how the Council properly manages the money we have at hand (cash flow) to make sure money is always available to run the Council and deliver services

3.5 **Asset Management Plan** – how the Council's assets support our corporate objectives and the services we provide. It sets out principles, priorities and action to ensure our assets are used and managed as efficiently and effectively as possible. (Link to follow)

3.6 **Housing and Homelessness Strategy** – detailing the Council's strategic approach to ensure that there is a choice of housing options available to people living in Spelthorne, including supporting those who are homeless or at risk of homelessness, and preventing people from becoming homeless.

## 4 **Where does the Council get its money from and what does it spend it on?**

### 4.1 **Our sources of income**

The Council gets its money from a variety of sources – for 2020/21, our revenue funding is coming from:

Funding	£	%
Interest earned	1,340,000	6

General grants from government	551,100	2
Our share of Council Tax	8,282,500	35
Our share of Business Rates	3,800,000	16
Income from our investments	9,924,800	41
<b>TOTAL</b>	<b>23,898,400</b>	<b>100</b>

Table 1: Sources of income

## 4.2 What we fund

Our income is used to fund the range of services we provide – for 2020/21, this covers:

<b>FUNDING</b>	<b>NET COST AFTER CHARGES GRANTS ETC</b>	<b>%</b>
Electoral Registration & Elections	262,700	1
Democratic and Corporate Services	2,979,000	13
Grants to community organisations	209,600	1
Housing benefits	384,200	2
Housing and Homelessness	1,948,000	8
Planned maintenance	1,284,100	5
Planning and Economic Development	1,140,600	5
Asset management	799,300	3
Environmental Services & compliance	1,740,900	7
Refuse collection	1,426,700	6
Street cleaning	925,900	4
Grounds maintenance	1,689,200	7
Community wellbeing	822,600	3
Support services and central overheads	6,127,300	26
Project Delivery Fund	1,408,300	6
Revenue contribution to capital	750,000	3
<b>TOTAL</b>	<b>23,898,400</b>	<b>100</b>

Table 2: Funding of services

## 4.3 Our capital expenditure plans

In 2020/21, the Council is planning capital expenditure of £65.6m as summarised below:

	2018/19 ACTUAL £m	2019/20 FORECAST £m	2020/21 BUDGET £m	2021/22 BUDGET £m	2022/23 BUDGET £m
Other Services Programme	376.9	42.9	31.1	56.5	23.7
Housing Investment Programme	3.7	24.1	34.1	46.1	33.9
ICT	0.3	0.2	0.2	0.1	0.1
Environmental	0.2	0.5	0.2	0.1	0.1
<b>TOTAL</b>	<b>381.1</b>	<b>67.7</b>	<b>65.6</b>	<b>102.8</b>	<b>57.8</b>

*Table 3: Prudential indicator: estimates of capital expenditure in £ millions*

#### 4.4 Our capital projects include:

- Investment property acquisitions to generate revenue income streams  
Property development projects for operational purposes eg for supporting housing service needs (expenditure: £58.271m 2020/21, £39.952m 2021/22, £25.523m 2022/23)
- Leisure centre refurbishment / development (original budget estimate for initial fees: £2m.
- Various corporate projects including facilities improvements and IT (including document management system, property management system, telephony hardware and software)
- Waste, parks and parking includes new waste vehicles, reducing carbon footprint, improving management of parks and open spaces and enhancing CCTV.

4.5 The Council also plans to incur £65.6m of capital expenditure on housing and regeneration within the Borough (as per the table above). For full details of the Council's Capital Programme, including the project appraisals undertaken, View the [Capital Programme](#)

4.6 All capital expenditure must be financed from external sources (government grants and other contributions), the Council's own resources (revenue, reserves and capital receipts) or debt (borrowing and leasing). The planned financing of the above expenditure is as follows:

#### **Where our borrowing comes from**



	2019/20 AS AT END OF DEC 19	2019/20 REMAINDER £'000	2019/20 BUDGET £'000	2020/21 BUDGET £'000	2021/22 BUDGET £'000	2019-22 TOTAL £'000
Public Works Loan Board	5,000	33,000	38,000	14,000	21,000	73,000
Of which to be used for refinancing existing debt	0	0	0	0	0	0
Other sources	29,500	0	29,500	30,000	60,000	119,500
Of which to be used for refinancing existing debt	0	0	0	0	0	0
Total PWLB and other sources	34,500	33,000	67,500	44,000	81,000	192,500
Of which to be used for refinancing existing debt	0	0	0	0	0	0
<b>Of which to be used funding new long term borrowing</b>	<b>34,500</b>	<b>33,000</b>	<b>67,500</b>	<b>44,000</b>	<b>81,000</b>	<b>192,500</b>

Table 4. Source of borrowing

#### 4.7 Background

Since 2013 the Council has seen a year-on-year reduction in the funding we receive from central government.

##### **Making up the shortfall**

The Council had to take a view on how to offset the loss of general Revenue Support Grant, with these the only viable options:

- (1) Grow income
- (2) Reconfigure, reduce or deliver services in a different way

(3) A combination of both the above

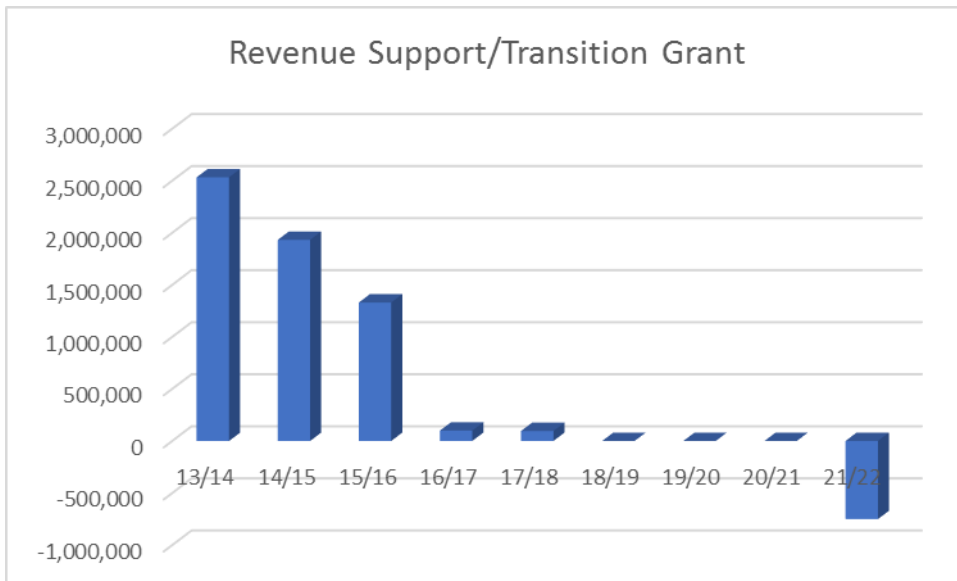


Illustration 1: Reduced Government funding

4.8 **Our investment so far**

Although this Capital Strategy looks forward, it is worth noting the significant level of investment activity that the Council has already undertaken. *Appendix 1* sets out the historical background to our acquisitions up to 2018, including our first major acquisition - the BP international campus in Sunbury. Information is included to explain why we set out on this journey, our previous ‘Towards a Sustainable Future’ programme, and our activity up to 2018.

4.9 Total commercial investments are currently valued at £999m, providing a gross average return of 5.03%. The Council has chosen, after taking account of interest and repayment of debt, to accept a net surplus contribution of 1% and to set aside a significant contribution into sinking funds to ensure we have funds available in future to cover voids and refurbishments. This is a comparable net return to that being achieved by pension funds on commercial assets.

Assets	Town	Sector	£m	Purchase Date	Valuation as of March 2019 £m

BP Campus, Sunbury Business Park	Sunbury	Offices	385	Sep 2016	389
12 Hammersmith Grove	London	Offices	170	Jan 2018	171
Charter Building	Uxbridge	Offices	136	Aug 2018	136
Thames Tower	Reading	Offices	127	Aug 2018	127
The Porter Building	Slough	Offices	73	Aug 2018	71
World Business Centre 4	Heathrow	Offices	47	Sep 2017	47
3 Roundwood Avenue	Heathrow	Offices	21	Jul 2017	21
Communications House	Staines	Offices	11	Jul 2018	15
Summit Centre	Sunbury	Offices	14	Sep 2019	14
Elmbrook House	Sunbury	Offices	7	Dec 2016	8
Station Road	Sunbury	Offices	0.4	Mar 2018	-
Total			991.4		999

*Table 5: The Council's commercial assets portfolio*

4.10 On our commercial asset acquisitions, the overall initial net yield is 5.03%. As there is upwards indexation of the rental every five years on most of the assets, the yield is likely to rise over time. After taking account of paying off loan instalments each year, interest, supervision costs and setting aside sinking funds to cover future potential costs (such as refurbishments of assets on lease expiry and rent-free periods), the net surplus contribution to the Council's Revenue Budget in 2020/21 will be £9.4m per annum.

## 5 What if we had not invested?

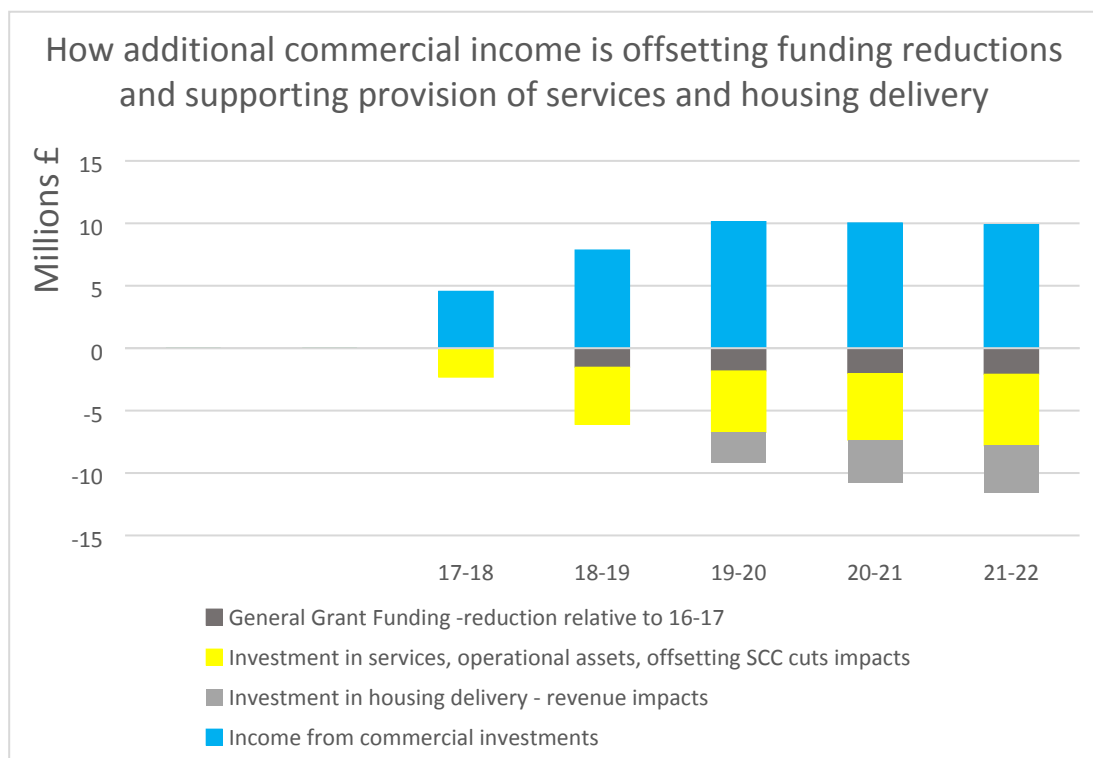


Table 6 : Increase in property income to offset decline in government funding

### 5.1 Our Investment so far

If the Council had not taken the decision to invest to deliver significant commercial income from 2016-2018, this would have led to major cuts in services, particularly the services we are not under a statutory duty to deliver such as:

- Day Centres (net cost of £452,800)
- Meals on Wheels (net cost of £30,100)
- Spelride Community Transport net cost (£153,700)
- Extension of the Greeno Centre (additional £130,000 capital investment) and the Fordbridge centre (£130,000 capital investment) to provide additional facilities for older people (additional £130,000 investment)
- New Meals on Wheels vans (£126,000) or Spelride vehicles (£250,000)
- Laleham Park Pavilion (£250,000 capital investment)

5.2 It would also have led to a reduction in the overall capacity of the Council to deliver for residents, leading to:

- Reduced maintenance of parks and open spaces

- Reduced waste collection frequency
- No ability to Increase budget for planned maintenance of frontline operational assets supporting service delivery (up to an additional £750,000 per annum)
- Need for revenue contributions to capital expenditure to cover projects not financed by grant, receipts or generating revenue savings/income (£750,000 per annum)
- Increased fees and charges, such as significantly increasing car parking charges
- Inability to plug the considerable gaps which are emerging as a result of Surrey County Council cuts on social care services (estimated impact on Spelthorne budget to date is approximately £500,000)

Some of these cuts would have hit older and vulnerable residents the hardest.

The additional income the Council has generated has enabled us to put our Revenue budget on a more sustainable footing by ceasing to use reserves to support the Revenue Budget (In the 2016/17 Budget - £786,000 needed to be taken from reserves)

## **6 Our commercial investment activity**

6.1 Since 2016, the Council has made a number of prime commercial investments, all of which are in the Heathrow economic area. The Council considers that defining an economic area restricted to Spelthorne only is to ignore the reality that Heathrow Airport is the real driver of the economy for West London, North Surrey and the Thames Valley. We are part of that economic zone and the airport plays an important role in our local economy. 7% of our residents (6,700 in 2018) work at Heathrow, and this figure increases to 25% in our two northernmost wards. For every 10 direct jobs at Heathrow, there are 26 jobs created locally within the supply chain. The airport also contributes significantly to local training and education. For example, the Heathrow Academy provides training to those wanting to work at the airport, schools outreach programmes are used to promote STEM subjects, and the Heathrow careers fair attracts around 7,000 young people annually.

The future expansion of the airport is something that the Borough has supported for a number of years, as long as the proposed scheme comprehensively and effectively mitigates the impacts on our communities, businesses, services and environment.

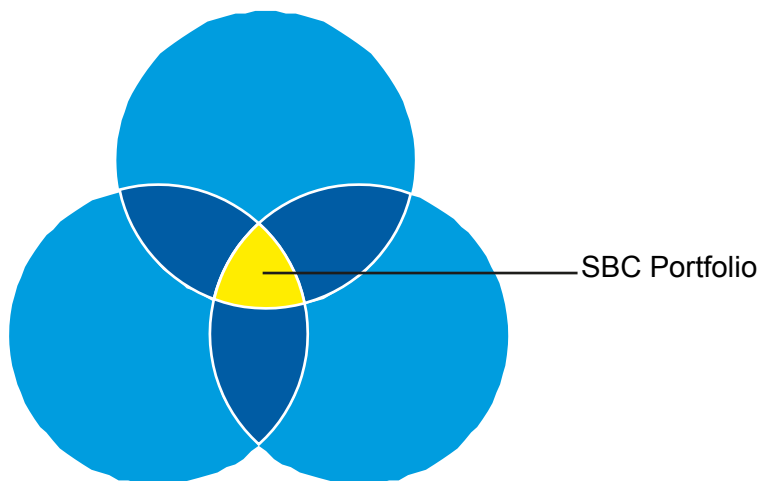
### **6.2 An overview of our assets and approach**

The Council has chosen to invest in best-in-class assets located in the Heathrow economic area and are very well sited next to transport hubs.



*Illustration 2: Location of our commercial assets*

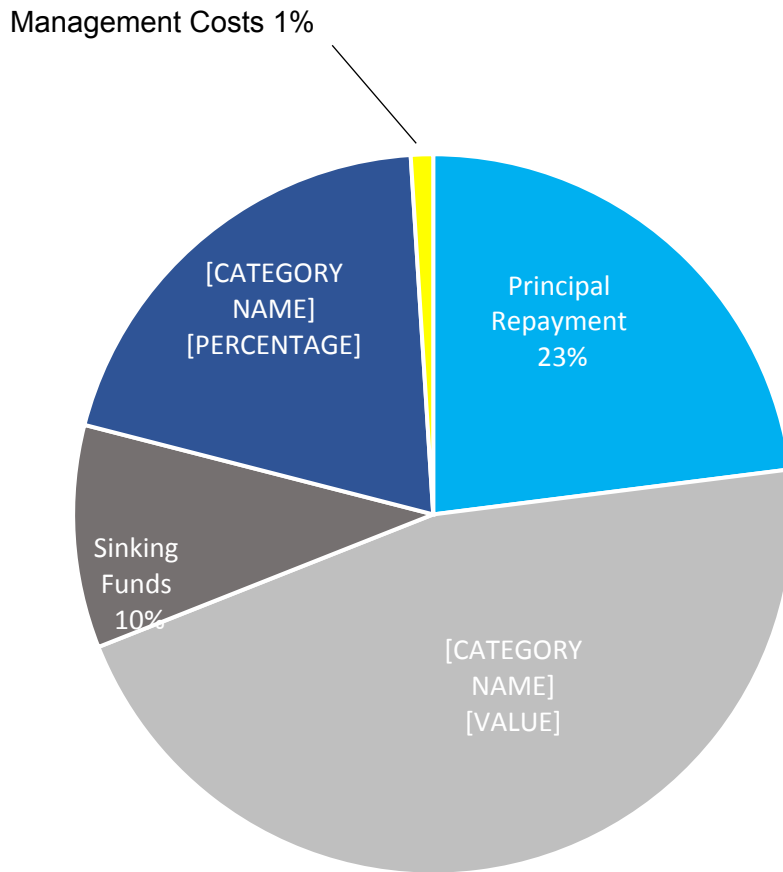
**Investment Criteria**



*Illustration 3: Factors shaping our investment decisions*

6.3 The Council has invested in properties that have attracted a strong and diverse tenant mix from different sectors of the economy. These are blue-chip tenants which provide good levels of security for the Council’s investment activities.

**6.4 Repayment allocation - as at August 2018**



*illustration 4: How loans are repaid and money allocated*

The income from our investments (see Table 1, above) has made a substantial impact on the stability of the Council. In 2020/21 the net surplus (after making allowances for management costs, interest etc.) will be £9.9m.

## 6.5 Our reasons for investing

In order to fund our developments we have acquisition parameters, which are set out in full in *Appendix 2*, but these are the primary reasons we have previously invested:

- to generate income to offset reducing Government funding and other pressures in order to support provision of services for residents
- for housing development
- for strategic purposes to allow for regeneration either now or in the future.

Having achieved our objective of significantly boosting our income to support provision of services, our focus is now on the second and third objectives set out above. It is also important to note that we maintain the assets which we purchased in 2016-2018 and which support the revenue budget. We regularly review and update our acquisition parameters.

## 7 The focus on housing and homelessness

- 7.1 The focus of the Council was previously to generate revenue in order to safeguard its basic services. The focus now is on providing affordable housing. Housing is one of the Council's four strategic priorities in the **Corporate Plan**, reflecting the significant pressures the Borough is facing, with relatively high numbers of families in temporary accommodation, insufficient affordable housing provided by Registered Providers of social housing and a severe shortage of affordable private rental housing supply.
- 7.2 Going back to the 1990s, the Council used to provide traditional council housing. In the 1990s, it was decided to transfer the council housing stock to what was then Spelthorne Housing Association and is now part of A2Dominion. The main reason for the transfer of properties at the time was the need to bring the properties up to an acceptable state of repair, which the Council could not afford at the time. Since then, the Council has not had a direct role in developing new homes; this has been carried out by A2Dominion and other Registered Providers, as well as private developers. Fluctuation in the delivery of new housing has been dictated by the economy and the availability of grant funding to subsidise affordable housing.
- 7.3 The Council's Housing Strategy 2020 – 2025 contains three strategic priorities which will contribute to achieving the overall vision of 'ensuring best quality homes in a thriving and sustainable community'. Additionally, the Council is required to have a Homelessness Strategy, which outlines the Council's approach to preventing homelessness.
- 7.4 In common with many other local authorities in the South East, Spelthorne has a growing demand for genuinely affordable housing and is facing a number of key challenges:
- **Increasing numbers on the Housing Register:** Over the period 2015 to 2018 the number of applicants on the Council's Housing Register has grown by 79%. See *Appendix 3 Table H1*
  - **Lack of availability of existing affordable housing:** Over the past five years, the number of available social housing vacancies offered to the Council for re-letting has reduced by 19%. See *Appendix 3 Table H2*



- **High rates of statutory homelessness:** 69% of homeless households include children. See *Appendix 3 Table H3*
- **High use of emergency and temporary housing for homeless households:** The average occupancy of temporary accommodation at the end of each quarter in the five years to 2018/19 was 111 households. See *Appendix 3 Table H4*. For example, the average cost to the Council to accommodate one homeless household in emergency housing is approximately £6,750 per annum
- **Increasing affordability issues:** ratio of the median house price to the median wage eased slightly in Spelthorne in 2018/19, the gap widened regionally and nationally. Spelthorne is still less affordable for local people compared to other areas in the South East and England overall. See *Appendix 3 Table H5*
- **Lack of new-build affordable housing:** The net increase of provision over the past four years has been just 158 units – an average of 32 per year. See *Appendix 3 Table H6*

### 7.5 The effect of our proximity to London

As well as the evident demand for affordable housing from local residents, there is also considerable pressure from London. The cost of housing in London is even higher than in Spelthorne, and London boroughs are actively placing homeless households from their boroughs into Spelthorne, as well as ‘block booking’ emergency accommodation facilities within Spelthorne for their homeless people, placing further demand on the already strained private sector.

### 7.6 Heathrow expansion

Another key issue that will have a significant impact on our community is the proposed third runway at Heathrow airport and the major expansion of works which are planned for Heathrow. Work on various parts of the airport and the surrounding infrastructure is likely to go on for around nine years (but could extend to several decades before final completion). This will introduce further pressure as people working on the Heathrow expansion seek to be housed close to their workplace.

Some joint work has already been undertaken across a number of Councils to understand the potential impact of Heathrow on the need for additional housing. Early indications are that it will not have a significant impact on the need for additional permanent housing in the short, medium or longer term. Any emerging data will be fed into the strategy as required. However, there will be shorter term impacts from construction workers who require accommodation for the term of the expansion (up to 2050) which may affect the ability of the Council to access the private sector market as readily.

### 7.7 Key worker accommodation

Whilst housing affordability is a significant issue in general, it acutely affects key workers, who help to run the essential local services such as schools, hospitals, doctors' surgeries and fire stations. According to Government statistics released in 2016, the latest records available, the mean income for employed households within Spelthorne is £34,669, although the starting salaries for essential local workers is much less. Whilst this is higher than regional and national median incomes, when compared to local house prices, it highlights the significant affordability issues that local residents face. We know anecdotally that key worker staff are moving further and further away from Spelthorne into Hampshire and Berkshire and commuting to work. This means that when they look for their next promotion they are more likely to look in those areas; this is another factor leading to loss of workforce. Whilst some key workers are being recruited from London, one of the main factors which will keep them in Spelthorne is availability of affordable housing. The Council is seeking to tackle this through our housing company Knowle Green Estates Ltd (paragraph 7.12).

#### 7.8 **Strategic objectives**

In 2018, Government and CIPFA guidance to local authorities changed with regards to borrowing to invest in commercial properties. The Council has carefully considered this guidance and this Capital Strategy reflects both that guidance and our strategic objectives of borrowing in order to support housing investment.

As detailed above (see section 2), the Council's strategic objectives are to **invest, create, and deliver**.

#### 7.9 **Subsidies are key**

As affordable housing is provided at up to 80% of the market rate, subsidies are essential to make it viable. A private developer who pays market rate for land, finance, supplies and labour has to sell their properties at market rate to make a profit. When Spelthorne Council is acting as the developer, even if we forgo the profit element, it is still difficult to deliver truly affordable housing.

7.10 Housing for rent can pay for itself over a period of time because of the rental income which it generates. However, the Council needs to be in a position to forward fund such developments and the cost of finance for the acquisition, development and construction stages is prohibitive for councils unless they receive Government subsidy. This is similar to the way Housing Associations operate – having a market rate product to sell and rent, the surplus of which subsidises the affordable elements of their business.

7.11 The bottom line is that, even with the Government grant funding available through Homes England, affordable housing developments need significant capital investment and cash flow to deliver.

### 7.12 Spelthorne’s Housing Development Programme

Spelthorne has a pipeline of properties for residential development:

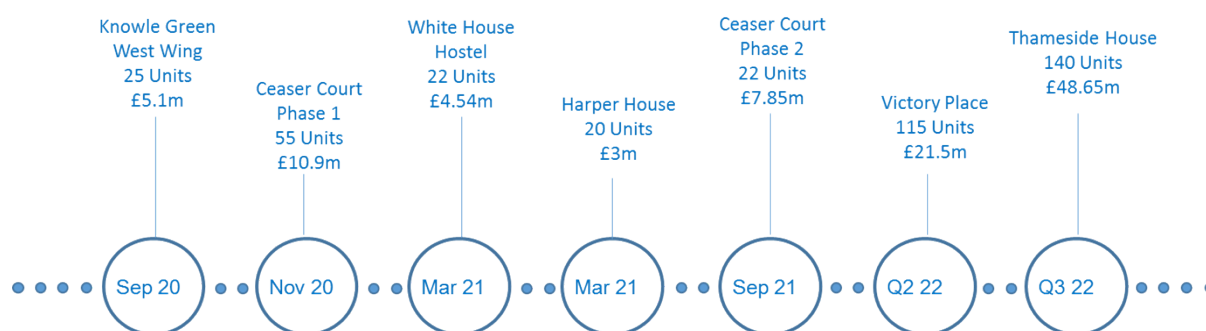


Illustration 5: Projected funding

### 7.13 Knowle Green Estates Ltd (KGE)

The Council formed its housing company in 2016 when we acquired Harper House in Ashford for emergency accommodation. Since then, the Council has made numerous improvements to make Harper House a safer and better managed solution for families who have been made homeless. Demolition of this property began in January 2020 in order to redevelop the site to provide brand new fit for purpose temporary accommodation for 20 families.

We also identified a need to promote our own affordable housing schemes, and KGE is the vehicle we use to deliver them to residents. We currently have a number of projects in the pipeline which will deliver 20% of the Borough’s assessed 5-year land supply requirement in the Local Plan (738 units to be delivered by the Council out of a required 3,218).

### 7.14 Development costs

As our various housing delivery schemes come on stream, this will in the short term add some financing costs into the revenue budget. However in the longer term the council will receive a net margin or surplus representing the difference between the rates it accesses loan finance at and the market rates at which its housing delivery company Knowle Green Estates will repay loans to the Council at.

## **8 The focus on economic development**

8.1 Economic development is another one of the Council's four strategic priorities and reflects the importance that the Council places on stimulating more investment, jobs and visitors to Spelthorne in order to further the overall prosperity of the Borough and its residents. How we look to achieve this is set out in the Economic Strategy. Importantly, a vibrant economy also provides income through our share of business rates, helping the Council to be financially sustainable. Where and how we invest our capital plays a central role in terms of economic development.

### **8.2 Significant progress**

It is true for all local authority areas that, if they do not pay close attention to the economic development and vitality of their area, they will move backwards as other areas around them move forwards. In previous years, the Council has made significant changes to Staines-upon-Thames which have revitalised the town centre. These include contributing to the development of the Two Rivers shopping centre, pedestrianisation of the High Street and the upgrading of the Riverside area around Memorial Gardens and Market Square.

8.3 The Council has significant landholdings in Staines-upon-Thames, and has made a number of recent acquisitions in line with our investment parameters to further cement our position. We bought back the long leaseholds of both Communications House and Thameside House so we now have control over a key portion of the town centre close to the River Thames. The Council also acquired Hanover House, which sits on the River adjacent to Bridge Street car park and represents a major redevelopment opportunity. We will continue to acquire properties where it makes strategic sense to do so for regeneration purposes. A recent example is the acquisition in 2019 of the Oast House, and the adjoining car park and a number of buildings on Kingston Road.

8.4 Further work needs to be done in Staines-upon-Thames and that there is considerable scope for improvement around Sunbury Cross. So the aspirations of the Council should therefore be bold and ambitious. We have followed this ambition through by recently be acquiring (also in 2019) the Summit Centre in Sunbury.

### **8.5 Planning to meet housing need**

The current review of the Council's Local Plan has identified a need to create around 603 housing units each year over the next 15 years. As part of its Issues and Options Consultation in summer 2018, the Council consulted on four main ways to meet this significant requirement for new housing:

- Brownfield development
- Green belt development
- Staines development
- Combination development

8.6 Following a Sustainability Appraisal, the professional opinion was that the fourth option (combination) should be taken forward, but with additional safeguards to take account of the public's views on loss of Green Belt. This has been agreed by Cabinet. Within this option, the focus will need to remain very much on realising the considerable latent potential of Staines-upon-Thames (but not to the absolute exclusion of housing development anywhere else in the borough).

The Strategic Housing Availability Assessment (SLAA) 2018 estimates that the 5-year housing land supply in the Borough is 3,448 units on 64 sites. Over 1,420 of these units are expected to be delivered in Staines-upon-Thames, with at least 420 to be delivered on Council-owned sites. In the medium term (6 to 10 years), Council-owned sites could deliver another 1000 units (with other sites not owned by Spelthorne bringing forward approximately 250).

8.7 The preferred approach of focusing on Staines-upon-Thames as the major residential opportunity area requires a Masterplan to be developed as part of the new Local Plan which will focus in detail on where and how this new development can best be accommodated, in order to ensure we achieve a sustainable solution for the town. Work on the Master Plan is expected to be complete in spring 2021.

8.8 The Council's landholdings within the town centre (including our recent strategic acquisitions) provide a clear opportunity to bring forward at least 1,420 units in the next 10 years. In the next five years, the level of investment that the Council aims to make is likely to be a minimum of £300m. As the land owner, we are confident that we can deliver this level of residential development whilst retaining sufficient car parking to sustain the town centre (though some sites may well be reconfigured to make more efficient use of the land that we have).

8.9 The SLAA has identified that, within the town centre, the Council is able to develop the following housing units as a minimum (within the immediate confines of the town centre):

Thameside House	flatted	140 units	Years 1 - 5
Hanover House and Bridge Street car park	mixed use	75 Units and 150-250 bed space hostel	Years 1 – 5

Riverside car park (subject to re-provision)	flatted	100 units	Years 6 – 10
Elmsleigh Centre and adjoining land	flatted	650 units	Years 6 - 10

*Table 7: Minimum housing units identified to develop*

8.10 The Council is currently part of a consortium promoting a light rail link to Heathrow from Staines-upon-Thames – the Southern Light Rail (SLR). A proposal was made to the Department for Transport setting out the details of the scheme, and making clear that it will be entirely privately funded (this is known as a market-led proposal). There are a number of potential investors and it is not envisaged at this stage that the Council will be contributing to the capital cost of c£375m. Heathrow agreed in 2019 that the SLR was its first Innovation Partner and work is progressing on how this scheme can be moved forwards

## **9 How we finance our capital spend**

9.1 As referred to in Table 4, Section 3, above, we finance our capital expenditure from a range of sources. These include:

- Revenue Contributions to Capital – beginning in 2018-19, we are now funding £750,000 per annum of our capital programme from the Council’s Revenue Budget contribution. This covers most of the capital items which are not funded by grant or will not generate revenue savings or revenue income streams. This puts these elements of the Capital Programme on a more sustainable basis
- Grants – principally Disabled Facilities Grant. The Council will also seek to explore grant funding opportunities for its housing and development schemes and has successfully bid for grant assistance from Homes England for its single person hostel and family emergency accommodation schemes
- Community Infrastructure Levy (CIL) - the Council will apply our share of CIL to support capital schemes which meet the CIL criteria
- S106 funds (planning contributions from developers) – we will use s106 funds to support affordable housing schemes
- Capital receipts – these are generated from either the Council’s share of Right to Buy proceeds on housing stock, which used to belong to the Council before the transfer to Spelthorne Housing Association (now A2D) in the 1990s, or from sales of other assets

- Borrowing – mainly from the Public Works Loans Board (PWLB) at fixed rates. Some borrowing on a shorter term basis from other local authorities. ~~In future,~~ Further borrowing will be focused on financing directly housing and regeneration within the Borough
- Following the hike of 100 basis points in PWLB rates (work actually commissioned before the rise) the Council commissioned its treasury management advisers to review its debt portfolio and options for funding future capital expenditure. The advisers are currently evaluating a number of options. However, it is the case that PWLB and loans from other councils will continue to be an important funding source

## 10 How we manage risk and ensure sound decision-making

10.1 The Council needs to ensure that we have clear ways of mitigating the risks that are inherent in acquiring property and in bringing forward development. We must also show that we have the right decision-making processes in place with robust checks and balances (this is called governance). *Appendix 4* sets out our risk management approach in more detail.

### 10.2 Risks

From a risk management perspective, and in order to ensure the Council's investments are as safe as possible, we have employed a range of due diligence techniques, including:

- Evaluation of tenants by external global property advisers
- Using industry-standard information sources such as the credit rating agency Dunn and Bradstreet
- Modelling the impact of tenant failure (and securing parent company guarantees where necessary) and setting aside money from investments to establish sinking funds to cover worst-case scenarios and possible future voids
- Maintaining assets to ensure they are fit for purpose

10.3 We are also very clear on how we spread risk by diversifying the commercial assets portfolio. In any commercial property portfolio, it is important to achieve a level of diversification in order to ensure that 'not all of our eggs are in one basket'. Portfolios can be diversified by property type (e.g. office, residential, industrial or retail), sector (e.g. pharmaceutical, media or financial technology) and geography (e.g. local borough or Heathrow). The Council's portfolio is heavily weighted towards the south-east office market, but the tenant mix is diversified. We have more recently on a small scale acquired some light industrial units, to help diversify the mix.

10.4 The Council will keep the performance of our portfolio of commercial assets under continuous review. We have developed a series of Key Performance Indicators, (Appendix 6) to ensure the portfolio is performing as we want it to and is monitored. This will allow us to take appropriate action as required.

10.5 Under the Council's constitution, risk management is overseen by the Audit Committee, which reviews the Corporate Risk Register at each meeting. The Council is currently refreshing its corporate Risk Policy and approach to maintaining the Corporate Risk Register. The Corporate Risk Register is also reviewed by Cabinet. Risk management is an integral aspect of the Council's project methodology, with projects required at initiation to identify risks and how they mitigate them, and to maintain a project risk register. The approach to risk management includes planning and identification, monitoring and review for all risks and projects throughout their lifecycle. The Corporate Risk Register includes details of commercial investments. A key focus of our approach to commercial assets is to ensure that we understand the full range of risks – including the financial robustness of tenants and guarantors, legal risks, and physical and locational risks – so that we put in place appropriate risk mitigation measures.

#### 10.6 **Skills**

The changing nature of our portfolio has meant that we have enhanced our property team to ensure that we have with the right mix and level of skills and commercial experience. The Council also employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions (including treasury management). The cost of strengthening our property team has been met through funding and management set-asides from investment income. There is now an 11-strong asset management team which includes a manager of the property unit formerly employed by BAA who brings considerable expertise in the commercial property market around Heathrow; a development manager with significant experience of building residential property in the private sector; and a property manager formerly at a commercial fund. In October 2019 the Council undertook a training session on risk management for members of audit committee. During 2020 we will be doing some refresher training sessions on risk management for officers.

10.7 The Council will ensure that the assets team continues to grow in proportion to the size of our investment and development activity. We have added further resources to our in-house finance and legal teams to support this acquisition and development activity. We also encourage our professional staff to complete ongoing continuous professional development, ensuring expertise levels are maintained. We are increasing the resilience of our insurance



functioning by bringing in, from March 2020 London Borough of Sutton's larger insurance team to provide support on claims handling management. This gives us access to a larger pool of expertise

10.8 Where we do not have the necessary knowledge and skills within the Council, we use external advisers and consultants that are specialists in their field. These include Clyde and Co (legal), Cushman and Wakefield (property and valuation), Dunn and Bradstreet, Arlingclose Limited (treasury management), Landid (asset management), Deloitte and Carter Jonas (valuation and financial evaluation). This ensures that we have access to experts who can help us to operate in line with our risk appetite. We also seek to ensure that our councillors' knowledge on our approach to investments (both treasury management and commercial) is appropriately maintained.

#### 10.9 **Governance**

The Council needs to ensure that we consider all opportunities in a managed way, and that we do so as transparently as we can (bearing in mind we are making commercially sensitive decisions). All property acquisitions are overseen by a small group of senior councillors and officers. This group forms the Property and Investment Committee including the Leader of the Council, who has a background in property investment and the Finance Portfolio Holder. Councillors are involved at key stages of the process (which is set out at the end of *Appendix 4*). As part of the Council's preparations for implementing the new CIPFA Financial Management Code, in February 2020 the Council is running a workshop with CIPFA to review the extent to which its governance arrangements are contributing towards resilience. In June 2020, at the Council's invitation, the LGA will be undertaking a review of our finance and property arrangements to help the Council identify further opportunities for improvement.

10.10 The Council is committed to following local government guidelines and we take appropriate legal and technical advice to ensure we are always doing so.

## **11 How we ensure we have enough money day-to-day and maximise return on investment**

11.1 Treasury management is all about keeping sufficient but not excessive cash available to meet the Council's spending needs, whilst managing the risks involved. Surplus cash is invested until required, and a shortage of cash is met by borrowing – this avoids excessive credit balances or overdrafts in the bank current account. The Council is typically cash-rich in the short-term as revenue income is received before it is spent, but cash-poor in the long-

term as capital expenditure is incurred before being financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing.

## 11.2 Current borrowings

Based on acquisitions and investment decisions up to 31 December 2019, the Council currently has £1,085m borrowing (£1,114m full year forecast) at an average interest rate of 2.2%, and £36.8m pooled and medium term treasury investments at an average rate of 4.7%. *Appendix 5* sets out in detail how this is achieved with the headline information set out below.

## 11.3 Factors shaping our borrowing decisions

From a borrowing point of view, the Council needs to achieve a low but certain cost of finance whilst retaining flexibility should plans change in future. This requires striking a balance between cheap short-term loans and long-term fixed rate loans where the future cost is known, but higher. Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. This is the approach that the Council takes.

11.4 In addition to the above, the Council is legally obliged to set an affordable borrowing limit (also termed the 'authorised limit for external debt') each year and to keep it under review. In line with statutory guidance, a lower 'operational boundary' is also set as a warning level should debt approach the limit. *Appendix 5* provides more detail on the boundary and the limit.

11.5 The Council's policy on treasury investments is to prioritise security and liquidity over yield – in other words, we focus on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely, for example with the Government, other local authorities or selected high-quality banks, to minimise the risk of loss. Money that will be held for longer terms is invested more widely.

11.6 In addition to debt of £1,085m detailed above, the Council is committed to making future payments to cover the pension fund deficit (valued at £51.128m). We have also set aside £2m to cover risks of business rates appeals, and £6m per annum into sinking funds to cover future liabilities on our investment properties.

11.7 Sound treasury management also has to consider the impact on the Revenue budget. Although capital expenditure is not charged directly to the Revenue Budget, interest payable on loans and Minimum Revenue Provision (i.e. repayment of loans) / loans fund repayments

are charged to Revenue, and this is offset by any investment income (details of the revenue implications of capital expenditure can be found in the 2020/21 revenue budget).

- 11.8 Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend for up to 50 years, or longer (in one recent 70 years) into the future. The Chief Finance Officer is satisfied that the proposed Capital Programme and recent capital expenditure decisions are prudent, affordable and sustainable. 50-year forecasting is undertaken on a best and worst case basis for commercial assets to estimate future liabilities – this ensures that future risk is evaluated and sufficient funds are set aside in sinking funds to meet those liabilities. It is the responsibility of the Section 151 Officer to agree what, how and when monies held in the sinking fund account are spent on our commercial investment assets. This ensures our sinking funds are protected.
- 11.9 The Council has put the maintenance of our operational assets on a more sustainable basis by increasing the planned maintenance budget by £750,000 per annum over last two financial years and addressing a number of backlog maintenance issues at the Council Offices as part of a refurbishment project. The Council has also put the funding of our Capital Programme on a more sustainable basis.

## **APPENDICES**

1. **Historic background**
2. **Investment parameters**
3. **Housing information**
4. **Risks and decision making**
5. **Treasury Management**
6. **Key Performance indicators**

This page is intentionally left blank

## **Historical Background**

After the financial crash in 2008 and the austerity imposed on local authorities since 2010, the Council received less and less general revenue grant from government to support its Revenue Budget for the provision of services to residents. Over the years from 2008 to 2016, the Council made savings/income of about £8m or equivalent to 54% of the net 2008/09 budget.

Although no cuts were made to front-line services during this time, the gradual reduction of staff from front-line and support services, did have an impact on the Council's operations. It is fair to say that by 2014 the gradual "salami slicing" of the Budget had reached a stage where some services were becoming unsustainable. The Council launched a programme "Towards a Sustainable Future" with different strands aiming to make a difference to the Council's longer-term finances:

- Investing in property
- Continuing to maximise returns on its financial investments
- Investigating different ways of delivering council services through partnerships and companies/public sector mutuals
- Restructuring the Council

In addition to this ambitious plan, in 2016, a change in administration set a new priority for the Council: provision of much-needed affordable housing for residents. It was against this background of needing to make big changes and find new sources of funding to tackle big social issues, that in 2016 the Council had an opportunity to purchase the BP Campus in Sunbury.

Until 2016, the Council's most significant investment asset was the freehold of the Elmsleigh Shopping Centre in Staines upon Thames. The Council receives a 13.445% share of profits from the shop rents, but the difficult financial trading environment in the retail sector since 2008 had reduced our income from the Elmsleigh Centre.

Against this reducing income the Council had made savings across the Council whilst at the same time it had protected frontline services for residents. However the financial landscape meant that further government cuts and changes to business rates meant that the savings requirements were still there. Protecting front-line services was becoming harder. Acquiring the BP Campus in September 2016 brought about a significant change in the Council's finances.

### BP campus

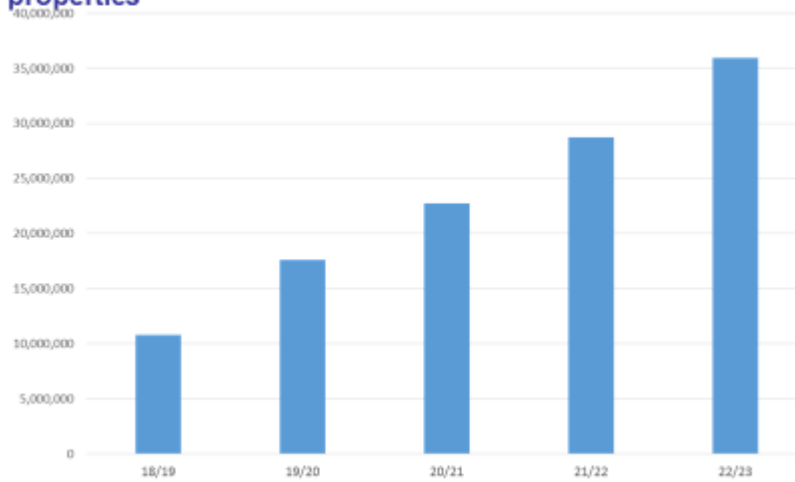
This transaction is worth a special mention because it is so significant that it has on-going importance. The chance to purchase the BP Campus was a once in a generation opportunity. BP has been in Sunbury for 100 years. Its campus was significantly enlarged and improved in 1990s. BP wanted to sell its campus to raise money, in return, it would sign a lease on the premises for 20 years, guarantee increases in rent and provide a parent company guarantee. In a separate transaction shortly afterwards, the Council also purchased research buildings on the same campus (known as the south-west corner).

The combined purchase price of the Campus was £380m, which the Council borrowed with a number of 50 year loans (by taking 50 loans out rather than one single loan the Council saved a significant amount of money) from the Public Works Loans Board (PWLB). The PWLB is a government agency which exists to provide funding to public bodies for capital projects. The interest payable on these loans was fixed at the time the loans were taken out at extremely low rates of interest. Statutory guidance from the Secretary of State and CIPFA governs the way that councils can borrow and how they must repay the money they have borrowed. In taking out this finance, the Council was advised by leading professional practices so that the decision was based on robust due diligence. The Council repays these loans on what is called a “fully prudential basis”, i.e. like a repayment mortgage it repays the principal loan alongside the interest as it goes along.

The significance of the BP acquisition is that it made a big contribution to council finances even after:

- Repaying the loans and interest
- Setting aside money for the management costs of the buildings (which are well constructed and well maintained by the tenants)
- Setting aside a sinking fund for refurbishment or redevelopment costs when the lease ends. This also provides a cushion to protect against potential periods between tenants leaving and new tenants starting to pay rent

**How the sinking fund will increase to cover future liabilities, such as refurbishments and void periods on investment properties**



The additional income provides significant funding on a long term ongoing basis to offset the loss of general Revenue Support Grant and to reverse the impacts of the previous years's salami slicing which was beginning to put the sustainability of services at risk

**Longer term strategy for the BP Campus**

With the leases for BP running for 20 years and with the finance running for 50 years, the obvious risk for the Council is that BP may give up its lease at the end of the contract. The Council considered that a number of likely alternative uses were highly probable; use as another business park with one or more tenants; redevelopment as housing or a use related to the near-by airport. It has already started the work of reviewing the options available at the end of the lease with a view to looking to the long-term uses for the site.

**Diversification of the portfolio**

Although the BP acquisition went a substantial way to stabilising the finances of the Council, a number of factors meant that the Council had to consider further acquisitions:

- The need to ensure that “not all the eggs were in one basket”
- Government policy to remove all council general grants
- Government policy to introduce negative grant allocations

**Why the Council continued to invest in property after the BP deal**

Residents will understand from recent newspaper headlines that many local authorities are having to cut services in order to adjust to the austerity measures imposed by the government budgets of since 2010. One council in Northamptonshire has already failed and questions have been asked about the sustainability of other local authorities including Surrey County Council and others. The National Audit Office has reported on the financial sustainability of local authorities in 2018. It is fair to say that there is, within local government, a major change to the way in which it was financed.

The BP acquisition provided a very helpful opportunity for the Council to stop making cuts and to put itself back onto a more sustainable footing. We have not had to make cuts in services because we have had better finances than most councils.

From 2016 to 2018 the focus of the Council was on achieving financial sustainability and making investments in order to bolster its revenue budget by deploying surplus income from investing in commercial property. This strategy has been successful and the 2019/20 budget of the Council will include around £10 million of net income for the revenue budget which is derived from successful investments made by the Council since the acquisition of BP in 2016.



## Strategic Property Investment Parameters

Spelthorne Borough Council currently invests in property for one of three primary reasons:

- Revenue generation
- Social investment, and
- Strategic purposes

### 1. Revenue Generation

#### 1.1 Purpose

To deliver additional ongoing income to support the revenue budget to:

- a. Offset funding reductions from external sources (central government and the county council) and other budgetary pressures, and
- b. Aspirationally to go beyond that to increase the quality and quantity of services we deliver to the residents of Spelthorne.

Our aim is that the Borough Council becomes financially self-sufficient.

Net income generated is calculated net of all costs associated with the investment, including interest, provisions to cover refurbishment and possible future rent-free/void periods, external professional fees etc.

These investments are intended to deliver a surplus to be used to support the provision of services but can carry significant risk. Approximately 5% target gross return dependent upon covenant.

At this margin a small loss can have a disproportionate negative effect.

We therefore need to have clear guidelines and underwriting criteria.

#### 1.2 Investment Guidelines

- i. We will always undertake thorough due diligence to ensure that the Council understands the risks associated with a particular proposed acquisition and how those risks are mitigated.
- ii. Preference is given to investing within borough, or in an adjoining area that is economically important to Spelthorne (for example Heathrow / areas immediately south of Staines Bridge). Properties outside this preferred area should represent a lower risk and higher return.

This is because:

- a. local investment ensures that we are best placed to know all the facts surrounding a property, its history, potential developments in the area etc. and, as the planning authority, the borough can optimize the benefits that provides, and

- b. any loss-mitigating exit strategy that may be required and that may result in a change of use or conversion of the investment from profit-making into a non-profit-making social investment (e.g. conversion from rented offices to emergency, social or affordable housing) will benefit residents of Spelthorne i.e. the taxpayers who are funding the investment. Variation from this requires a better return to mitigate above considerations.
- iii. We have a clear view of the asset security curve.
- iv. We have a clear exit strategy, fully costed, at the various critical points in the investment (lease break points etc.).
- v. We do not attempt to second-guess what a tenant may do in the future. We always rely solely on the contractual obligations and plan for the worst-case scenario.
- vi. We do not make speculative investments for revenue-generation purposes. The properties should ordinarily be complete, free of any ongoing redevelopment work and occupied by creditworthy tenants with a minimum of 10 years' lease remaining.
- vii. Any exposure to interest rate fluctuations must be mitigated. We will ordinarily only borrow at fixed interest rates.
- viii. Once completed (funding drawn down and purchase completed), the funding arrangements for investment should require only minimal supervision or intervention, avoiding technically complex, long-term refinancing exercises (e.g. bond issues, dependence on future refinancing) or dependence on external professionals or professional, specialist knowledge from councilors or officers (who may well have left the Council by the time the decision-making point arrives).
- ix. We do not invest in incomplete builds, conversions, etc unless a water tight pre-completion occupier lease is in place
- x. We will not normally invest in retail units, unless it forms part of a wider potential regeneration scheme.
- xi. We do not engage with sellers or tenants who may present a significant reputational risk
- xii. The credit rating of all incumbent tenants is to be understood, recorded at the time, and must be sufficiently strong for the level of investment. We aim for primarily "Blue Chip" covenants.
- xiii. We do not engage in high-risk / high-reward investments.
- xiv. We do not invest in properties that have a material flood risk (1/100 years or more frequent) unless robust flood mitigation has been designed in.

## **2. Social Investments**

### **2.1 Purpose**

To deliver projects that improve quality of life for our residents, such as emergency, social and affordable housing, community infrastructure and well-being projects, flood prevention and flood relief infrastructure.

These investments do not have to generate additional income/profits but must provide the taxpayer with value for money (a legal requirement on the council)

and should be self-financing (although exceptions may be made if the social benefit warrants a small subsidy from taxpayers' money).

## **2.2 Conditions of investing**

- i. Some element of speculation may be inevitable and acceptable (e.g. building affordable housing when the housing market is subject to market pressures).
- ii. We do not ordinarily invest outside the borough (these social investments are designed to benefit the residents/taxpayers of Spelthorne). Consideration will be given for investments nearby where we can ensure Spelthorne residents benefit.
- iii. Any exposure to interest rate fluctuations must be mitigated. We will ordinarily only borrow at fixed interest rates.
- iv. Once completed (funding drawn down and purchase completed), the funding arrangements for investment should require only minimal supervision or intervention, avoiding technically complex, long-term refinancing exercises (e.g. bond issues, dependence on future refinancing) or dependence on external professionals or professional, specialist knowledge from councilors or officers (who may well have left the Council by the time the decision-making point arrives).  
One exception to this is the ongoing operational management of rented/leased (social or affordable) accommodation and emergency housing. Where practical, these ongoing responsibilities may be transferred to the Council's wholly-owned property company, Knowle Green Estates Ltd..
- v. We do not engage with sellers or tenants who may present a significant unmitigated reputational risk.
- vi. We do not invest in properties that have a material flood risk (1/100 years or more frequent) unless robust mitigation measures designed in unless robust flood mitigation has been designed in.
- vii. Social investments are not an alternative to proper funding and provision by the County Council of infrastructure and services that the County Council is required to provide. Spelthorne does not intend these social investments by the Borough Council to alleviate the financial and social responsibilities borne by the County Council.
- viii. In all cases the Council will structure investments to give maximum control, financial and social benefit to itself and Spelthorne residents and priority will be given to retaining ownership and receipt of revenue.

## **3. Strategic purposes**

### **3.1 Purpose**

To augment either Revenue Generation or Social Investments, for example to increase the value of an existing asset value by "marriage" or where it facilitates or enhances another project / investment covered above.

Investment criteria and funding to be in accordance with relevant purpose and criteria.

Cllr Tony Harman, Cabinet Member for Finance, Spelthorne Borough Council.  
and Cllr Ian Harvey, Leader of the Council and Council Policy co-ordination,

Note:

The Council will pay due attention to prevailing laws, statutory regulations and Chartered Institute of Public Finance and Accountancy guidance and best practice recommendations. The Government on 10<sup>th</sup> November issued several consultations on the statutory parameters for local authorities' investment activity. Once the Government confirms in the New Year the final guidance we will need to review and update this document.

## Housing and homelessness

Table H1: Number of applicants on the Council's Housing Register

	2015	2016	2017	2018	2019
Number on Housing Register as at 1 April	1,224	1,598	1,869	2,186	1,245 <sup>1</sup>

Source: In-house monitoring

Table H2: Number of social housing vacancies offered to the Council for re-letting

	2014/15	2015/16	2016/17	2017/18	2018/19
Number of lettings	209	249	197	199	170
Ratio applicants to vacancies	6:1	6:1	9:1	11:1	7:1

Source: In-house monitoring

Table H3: Number of households accepted as unintentionally homeless, in priority need, and owed the "Main Duty"

	2014/15	2015/16	2016/17	2017/18	2018/19
Number of households owed rehousing duty	123	120	115	116	61 <sup>2</sup>

Source: In-house monitoring

Table H3a: Priority need category for "Main Duty" acceptances

Priority need category	Number 2018/19	% of Total 2018/19
Household includes dependent children	42	69%
Mental health problems	5	8%
Physical disability / ill health	8	13%
Household includes a pregnant woman	3	5%
Domestic abuse	1	2%
Young applicant	1	2%
Old age	0	0%
Homeless because of emergency	0	0%
Other	1	2%

Source: In-house monitoring

<sup>1</sup> In 2018/19, a new Housing Allocations Policy was introduced which resulted in a full re-registration process. This figure represents the number of applicants who had successfully re-registered by 1 April 2019.

<sup>2</sup> The Homelessness Reduction Act 2017 was implemented from April 2018 which introduced two new duties – to prevent homelessness and relieve homelessness. This figure represents the number of applicants who were owed the "main duty" under s193(2) Housing Act 1996 (as amended) following the end of the prevention and relief duties.

## APPENDIX 3

Table H4: Number of households in temporary accommodation per quarter

2014/15				2015/16				2016/17				2017/18				2018/19			
Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
95	100	111	110	113	139	131	121	117	117	108	104	103	91	111	108	109	116	110	106
Average 104				Average 126				Average 112				Average 103				Average 110			
Average 111																			

Source: In-house monitoring

Table H5: Ratio of median house prices to median wages by region

	2014/15	2015/16	2016/17	2017/18	2018/19
Spelthorne	8.5	9.39	10.42	11.16	11.06
South East	8.2	8.81	9.43	9.79	9.93
England	7.09	7.53	7.72	7.91	8

Source: [ONS House price to residence-based earnings ratio](#)

Table H5: Median gross annual residence-based earnings by region

	2014/15	2015/16	2016/17	2017/18	2018/19
Spelthorne	32,925	34,066	34,997	35,250	34,669
South East	29,869	30,074	30,741	31,664	32,230
England	27,500	27,838	28,500	29,085	29,869

Source: [ONS House price to residence-based earnings ratio](#)

Table H6: Number of affordable homes completed under s106 by tenure

Year	Affordable dwelling completions (Gross)	Affordable dwellings lost (Gross)	Affordable dwellings completed (Net)	Rented (Gross)	%	Shared Ownership (Gross)	%
2014-15	16	43	-27	8	50%	8	50%
2015-16	138	14	124	82	59%	56	41%
2016-17	46	0	46	46	100%	0	0%
2017-18	9	0	9	5	55%	4	45%
2018-19	6	0	6	6	100%	0	0%
<b>Total</b>	<b>215</b>	<b>57</b>	<b>158</b>	<b>147</b>	<b>73%</b>	<b>68</b>	<b>27%</b>

## **Risk management and sound decision making**

### Risk management

In order to ensure the council's investments are as safe as possible we have employed a range of robust due diligence techniques including:

- Evaluation of the tenant by one of our agents Cushman and Wakefield, by our in-house asset management team and utilising industry-standard information sources such as Dunn and Bradstreet
- This includes modelling over the 50 year funding period future capital expenditure needs relating to the assets and identifying and quantifying potential void periods
- The Council model models the impact of tenant failure and when necessary secures parent company guarantees from tenants.
- Second opinions are taken on all of the above work by Deloitte to give the Council further reassurance
- The Council models financial projections on a basic and worst-case scenario
- Following acquisition there is ongoing management of the property and monitoring of key financial metrics and performance metrics by qualified asset managers. This includes the appointment of appropriate qualified asset management firms particularly with the larger multi-tenant buildings.
- The Council has set aside money from investments to establish sinking funds to cover worst-case scenarios and also planned future voids (i.e the periods between one tenant leaving and the next occupying) and rent free periods at end of term and refurbishment works

All this is in accordance with good asset management practice.

### Diversification – spreading the risk

In any commercial property portfolio it is important to achieve a level of diversification in order to ensure that, “not all the eggs are in one basket”.

Portfolio can be diversified by:

- property type e.g. office, residential, industrial or retail
- sector e.g. pharmaceutical, media, fin-tech et cetera
- geography e.g. south-east, national or international

It can be seen from the Council's portfolio that it is heavily weighted towards south-east office market although the tenant mix is diversified. The council will keep under review its investment parameters and the needs to properly ensure a diversification of its assets particularly in light of changes to the economy which may emerge following the exit of United Kingdom from the European Union

### Skills and expertise

Another feature of good risk management is to have professionally qualified, experienced staff in sufficient numbers that they can look after the acquisitions of investments, the development of properties and ongoing asset management.

Prior to 2016 the council had a small internal team which was focused on the needs of a typical municipal portfolio. Since that time the focus of the team has shifted considerably and the resources which are being put into it have also been increased. The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. For example, the Chief Finance Officer is a qualified accountant (CIPFA, ICAS) with 29 years' experience. The strengthening of this team has come from funding, management set-asides from investment income itself, and we have focused on bringing in individuals with significant commercial experience.

There is now an 11 strong asset management team including:

- a manager of the property unit formerly employed by BAA and with considerable expertise in the commercial property market around Heathrow
- two development managers with considerable experience from building residential property in the PRS sector
- a property manager formerly at a commercial fund in the city, and another who has extensive experience of large residential and retail portfolios
- a property account manager who has experience of dealing with commercial property management systems

The Council will ensure that the team continues to grow as the portfolio grows and diversifies. . It has also added further resources to its in-house finance team and legal team to support this acquisition and development activity. The Council pays for junior staff to study towards relevant professional qualifications including CIPFA, encourages its professional staff to undertake ongoing continuous professional development.



Where Council staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field which it can rely on including:

- Clyde and Co— the council's solicitors have worked with Spelthorne Borough Council since the development of the Elmsleigh centre and Two Rivers shopping centre
- Cushman and Wakefield – commercial acquisition property advisers, who have worked with the council since the development of the Elmsleigh Centre and the Two Rivers shopping centre
- Arlingclose Limited– a leading treasury management consultancy
- Landid – asset managers of our portfolio in Slough Hillingdon and Uxbridge
- Dunn and Bradstreet – A financial services company which has been brought in to provide ongoing credit assessments of our commercial tenants
- Deloitte – well-known accountants and auditors provide a second opinion on valuation and other aspects of advice. They provide independent triangulation on the robustness of approach and on tenants' financial health
- Carter Jonas – property consultants dealing with valuations of our portfolios (including the investment portfolio)
- Jones Lang LaSalle – leading commercial retail property advisors

This approach is more cost effective than employing such staff directly, and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.

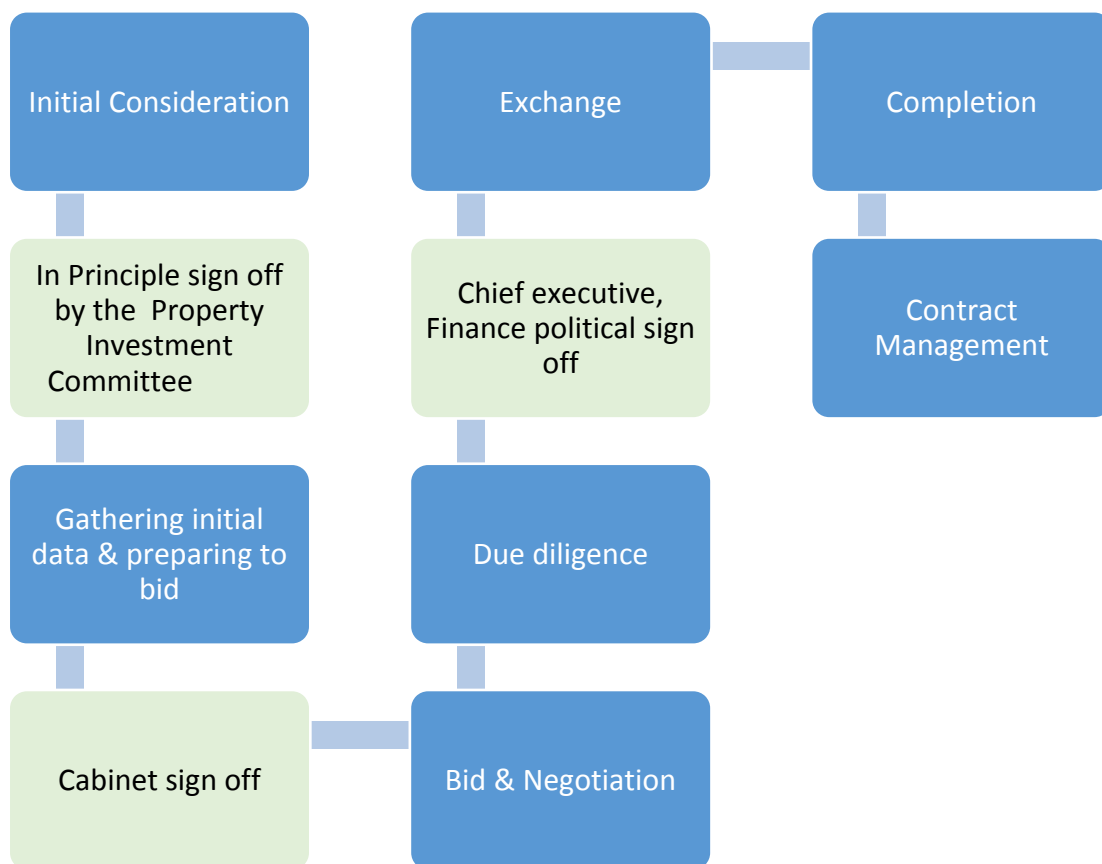
We also seek to ensure that our councillors' knowledge on our approach to investments both treasury management and commercial is appropriately maintained. The Finance Portfolio Holder attends quarterly briefings with Arlingclose our Treasury Management advisers. We have run sessions on our property investment approach for members of our Overview and Scrutiny Committee and we have provided induction training for the fresh intake of councillors following the May 2019 elections.

### Governance

As a council we need to ensure that we consider all opportunities in a managed way, and that we do so as transparently as we can (bearing in mind we are making commercially sensitive decisions). This process includes both officers and councillors (who at the end of the day are the people who are accountable to the electorate and need to ensure the council spends its money wisely).

All property acquisitions are overseen by a small group of senior councillors and officers including Leader of the Council, Councillor Ian Harvey, who has a background in property investment, and Cllr Tony Harman the Finance Portfolio Holder.

Councillors are involved at key stages of the process. The Leader and Finance Portfolio Holder attend a Property and Investment Committee on a regular basis where they are presented with details of potential acquisitions and development schemes. This is also attended by the Chief Executive, the Deputy Chief Executive who is also the S151 officer and the Property and Development Manager. (It should be noted that a large number of acquisitions are discarded by officers before reaching this stage). An informed decision is then made by that Sub Committee of Cabinet on whether an acquisition/proposal should proceed to the next stage. Those that do go through a further due diligence process before Cabinet sign off the acquisition/development and the price/budget. In order to streamline the actual completion process, delegations are given to the Chief Executive, S151 officer, Leader and Financer Portfolio Holder. Property and most other commercial investments are also capital expenditure and purchases will therefore also be approved as part of the Capital Programme.





This page is intentionally left blank

## Treasury Management Appendix 2020/21

### 1. Capital Expenditure and Financing

1.1 Capital expenditure is where the Council spends money on assets, such as property or vehicles, which will be used for more than one year. In local government, this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling those bodies to buy assets. The Council has some, limited, discretion on what counts as capital expenditure. For example, the Council could set a limit on the amount capitalised and charged to revenue during the year.

1.2 In 2020/21, the Council is planning capital expenditure of £66m as summarised below:

*Table 1: Prudential Indicator: Estimates of Capital Expenditure*

	2018/19 actual	2019/20 forecast	2020/21 budget	2021/22 budget	2022/23 budget
	£m	£m	£m	£m	£m
Asset Management & Regeneration	4	26	45	82	33
Investment Acquisitions	375	40	20	20	20
Other Capital Expenditure	3	2	1	1	1
<b>TOTAL</b>	<b>382</b>	<b>68</b>	<b>66</b>	<b>103</b>	<b>54</b>

1.3 From 2019-20, the focus is on regeneration within the Borough and delivery of our housing investment programme, with acquisitions of property including investment properties within the Borough where appropriate opportunities arise.

1.4 **Governance:** Service managers bid annually around October to include projects in the Council's capital programme. Bids are collated by the Finance Team who calculate the financing cost (which can be nil if the project is fully externally financed). Cabinet appraises all bids based on a comparison of service priorities against financing costs and makes recommendations to Council. The final capital programme is then presented to Cabinet and to Council in February each year.

1.5 All capital expenditure must be financed, either from external sources (government grants and other contributions), the Council's own resources (revenue, reserves and capital receipts) or debt (borrowing, leasing and Private Finance Initiative). The planned financing of the above expenditure is as follows:

*Table 2: Capital financing*

	2018/19 actual	2019/20 forecast	2020/21 budget	2021/22 budget	2022/23 budget
	£m	£m	£m	£m	£m
External sources	(1)	(1)	(1)	(1)	(1)
Own resources	(1)	(8)	(12)	(12)	(12)
Debt	(380)	(59)	(53)	(90)	(41)
<b>TOTAL</b>	<b>(382)</b>	<b>(68)</b>	<b>(66)</b>	<b>(103)</b>	<b>(54)</b>

1.6 Debt is only a temporary source of finance, since loans and leases must be repaid. The replacement of debt finance from revenue is through the Minimum Revenue Provision (MRP). Alternatively, proceeds from selling capital assets (known as capital receipts) may be used to replace debt finance.

- 1.7 The Council's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP and capital receipts used to replace debt. The CFR is expected to increase by £55m during 2020/21. Based on the above figures for expenditure and financing, the Council's estimated CFR is as follows:

Table 3: Prudential Indicator: Estimates of Capital Financing Requirement

	31.3.2019 actual	31.3.2020 forecast	31.3.2021 budget	31.3.2022 budget	31.3.2023 budget
	£m	£m	£m	£m	£m
Investment Properties	1,034	1,074	1,094	1,114	1,134
Property Development	4	30	75	158	192
Other including financing	13	3	(8)	(20)	(31)
<b>TOTAL CFR</b>	<b>1,051</b>	<b>1,107</b>	<b>1,161</b>	<b>1,252</b>	<b>1,295</b>
Change in financing required		56	54	91	43

- 1.8 **Asset disposals:** When a capital asset is no longer needed, it may be sold so that the proceeds (capital receipts) can be spent on new assets or to repay debt. The Council is currently also permitted to spend capital receipts on service transformation projects until 2021/22. Repayment of capital grants, loans and investments also generates capital receipts. The Council anticipates to receive at least £0.3m of capital receipts in the coming financial year as follows:

Table 4: Capital receipts

	2018/19 actual	2019/20 forecast	2020/21 budget	2021/22 budget	2022/23 budget
	£m	£m	£m	£m	£m
Preserved share of RTB	(0.4)	(0.6)	(0.1)	(0.1)	(0.1)
Other	0.0	(0.3)	0.0	0.0	0.0
<b>TOTAL Capital receipts</b>	<b>(0.4)</b>	<b>(0.9)</b>	<b>(0.1)</b>	<b>(0.1)</b>	<b>(0.1)</b>

## 2. Treasury Management

- 2.1 Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Council's spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. The Council is typically cash rich in the short-term as revenue income is received before it is spent, but cash poor in the long-term as capital expenditure is incurred before being financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing.
- 2.2 Due to decisions taken in the past, the Council has £1,085m borrowing as at 31 December 2019 at an average interest rate of 2.3% and £37m medium-term treasury investments at an average rate of 4.7%.

- 2.3 **Borrowing strategy:** The Council’s main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in future. These objectives are often conflicting, and the Council therefore seeks to strike a balance between cheap short-term loans (currently available at around 0.90%) and long-term fixed rate loans where the future cost is known but higher.
- 2.4 Projected levels of the Council’s total outstanding debt are shown below, compared with the capital financing requirement (see above at 2.7).

Table 5: Prudential Indicator: Gross Debt and the Capital Financing Requirement

	31.3.2019 actual	31.3.2020 forecast	31.3.2021 budget	31.3.2022 budget	31.3.2023 budget
	£m	£m	£m	£m	£m
Debt	1,053	1,114	1,158	1,239	1,271
CFR	1,051	1,107	1,161	1,252	1,295

- 2.5 Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. As can be seen from Table 5, the Council expects to comply with this.
- 2.6 **Liability benchmark:** To compare the Council’s actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes that cash and investment balances are kept to a minimum of £50m at each year-end including £10m investments. This benchmark is currently £1,048m and is forecast to rise to £1,208m over the next three years.

Table 6: Borrowing and the Liability Benchmark

	31.3.2019 actual	31.3.2020 forecast	31.3.2021 budget	31.3.2022 budget	31.3.2023 budget
	£m	£m	£m	£m	£m
Outstanding borrowing	1,053	1,114	1,158	1,239	1,271
Liability benchmark	965	1,065	1,121	1,211	1,254

- 2.7 The Council expects to borrow up to or more than its liability benchmark for the current year. Up to now, a deliberate decision has been made to borrow sums at fixed low rates for investment property acquisitions to generate rental streams that will enable increased financial sustainability. In the future, the focus will be on regeneration within the Borough and delivery of our housing investment programme, and capital expenditure and related borrowing requirements will therefore be reduced.
- 2.8 **Affordable borrowing limit:** The Council is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each. In line with statutory guidance, a lower “operational boundary” is also set as a warning level should debt approach the limit.

Table 7: Prudential Indicators: Authorised limit and operational boundary for external debt

	2019/20 limit	2020/21 limit	2021/22 limit	2022/23 limit
	£m	£m	£m	£m
Authorised limit – borrowing	1,350	1,350	1,400	1,450
Operational boundary – borrowing	1,250	1,250	1,300	1,350

2.9 **Investment strategy:** Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management.



2.11 The Council’s policy on treasury investments is to prioritise security and liquidity over yield, that is, to focus on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely, for example with the government, other local authorities or selected high-quality banks, to minimise the risk of loss. Money that will be held for longer terms is invested more widely, including in bonds, shares and property, to balance the risk of loss against the risk of receiving returns below inflation. Both near-term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which particular investments to buy and the Council may request its money back at short notice.

Table 8: Treasury management investments

	31.3.2019 actual	31.3.2020 forecast	31.3.2021 budget	31.3.2022 budget	31.3.2023 budget
	£m	£m	£m	£m	£m
Near-term investments	30	36	38	40	42
Longer-term investments	36	25	30	30	30
<b>TOTAL</b>	<b>66</b>	<b>61</b>	<b>68</b>	<b>70</b>	<b>72</b>

2.12 **Governance:** Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Director of Finance and staff, who must act in line with the treasury management strategy approved by Council. Half yearly reports on treasury management activity are presented to Council. The Overview and Scrutiny Committee is responsible for scrutinising treasury management decisions.

### 3. Investments for Service Purposes

3.1 The Council makes investments to assist local public services, including making loans to local service providers, local small businesses to promote economic growth, and the Council’s subsidiary that provides services. In light of the public service objective, the Council is willing to take more risk than with treasury investments, however it still plans for such investments to generate a profit overall after all costs.

3.2 **Governance:** Decisions on service investments are made by the relevant service manager in consultation with the Chief Finance Officer and must meet the criteria and limits laid down in the Treasury Management Strategy. Most loans and shares are capital expenditure and purchases will therefore also be approved as part of the capital programme. Officers and the Finance Portfolio Holder meet on a quarterly basis with the Council’s Treasury Management advisers to review both investment and debt portfolios.

### 4. Commercial Activities

4.1 With central government financial support for local public services declining, the Council has invested in commercial property mainly for financial gain and will lend to its subsidiary Knowle Green Estates Ltd for the similar reasons. Total commercial investments are valued at £998m as at end March 2019, the largest being the BP International Campus site providing a net return after all costs of 1%.

4.2 With financial return being the main objective, the Council accepts higher risk on commercial investment than with treasury investments. The principal risk exposures include vacancies and fall in asset capital value. . These risks are managed by having a high specification investment property portfolio, with detailed market and tenant appraisals starting before acquisition and employment of professional property and facilities management to maintain high property and tenancy standards. In order that commercial investments remain proportionate to the size of the authority, these are subject to an overall maximum investment limit of £500m.

4.3 **Governance:** Decisions on commercial investments are made by the Council in line with the criteria and limits approved by Cabinet in the investment strategy. Property and most other commercial investments are also capital expenditure and purchases will therefore also be approved as part of the capital programme.

## 5. Liabilities

5.1 In addition to the debt detailed above, the Council is committed to making future payments to cover its pension fund deficit (valued at £51.13m). The Council has modelled potential future liabilities on its investment properties to cover future voids, rent free periods and refurbishments and is currently setting aside £7m per annum into sinking funds with an anticipated balance of £18m as at end 2019/20.

5.2 **Governance:** Decisions on incurring new discretionary liabilities are taken by service managers in consultation with the Chief Finance Officer.

## 6. Revenue Budget Implications

6.1 Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue, offset by any investment income receivable. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, business rates and general government grants. As highlighted above, the table below ignores the rental income being generated which is equivalent to about 2.2 times the value of the interest being paid on the loans financing the commercial assets.

*Table 9: Prudential Indicator: Proportion of financing costs to net revenue stream*

	2018/19 actual	2019/20 forecast	2020/21 budget	2021/22 budget	2022/23 budget
Financing costs (£m)	26	34	35	35	35
Proportion of net revenue stream	65%	67%	70%	69%	69%

6.2 **Sustainability:** Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend for up to 50 years into the future. The Chief Finance Officer is satisfied that the proposed capital programme is prudent, affordable and sustainable because the objective underlying investment and borrowing decisions is security and liquidity before yield, and borrowing is at fixed rates, taking advantage of low rates currently available.

[END]

Key Performance Indicators

KPI	Risk Category	Responsibility	Frequency	Purpose	Comments
Return on Investment (ROI)	Fund	Asset Management	Annual	To measure the gain or loss relative to the value of the original investment.	$A = \text{Purchase} = C \text{ (ROI)}$ B = Rent
Portfolio Capital Return	Fund	Asset Management	Annual	To measure the long term capital performance of the fund.	A = Purchase price B = Current valuation B – A = Return
Gross / net Income yield	Fund	Asset Management	Annual	To ensure a sufficient income return after interest/ loan repayment.	$A = \text{Value} = \text{(Yield)}$ B = Rent
Sinking fund to expected costs ratio	Fund	Asset Management	Annual	To determine whether the sinking fund has the sufficient funds to cover expected future costs.	A = Sinking fund B = expected future costs A – B = fund cover
Sinking fund rent cover	Fund	Asset Management	Annual	To establish the amount of cover to rental shortfall provided by the sinking fund	Current cover = 11 months

This page is intentionally left blank

**Cabinet****26 February 2020**

<b>Title</b>	Draft Capital Programme and Strategy 2020/21 to 2023/24		
<b>Purpose of the report</b>	To make a recommendation to Council		
<b>Report Author</b>	Laurence Woolven (Chief Accountant)		
<b>Cabinet Member</b>	Councillor Tony Harman	<b>Confidential</b>	No
<b>Corporate Priority</b>	Financial Sustainability		
<b>Recommendations</b>	<p>The Cabinet is asked to recommend that Council :</p> <p>1) Consider and approve the Capital Programme for 2020/21 to 2023/24</p> <p>2) Consider and approve the Prudential Indicators for 2020/21 to 2023/24.</p>		
<b>Reason for Recommendation</b>	To allow the authority to spend its capital resources for the financial year 2020/21.		

**1. Key issues**

- 1.1 The report is to consider and approve the proposed Capital Programme for 2020/21 to 2023/24 in the light of the available resources and corporate priorities. The report covers progress on current schemes and includes future schemes for consideration.
- 1.2 The Potential cost of the schemes proposed in the 2020/21 programme total £65,636,700 broken down as follows:

<b>Scheme</b>	<b>2019/20 Original £</b>	<b>2019/20 Revised £</b>	<b>2020/21 £</b>	<b>2021/22 £</b>	<b>2022/23 £</b>	<b>2023/24 £</b>
Housing	84,200	427,400	29,600	29,600	29,600	29,600
Community Wellbeing	0	195,000	12,000	0	0	0
Environment & Compliance	273,100	489,800	180,000	50,000	50,000	1,350,000
Economic Dev, CS, Estates & Transport	438,000	618,000	233,500	-	-	-
Investment Portfolio, Mgt, Regeneration	77,255,200	65,955,600	65,181,600	102,755,600	54,415,600	22,355,600
<b>Total Capital Programme</b>	<b>78,050,500</b>	<b>67,685,800</b>	<b>65,636,700</b>	<b>102,835,200</b>	<b>54,495,200</b>	<b>23,735,200</b>

The largest items in the 2020/21 programme relate to funding the cost of developing Housing on Council owned assets which will deliver additional housing and an ongoing revenue stream which will improve the Council's revenue position in future years.

- 1.3 With the exception of some small schemes funded by specific grant, the majority of the Capital Programme is now funded from borrowing on a Prudential basis and Revenue contributions as the Council has very limited capital receipts or capital reserves.

### **Proposed Programme**

- 1.4 All bids to go on the Capital Programme for 2020/21 have been critically assessed and reviewed by Management team and Cabinet. The level of spend proposed has also been reviewed to reflect the level of capital resources now available to finance future capital expenditure.
- 1.5 Included within the 2020/21 Programme are a number of schemes that were transferred from the 2019/20 programme. These schemes include the following:
- (a) Ceaser Court
  - (b) West Wing
  - (c) Thameside
  - (d) Whitehouse
- 1.6 There are a number of new schemes identified for the programme in 2020/21 and these include:
- (a) Spend on future development schemes
  - (b) Neighbourhood Services Vehicles - £100k
  - (c) Wheelie Bins - £50k
- 1.7 The Budget also includes provision for on-going schemes and upgrades on specific areas including Information Technology – The various IT schemes include equipment refresh, upgrades to systems and improvements to ways of working which will help facilitate efficiencies.
- 1.8 The calculation for the prudential Indicators is attached as Appendix 4

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

- 2.1 Under the prudential regime Councils now have much greater freedom to borrow for capital investment. Any borrowing would of course result in a charge to the General Fund for principal and interest.
- 2.2 If borrowing is not undertaken the programme would need to be financed from additional capital receipts through the selling of assets or a significant revenue contribution to Capital from the services proposing the capital works.

## **3. Financial implications**

- 3.1 As set out within the report and appendices Recommended Capital Programme for 2020/21 is estimated at £65,636,700.

- 3.2 The Council is looking to retain most of its freeholds, which means that future capital receipts will be limited. There will still be a small amount of receipts from the Council's share of Right to Buy. To improve the resiliency of the Capital Programme, the Council is maintaining its revenue contribution to capital and over time its repair and renewal funds. Borrowing will be undertaken to fund acquisitions and developments where future income streams or cashable savings are generated, for example reducing the office footprint.
- 3.3 The Planned financing of the 2020/21 Capital Programme is as follows:

<b>Type of Funding</b>	<b>Amount £'000</b>	<b>Revenue Impact</b>
External Funding - Disabled Facilities Grant	831	None
External Funding - Homes England	2,500	None
Section 106 funding	2,000	None
Borrowing	60,626	Financing and borrowing repayments
Revenue Contribution to Capital Outlay	511	Interest foregone to allow for future income streams and cashable savings to be generated
<b>Total</b>	<b>66,468</b>	

The Disabled Facilities Grant funding shown in the above table is already included in the net capital programme position of £65,637k, hence the difference in the total shown.

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

- 4.1 There are none

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

- 5.1 Schemes included in the Capital Programme are programmed to commence in 2020/21 and will be monitored monthly to ensure that any slippage of schemes is identified at an early date and the programme is adjusted accordingly.
- 5.2 Any schemes incomplete at the end of March 2020 may be incorporated as part of the revised programme for 2020/21.
- 5.3 Bi Monthly reports are prepared for MAT to show the current status of the schemes and presented to cabinet and Overview and Scrutiny Committee quarterly for revisions and updates to both estimates and projected.

**Background papers: None**

**Appendices: 1 Summary of 2020/21 to 2023/24 Capital Programme Estimates  
2 Prudential Indicators & MRP Statement  
3 Summary of 2020/21 Capital Bids**

This page is intentionally left blank



## CAPITAL ESTIMATES 2020/21 - 2023/24

SCHEME	ACTUALS	ESTIMATED PROGRAMME					
	TO DATE 2019/20	2019/20		2020/21	2021/22	2022/23	2023/24
		ORIGINAL	REVISED				
		BUDGET	BUDGET				
£	£	£	£	£	£	£	
<b><u>CAPITAL PROGRAMME SUMMARY</u></b>							
Cllr Brar - Housing	5,000	84,200	427,400	29,600	29,600	29,600	29,600
Cllr Attewell - Community Wellbeing	971	-	195,000	12,000	-	-	-
Cllr Barratt - Environment & Compliance	166,857	273,100	489,800	180,000	50,000	50,000	1,350,000
Cllr Rybinski - Econ Dev, Customer Serv, Estates and Transport	225,731	438,000	618,000	233,500	-	-	-
Cllr H. Harvey - Investments, Management of Assets and Regeneration	30,063,067	77,255,200	65,955,600	65,181,600	102,755,600	54,415,600	22,355,600
<b>TOTAL CAPITAL PROGRAMME</b>	<b>30,461,626</b>	<b>78,050,500</b>	<b>67,685,800</b>	<b>65,636,700</b>	<b>102,835,200</b>	<b>54,495,200</b>	<b>23,735,200</b>

CAPITAL ESTIMATES 2020/21 - 2023/24								
SCHEME	ACTUALS TO DATE 2019/20	ESTIMATED PROGRAMME						
		2019/20		2020/21	2021/22	2022/23	2023/24	INTEREST LOST 4.00%
		ORIGINAL BUDGET	REVISED BUDGET					
	£	£	£	£	£	£	£	£
<b>Housing</b>								
Disabled Facilities Grant - Mandatory	353,323	770,000	831,303	831,300	831,300	831,300	831,300	
Disabled Facilities Grant - Discretionary	5,000	29,600	29,600	29,600	29,600	29,600	29,600	
Disabled Facilities Grant - Government Grant	(353,323)	(770,000)	(831,303)	(831,300)	(831,300)	(831,300)	(831,300)	
Home Improvement Agency	-	81,000	81,000		-	-	-	
Home Improvement Agency Funding	-	(26,400)	(26,400)					
Affordable Housing Opportunity	-	-	343,200					-
<b>Housing Total</b>	<b>5,000</b>	<b>84,200</b>	<b>427,400</b>	<b>29,600</b>	<b>29,600</b>	<b>29,600</b>	<b>29,600</b>	<b>-</b>
<b>Community Wellbeing</b>								
Landlord Guarantee Scheme	-	-	65,000					-
Upgrade of treatment rooms at Greeno and Fordbridge day centres				12,000				500
Community Centre projects	971	-	130,000					-
<b>Community Wellbeing Total</b>	<b>971</b>	<b>-</b>	<b>195,000</b>	<b>12,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>500</b>
<b>Environment and Compliance</b>								
Tennis Court Refurbishment	5,995	-	6,000					-
Wheelie Bins	29,943	50,000	61,000	50,000	50,000	50,000	50,000	2,000
Recycling Bins	-	27,000	27,000					-
Refuse/Recycling Vehicles	-	129,000	129,000					-
Replacement Multi use vehicle				100,000				4,000
CCTV Provision	-	37,100	37,100					-
CCTV Enhancement	62,677	-	120,000					-
Renewal of Toilet Facilities	59,686	-	55,200					-
Air Quality	-	-	24,500					-
Domestic Home Energy	8,556	30,000	30,000	30,000				1,200
River Thames Scheme							1,300,000	-
<b>Environment and Compliance Total</b>	<b>166,857</b>	<b>273,100</b>	<b>489,800</b>	<b>180,000</b>	<b>50,000</b>	<b>50,000</b>	<b>1,350,000</b>	<b>7,200</b>
<b>Economic Development, Customer Service, Estates &amp; Transport</b>								
Small Scale Area Regeneration	108,291	-	-					-
New Software	7,104	20,000	20,000					-
Other Hardware	43,417	40,000	40,000					-
Mobiles & Tablets	14,147	10,000	10,000					-
Replacement Data Cabinets	10,925	12,000	12,000					-
Members electronic devices	34,950	41,000	41,000					-
Customer Portal	-	-	10,000					-
Customer Services Contact Centre	-	-	40,000					-
Reception / Meeting Room Terminals	1,643	10,000	10,000					-
Sharepoint Upgrade	-	-	35,000					-

CAPITAL ESTIMATES 2020/21 - 2023/24								
SCHEME	ACTUALS TO DATE 2019/20	ESTIMATED PROGRAMME						
		2019/20		2020/21	2021/22	2022/23	2023/24	INTEREST LOST 4.00%
		ORIGINAL BUDGET	REVISED BUDGET					
	£	£	£	£	£	£	£	£
General ICT Equipment				90,000				3,600
Audiocodes				12,000				500
Leisure Board				15,000				600
Training Room				15,000				600
Centros Upgrade - Integra				30,000				1,200
SCP New Portal and 3DS2 Authorisation				1,500				100
Corporate Electronic Document Management System (EDMS)	2,495	305,000	305,000					-
Scanners for Corporate EDMS roll out	2,759	-	5,000					-
Sharepoint Redesign and Relaunch	-	-	90,000					-
Forward Scanning				20,000				800
Digital Spelthorne				50,000				2,000

CAPITAL ESTIMATES 2020/21 - 2023/24								
SCHEME	ACTUALS TO DATE 2019/20	ESTIMATED PROGRAMME						
		2019/20		2020/21	2021/22	2022/23	2023/24	4.00% INTEREST LOST
		ORIGINAL BUDGET	REVISED BUDGET					
	£	£	£	£	£	£	£	£
<b>Economic Dev, Customer Serv, Estates and Transport Total</b>	<b>225,731</b>	<b>438,000</b>	<b>618,000</b>	<b>233,500</b>	-	-	-	<b>9,400</b>
<b>Investments, Management of Assets and Regeneration</b>								
Project Lima	10,996	-	69,000					-
Runnymede Estates	-	55,600	55,600	55,600	55,600	55,600	55,600	2,200
Ashford MSCP Improvements	-	465,000	465,000					-
Plot 12&13 Towpath Car Park	-	-	56,200					-
Knowle Green Car Park Improvements	-	-	44,000					-
Laleham Park Upgrade	6,128	-	248,300					-
Bugle	2,300	-	50,000					
Churchill	-	-	14,500					
Ceaser Court - Pt 1	1,885,518	10,123,100	3,710,000	6,376,000				
Whitehouse Hostel	157,027	-	300,000	4,250,000				
West Wing	1,147,633	5,040,000	1,670,000	2,980,000				
Northumberland Close	254,502	-	-					
Harper House Redevelopment	113,055	-	408,000	2,790,000				
Building Improvements	-	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000		
Elmsleigh Centre				8,000,000	10,000,000			
Investment Acquisitions	13,948,946	40,000,000	40,000,000	20,000,000	20,000,000	20,000,000	20,000,000	
<b>Future Development Projects:</b>	<b>12,536,962</b>	<b>16,571,500</b>	<b>13,865,000</b>	<b>15,730,000</b>	<b>67,700,000</b>	<b>29,360,000</b>	<b>2,300,000</b>	
<i>Ceaser Court - Pt 2</i>								
<i>Thameside</i>	<i>207,446</i>	<i>7,980,000</i>	<i>880,000</i>					
<i>Whitehouse</i>	<i>14,473</i>	<i>1,501,500</i>	<i>15,000</i>					
<i>Ashford Hospital</i>	<i>775,591</i>	<i>-</i>	<i>970,000</i>					
<i>Waterfront</i>	<i>17,460</i>	<i>-</i>	<i>120,000</i>					
<i>Oast House</i>	<i>10,802,675</i>	<i>-</i>	<i>11,000,000</i>					
<i>Laleham Park Pavilion Redevelopment</i>	<i>3,920</i>	<i>-</i>	<i>-</i>					
<i>Spelthorne Leisure Centre Redevelopment</i>	<i>715,397</i>	<i>7,090,000</i>	<i>880,000</i>					-
<b>Investments, Management of Assets and Regeneration Total</b>	<b>30,063,067</b>	<b>77,255,200</b>	<b>65,955,600</b>	<b>65,181,600</b>	<b>102,755,600</b>	<b>54,415,600</b>	<b>22,355,600</b>	<b>-</b>
<b>TOTAL - OTHER PROJECTS</b>	<b>30,461,626</b>	<b>78,050,500</b>	<b>67,685,800</b>	<b>65,636,700</b>	<b>102,835,200</b>	<b>54,495,200</b>	<b>23,735,200</b>	<b>17,100</b>

**Prudential Indicators Statement 2020/21**

The Local Government Act 2003 requires the Council to have regard to the Chartered Institute of Public Finance and Accountancy's Prudential Code for Capital Finance in Local Authorities (the Prudential Code) when determining how much money it can afford to borrow. The objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice. To demonstrate that the Council has fulfilled these objectives, the Prudential Code sets out the following indicators that must be set and monitored each year.

**Estimates of Capital Expenditure:** The Council's planned capital expenditure and financing may be summarised as follows.

<b>Capital Expenditure and Financing</b>	<b>2019/20 Revised £m</b>	<b>2020/21 Estimate £m</b>	<b>2021/22 Estimate £m</b>	<b>2022/23 Estimate £m</b>
<b>Total Expenditure</b>	<b>68.5</b>	<b>66.5</b>	<b>103.6</b>	<b>55.3</b>
Capital Grants / Contributions	(0.8)	(5.3)	(0.8)	(0.8)
Capital Reserves / Revenue	(2.2)	(0.6)	(0.1)	(0.1)
Borrowing	(65.5)	(60.6)	(102.7)	(54.4)
<b>Total Financing</b>	<b>(68.5)</b>	<b>(66.5)</b>	<b>(103.6)</b>	<b>(55.3)</b>

**Estimates of Capital Financing Requirement:** The Capital Financing Requirement (CFR) measures the Council's underlying need to borrow for a capital purpose.

<b>Capital Financing Requirement</b>	<b>31.03.20 Revised £m</b>	<b>31.03.21 Estimate £m</b>	<b>31.03.22 Estimate £m</b>	<b>31.03.23 Estimate £m</b>
Total CFR	1,107	1,161	1,252	1,295

The CFR is forecast to rise again in 2020/21 to reflect the further funding being made available for housing development and strategic acquisitions.

**Gross Debt and the Capital Financing Requirement:** In order to ensure that over the medium term debt will only be for a capital purpose, the Council should ensure that debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any

additional capital financing requirement for the current and next two financial years. This is a key indicator of prudence.

<b>Debt</b>	<b>31.03.20 Revised £m</b>	<b>31.03.21 Estimate £m</b>	<b>31.03.22 Estimate £m</b>	<b>31.03.23 Estimate £m</b>
Total Debt	1,114	1,156	1,239	1,271

Total debt is expected to remain below the CFR requirement during the forecast period.

**Operational Boundary for External Debt:** The operational boundary is based on the Council's estimate of most likely (i.e. prudent but not worst case) scenario for external debt. It links directly to the Council's estimates of capital expenditure, the capital financing requirement and cash flow requirements, and is a key management tool for in-year monitoring. Other long-term liabilities comprise finance lease, Private Finance Initiative and other liabilities that are not borrowing but form part of the Council's debt.

<b>Operational Boundary</b>	<b>2019/20 Revised £m</b>	<b>2020/21 Estimate £m</b>	<b>2021/22 Estimate £m</b>	<b>2022/23 Estimate £m</b>
Total Debt	1,250	1,250	1,300	1,350

**Authorised Limit for External Debt:** The authorised limit is the affordable borrowing limit determined in compliance with the Local Government Act 2003. It is the maximum amount of debt that the Council can legally owe. The authorised limit provides headroom over and above the operational boundary for unusual cash movements, including the short term VAT related costs incurred with any acquisitions.

<b>Authorised Limit</b>	<b>2019/20 Revised £m</b>	<b>2020/21 Estimate £m</b>	<b>2021/22 Estimate £m</b>	<b>2022/23 Estimate £m</b>
Total Debt	1,350	1,350	1,400	1,450

**Ratio of Financing Costs to Net Revenue Stream:** This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs, net of investment income.

Appendix 2

<b>Ratio of Financing Costs to Net Revenue Stream</b>	<b>2019/20 Revised %</b>	<b>2020/21 Estimate %</b>	<b>2021/22 Estimate %</b>	<b>2022/23 Estimate %</b>
General Fund	67	70	69	69

**Adoption of the CIPFA Treasury Management Code:** The Council adopted the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2011 Edition at its meeting on 24<sup>th</sup> January 2012.

## **Annual Minimum Revenue Provision Statement 2020/21**

Where the Council finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The Local Government Act 2003 requires the Council to have regard to the Ministry of Housing, Communities and Local Government's Guidance on Minimum Revenue Provision (the CLG Guidance).

The broad aim of the CLG Guidance is to ensure that debt is repaid over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.

The Council's current policy of fully repaying borrowing and associated liability by using annual MRP set asides to pay annual amortising debt is a fully prudent approach.

The CLG Guidance requires the Council to approve an Annual MRP Statement each year, and recommends a number of options for calculating a prudent amount of MRP. The following statement incorporates options recommended in the Guidance.

Capital expenditure incurred during the financial year on asset acquisitions will not be subject to a MRP charge until the following complete financial year. For capital projects which span more than one financial year, MRP will be applied in the full financial year following completion. For capital expenditure incurred that is funded from borrowing, MRP will be determined by charging the expenditure over the expected useful life of the relevant completed asset as the principal repayment on an annuity basis with an annual interest rate of 2%, which on the basis of the Council's treasury management advisors advice is being used as a long term proxy for inflation. MRP on purchases of freehold land will be charged over 50 years. MRP on expenditure not related to fixed assets but which has been capitalised by regulation or direction will be charged over 20 years.

The annuity method makes provision for an annual charge to the General Fund which takes account of the time value of money (whereby paying £100 in 10 years' time is less of a burden than paying £100 now). The schedule of charges produced by the annuity method thus results in a consistent charge over an asset's life, taking into account the real value of the annual charges when they fall due.

The annuity method also matches the repayment profile to how the benefits of the asset financed by borrowing are consumed over its useful life (i.e. the method reflects the fact that asset deterioration is slower in the early years of an asset and accelerates towards the latter years). This re-profiling of MRP therefore conforms to the DCLG "Meaning of Prudent Provision" which



## Appendix 2

provide that “debt [should be] repaid over a period that is reasonably commensurate with that which the capital expenditure provides benefits”.

Capital expenditure incurred during 2020/21, other than that on schemes completing after 2020/21, will be subject to a MRP charge from 2021/22. Following advice from our Treasury Management advisors, schemes which take more than one financial year to complete will have MRP charged in the first full financial year following the completion of the scheme.

This page is intentionally left blank

Amount £	Project	Requested By	Explanation	Associated Revenue Costs	Associated Savings
90,000	General ICT Equipment	ICT Manager	This is a general contingency for non-specific infrastructure hardware and for end users desktop needs and for general software requirements outside core applications and for mobile working solutions	0	0
12,000	Audiocodes	ICT Manager	Virtualisation/ replacement of Session Border Controller	0	0
15,000	Leisure Board	ICT Manager	New modern Town Centre Signage/ Display system	0	0
15,000	Training Room	ICT Manager	Training Room to be set up with new equipment and the technical facilities	0	0
30,000	Domestic Home Energy	Group Head, Neighbourhood Services	Working in partnership with energy suppliers we aim to improve levels of warmth, comfort and quality of life for vulnerable people who have cold related illnesses. They need help with the installation of heating and insulation measures which they can't afford themselves. The service is to provide boilers, central heating systems, and hot water tanks to the most vulnerable in the community.	0	0
30,000	Centros Upgrade to Integra	Creditors Manager / Systems Accountant	An upgrade to Integra called Centros, as Capita won't be upgrading the older version. We have to contact Centros to keep up with the enhancements	0	0
1,500	SCP New Portal and 3DS2 Authorisation	Creditors Manager / Systems Accountant	New portal and authorisation for credit and debit cards	0	0
20,000	Forward Scanning	Group Head, Commissioning and Transformation	The Forward Scanning Project is about capturing incoming post, paperwork and documents which is received by teams across the Council in an electronic format so that it can be deposited directly into the appropriate system for short term retrieval and longer term retention	0	0
50,000	Digital Spelthorne	Group Head, Commissioning and Transformation	Digital Spelthorne is the overarching project which will see the Council modernise internally and externally. Technology will be used to enhance the Council's systems and processes, improve staff ICT literacy and to upgrade the website and customer experience. It will oversee a digital inclusion alliance which will tackle digital exclusion amongst residents.	30,000	0
100,000	Replacement Vehicles	Group Head, Neighbourhood Services	Replace a mini bus that's 19 years old and provide further analysis of 4 vehicles that are all over 14 years of age.	0	0
50,000	Purchase of new Wheelie Bins	Group Head, Neighbourhood Services	Purchase of green, brown and blue wheelie bins and small food waste bin/caddies to enable additional customers to join the green waste scheme as and when required. We are also required to provide new bins for new housing developments. There will be an increase in property numbers during 2020/21.	0	0
831,300	DFG Central Funding	Independent Living Manager	Spelthorne Borough Council is in receipt of a share of a Central Government Grant, that is paid to Surrey CC and distributed to the boroughs. Our standard grant last year was £831,303 with a discretionary pot funded by Spelthorne BC of £29,600.	0	0
29,600	Discretionary Spelthorne Funding	Independent Living Manager	This constitutes our Disability Facilities Grant which is used to enable vulnerable residents to live independent for as long as possible in their own homes. This can range from stairlifts, walk in showers, to grab rails and minor adaptations.	0	0

Amount £	Project	Requested By	Explanation	Associated Revenue Costs	Associated Savings
12,000	Upgrade of treatment rooms at Greeno and Fordbridge Day Centres	Independent Living Manager	Over the next 5 years with a change in the demographics of Speltonne residents and our current high needs clients we are seeking to increase the usability and serviceability of the treatment rooms in both Greeno and Fordbridge to include a change in sanitary wear, new flooring and redecoration. The increased use of these rooms will improve individual well being by improving foot health through use of the chiropractive services. This upgrade should also help improve footfall in both centres.	0	0
8,000,000	Elmsleigh Centre	Group Head, Regeneration and Growth	The Elmsleigh Centre (including Tothill Car Park, Friends Walk) is now in the full control of the Council. The capital programme will be spent on an initial phase of asset management initiatives to benefit the centre including modernising, branding, wayfinding, making better use of under-utilised space on upper floors to improve the attractiveness of the shopping experience, and investigating options for consolidating parking provision.		Future revenue streams
9,286,400				30,000	0

**Cabinet****26 February 2020**

<b>Title</b>	Annual Revenue Grants 2020-21		
<b>Purpose of the report</b>	To make a Key Decision		
<b>Report Author</b>	Tracy Reynolds/Jayne Brownlow		
<b>Cabinet Member</b>	Councillor Tony Harman	<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>Recommendations</b>	Cabinet is asked to: <ul style="list-style-type: none"> <li>• agree the grants awards for 2020/21.</li> <li>• note all other support to the voluntary/charity sector.</li> </ul>		
<b>Reason for Recommendation</b>	The agreement to award grants for 2020/2021 will: <ul style="list-style-type: none"> <li>• enable a number of existing charities and voluntary organisations to continue to provide preventative and other services for the residents of Spelthorne;</li> <li>• enable new charities and organisations to begin to provide services that are needed.</li> </ul>		

**1. Key issues**

- 1.1 Applications for Council Grants are welcomed on an annual cycle. This year the grants opened on 1<sup>st</sup> October 2019 and closed on the 31<sup>st</sup> October 2019 for applications for grants for the financial year 2020/2021.
- 1.2 This year's application form and guidance note made it clear that applicants needed to provide evidence of the need that their service fulfils, to explain why their organisations are best placed to meet that need and how the grant monies would be used.
- 1.3 The application form was available as a downloadable Word document, as well as an online form to make the application process as accessible as possible.
- 1.4 The grants applications timeframe was publicised using social media and was shared by Voluntary Services North Surrey who offered to assist applicants with grant applications. Applicants that had previously applied were emailed to inform them that applications were being invited for this year.
- 1.5 The voluntary sector is seen as a key driver of services to address the rising unmet need so financial support for this sector is essential to complement Council services. Other public bodies such as the NW Surrey CCG and Surrey County Council also see the voluntary sector as important providers

and in some cases fund them separately. Awareness of these additional funding opportunities for voluntary organisations is growing within the Council.

- 1.6 The continued decrease in services and support offered by Surrey County Council is continuing to affect our residents. This is recognised by the grants panel and as such it continues to provide crucial targeted support to key services to fill that gap.
- 1.7 Provision continues to be made for annual grants to arts, sports and cultural bodies. A proportion of the overall funding is dedicated to this area to enhance cultural, sporting and health and wellbeing opportunities for our residents.
- 1.8 Regular monitoring of our top 6 funded organisations continues with quarterly monitoring meetings held to measure performance against our service level agreements (SLA's). This ensures our funding is being used as it was intended and that we are getting value for money.
- 1.9 This year 30 applications for funding were received.

## 2. Options analysis and proposal

- 2.1 The grants panel met on the 25th & 26th November 2019 to consider the applications received. Information on the applications was circulated in advance to allow panel members to fully consider the details, particularly relating to the financial status of the organisations.
- 2.2 The top 6 funded organisations were invited to report back to the panel on their work over the previous year and to present their case for continued funding. The focus for the panel was to seek assurance that the previous funding had been used to maximum effect.
- 2.3 Following the interviews, the proposed grant support for the top 6 funded organisations is listed below.

Organisation	Primary Focus	Award for 2020/21
<b>R&amp;S Citizens Advice</b>	To ensure the citizens of Spelthorne have access to free, independent, confidential advice and information	£40,000 over two payments
<b>AGE UK</b>	Information and advice service.	£30,000 over two payments
<b>AGE UK Befriending service</b>	Befriending service	
<b>Rentstart</b>	To assist single and childless couples on low incomes/benefits who are homeless to access accommodation in the PRS.	£40,000 over two payments
<b>Voluntary Services North Surrey (VSNS)</b>	To support a stronger and sustainable voluntary sector in Spelthorne.	£30,000 Over two payments
<b>Homestart</b>	To support parents and their children through difficult times.	£15,000

<b>Shopmobility</b>	The charity aims to provide an equality of opportunity for people with limited mobility or visual impairment, wishing to visit Staines town centre.	£15,000
<b>Total</b>		<b>£170,000</b>

- 2.4 The level of funding has been maintained for our top funded organisations. The grant allocation is assessed against how these organisations have performed against their SLA's as well as their grant application submissions.
- 2.5 Citizen's Advice Runnymede & Spelthorne will have additional funding provided by the Housing Options team due to the amount of specialist work provided and to reflect the increased demand for housing debt and welfare support advice.
- 2.6 Subsequent consideration was given by the grants panel to the other grant applications. The resulting grant support is proposed in the table below.

<b>Organisation</b>	<b>Primary Focus</b>	<b>Award for 20/21</b>
<b>8th Ashford Scouts</b>	To build a new HQ for the 120 young people in the group as well as offer use to other community groups	£2,000
<b>Browns Community Services</b>	To provide a "Skills for Change "course for survivors of domestic abuse so they can return to employment independence.	£1,000
<b>Stanwell Events</b>	To build capacity and resilience in the organisation and continue to deliver the current activities	£1,000
<b>Sunbury Skiff and Punt</b>	Increase the Landing stage at Ferris Meadow in Shepperton to allow safe storage of equipment	£1,000
<b>Crest Cancer Support</b>	Continue complementary therapies and Podiatry at a purpose built therapy room at Shepperton WIG Company	£2,600
<b>Princess Alice Hospice</b>	Children's bereavement service	£2,500
<b>Sports Council</b>	To encourage children, youth & adults to take up or continue with recreational sports	£2,400
<b>Staines Parish Community Care Trust (Daybreak)</b>	Develop our service and offer new activities through a more professional approach. Dementia respite care.	£1,000
<b>Talk Surrey</b>	Continued funding of the TALK Spelthorne aphasia group - support for 12 stroke recoverers and their carers.	£1,000
<b>Sunbury, Shepperton and Chertsey NCT</b>	Weekly drop-in service - expectant /new parents/carers An NCT trained breastfeeding counsellor and other services	£1,000
<b>Spelthorne Committee for Access</b>	Maintain / enhance the support that SCAN members/volunteers provide for	£1,000

	people which disabilities in the community	
<b>Didasko Netball</b>	Provide 12 quality coaching sessions to improve the overall standard of the members of our club.	£420
<b>Ashford Cricket</b>	Replacement of existing practice net facility.	£330
<b>Total</b>		<b>£17,250</b>

### **3. Financial implications**

- 3.1 The budget for the 2020/21 grants allocation was set at £209,600. During the application review process a total of £187,250 of the allocated grant money was assigned. This leaves a surplus of £22,350 which will be ring fenced for projects or requests arising during the course of the year 2020/21 as decided by the grants panel.
- 3.2 The panel have introduced a mid-year review for the top 4 highest funded organisations through revenue grants. This will allow the panel to review the work of these organisations over the first 6 months with a view to releasing the second tranche of funding based on their performance. In addition, this will introduce an element of quality control over the use of grant money, to allow the Council to ensure outcomes are being achieved and the Council is getting value for money.
- 3.3 Appendix A details a number of items of additional items of ‘support in kind’ provided by Spelthorne for 2020/2 for voluntary or charitable organisations. This includes
- i) Business Rates relief
  - ii) Free accommodation at Knowle Green and other locations in the borough (Sunbury and Staines Libraries)
  - iii) Community facilities with no rental income
  - iv) Other ‘In Kind’ support provided by the Council.

### **4. Other considerations**

- 4.1 The voluntary sector in Spelthorne offers services to a diverse range of communities. It can deliver outcomes the public sector finds hard to deliver on its own, such as one-to-one support, dedication to a specific group or cause; expert guidance and advice and non-statutory services. Some providers supported by Spelthorne represent or advocate for minority groups, user groups and faith communities.
- 4.2 The voluntary sector’s activities enhance aspects of health and wellbeing, self-reliance, community resilience and social cohesion in the borough
- 4.3 The grants panel’s aim is to support a cross section of voluntary organisations to ensure a presence is maintained in a balanced and diverse aspect of the third sector (including voluntary, arts, sporting, and charitable organisations.)



**5. Timetable for implementation**

- 5.1 Following agreement by Cabinet, letters will be sent to applicants advising them of the outcome of their applications by late February
- 5.2 All qualifying grants will be paid in April 2020

**Background papers:**

**None**

**Appendices:**

**Appendix A – Other support for charities & community organisations**

This page is intentionally left blank

As well as direct grant funding, Spelthorne Council supports the voluntary sector in a number of other ways. Some examples are detailed below.

**1.1 Rate / Business Rate Relief to charities and organisations**

There is a range of relief on business rates for charities. Many organisations are entitled to mandatory relief of 80% but the Council has the authority to offer additional discretionary rate relief of up to 20%. In order to apply this, Cabinet approval is required for any organisations receiving a “top up” of over £2,000 per annum. Officers may approve a “top up” of up to £2,000.

The Council also has the ability to offer discretionary rate relief, provided the criteria are met. Cabinet agree discretionary awards over £2,000 and officer under £2,000

Examples of organisations who receive relief include

<b>Business rate relief categories</b>	<b>Examples of organisations</b>
Top up on mandatory relief (over £2,000)	Leisure Centres / Art Galleries
Top up on mandatory relief (under £2,000)	Scout Huts
Discretionary relief (over £2,000)	Sailing clubs / Sports clubs
Discretionary relief (under £2,000)	Village Halls / Sports clubs.

**1.2 In Kind Support**

Organisations such as Civic Pride and The Allotment Society receive meeting rooms free of charge as well as storage and/or office time to help to deliver projects.

**1.3 Free Accommodation – Knowle Green**

Five voluntary organisations receive free accommodation in Knowle Green. As a result of the recent office space reorganisation they now occupy a smaller space overall. The breakdown of the estimated 2020/21 rental costs are detailed below.

<b>Organisation</b>	<b>Feet square</b>	<b>Estimate Rental cost/ sq/ft (£)</b>	<b>Rental cost (£)</b>	<b>Additional costs</b>
Action for Carers	199	12.50	£2,487.50	Additional benefits (not costed) include use of building facilities, rate relief, car parking spaces, utility costs,
Age UK	237	12.50	£2,962.50	
One to One	84	12.50	£1,050.00	
Crest	97	12.50	£1,212.50	
Rentstart	207		£2,587.50	

		12.50		cleaning, common services and wi-fi.
<b>Rental Rates</b>	<b>824</b>		<b>£10,300.00</b>	

The projected total open market rental value of the office space provided to voluntary/charitable organisations within Knowle Green for 2020/21 is £10,300, a nominal saving of £ 4,555 per annum on previous years as a result of the overall reduction in space provided.

#### 1.4 Facilities with no rental income.

There are other facilities in the borough which the Council leases to organisations at no cost or reduced cost. The most notable of these are Riverside Arts Centre Sunbury and Spelthorne Museum and archive store. These facilities provide service for residents of the Borough and are extensively used by the community. They are operated by volunteers. The values associated with these spaces are as follows:

- Riverside Arts Centre £44,000 per annum (open market rental value)
- Spelthorne Museum £12,000 per annum

#### 1.5 Better Neighbourhood Grants (BNG)

Councillors are expected to each be allocated £1,000 per annum from the 2020/21 budget to make their neighbourhood better. This equates to a total of £39,000. In some cases ward councillors put their allocations together to try to make better use of the money.

**Cabinet****26 February 2020**

<b>Title</b>	Pay Award 2020/21		
<b>Purpose of the report</b>	To make a recommendation to Council		
<b>Report Author</b>	Debbie O'Sullivan/Angela Tooth, Human Resources Manager		
<b>Cabinet Member</b>	Councillor Olivia Rybinski	<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>Recommendations</b>	<b>The Cabinet is asked to recommend to Council that the 2020/21 pay award of 2.5% is approved.</b>		
<b>Reason for Recommendation</b>	<p><b>As a result of moving to local pay on 1 April 2019, the pay award for 2020/21 is to be decided by full Council</b></p> <p><b>The pay award is made to help attract and retain staff and is comparative to other pay awards in the County</b></p>		

**1. Key issues**

- 1.1 With effect from 1 April 2019 Spelthorne Borough Council became a local pay and local terms and conditions employer. Pay awards are to be decided by full Council and Cabinet are asked to recommend to Council the pay award for 2020/21.
- 1.2 The Chief Finance Officer will present at a Budget Briefing for Cabinet on 23 January 2020 a proposal for the pay award which will take into consideration pay review data from other councils within Surrey and any available information from the national pay award negotiations. In order to remain competitive and retain staff a total increase of 2.5% is recommended and sufficient provision is built into the 2020/21 budget.
- 1.3 If agreed the pay award is applicable to all staff including those on protected salaries, personal salaries and apprentices.
- 1.4 The proposal has been subject to consultation and negotiation, within the limits of the Collective Agreement, between the Chief Executive, Deputy Chief Executive, Human Resources and UNISON as further detailed below.
- 1.5 UNISON made a pay submission to the Chief Executive at the end of September 2019 with the first consultation meeting in relation to the pay award held on 8 November 2019. There have been a number of consultation

meetings held since this date but agreement has not been reached on the distribution of the 2.5% provision.

- 1.6 Clause 1.4 of Part 2 of the Collective Agreement, Mechanism and timetable for deciding pay awards states:

“UNISON may make representations to Cabinet Briefing when they consider the budget for the following year. The Cabinet Briefing will consider any pay submission/representation from UNISON before the Cabinet makes a recommendation to Council for the Local Pay Award for the following year.”

- 1.7 UNISON will be making their own submission/representation to Cabinet Briefing on their proposal for distribution of the 2.5% provision.

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

- 2.1 To approve the pay award of 2.5%. This is required to remain competitive with our comparators and will demonstrate a commitment to all staff. Preferred option.
- 2.2 To consider the submission/representation by UNISON and approve a pay award which takes UNISON’s proposal into consideration.
- 2.3 To not approve the pay award or award a lower pay award. This may impact on recruitment and retention.
- 2.4 Financial implications
- 2.5 The budget for 2020/21 has built in sufficient provision to cover the proposed additional percentage increase.

## **3. Other considerations**

- 3.1 The pay award is to be made to all staff – apart from those staff whose terms of secondment does not qualify for a pay award.

## **4. Timetable for implementation**

- 4.1 The pay award will be effective from 1 April 2020.

**Background papers:** There are none

**Appendices:** There are none

**Cabinet****26 February 2020**

<b>Title</b>	Members' Allowances Scheme 2020/21		
<b>Purpose of the report</b>	To make a recommendation to Council		
<b>Report Author</b>	Gillian Scott, Principal Committee Manager		
<b>Cabinet Member</b>	Councillor Ian Harvey	<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>Recommendations</b>	<b>Cabinet is asked to consider the recommendations of the Independent Remuneration Panel, set out in full in the attached report, and recommend the amended scheme to Council.</b>		
<b>Reason for Recommendation</b>	<b>The Council is required to make a scheme of allowances and the Independent Remuneration Panel is appointed by the Council to advise on the type of its allowances and the amounts to be paid.</b>		

**1. Key issues**

- 1.1 The Independent Remuneration Panel met on 15 November 2019 and 17 January 2020 to review the Members' Allowances Scheme for 2020/21.
- 1.2 It is a matter for the Council to decide the level of members' allowances under the Spelthorne Members' Allowances Scheme.
- 1.3 The function of the Independent Remuneration Panel (the Panel) is to provide the Council with advice on the type of its allowances and the amounts to be paid.
- 1.4 The statutory position is that Spelthorne Borough Council "shall have regard to" the advice from the Panel and the Council cannot make any changes to its Scheme of Members' Allowances without first considering the Panel's advice on the issues involved. The Panel acknowledges that it is a matter for the Council to decide the level of Members' Allowances. In having regard to the Panel's advice, the Council is to "give proper consideration" to the Panel's report. In this way, the Council can take full account of its particular circumstances and be directly accountable to its electorate.

**2. Options analysis and proposal**

- 2.1 The proposals recommended by the Panel are set out in detail in the attached report. A summary of the Panel's recommendations can be found on pages 11-12 of the report.

2.2 Cabinet is asked to consider the Panel's recommendations and make a recommendation to Council.

**3. Other considerations**

3.1 There are none.

**4. Financial implications**

4.1 The budget for Members' Allowances for 2019/20 was £346,735. Taking into account the proposed increases in the Basic and Special Responsibility Allowances recommended by the Panel, a budget of £359,621 will be required for 2020/21. However, this may vary depending on the final level agreed for the staff pay award.

**5. Timetable for implementation**

5.1 Subject to approval by the Council on 27 February 2020, increases in the levels of basic and special responsibility and other allowances will take effect from 1 April 2020.

5.2 In accordance with the Local Authorities (Members' Allowances) (England) Regulations 2003 the Scheme will be made available on the website and a notice published in a local newspaper giving details of the Scheme and the amounts payable in respect of each allowance mentioned in the Scheme.

**Background papers:** There are none.

**Appendices:**

Report of the Independent Remuneration Panel – January 2020





**REPORT OF THE**

**INDEPENDENT REMUNERATION PANEL**

**ON**

**THE MEMBERS' ALLOWANCES SCHEME 2020 - 2021**

**FOR**

**SPELTHORNE BOROUGH COUNCIL**

January 2020

## CONTENTS

Paragraph		Page
1.	<b>INTRODUCTION</b>	1
5.	<b>INDEPENDENT REMUNERATION PANEL</b>	1
9.	<b>TERMS OF REFERENCE</b>	1
10.	<b>PRINCIPLES UNDERPINNING OUR REVIEW</b>	2
13.	<b>CURRENT SCHEME</b>	3
20.	<b>APPROACH FOR 2020/2021</b>	4
	<b>CONSIDERATIONS AND RECOMMENDATIONS</b>	
22.	Basic Allowance	4
30.	Special Responsibility Allowances	6
37.	Special Responsibility Allowance for Strategic Planning Portfolio Holder	7
41.	Special Responsibility Allowance for Finance Portfolio Holder	7
46.	Other Allowances	8
55.	Approved Duties	9
	<b>Annex 1 – Summary of recommendations</b>	11-12
	<b>Annex 2 – Current Approved Duties</b>	13
	<b>Annex 3 – Comparative data on Basic and Special Responsibility Allowances for Surrey Local Authorities</b>	15

## INTRODUCTION

1. This report has been prepared in accordance with the *Local Authorities (Members' Allowances) (England) Regulations 2003* ("the 2003 Regulations") as amended, which require all local authorities to appoint an Independent Remuneration Panel ('the Panel') to advise on the terms and conditions of their Scheme of Members' Allowances ('the Scheme').
2. The Panel acknowledges that it is a matter for the Council to decide the level of Members' Allowances. The statutory position (Paragraph 19 of the 2003 Regulations) is that Spelthorne Borough Council "**shall have regard to**" the advice from the Panel and the Council cannot make any changes to its Scheme without first considering the Panel's advice on the issues involved. In "having regard" to the Panel's advice, the Council is to "give proper consideration" to the Panel's report. In this way, the Council can take full account of its particular circumstances and be directly accountable to its electorate.
3. The function of the Panel is therefore to provide the Council with advice on the type of its allowances and the amounts to be paid.
4. The 2003 Regulations require the authority to make copies of the Scheme available for inspection by members of the public at all reasonable hours and publish a notice in a local newspaper giving details of the Scheme and the amounts payable in respect of each allowance mentioned in the Scheme.

## INDEPENDENT REMUNERATION PANEL

5. Spelthorne Borough Council appointed the following persons to comprise the Panel:  
Sir Ivan Lawrence QC (Chairman)  
Mr. Colin Squire  
Ms. Alison Osmond
6. The members of the Panel have between them diverse experience in central Government, the law, local and national business, human resources and charity work.
7. The Panel is fully independent of the Council and is not fettered in any way from providing impartial enquiry, scrutiny, advice and recommendation.
8. The Panel does not receive any payment for the time or work that it expends in undertaking the annual review of Members' Allowances.

## TERMS OF REFERENCE

9. Our terms of reference are in accordance with the requirements of the 2003 Regulations, together with "Guidance on Consolidated Regulations for Local Authority Allowances" ("the Guidance") issued in 2003. We are required to make recommendations to the Council about the following:
  - a) The amount of basic allowance payable to all Council members;
  - b) The categories of Council members who should receive a special responsibility allowance (SRA) and the amount of that allowance;

- c) Whether the Scheme should include an allowance for the expenses of arranging for the care of children and dependants, and, if so, the amount of this;
- d) The amount of travel and subsistence allowances and the approved duties in respect of which they can be paid;
- e) Allowances for co-optees (for example the independent members appointed by the Council to serve on the Council's Members' Code of Conduct Committee); and
- f) Whether adjustments to the level of allowances may be determined according to an index and, if so, which index and how long that index should apply, subject to a maximum of four years before its application is reviewed.

## PRINCIPLES UNDERPINNING OUR REVIEW

10. The following principles, which were established at the time of the Panel's review in 2000, continue to underpin this review: -
- (i) The basic allowance is intended to recognise the time devoted by councillors to their work, not just work in formal council meetings, but in the community and in meetings with constituents, officers and their political group, and also to cover incidental costs (such as the use of their homes and private telephones).
  - (ii) Special responsibility allowances (SRAs) are used to recognise the *significant additional responsibilities* which attach to some roles, not just the extra time required.
  - (iii) Members' allowances are not intended to compensate for loss of earnings, nor are they to recompense for the total number of hours councillors spend on their duties, bearing in mind the voluntary element of service in fulfilling the role of a local councillor, as recognised in government guidance. Councillors are not paid employees of the Council and their allowances should not be treated as salary.
  - (iv) The Scheme<sup>1</sup> should be fair, easy to understand and straightforward to administer.
11. Alongside the general principle that the payment of an allowance is not intended to compensate for loss of earnings, the Panel advocates a principle of fair remuneration and subscribes to the view promoted by the Independent Councillors' Commission which says that remuneration should not be an incentive for service as a councillor, nor should lack of remuneration be a barrier. The level of remuneration should be sufficient to allow most people to consider becoming an elected member without suffering unreasonable financial disadvantage and equally applies to existing councillors who may be deterred from fulfilling their role successfully if the remuneration is not sufficient.<sup>2</sup>
12. The Panel has sought to reflect the views of ordinary ratepayers in considering its recommendations. It aspires to a Scheme that is both fair to members and seen to be fair by council taxpayers.

---

<sup>1</sup>Proposed Scheme payments for April 2020 is attached at Annex 1

<sup>2</sup>Rodney Brooke and Declan Hall, *Members' Remuneration: Models, Issues, Incentives and Barriers*. London: Communities and Local Government, 2007.

## CURRENT SCHEME

13. The current Scheme is based on the following methodologies, agreed at previous reviews:
  - The Basic Allowance is calculated on the basis of the daily average earnings of employees across all occupations in the south east.
  - The calculation for Basic Allowance is based on an overall average time spent on undertaking the councillor role of 15 hours per week.
  - A Public Service Discount of 33% applies to the level of Basic Allowance. The application of the discount means that the councillor gives five hours *pro bono publico* and is remunerated for the remaining ten hours through the Basic Allowance.
  - The methodology for calculating SRAs involves agreeing the allowance for the Leader and then establishing the allowances for the other roles as a percentage of the Leader's allowance.
  - The Leader's allowance is calculated on 230% of the Basic Allowance.
  - The other roles currently entitled to an SRA and their relevant percentages are:
    - Deputy Leader - 66% of the Leader
    - Cabinet members – 50%
    - Finance Portfolio Holder – 66%
    - Planning Committee Chairman – 40%
    - Licensing Committee Chairman – 35%
    - Overview and Scrutiny Committee Chairman – 35%
    - Audit Committee Chairman – 25%
14. The Panel's last review of Members' Allowances for the financial year 2019/20 took place in December 2018.
15. In undertaking its review for 2019/20, the Panel took 'a light touch' approach and compared the Council's allowances against other Surrey authorities. As both Basic and Special Responsibility Allowances compared favourably with those of neighbouring local authorities, and taking on board the Leader's argument for a 'one team' approach, the Panel recommended an increase in all allowances which reflected the staff pay award for 2019/20.
16. The Panel agreed again not to commit to an index but that it would re-consider this at its next annual review.
17. The Panel recommended a greater increase in SRA for the Finance Portfolio in recognition of his additional responsibilities arising from the Council's expanding investment portfolio and from his position as a Board Director of Knowle Green Estates.
18. The Panel agreed to re-visit this element at its next review.

19. The Council agreed the Panel's recommendations:
  - a) that the Basic Allowance should be increased by reference to the staff pay award for 2019/20;
  - b) that all Special Responsibility Allowances be increased by reference to the staff pay award for 2019/2020; and
  - c) the Cabinet member responsible for the finance portfolio to receive a Special Responsibility Allowance equivalent to that awarded to the Deputy Leader.

## **APPROACH FOR 2020/21**

20. The Panel met in January 2020 to consider its approach for the 2020/21 review. The Panel decided to take a 'light touch' approach once more in its review of the Allowances Scheme.
21. The Panel considered:
  - data from Boroughs and Districts across Surrey comparing Basic Allowances and Special Responsibility Allowances (SRA) for each authority in 2019/2020. (Annex 3)
  - new Cabinet portfolio responsibilities
  - the Leader's travel expenses for meetings currently outside the list of approved duties.

## **CONSIDERATIONS AND RECOMMENDATIONS**

### **Basic Allowance**

22. The Scheme must include provision for a Basic Allowance, payable at an equal flat rate to all councillors.<sup>3</sup>
23. The Basic Allowance is intended to recognize the time commitment of all councillors including such inevitable calls on their time as attending Council and other formal meetings, training/briefings, civic events and political group meetings and undertaking general constituency work. It is also intended to cover incidental costs such as the use of their homes and telephones.
24. Members' allowances are not intended to compensate for loss of earnings, nor are they to recompense for the total number of hours councillors spend on their duties, bearing in mind the voluntary element of service in fulfilling the role of a local councillor, as recognised in government guidance. Councillors are not paid employees of the Council and their allowances should not be treated as salary.
25. The Panel compared Spelthorne's current Basic Allowance against the other Surrey Boroughs and Districts (Annex 3). It notes that Spelthorne has maintained its position as third highest in Surrey.

---

<sup>3</sup> The Local Authorities (Members' Allowances) (England) Regulations 2003: Part 2, Regulation 4.

Council	Basic Allowance (£) 2019-20 <sup>4</sup>
Woking Borough Council	7200
Guildford Borough Council	7001
<b>Spelthorne Borough Council</b>	6200
Reigate & Banstead Borough Council	5599
Surrey Heath Borough Council	5087
Elmbridge Borough Council	5183
Waverley Borough Council	4867
Mole Valley District Council	4468
Tandridge District Council	4317
Runnymede Borough Council	4000
Epsom & Ewell Borough Council	3718

26. The Panel also noted that 6 of the other 10 authorities link increases in their Members' Allowances to the staff pay award at that Council.
27. As Spelthorne Borough Council's level of Basic Allowance still compared favourably against the other Surrey authorities, the Panel agreed to continue on the basis of its recommendation for the Basic Allowance in 2019:
- that an increase in the Basic Allowance which reflects the staff pay award for 2020/21 would be both fair and reasonable and ensure that most councillors continue to not be financially disadvantaged as a result of undertaking their role.
28. For the purposes of illustration, assuming a staff pay award of 2.5% would mean the Basic Allowance for 2020/21 will be £6355.
29. In making its recommendation the Panel has sought to maintain a sensible balance between:
- the financial constraints facing the Council due to the introduction of negative Revenue Support Grant from the Government in 2021-22 and other factors which will continue to be a pressure for Council finances;
  - the need to maintain a Scheme which is fair, easy to understand and straightforward to administer; and
  - the need to ensure the level of remuneration continues to be sufficient to allow existing councillors to fulfil their role successfully.

### **RECOMMENDATION**

**The Panel recommends that the Basic Allowance payable to all members of Spelthorne Borough Council should be increased by reference to the staff pay award for 2020/21.**

---

<sup>4</sup> Data from South East Employers, Members' Allowances Survey 2019 (October 2019)

## **Special Responsibility Allowances**

30. A Special Responsibility Allowance (SRA) may be paid to recognize the significant additional time and responsibility that certain roles in the Council require of councillors. The payments for SRAs do not have to be the same across different roles. SRAs do not have to be paid but there is a requirement that, if they are paid, at least one Member of a minority group should receive an SRA.
  31. The 2003 Regulations do not limit the number of SRAs which may be paid, nor do they prohibit the payment of more than one SRA allowance to any one Member. The Regulations specify the categories of role which the Council may make provision for paying an SRA. Amongst these is: chairing meetings of a council committee or a sub-committee, or a joint committee of the council and one or more other authorities, or a sub-committee of such a joint committee.
  32. Under the current Scheme of allowances for Spelthorne there are 5 categories for Special Responsibility Allowances which are paid to a total of 15\* councillors:
    - Leader (1)
    - Deputy Leader (1)
    - Cabinet Member (8)
    - Chairman (Planning, Licensing, Audit, Overview and Scrutiny and Joint Committees) (5)
    - Opposition Group Leader (1)
- \*The Leader is eligible for two of these allowances
33. The Panel agrees that these roles should continue to be awarded an SRA in recognition of the significant additional responsibilities for the councillors appointed to those roles.
  34. The Panel compared Spelthorne's payments for SRA with those paid across Surrey. It notes that Spelthorne has maintained its position in the top third for SRA payments when compared to other Surrey authorities (Annex 3).
  35. As Spelthorne Borough Council's level of SRAs still compared favourably against the other Surrey authorities, the Panel agreed to continue on the basis of its previous recommendation for an increase to the Special Responsibility Allowances which reflects the staff pay award for 2020/21.
  36. The Panel wishes to be clear that it does not subscribe to an automatic increase for future uplifts of Allowances. The Panel believes it is important to consider and discuss the amounts of allowances on a yearly basis.

## **Special Responsibility Allowance for Strategic Planning Portfolio Holder**

37. The Panel notes that since October 2019 an additional Cabinet member had been appointed with a specific portfolio in relation to the development of the Local Plan. This member is being paid an SRA equivalent to that of the Planning Chairman, pending the Panel's consideration of this matter.



38. The current scheme provides for the following SRA payments as a percentage of the Leader's allowance:  
Cabinet members – 50%  
Planning Committee Chairman – 40%
39. The Panel reviewed the areas of responsibilities of the different Cabinet members, including the Portfolio holder for Strategic Planning. The Panel agreed that the role of this new portfolio was a substantial one, although being limited to just one area of expertise, did not result in the same range of responsibilities as most of the other portfolios.
40. The Panel is satisfied that an SRA for the Strategic Planning portfolio equivalent to that awarded to the Planning Committee Chairman was a fair reflection of the responsibility of the role.

### **Special Responsibility Allowance for Finance Portfolio Holder**

41. During the review for 2019/20 the Panel agreed that due to a combination of the finance portfolio's responsibilities in relation to the Council's investment portfolio, and the extra responsibilities and commitment arising from his position as a Board Director of Knowle Green Estates Ltd. (KGE Ltd), that the role merited a greater SRA than the other Cabinet member roles.
42. The Panel considered the levels of other Special Responsibility Allowances and agreed that the Cabinet member responsible for the finance portfolio should receive an allowance equivalent to that of the Deputy Leader.
43. The Panel notes at this review that the previous portfolio holder is no longer a member of the Council but has subsequently been appointed a non-executive director of KGE Ltd. The Panel noted that in this new role, the non-executive director had taken on the responsibilities in relation to KGE Ltd that he previously held as the finance portfolio holder.
44. The Panel considered that although the Deputy Leader is now responsible for the finance portfolio his role does not replicate that of the previous finance portfolio holder. For this reason the Panel agreed that the Deputy Leader's SRA should remain at the present level of 66% of the Leader's SRA.
45. The Panel agreed to review the position next year to establish whether the finance portfolio holder was becoming more involved in the business of KGE Ltd to the extent that the role warranted an allowance over and above that of other Cabinet members.

### **RECOMMENDATION**

**The Panel recommends that:**

- 1. all Special Responsibility Allowances are increased by reference to the staff pay award for 2020/21;**
- 2. the Cabinet member responsible for the strategic planning portfolio to receive a Special Responsibility Allowance equivalent to that awarded to the Planning Committee Chairman; and**

**3. The Special Responsibility Allowance for the Deputy Leader role to remain at 66% of the Leader's Allowance.**

**OTHER ALLOWANCES**

46. The Panel gave consideration to the following allowances

**Co-Optees Allowance**

47. The current Scheme pays an allowance of £1000 and £500 to the Chairman and Vice-Chairman (this position is currently vacant), respectively of the Members' Code of Conduct Committee, both of whom are co-opted members.
48. The Panel noted that these allowances had not been changed for many years and agreed that an increase was overdue.

**RECOMMENDATION**

**The Panel recommends that the co-optees on the Members' Code of Conduct Committee receive an allowance of £1500 and £750 for the Chairman and Vice-Chairman respectively.**

**Dependants' Carer's allowance**

49. The current Scheme for Dependants' Carer's allowance (DCA) provides that members are simply reimbursed the actual costs incurred for expenditure in relation to the care of dependent relatives or children while they are undertaking approved Council duties, subject to submission of receipts/invoices in support of claims.
50. The Panel considered that the reasoning underpinning the level of this allowance had not changed since its previous review. It noted there had only been two claims this year and recommended that the allowance be brought to members' attention, as it was likely that more members were eligible than claimed.

**RECOMMENDATION**

**The Panel recommends that no change be made to the current scheme for Dependants' Carer's allowances.**

**Travel and subsistence allowance**

51. The current payments for travel allowances which are payable at the same rate as for Council officers on a sliding scale dependent on engine size for car use, and for motorcycles, for journeys undertaken in relation to approved duties are as follows.
52. The current payments for cars, per mile, is:

	<b>2019/20</b>
up to 999cc	46.9p
1000cc - 1199cc	52.2p
1200cc and over	65p

53. The current payment for motorcycles is 24p per mile and for bicycles is 20p per mile.

54. The Panel did not review these payments at this time but felt it would be appropriate to reflect on the levels of travel allowances next year, in recognition of the need to address the effect of vehicle emissions on climate change.

### **RECOMMENDATION**

**The Panel recommends that the current arrangements for payment of travel and subsistence allowances be retained as at present.**

### **Approved Duties**

55. The current Approved Duties list with tracking to indicate the Panel's recommendations below, is attached as Annex 2.
56. The Panel was asked by the Leader to give consideration to inclusion of the following activities on the list of approved duties:
- Meetings with the Chief Executive/officers
  - Meetings with Residents
  - Meetings with Council Partners
  - Meetings with other Leaders etc
  - Meetings with the following organisations by the Leader:
    - Heathrow Strategic Planning Group
    - EM3
    - Government departments
57. In reviewing this matter the Panel was provided with copies of the Approved Duties lists of other Surrey Local Authorities and details of the travel expenses incurred by the Leader in attending meetings outside the Borough.
58. At its review in 2018/19, the Panel concluded that visits to Knowle Green to meet with officers were covered by the basic allowance. It did not include this activity on the list of approved duties at that review and sees no justification for doing so now.
59. The Panel considers that meetings with residents are likely to take place within the Borough and presumably either at the Council offices or in the councillor's own ward. It considers that this activity constitutes the 'bread and butter' of the role of a councillor and that any travel expense incurred would be covered by the basic allowance paid to all councillors.
60. The Panel also considered the request to include meetings with Council partners and other Leaders on the list of approved duties for which a travel allowance could be claimed. The Panel accepts that many of these meetings are likely to take place outside the Borough. It is of the opinion that where such visits take place within the Borough the travel expense incurred is covered by the basic allowance. However it agrees to add these activities to the list of approved duties in a situation where the meeting takes place outside of Spelthorne.

61. The Panel was provided with relevant information about the specific organisations listed above. Namely that:
- Membership of Heathrow Strategic Planning Group includes Leaders of Local Authorities and Board members of Local Enterprise Partnerships neighbouring Heathrow; and
  - Enterprise M3 Local Enterprise Partnership (LEP) is one of 38 LEPs in England which are business-led but bring together a partnership of both private and public sector organisations, including small businesses, larger companies, local authorities, not-for-profit organisations, colleges and universities.
62. The Panel notes that attendance at meetings of these organisations is covered by the existing activity in the Approved Duties of “deputations, delegations or other representation at meetings with a government department or another local authority”. However, all the meetings described above do not qualify for a travel allowance because an Approved Duty is currently defined as one where representatives of more than one political group is invited to such a meeting; the invitations to these meetings are solely directed to the Council Leader.
63. The Panel concluded that due to the location of these meetings outside the Borough, the Leader had incurred substantial travel costs. The Panel agreed that no councillor should be out of pocket due to attendance at meetings that were required in order for them to fulfil their obligations to the Council. It agreed that the Leader should be able to claim travel expenses for meetings outside the Borough that only he was invited to, in the same way that any other councillor would be able to claim for attendance at meetings outside the Borough.

**The Panel recommends that the list of Approved Duties is amended to include meetings with Council partners, including the Heathrow Strategic Planning Group and EM3, and other Leaders and government departments etc, where such meetings take place outside the Borough of Spelthorne.**

## SUMMARY OF PANEL'S RECOMMENDATIONS

The Panel makes the following recommendations to the Council on the Members' Allowances Scheme for 2020-2021:

Allowance	Current amount	Number	Recommended Allowance for 2020/2021 <sup>1</sup>
<b>Basic:</b>	<b>£6200</b>	<b>39</b>	<b>£6355</b>
<b>Special Responsibility:</b>			
Leader of the Council	£14259	1	£14616
Deputy Leader	£9412	1	£9647
Cabinet Members	£7130	7 <sup>2</sup>	£7308
Cabinet member for Strategic Planning	N/A	-	£5846
Spelthorne Joint Committee Chairman/Vice-Chairman	£4999	1	£5124
Planning Committee Chairman	£5703	1	£5846
Licensing Committee Chairman	£4991	1	£5116
Overview and Scrutiny Committee Chairman	£4991	1	£5116
Audit Committee Chairman	£3566	1	£3654
Opposition Group Leader	£3322	1	£3405
Co-Optees' Allowance	£1000 (Chair) £500 (Vice-Chair)	1 1	£1500 (Chair) £750 (Vice-Chair)
<b>Total Budget</b>	<b>£346,735</b>		<b>£359,621</b>

<sup>1</sup> On an assumption of a 2.5% staff pay award

<sup>2</sup> Based on the existing Cabinet and excluding the Leader, Deputy Leader and Strategic Planning Portfolio

<b>Allowance for expenditure incurred in relation to Approved Duties (Schedule 1 to Scheme)</b>	<b>Unchanged allowances for 2020/21</b>
<b>Dependants' Carer's Allowance</b>	<b>Reimbursement of actual costs incurred</b>

<b>Travelling and Subsistence Allowances</b>	
<b>Motor Mileage Allowance (per mile)</b>	
<b>Cars</b>	<b>Up to 999cc – 46.9p 1000cc – 1199cc – 52.2p 1200cc and over – 65p</b>
<b>Motorcycles</b>	<b>24p</b>
<b>Cycle</b>	<b>Nil</b>
<b>Day Subsistence Allowance</b>	<b>Reimbursement of actual costs incurred</b>

**Sir Ivan Lawrence (Chairman)**  
**Colin Squire**  
**Alison Osmond**

**January 2020**

## Members' Allowances Scheme 2020/2021

### List of Approved Duties

When a member uses his or her own home to undertake representative duties on behalf of the Council (e.g. to see constituents), that home becomes their place of work and an allowance can be paid for travel between home and the Council Offices for approved duties, but not for ordinary visits to the Council.

#### Meetings:

The activities that shall be approved duties include:

- meetings of the Council, Cabinet and committees including Task Groups and Panels.
- deputations, delegations or other representation at meetings with a government department or another local authority.
- training seminars organised by the Council, including members' inductions.
- presentations to councillors by government departments, statutory undertakers, utility or private companies, in respect of proposals in or affecting the Borough, as well as meetings of the organisations external to the Council listed below.
- opening of tenders where Standing Orders require one or more members to be present.
- Visits to sites for which a Planning application is due to come before Planning Committee, by members of the Planning Committee.
- Meetings with Council partners and other Leaders where such meetings take place outside the Borough of Spelthorne.

To qualify as an approved duty, such meetings, seminars and presentations need to be authorised by the Council, Cabinet or a Committee and representatives of more than one political group must be invited, except in the case where the Leader is invited.

#### Meetings with organisations

Meetings of the following organisations **have been approved** by the Council or Cabinet for travel/expenses claims:

- Armed Forces Covenant
- Ashford and St Peter's Hospitals NHS Foundation Trust
- Enterprise M3 (where held outside Spelthorne)
- Heathrow Airport Consultative Committee (HACC)
- Heathrow Local Focus Forum (BAA)
- Heathrow Airport Ltd - Annual Meeting with Spelthorne Borough Council
- Heathrow Community Noise Forum
- Heathrow Strategic Planning Group (where held outside Spelthorne)
- Local Authority Aircraft Noise Council (LAANC)
- Management Committee of Mediation North Surrey
- On-street Parking Partnership (OSPP) Joint Task Group
- Surrey Police and Crime Panel
- River Thames Alliance

- South East Employers (SEE)
- South West Middlesex Crematorium Board
- Spelthorne Mental Health Association Management Committee - Trustee
- Spelthorne Safer, Stronger Partnership Board
- Strategic Aviation Special Interest Group (SASIG)
- Surrey Waste Partnership
- Surrey Leaders' Group
- Surrey Museums Consultative Committee
- Surrey Traveller Community Relations Forum
- (NHS) Sustainability and Transformation Plan Stakeholder Reference Group
- The Traffic Penalty Tribunal

#### **List of authorised conferences:**

The following have been prescribed under Section 175 of the Local Government Act 1972 for the payment of travel and expenses claims:

- Chartered Institute of Housing (CIH)
- Chartered Institute of Public Finance and Accountancy (CIPFA)
- Institute of Building Control
- Institute of Waste Management
- Local Government Association Annual Conference
- Local Government Association Annual Housing Conference
- National Housing and Town Planning Conference
- Royal Town Planning Institute (RTPI)
- South East Employers (SEE)
- Surrey Heritage Strategy Annual Conference

#### **List of duties not approved:**

The following is a list of those organisations external to the Council to which the Council makes appointments, but which **do not qualify** for any travel or expenses allowances:

- A2 Dominion Customer Insight Panel
- Spelthorne Business Forum

The following duties have **not** been approved by the Council:

Social occasions, receptions, official openings, sporting occasions, visits by members to the Council offices to meet with staff outside of formal meetings; and ward surgeries.



Comparison of allowances against neighbouring Surrey authorities

Annex 3

	1	2	3	4	5	6	7	8	9	10	11				
Local Authority	Woking	Guildford	Spelthorne	Reigate and Banstead	Surrey Heath	Elmbridge	Waverley	Mole Valley	Tandridge DC	Runnymede	Epsom & Ewell	Average	Median	Max.	Min.
Linked to staff pay award	Y	Y		linked to CPI		Y	Y	Y	Y	increase linked to RPI					
Basic Allowance 18/19	7200	6864	6049	5599	5087	5066	4758	4370	4212	3680	3631	5138	5066	7200	3341
Basic Allowance 19/20	7200	7001	6200	5599	5087	5183	4867	4468	4317	4000	3718	5240		7200	3718
Leader's SRA 18/19	12000	8236	13911	13901	13864	12665	13977	7500	5947	7360	2703	10188	12655	13977	2338
Leader's SRA 19/20	12000	8236	14259	13901	13864	12956	14298	7668	6123	10000	2767	10552		14298	2767
Dep. Leader SRA 18/19	2000	1373	9182	11353	8686	2533	9676	4250	1494	1840	3631	5093	4250	11353	1373
Dep. Leader SRA 19/20	3600	1373	9412	11353	8686	0	9898	4346	1531	2500	n/a	5270		11353	1373
Cabinet member 18/19	750	5491	6956	9268	4626	6333	6451	0	0	0	3631	3955	4626	9268	750
Cabinet member 19/20	2400	5491	7130	9268	4626	6479	6599	3272	0	0	n/a	4527		9268	2400
Audit Chair 18/19	0	3432	3479	0	3700	3800	3225	2135	2987	1214	2338	2392	2987	3800	1214
Audit Chair 19/20	0	3432	3566	0	3700	3887	3299	2183	0	1650	2602	2211		3887	1650
Licensing Chair 18/19	500	3432	4869	433	3700	2533	3225	535	2987	3680	2542	2585	2987	4869	433
Licensing Chair 19/20	600	3432	4991	433	3700	2591	3299	547	0	5000	2602	2472		5000	433
O&S Chair 18/19	500	5491	4869	3106	3700	6333	3225	2135	2987	3680	2542	3506	3225	6333	500
O&S Chair 19/20	1200	5491	4991	3106	3700	6479	3299	307	0	5000	2602	3289		6479	307
Planning Chair 18/19	750	5491	5564	5346	4283	5699	3225	2560	2987	6440	3631	4180	4283	6440	750
Planning Chair 19/20	2400	5491	5703	5346	4283	5830	3299	2618	3062	8750	3718	4591		8750	2400
Opp. Group Leaders 18/19	1000	5491	3241	144	0	2533	3225	3735	1494	2760	200	2166	2533	5491	144
Opp. Group Leaders 19/20	1200	5491	3322	144	4626	2591	3299	3819	3062	3750	200	2864		5491	144
Spelthorne Joint Cttee Chair	8016		4999								5000		(SCC Allowances Scheme)		
Spelthorne Joint Cttee Vice-Chair	1503		4999								2500				

This page is intentionally left blank

# Cabinet

26 February 2020



<b>Title</b>	Detailed Revenue Budget for 2020/21		
<b>Purpose of the report</b>	To make a recommendation to Council		
<b>Report Author</b>	Laurence Woolven (Chief Accountant)		
<b>Cabinet Member</b>	Councillor Tony Harman	<b>Confidential</b>	No
<b>Corporate Priority</b>	Financial Sustainability		
<b>Reason for Recommendation</b>	The Authority is required to set a balanced budget and a Council tax rate for the financial year 2020/21.		
<b>Recommendations</b>	<p><b>The cabinet is asked to recommend that Council consider and approves :</b></p> <ol style="list-style-type: none"> <li><b>1. Continuing the Council’s Local Council Tax Support Scheme with the current rules and regulations.</b></li> <li><b>2. Continuing the complete disregard of war pension / armed forces pension income from benefit calculations.</b></li> <li><b>3. The growth and savings items as set out in the report’s appendices.</b></li> <li><b>4. To note the Chief Finance Officer’s commentary in section 4 of the report on the robustness of budget estimates and levels of reserves under sections 25 and 26 of the Local Government Act 2003</b></li> <li><b>5. The Council Tax Base for the whole council area for 2020/21. [Item T in the formula in Section 31b(3) of the local government Finance Act 1992, as amended (the “act”)] should be 40,085.00 band D equivalent dwellings and calculate that the Council Tax requirement for the Council’s own purpose for 2020/21 is £205.05 Per Band D equivalent dwelling.</b></li> <li><b>6. To approve a 1.29% increase on Band D in the Spelthorne Borough Council element of the Council Tax for 2020/21. Moreover:</b> <ol style="list-style-type: none"> <li><b>a) The revenue estimates as set out in Appendix 1 be approved.</b></li> <li><b>b) No Money, as set out in this report is appropriated from General Reserves in support of Spelthorne’s local Council tax for 2020/21.</b></li> <li><b>c) To agree that the Council Tax base for the year 2020/21 is 40,085.00 band D equivalent dwellings calculated in</b></li> </ol> </li> </ol>		

accordance with regulation 3 of the Local Authorities (Calculation of Council tax base) Regulations 1992, as amended, made under Section 35(5) of the Local Government Finance Act 1992.

That the following sums be now calculated by the Council for the year 2019/20 in accordance with Section 31 to 36 of the Local Government Act 1992.

<b>A</b>	<b>104,518,000</b>	Being the aggregate of the amount which the council estimates for the items set out in Section 31A(2) of the Act taking into account all precepts issued to it by Parish Councils.
<b>B</b>	<b>96,298,500</b>	Being the aggregate of the amount which the Council estimates for the items set out in Section 31A(3) of the Act
<b>C</b>	<b>8,219,500</b>	Being the amount by which the aggregate at (A) above exceeds the aggregate at (B) above, calculated by the Council, in accordance with Section 31A(4) of the Act, as its Council Tax requirement for the year
<b>D</b>	<b>205.05</b>	Being the amount at (C) above divided by the amount at 5c (above), calculated by the Council in accordance with

		Section 31B(1) of the act, as the basic amount of its Council Tax for the year (including Parish precepts)
<b>E</b>	<b>0</b>	Being the aggregate amount of all special items (Parish precepts) referred to in Section 34(1) of the Act.
<b>F</b>	<b>205.05</b>	Being the amount at (D) above less the result given by dividing the amount at (E) above by the amount at 5c (above), calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings on those parts of its area to which no Parish precept relates.

That the following amounts be calculated for the year 2020/21 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992 as amended by the Localism Act 2011.

<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>
<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
136.70	159.48	182.27	205.05	250.62	296.18	341.75	410.10

Being the amounts given by multiplying the amount at (F) above by the number which in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the sum which in that proportion is applicable to dwellings listed in valuation

band 'D', calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different band.

That it be noted that for the year 2020/21 Surrey County Council and Surrey Police and Crime Commissioner have stated the following amounts in precepts issued to Spelthorne Borough Council in accordance with Section 40 of the Local Government Finance Act 1992 for each of the categories of dwellings shown below:

### Precepts issued to the Council

	A £	B £	C £	D £	E £	F £	G £	H £
Surrey County Council	1,007.64	1,175.58	1,343.52	1,511.46	1,847.34	2,183.22	2,519.10	3,022.92
Surrey Police & Crime Commissioner	180.38	210.44	240.51	270.57	330.70	390.82	450.95	541.14

That, having calculated the aggregate in each case above the Council in accordance with Sections 30 and 36 of the Local Government Finance Act 1992 as amended by the Localism Act 2011, hereby sets the amounts as the amounts of Council tax for the year 2020/21.

The Council has determined that its relevant basic amount of Council Tax for 2020/21 is not excessive in accordance with the principles approved under Section 52ZB Local Government Finance Act 1992.

As the billing authority, the council has not been notified by a major precepting authority that its relevant basic amount of Council Tax for 2020/21 is excessive and that the billing authority is not required to hold a referendum in accordance with Section 52ZK Local Government Finance Act 1992.

## 1. Key issues

- 1.1 The 2020/21 revenue budget shows a very positive picture in that a balanced budget has been put forward without the use of reserves, with investment being made in retaining staff, addressing resourcing issues and also maintaining the Council's operational service assets and making revenue contributions to Capital. The proposed budget is underpinned by an increase in Council Tax of just below inflation as measured by CPI with an increase proposed of 1.29% [January CPI 1.3%].

1.2 Further to putting forward a balanced budget for 2020/21 we can also highlight that on at this early stage, on the basis of known pressures and based on assumptions around future funding, that the Council has provisionally balanced its budget for 2021/22 and 2022/23.

1.3 Appendix 1 summarises the current draft detailed Budget proposed for 2020/21. After allowing for Housing Benefit the gross budget is financed as follows,

- Fees and Charges
- Rental Income – Increasingly representing a greater proportion of the overall funding
- General Revenue Grants (now consisting only of a reduced New Homes Bonus) & Retained Business Rates
- Council Tax

#### **Business Rates Retention**

1.4 The Government is continuing with its Business Rates Retention reform however this is still being consulted on and there are a large number of technical reforms to still be resolved. The anticipated 75% retention and base line reset is now expected to impact the 2021/22 budget. For 2020/21 Spelthorne along with some of the other Surrey districts/boroughs and Surrey County Council will again form a Surrey Business Rates pool which should enable the Council to retain £300k to £600k more business rates than would be the case if it were not in a pool.

#### **Grant Settlement**

1.5 The Governments provisional settlement was announced on 20<sup>th</sup> December and confirmed that Spelthorne would continue to receive no general grant support in 2020/21. The New Homes Bonus continues for 2020/21 however there is no legacy payments in relation to the 2020/21 allocation. On a positive note the Government has further delayed its proposal for negative grant allocations which would have meant the Council paying £750,000 to the Government. We are assuming in our financial planning that this is only a temporary reprieve and that from 2021/22 we will face further such reductions in our net funding.

#### **Council Tax**

1.6 Government has reduced the referendum limit for shire districts and boroughs to either 2% or a rise of £5 on Band D (whichever is the higher). Counties and Unitaries are able to levy an additional adult social care precept of 2%. The referendum limit for the Police has been set at £10. The Council will look to set a below inflation increase of 1.29% (CPI 1.3% as at January).

## **Council Tax Support Scheme**

- 1.7 The Council will continue the Local Council Tax Support scheme with the same rules and regulations as was agreed for the 2014/15 scheme. This was a 25% deduction made for working age claimants and a 10% deduction for working age claimants who we classified as disabled due to the benefits they receive. This is also taking into account any annual uprating of applicable amounts or premiums that is announced by central government for the following year.

## **War Widows**

- 1.8 It is sensible to re-confirm the Council's position with respect to the complete disregard of war pension /armed forces pension income from benefit calculations. If the full amount is disregarded the cost of this measure falls on the local authority as only the first £10.00 is disregarded by central government. We have already agreed to do this for our council tax support scheme. We have always disregarded the full amount since the housing benefit scheme came into existence along with practically every other local authority and the cost to the authority in the last subsidy claim was £3,214. We intend to continue to make this disregard for 2020/21.

## **Basis of preparation of Detailed Budget**

- 1.9 Service levels – the estimates have been prepared on the basis of maintaining existing service levels except where variations have been approved by the Cabinet and or the Council. Members should be aware that considerable work has been undertaken to identify savings and efficiencies to offset the list of growth proposals. This is in order to ensure a balanced budget not just for 2020-21 but also to put us in a sustainable position to balance the Budget in 2021-22 and 2022-23.

Pay and price levels – the estimates have been prepared with regard to the agreement reached with Unison for the pay increase for 2020-21. The agreed pay increase is 2.5% with a further 0.1% being put into a hardship fund to be used to support members of staff in cases of severe financial hardship.

Inflation has been included in respect of contracts where appropriate.

## **Pensions**

Following the triennial valuation of the Surrey Local Government Pension Fund as at the 31<sup>st</sup> March 2019 the Council has recently been advised of the Actuary's advice regarding employer future contributions for the next three financial years. Whilst the Surrey Pension Fund overall is doing relatively well, Spelthorne is being asked to increase its employer contributions both:

- the primary rate 0 which is the contribution paid on an ongoing basis as employees earn additional entitlement to additional future benefit through their service this was 15.8% and will rise to 17.3%
- the secondary rate – this is a lump sum which the Council pays as an employer towards closing the deficit relating to past service benefits. In 2019-20 the Council paid £1,067,000. The Fund is asking the Council



to pay £1,0347,000 in 2020-21, increasing to £1,390,000 in 2021-22 and to £1,425,000 in 2022-23

The reason the above rates are increasing is primarily due to the Council's workforce having increase by 73 FTE from 2016 to 2019. This in part reflects bringing Ground Maintenance in house and reflects the investment in improving the resilience of services the Council has undertaken since it has started to generate significant commercial income. The workforce has also on average become slightly older between the two valuations which means the actuaries assume a short period over which to recover the deficit.

Following discussions with the Actuaries it is proposed that in order to help ensure the Council can balance its Budget in 2021-22 and 2022-23 when negative grant and reductions in amount of retained rates are anticipated that the Council pays the increased secondary contribution upfront in 2020-21. The proposed secondary rate contributions are:

- 2020-21 £2,122,000
- 2021-22 £1,000,000
- 2022-23 £1,000,000

With the above approach the Council will save £40k over the three years compared to the original proposed increase.

### **Fees and charges**

- 1.10 All fees and charges have been reviewed. See separate report on the agenda.

### **Income Generation**

- 1.11 The Budget forecasts have reflected the performance of the Council's income over the last three years during which time income levels have held up despite the general economic pressures.
- 1.12 The 2020/21 Budget is being supported by a full year net income of £10m from commercial assets acquired since 2016. The Council's focus is now on delivery of housing and regeneration within the borough.
- 1.13 The council is currently reviewing the possibility of starting a Trade refuse company. Whilst this would require an initial loan from the council to start up it is envisaged that this would ultimately generate an additional return for the council. At this stage no financial assumptions have been built into the revenue budget. For further details please see the specific report on this agenda.

### **Contingencies**

- 1.14 No provision has been made for any general contingencies. The General fund reserve exists as a source of contingency funds should a need arise which can be addressed through offsetting savings.

### **Interest Rates**

- 1.15 The Council at present has benefited from several years of above average investment returns through a diversified range of pooled investment funds. The return on these funds is 4.75% as at December 2019 which is a very good rate of return when compared to base rate of 0.75%.
- 1.16 Returns on maturing cash deposits are currently within the range of 0.67% to 0.73% and the average overall return on investments is expected to be around 1.66%.

### **Investment Income**

- 1.17 The Cabinet has separately received the Treasury Management Strategy for 2020/21 indicating the current position in respect of interest rates and the proposed strategy for dealing with the lower levels of interest rates and the reduction of investment monies.
- 1.18 Arlingclose advise the Council on expected rate changes which would affect investments. The limited inflationary pressure from real wages will likely keep inflation below the Bank of England target of 2%. The Bank of England maintained Bank Rate to 0.75% in November following a 7-2 vote by the Monetary Policy Committee. Despite keeping rates on hold, MPC members did confirm that if Brexit uncertainty drags on or global growth fails to recover, they are prepared to cut interest rates as required. Moreover, the downward revisions to some of the growth projections in the Monetary Policy Report suggest the Committee may now be less convinced of the need to increase rates even if there is a Brexit deal.
- 1.19 Cabinet is receiving separately on this agenda the Capital Strategy setting out the Council's broader approach to management of capital expenditure and risk mitigation with respect to financial and non-financial investment assets.

### **Use of Reserves**

- 1.20 The financial sustainability of the authority as a result of the recent investment property purchases means that for the year 2020/21, the authority will not need to draw on its Reserves in order to balance the budget. The income from these acquisitions has enabled the authority to provide a revenue contribution to help finance the capital programme as well as setting up/topping up sinking funds to cover the Council in the event of unexpected income loss. Sinking funds by the end of 2020/21 are anticipated to total £23.4m.

## **Growth Items**

- 1.21 Additional spending pressures or reduced income streams totalling £1.2m have been included in the budget. Appendix 2 summarises the discretionary budget growth items.
- 1.22 The evaluation of growth bids received from services have been evaluated using a number of criteria including
- Whether there is an invest to generate future income aspect
  - Whether there is an invest to achieve future savings
  - Whether it is necessary to meet statutory obligations
  - Whether it is necessary for operational reasons, for example service resilience
  - The extent to which it supports corporate priorities
- 1.23 There are a number of areas of new or increased expenditure items included in the 2020/21 budget and some of these are highlighted below:
- Additional staffing resources / recruitment & retention
  - Additional costs of service provision

## **Savings / Additional Income**

- 1.24 In total savings/additional income of approximately £2.2m have been found. These savings are necessary to offset the reduced general government grant and the additional pressures identified in appendix 2. All savings proposals have been incorporated into the budget estimates.
- 1.25 The salary savings target for 2020/21 will remain the same at £300k.

## **Precepts**

- 1.26 Surrey County Council at its meeting on the 4th February set a Band D council tax of £1,511.46 representing a 3.99% increase and Surrey Police at its tax setting meeting on the 7th February set a band D council tax of £270.57 representing a £10 increase.

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

- 2.1 The Council is required to set a balanced budget and in the light of the detailed budget prepared, a below inflation council tax Band D increase of 1.29% is recommended.

## **3. Financial implications**

- 3.1 Addressed in the body of the report.

## **4. Other considerations**

4.1 The Local Government Act 2003 ( the 2003 Act ) section 25(1) (b) requires a report from the officer the Council has made responsible for administering their financial affairs (the section 151 officer) on the adequacy of reserves. Runnymede Borough Council (the Council) has appointed the Corporate Director of Resources as their section 151 officer. This is a specific personal duty for the section 151 officer to make a report to the Council when it considers its budget and council tax. This section deals with the **robustness of the estimates** included in the budget and the **adequacy of reserves**.

4.2 There are a range of other legislative measures in Local Government Acts which are in place to ensure local authorities do not over-commit themselves financially. These include:

- The Chief Finance Officer's section 114 power and duty, which requires a report to all members of the Council if there is, or likely to be, unlawful expenditure or an unbalanced budget.
- The Prudential Code which guides local authorities on the affordability of their capital programme.

The 2003 Act requires Members to have regard to this report in making their decisions. The 2003 Act does not provide any specific guidance on how to evaluate the robustness of the estimates. However it does identify the need to allow for risks and uncertainties that might lead to expenditure exceeding budget by:

- Making prudent allowance in the estimates for inflation, known cost increases or reductions in income and in addition
- Ensuring that there are adequate reserves to draw on if the estimates are insufficient.

It is stressed that the advice contained in this report on the appropriate level of reserves is *not* based on a percentage of spend, but on an assessment of all the circumstances likely to effect the Council. Guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) states the following factors should be taken into account by the section 151 officer in undertaking an assessment on the overall level of reserves and balances:

- Assumptions regarding inflation
- Treatment of demand led pressures
- Treatment of savings
- Risks inherent in new partnerships etc.
- Financial standing of the authority (i.e. level of borrowing, debt outstanding etc)
- The Authority's track record in budget management
- The Authority's capacity to manage in year budget pressures
- The Authority's virements and year end procedures in relation to under and overspends
- Estimates of the level and timing of capital receipts.

The Council's section 151 officer has considered and followed those guidelines. The Council is obliged to take these views into consideration when setting the Council Tax and budget for 2018/19.

In coming to a view on the adequacy of reserves it is necessary to take a number of issues into account including:

- The purpose for which the Council holds a specific reserve and general fund working balance
- The risks and uncertainties the Council faces that may have financial consequences
- The likelihood of those risks arising

The above issues were considered as part of the Outline Budget report which went to Cabinet in December 2019 and which reviewed projected balances on reserves. The Council's Revenue Reserve, which acts as a contingency reserve is currently £1m which represents 12% of the proposed net budget for 2020-21. In the last few years the Council has ceased to use revenue reserves to support balancing the Budget, this reflects the more sustainable basis the Budget is now on.

Reserves and provisions – the local Government Act 2003 requires me to report on the adequacy of the council's financial reserves when consideration is given to the general fund budget requirement for the year. Under the local government finance act 1988, all revenue balances held by the council are at the direct disposal of the general fund with the exception of the Collection Fund and the investment reserve. However a number of these balances are earmarked specifically for social housing and the new scheme fund. Taken together with the Council's financial strategy to reduce the reliance on revenues to support the council tax, I consider that the reserves and provisions will ensure that the Council maintains a reasonably healthy financial position. In forming this judgement I have had regard to the new Chartered Institute of Public Finance and Accountancy (CIPFA) Financial Resilience Index results for the Council which show a strong overall positive picture particularly with respect to reserves levels with 5 of the 8 indicator measures towards the lowest end of risk. In particular the Council's indicators for reserve levels and reserve movements are at the lower end of risk. This reflects the additional amounts the Council has been putting into its sinking funds.

The CIPFA Financial Resilience has three measures for which the Council is shown as being at the higher end of risk. These are

- a) Gross Debt to revenue budget – this reflects that the Council has more than £1 billion in debt (although we do not have the highest level of debt in our comparator group). What also needs to be taken into account is that the Council has £1 billion of best in class assets backing this debt. Through the Council's sinking fund strategy it is seeking to ensure it appropriately maintains the assets. The debt is being paid down on an annual prudent basis. And is held at low fixed rates of interest. There is no risk of interest movement on the debt.
- b) Interest to revenue - this reflects the level of debt highlighted above, What the CIPFA indicator does not reflect is that the rental income generated by the commercial assets is more than 2.2 times in value the interest cost and is sufficient to cover interest, annual debt repayments, management costs and to make annual sinking fund contributions.

c) The Index flags that due to the Council currently doing relatively well in terms of the amount of Business Rates it retains above the Baseline set by Government that there is a risk when the Government resets the baseline in 2020-21 as part of implementing 75% Business Rates retention nationally, that the Council is risk of loss rates when the change happens. In anticipation of this the Outline Budget projections are already assuming a £800k reduction in business rates reduction in 2021-21.

4.3 I am satisfied that each service budget has been prepared in the context of the Council’s corporate strategies, including the Capital Strategy and longer term financial strategy which means that the Council is presented with robust estimates as a basis for making decisions about the level of council tax. Officers have modelled a range of scenarios including different assumptions around future pay settlements, and rate at which business rates may be withdrawn from the Council by Government. The nature and size of our revenue budget carries a degree of risk, this is particularly the case in the current economic climate. We face a particularly uncertain economic climate as the Brexit process continues.

4.4 As part of the preparation for 2020-21 the Chief Accountant and Chief Finance Officer commissioned internal audit to review the budget process. We have this year tightened the level of scrutiny undertaken of growth and savings proposals put forward by Group Heads and managers.

4.5 Reserves and provisions – the local Government Act 2003 section 26 requires me to report on the adequacy of the council’s financial reserves when consideration is given to the general fund budget requirement for the year. Under the local government finance act 1988, all revenue balances held by the council are at the direct disposal of the general fund with the exception of the Collection Fund. However a number of these balances are earmarked specifically for social housing and the new scheme fund.

Given the scales of the Council’s commercial assets investment portfolio and the need to mitigate the impact of future capital refurbishments and to cover future potential void and rent free periods, the Council has adopted a 50 year sinking fund approach, whereby it assesses over the financing life of each asset future anticipated capital refurbishment requirements and potential rent free and void periods and calculates how much reserves it needs to set aside to build up sufficient funds to cover. The level of provision in the sinking funds (anticipated at end of 2019-19 to be just under £18m) are kept under regular review. The purpose of the sinking funds is to ensure that the General Fund is insulated from any adverse impacts on the commercial rental streams. Currently the combined value of the sinking funds would cover in the advent of a catastrophic collapse in the property rental market the equivalent to 22 months worth of the net income of the Council’s commercial property portfolio

**5. Issues considered when evaluating the robustness of the estimates and the adequacy of the reserves is set out below**

5.1 The budget has a number of risks and these are set out below:

<b>Outside control</b>	<b>Internally based</b>
------------------------	-------------------------

Interest rates	Failure to sufficiently resource delivery of key asset income generation projects
Severe public sector spending cuts	Collection of retained business rates
Volatility of BREXIT on level of economic activity including business rates income and tenants occupancy in commercial assets	Reliance on interest earnings to balance the budget
Economic downturn impacting on commercial tenants	
Changes to redistribution of Local Government Funding	
Staines town centre rents	
Down turn in property development market	
Impact of budget pressures on Surrey County Council and other public sector entities.	
Housing benefit subsidy/welfare reform.	

The risks are that the level of savings anticipated do not materialise or that there are additional spending pressures. These will be mitigated by ensuring proposals have been properly evaluated before being built into the final budget for example clarifying any contractual assumptions, and thereafter through careful budget monitoring.

## **6. Timetable for implementation**

6.1 Full Council to approve the Budget on 27 February 2020.

**Background papers: None**

**Appendices: 1 & 2**

This page is intentionally left blank



<b>Revenue Budget</b>					
	<b>19-20</b>	<b>20-21</b>	<b>21-22</b>	<b>22-23</b>	<b>23-24</b>
	<b>Original</b>	<b>Proposed</b>			
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Gross Expenditure	63,663,700	61,359,100			
Less: Fees and Charges and Specific Grants (excl Housing Benefits)	(10,310,500)	(11,048,700)			
Less: Housing Benefits Grant	(32,021,000)	(29,317,500)			
<b>Net Service Expenditure:</b>	<b>21,332,200</b>	<b>20,992,900</b>			
<b>Broken down over Portfolios</b>					
Leader of the Council	1,488,500	1,241,400	1,249,600	1,257,800	1,451,000
Deputy Leader and Finance	3,192,400	3,241,600	3,221,600	3,215,600	3,215,600
Corporate Management	936,600	1,057,200	990,300	990,300	990,300
Housing	1,911,400	2,318,500	2,318,500	2,318,500	2,318,500
Planning	1,152,100	948,200	940,700	940,700	940,700
Environment and Compliance	5,549,300	5,834,000	5,803,300	5,805,000	5,752,000
Community Wellbeing	763,700	1,029,100	1,005,200	981,300	981,300
Economic Development, Customer Service, Estates and Transport	3,158,300	3,308,400	3,262,400	3,262,400	3,262,400
Investment Portfolio, Asset Management and Regeneration	3,179,900	2,014,500	2,429,500	2,429,500	2,429,500
	<b>21,332,200</b>	<b>20,992,900</b>	<b>21,221,100</b>	<b>21,201,100</b>	<b>21,341,300</b>
Salary expenditure - vacancy monitoring	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)
Pay award		0	420,000	851,000	1,293,000
Increments		0	50,000	100,000	150,000
Pensions		1,058,000	133,000	133,000	600,000
As yet unidentified annual growth anticipated to come		0	400,000	800,000	1,200,000
<b>Service Expenditure</b>	<b>21,032,200</b>	<b>21,750,900</b>	<b>21,924,100</b>	<b>22,785,100</b>	<b>24,284,300</b>
<b>NET EXPENDITURE</b>	<b>21,032,200</b>	<b>21,750,900</b>	<b>21,924,100</b>	<b>22,785,100</b>	<b>24,284,300</b>
Interest earnings	(1,290,000)	(1,290,000)	(1,290,000)	(1,290,000)	(1,290,000)
Asset Acquisition Income	(50,629,100)	(53,006,200)	(52,976,900)	(55,932,800)	(54,876,600)
Debt Interest payable	23,028,200	24,234,600	24,070,800	23,667,100	23,835,400
Minimum Revenue Provision	11,051,700	11,902,900	12,207,200	12,518,300	12,952,400
Set Aside		1,130,000	1,138,000	1,146,000	1,155,000
Housing Development Project revenue impact	2,441,400	0	85,100	86,700	88,500
Net interest margin on loans to KGE	0	(50,000)	(561,600)	(2,311,200)	(2,279,400)
<b>NET EXPENDITURE AFTER INTEREST EARNINGS</b>	<b>5,634,400</b>	<b>4,672,200</b>	<b>4,596,700</b>	<b>669,200</b>	<b>3,869,600</b>
<b>Appropriation from Reserves:</b>					
Revenue Contributions to Capital Outlay	750,000	750,000	664,900	663,300	661,500
Project Delivery Fund		1,397,400	0	0	0
Sinking Fund Contributions	6,405,000	5,814,000	5,799,000	9,393,000	8,488,000
<b>BUDGET REQUIREMENT</b>	<b>12,789,400</b>	<b>12,633,600</b>	<b>11,060,600</b>	<b>10,725,500</b>	<b>13,019,100</b>
Retained Business Rates	(3,000,000)	(3,000,000)	(2,200,000)	(1,800,000)	(1,800,000)
Section 31 Grants	(981,400)	(800,000)	(800,000)	(800,000)	(800,000)
Negative RSG	0	0	750,000	750,000	750,000
New Homes Bonus Grant	(754,600)	(551,100)	(492,000)	(388,000)	(244,000)
<b>NET BUDGET REQUIREMENT</b>	<b>8,053,400</b>	<b>8,282,500</b>	<b>8,318,600</b>	<b>8,487,500</b>	<b>10,925,100</b>
Collection Fund (Surplus)/Deficit	(19,000)	(63,000)	0	0	0
<b>CHARGE TO COLLECTION FUND</b>	<b>8,034,400</b>	<b>8,219,500</b>	<b>8,318,600</b>	<b>8,487,500</b>	<b>10,925,100</b>
Tax base	<b>39,688</b>	<b>40,085</b>	<b>40,686</b>	<b>41,297</b>	<b>41,916</b>
Council Tax rate	202.44	205.05	209.15	213.34	217.60
Council Tax yield	<b>8,034,400</b>	<b>8,219,500</b>	<b>8,509,600</b>	<b>8,810,000</b>	<b>9,121,000</b>
<b>Deficit/(surplus)</b>	<b>0</b>	<b>0</b>	<b>(191,000)</b>	<b>(322,500)</b>	<b>1,804,100</b>
	0	1.29%	2.00%	2.00%	2.00%

This page is intentionally left blank

	A	B	F
1		20-21	Description of Growth required
2		£	
3			
4	Emergency Planning	2,500	Increased cost of Applied Resilience
5	Project Management	30,000	Digital Spelthorne implementation
6	Project Management	36,700	Transformation programme - project manager post
7	Project Management	25,000	Climate change
8			
9	<b>Corporate Management</b>	<b>94,200</b>	
10			
11	Committee Services	34,000	New grade 4 trainee post
12	Committee Services	3,900	Audiominutes software
13	Customer Services	70,000	Charges for credit card payments and associated costs
14	Customer Services	4,300	Inflation on software licenses
15	Customer Services	2,000	Additional costs to cover young adults from care after granting benefits
16			
17	<b>Development, Customer Service, Estates &amp;</b>	<b>114,200</b>	
18			
19	Asset Mgn Administration	55,000	Consultants - refinancing valuations on individual investment assets
20	Asset Mgn Administration	50,000	Portfolio tenants review on annual basis with quarterly update
21	Asset Mgn Administration	35,000	Upgrade Argus system to monitor the investment portfolio
22	Asset Mgn Administration	7,700	Additional licenses for Property managers
23	Asset Mgn Administration	150,000	Consultants budget for posts and contingencies
24	Asset Mgn Administration	129,000	Agency budget for posts and contingencies - results in saving
25	Asset Mgn Administration	6,200	Business Unit manager post - upgrade existing post
26	Asset Mgn Administration	35,000	Annual valuation of investment portfolio
27	General Property Expenses	15,000	Undertake valuations for transfers between KGE and SBC
28	General Property Expenses	10,000	Annual valuation of the municipal estate
29	General Property Expenses	29,000	Consultants on general properties
30	Planned maintenance	4,200	Inflation on contractors
31			
32	<b>Investment Portfolio, Management and Regene</b>	<b>526,100</b>	
33			
34	Environmental Protection Act	200	Out of hours noise service
35	Environmental Protection Act	17,500	Air Quality project for schools
36	Environmental Protection Act	16,000	Air quality modelling / action planning - funded from contribution
37	Food Safety	500	Food safety rating scheme - charging for recording incidents
38	Licensing	47,000	HMO Licensing fees - from £62k to £15k (back up to £70k in 23-24)
39	Rodent & Pest Control	3,000	Animal welfare licensing - staff training
40			
41	<b>Environment</b>	<b>84,200</b>	
42			
43	Com Care Administration	13,100	Combined telemetrics and smoke technician - 18 hour post
44	Com Care Administration	19,100	Social prescriber - permanent borough led position - 24 hour post
45	Com Care Administration	15,600	Community Health apprentice
46	Com Care Administration	83,000	Independant Living salaries (MAT report 28/01/20)
47	Day Centres	12,700	Fordbridge - kitchen porter
48	Day Centres	7,400	Greeno and Fordbridge - additional hours for cooks
49	Day Centres	33,600	Staines CC - kitchen staff
50			
51	<b>Community Wellbeing</b>	<b>184,500</b>	
52			
53	Housing Needs	6,100	Housing options casework quality assurance role
54	Housing Needs	4,600	Housing strategy and policy manager
55			
56	<b>Housing</b>	<b>10,700</b>	
57			
59	Planning Development Control	39,000	New post (funded from income)
60	Planning Development Control	30,100	New post (funded from income)
61	Planning Policy	13,500	Local plan post change after retirement
62	Planning Policy	71,800	CIL posts (funded from CIL contribution)
63			
64	<b>Planning</b>	<b>154,400</b>	
65			
66	Democratic Rep & Management	8,200	Members Allowances 2.5% increase
67	Democratic Rep & Management	28,500	Cabinet expansion from 6 to 10 members
68	Democratic Rep & Management	2,000	Staff training (fire safety, first aiders)
69	Land Charges	7,000	Reduced income assumptions
70			
71	<b>Leader</b>	<b>45,700</b>	
72			
73			
74	<b>Deputy Leader and Finance</b>	<b>0</b>	
75			
76			
77	<b>Budget Total</b>	<b>1,214,000</b>	

	A	B	F
1		20-21	Description of Saving/Income increase
2		£	
3			
4	Project Management	-28,800	Root & Branch Project Officer temporary contract comes to an end
5	Proj Man - Back Scanning	-19,000	Data Protection Administrator - contract ending
6			
7	<b>Corporate Management</b>	<b>-47,800</b>	
8			
9	Customer Services	-94,000	Group Head salary budget removed
10			
11	<b>Development, Customer Service, Estates &amp;</b>	<b>-94,000</b>	
12			
13	Asset Mgn Administration	-100,000	Consultants fees budget not required
14	Asset Mgn Administration	-300,000	Benwell House - Business Rates, facilities management not required
15	Asset Mgn Administration	-82,600	Property Development manager post saving
16	Asset Mgn Administration	-100,000	KG redevelopment consultants budget not required
17	Asset Mgn Administration	-100,000	KG relocation consultants fees budget not required
18	Asset Mgn Administration	-24,800	Business Support Assistant budget removed
19	Asset Mgn Administration	-141,300	Saving on Asset Management service (Landid), to be completed in house
20	Asset Mgn Administration	-12,500	Apprentice post deleted
21	General Property Expenses	-12,000	External contracts budget not required
22	General Property Expenses	-25,600	General properties additional income on municipal portfolio
23	Planned maintenance	-450,000	Planned maintenance reduction
24	Staines Town Centre Management	-100,000	Elmsleigh Centre income
25	Knowle Green	-17,000	KG Cleaning contract
26	Knowle Green	-76,100	Business Rates at West Wing reduction
27	Knowle Green	-20,800	Utilities saving from West Wing
28			
29	<b>Environment Portfolio, Management and Regene</b>	<b>-1,562,700</b>	
30			
31	Environmental Protection Act	-16,000	Funding for Air Quality growth item
32			
33	<b>Environment</b>	<b>-16,000</b>	
34			
35			
36	<b>Community Wellbeing</b>	<b>0</b>	
37			
38	Homelessness	-60,000	Bed & Breakfast savings
39			
40	<b>Housing</b>	<b>-60,000</b>	
41			
43	Building Control	-25,000	Expected increase in income
44	Planning Development Control	-69,100	Income from Shepperton Studios (offset 2 growth posts)
45	Planning Development Control	-46,800	Net increase in income
46	Planning Development Control	-20,900	Planning DM - Idox saving
47	Planning Management	-140,000	Staines upon Thames - Bridge Street and Tothill allocation savings
48	Planning Policy	-50,700	Planning DM - CIL post deleted
49	Planning Policy	-71,800	Planning DM - CIL contribution
50			
51	<b>Planning</b>	<b>-424,300</b>	
52			
53	Legal	-25,000	Every Ward at its best funding removed (one off)
54			
55	<b>Leader</b>	<b>-25,000</b>	
56			
57			
58	<b>Deputy Leader and Finance</b>	<b>0</b>	
59			
60			
61	<b>Budget Total</b>	<b>-2,229,800</b>	

**Cabinet****26 February 2020**

<b>Title</b>	Capital Monitoring Report		
<b>Purpose of the report</b>	To note		
<b>Report Author</b>	Laurence Woolven (Chief Accountant)		
<b>Cabinet Member</b>	Councillor Tony Harman	<b>Confidential</b>	No
<b>Corporate Priority</b>	Financial Sustainability		
<b>Recommendations</b>	Cabinet to note the current level of spend.		
<b>Reason for Recommendation</b>	Not applicable		

**1. Expenditure to date and Estimated Outturn**

- 1.1 Attached as Appendix A & B is the actual spend to date on capital covering the period April to December 2019.
- 1.2 For the period ending December 2019, capital expenditure including commitments was £44.1m, with the projected outturn of £72.2m leading to an expected underspend of £30.2m.

**Councillor Brar - Housing**

- 1.3 No variance forecast

**Councillor Attewell – Community Wellbeing**

- 1.4 The Landlord guarantee scheme is currently expected to be £65k underspent this year.

**Councillor Barratt – Environment and Compliance**

- 1.5 The Air Quality scheme has been delayed and therefore the £24.5k budget will be requested to be carried forward to 2020/21.

### **Councillor H. Harvey – Investments, Management of Assets and Regeneration**

- 1.6 It is projected that this area could underspend by £29.8m, primarily as a result of slippage of some of the works on Thameside House, West Wing, Whitehouse Hostel, Ashford Hospital and the Leisure Centre.
- 1.7 The Acquisition of Assets scheme is currently forecast to be fully spent as the council continue to look for opportunities within the borough.

### **Councillor Rybinski – Economic Development, Customer Services, Estates and Transport**

- 1.8 This area is forecasting an underspend of £386k primarily due to the Corporate EDMS project not being completed this financial year, £295k will be requested to be carried forward to 2020/21, as well as the Sharepoint redesign budget (£90k).

## **2. Financial implications**

- 2.1 Any underspend on the approved Capital Programme enables the authority to invest the monies to gain additional investment income or can be used to fund additional schemes.

## **3. Timetable for implementation**

- 3.1 Bi monthly monitoring reports are prepared for Management team and incorporate revised actual figures.

**Background papers: None**

**Appendices: A&B**

## CAPITAL MONITORING REPORT AT 31 DECEMBER 2019

Portfolio Member	ORIGINAL BUDGET	CARRY FORWARDS	SUPPLEMENTARY ESTIMATE	REVISED BUDGET	ACTUALS YTD	COMMITMENTS	MANAGERS PROJECTED OUTTURN	MANAGERS PROJECTION TO REVISED BUDGET
Cllr Brar - Housing	84,200	-	-	84,200	5,000	-	84,200	-
Cllr Attewell - Community Wellbeing	-	65,000	-	65,000	-	-	-	(65,000)
Cllr Barratt - Environment & Compliance	273,100	216,700	-	489,800	166,856	195,905	575,300	(24,500)
Cllr H. Harvey - Investment, Management of Assets and Regen	77,255,200	16,745,900	6,978,300	100,979,400	30,035,798	13,266,337	71,216,950	(29,762,450)
Cllr Rybinski - Eco Dev, Customer Serv, Estates & Transport	438,000	249,000	-	687,000	128,436	38,294	301,000	(386,000)
	<b>78,050,500</b>	<b>17,276,600</b>	<b>6,978,300</b>	<b>102,305,400</b>	<b>30,336,090</b>	<b>13,500,536</b>	<b>72,177,450</b>	<b>(30,237,950)</b>

## CAPITAL MONITORING REPORT AT 31 DECEMBER 2019

Portfolio Member / Service Head	Cost Centre	Description	Original Budget	Carry Forwards	Supplementary Estimate	Revised Budget	Actuals YTD	Commit ments	Managers Projected Outturn	Managers Projection to Revised Budget	Comments
<b><u>Housing Investment Programme</u></b>											
<b><u>Cllr Brar - Housing</u></b>											
Deborah Ashman & K Sinclair	40203	Disabled Facilities Mandatory	770,000	-	61,303	831,303	454,361	375,639	831,303	-	
Deborah Ashman & K Sinclair	40204	Disabled Facilities Discretion	29,600	-	-	29,600	5,000	-	29,600	-	Expenditure expected in the latter part of the financial year
		Less Specified Capital Grant	(770,000)	-	(61,303)	(831,303)	(454,361)	(375,639)	(831,303)	-	
		<b>Net Cost of Disabled Facilities Grants</b>	<b>29,600</b>	<b>-</b>	<b>-</b>	<b>29,600</b>	<b>5,000</b>	<b>-</b>	<b>29,600</b>	<b>-</b>	
Deborah Ashman & K Sinclair	40209	Home Improvement Agency grant	81,000	-	-	81,000	-	-	81,000	-	Expenditure expected in the latter part of the financial year
		HIA Funding	(26,400)	-	-	(26,400)	-	-	(26,400)	-	
		<b>Total</b>	<b>54,600</b>	<b>-</b>	<b>-</b>	<b>54,600</b>	<b>-</b>	<b>-</b>	<b>54,600</b>	<b>-</b>	
<b>Total For HIP</b>			<b>84,200</b>	<b>-</b>	<b>-</b>	<b>84,200</b>	<b>5,000</b>	<b>-</b>	<b>84,200</b>	<b>-</b>	
<b><u>Other Capital Programme</u></b>											
<b><u>Cllr Attewell - Community Wellbeing</u></b>											
Sandy Muirhead	42015	Landlord Guarantee Scheme	-	65,000	-	65,000	-	-	-	(65,000)	The project is much dependent on module end at another Council and not expected to be completed by end of March 2020. Budget is requested to be carried forward into next financial year
		<b>Total</b>	<b>-</b>	<b>65,000</b>	<b>-</b>	<b>65,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(65,000)</b>	
<b><u>Cllr Barratt - Environment &amp; Compliance</u></b>											
Jackie Taylor	41025	Tennis Court Refurbishment	-	6,000	-	6,000	5,995	-	6,000	-	This project has now been completed. .
Jackie Taylor	41502	Refuse/Recycling Vehicles	129,000	-	-	129,000	-	-	129,000	-	Tenders have now been invited, order is expected to be placed by end of January 2020 and project is expected to be completed by end of this financial year
Jackie Taylor	41504	EV Pool Vehicles/Bikes	-	-	-	-	-	84,091	110,000	-	Funded through Planned projects Reserve
Jackie Taylor	41612	Recycling Bins	27,000	-	-	27,000	-	-	27,000	-	Bins will be ordered throughout the financial year depending on need as & when identified
Jackie Taylor	41614	CCTV Provision	37,100	-	-	37,100	-	-	37,100	-	Project is underway and expected to be completed by end of this financial year
Jackie Taylor	41620	Wheelie Bins	50,000	11,000	-	61,000	29,943	1,031	61,000	-	Bins will be ordered throughout the financial year depending on need as & when identified
Jackie Taylor	42027	Domestic Home Energy	30,000	-	-	30,000	8,556	5,670	30,000	-	Project is underway and expected to be completed by end of this financial year
Jackie Taylor	42043	Renewal of Toilet Facilities	-	55,200	-	55,200	59,686	0	59,700	4,500	This project has been completed and overspends are funded through other capital projects.
Jackie Taylor	41621	CCTV Enhancement	-	120,000	-	120,000	62,677	105,114	115,500	(4,500)	Project is underway but is currently stalled due to issues giving access to various buildings Station to install antenna, expected to be completed by end of this financial year
		<b>Total</b>	<b>273,100</b>	<b>192,200</b>	<b>-</b>	<b>465,300</b>	<b>166,856</b>	<b>195,905</b>	<b>575,300</b>	<b>-</b>	
Lee O'Neil	41314	Air Quality	-	24,500	-	24,500	-	-	-	(24,500)	The project has been delayed due to shortage of staff and other priorities relating to Heathrow expansion. The budget will be requested to be carried forward into 2020/21
		<b>Total</b>	<b>-</b>	<b>24,500</b>	<b>-</b>	<b>24,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(24,500)</b>	



## CAPITAL MONITORING REPORT AT 31 DECEMBER 2019

Portfolio Member / Service Head	Cost Centre	Description	Original Budget	Carry Forwards	Supplementary Estimate	Revised Budget	Actuals YTD	Commit ments	Managers Projected Outturn	Managers Projection to Revised Budget	Comments
<b><u>Cllr H. Harvey - Investments, Management of Assets and Regeneration</u></b>											
Heather Morgan	<a href="#">41015</a>	Runnymede Estates	55,600	-	-	55,600	-	-	55,600	-	Capitalised Planned Maintenance expenditure to be moved here at the end of the financial year
Heather Morgan	<a href="#">41024</a>	SpelthorneLeisurCenDevelopment	7,090,000	-	-	7,090,000	715,397	1,432,659	726,610	(6,363,390)	Site selection and public consultation strategy approved by Cabinet in Jan 20. Consultation to be undertaken in Feb/March 2020. Subject to Cabinet agreement to move forward with redevelopment and planning permission being granted, construction is currently anticipated to start Q1 2021 with completion currently anticipated Q4 2022.
Heather Morgan	<a href="#">41026</a>	Laleham Park Upgrade	-	-	248,300	248,300	6,128	-	25,000	(223,300)	Planning application has been submitted and is currently anticipated to go to planning committee April 2020. Demolition works currently anticipated to start April/May with project completion currently anticipated August 2020.
Heather Morgan	<a href="#">41622</a>	Affordable Housing Opportunity	-	343,200	-	343,200	-	450	-	(343,200)	Options will continue to be explored for potential residential acquisitions.
Heather Morgan	<a href="#">42010</a>	KG Car Park Improvements	-	44,000	-	44,000	(2,000)	-	-	(44,000)	Scope of works agreed. Unlikely that works will be completed within current financial year 2019/20. Cost to be provided once more clarity on tender and the programme of works known.
Heather Morgan	<a href="#">42017</a>	Memorial Gardens	-	-	-	-	2,256	-	2,260	2,260	Project complete.
Heather Morgan	<a href="#">42034</a>	Community Centre Projects	-	-	130,000	130,000	971	4,478	15,000	(115,000)	Subject to permission being granted at planning committee in Feb 2020, project completion is currently anticipated summer 2020. Once tender work is done, full programme of works and costing will be known.
Heather Morgan	<a href="#">41328</a>	Ashford MSCP Improvements	465,000	-	-	465,000	-	-	-	(465,000)	Early feasibility stage, and active discussions underway with key stakeholders.
Heather Morgan	<a href="#">42036</a>	Plot 12&13 Towpath Car Park	-	56,200	-	56,200	-	-	-	(56,200)	Initial project feasibility being carried out.
Heather Morgan	<a href="#">42039</a>	Bugle	-	50,000	-	50,000	2,300	46,935	47,000	(3,000)	Project complete. Awaiting final retention payment March 20.
Heather Morgan	<a href="#">42040</a>	82 Cranford Avenue	-	-	-	-	-	-	-	-	
Heather Morgan	<a href="#">42041</a>	Churchill	-	14,500	-	14,500	(50)	15,351	15,350	850	Project complete. Awaiting final retention payment.
Heather Morgan	<a href="#">42042</a>	Ceaser Court	10,123,100	-	-	10,123,100	1,885,518	8,550,485	8,476,510	(1,646,590)	Phase 1 of project now under construction and completion currently anticipated in November 2020. Phase 2 is under construction and anticipated to go to March 2020 planning committee. Subject to planning, completion currently anticipated Q3 2021.
Heather Morgan	<a href="#">42051</a>	Building Improvements	5,000,000	-	-	5,000,000	-	-	-	(5,000,000)	
Heather Morgan	<a href="#">42052</a>	Whitehouse	1,501,500	-	-	1,501,500	14,473	307,691	321,790	(1,179,710)	Delayed until allocated under local plan.
Heather Morgan	<a href="#">42054</a>	Thameside House	7,980,000	-	-	7,980,000	221,465	14,186	2,227,470	(5,752,530)	Submission of planning application imminent. Subject to planning permission being granted, it is currently anticipated that construction would start Q3 2020 with project completion currently anticipated Q3 2022.
Heather Morgan	<a href="#">42055</a>	West Wing	5,040,000	-	-	5,040,000	1,138,992	398,957	3,153,110	(1,886,890)	Construction underway and project completion currently anticipated Q4 2020.
Heather Morgan	<a href="#">42056</a>	Whitehouse Hostel	-	-	4,000,000	4,000,000	139,513	125,999	1,605,390	(2,394,610)	Planning permission obtained Sept 2019. Construction to start Q1 2020 with project completion currently anticipated March 2021.
Heather Morgan	<a href="#">42057</a>	Ashford Hospital	-	16,238,000	-	16,238,000	775,591	551,918	2,189,730	(14,048,270)	Application submitted (anticipate March planning committee). Subject to planning permission demolition works to start Q1 2020. Soft strip works started early Jan 2020. Construction anticipated to start Q3 2020 with completion currently anticipated Q2 2022.
Heather Morgan	<a href="#">42058</a>	Waterfront	-	-	-	-	17,460	80,040	97,500	97,500	Tender process for JV partner started end July 2019. Cabinet currently anticipated to approve preferred partner in May 2020.
Heather Morgan	<a href="#">42059</a>	Northumberland Close	-	-	-	-	254,502	7,626	254,500	254,500	Planning refused. Reconsidering option extension.
Heather Morgan	<a href="#">42060</a>	Oast House	-	-	-	-	10,802,675	1,659,818	11,000,000	11,000,000	Acquisition complete. Designing & feasibility stage underway. Some enabling works to the Oast House listed building currently anticipated to start in Q2 2020.
Heather Morgan	<a href="#">42061</a>	Laleham Park Pavilion Redev.	-	-	-	-	3,920	955	-	-	Duplicate code, this will come under 41026.
Heather Morgan	<a href="#">42062</a>	Harper House Redevelopment	-	-	2,600,000	2,600,000	-	-	894,130	(1,705,870)	Planning permission granted October 2019 and families decanted. Demolition started January 2020. Project ongoing with completion currently anticipated March 2021.

## CAPITAL MONITORING REPORT AT 31 DECEMBER 2019

Portfolio Member / Service Head	Cost Centre	Description	Original Budget	Carry Forwards	Supplementary Estimate	Revised Budget	Actuals YTD	Commit ments	Managers Projected Outturn	Managers Projection to Revised Budget	Comments
Heather Morgan	<a href="#">41619</a>	Small Scale Area Regeneration	-	-	-	-	108,291	1,397	110,000	110,000	Project complete, final invoice to be paid to Runnymede for their support delivering the project.
Heather Morgan	<a href="#">42038</a>	Acquisition of Assets	40,000,000	-	-	40,000,000	13,948,396	67,392	40,000,000	-	
<b>Total</b>			<b>77,255,200</b>	<b>16,745,900</b>	<b>6,978,300</b>	<b>100,979,400</b>	<b>30,035,798</b>	<b>13,266,337</b>	<b>71,216,950</b>	<b>(29,762,450)</b>	
<b>CLlr Rybinski - Economic Dev, Customer Serv, Estates &amp; Transport</b>											
Alistair Corkish	<a href="#">43003</a>	New Software	20,000	-	-	20,000	7,104	9,860	16,500	(3,500)	Expenditure on various software enhancements throughout the financial year.
Alistair Corkish	<a href="#">43606</a>	Replacement Data Cabinets	12,000	-	-	12,000	10,925	-	11,000	(1,000)	The project is expected to be completed in this financial year
Alistair Corkish	<a href="#">43608</a>	Other Hardware	40,000	-	-	40,000	43,417	-	43,500	3,500	Expenditure on various hardware enhancements throughout the financial year
Alistair Corkish	<a href="#">43611</a>	Mobiles and Tablets	10,000	-	-	10,000	14,147	-	16,000	6,000	Expenditure expected later during this financial year
Alistair Corkish	<a href="#">43619</a>	Members Electronic Devices	41,000	-	-	41,000	34,950	-	35,000	(6,000)	Project is in progress and further expenditure expected later during this financial year
Alistair Corkish	<a href="#">43625</a>	Customer Portal	-	10,000	-	10,000	-	-	10,000	-	Part of Telephony project, please see below.
Alistair Corkish	<a href="#">43626</a>	Customer Services Contact Cent	-	40,000	-	40,000	-	-	40,000	-	Part of Telephony project. Various quotes have been invited which will be looked at and the decision will be taken based on specific requirements. There may be overspend against the project for which supplementary estimates will be requested.
Alistair Corkish	<a href="#">43628</a>	Reception Terminals	10,000	-	-	10,000	1,643	-	10,000	-	This is part of Lima project which is expected to start later in the year and expected to be completed by end of this financial year
Alistair Corkish	<a href="#">43629</a>	Sharepoint Upgrade	-	35,000	-	35,000	-	-	35,000	-	Part of Telephony project, please see above.
Alistair Corkish	<a href="#">43630</a>	SQL Server	-	-	-	-	-	-	-	-	Creditors for previous year has now been cleared
<b>Total</b>			<b>133,000</b>	<b>85,000</b>	<b>-</b>	<b>218,000</b>	<b>112,186</b>	<b>9,860</b>	<b>217,000</b>	<b>(1,000)</b>	
Sandy Muirhead	<a href="#">42008</a>	Project Lima	-	69,000	-	69,000	10,996	28,434	69,000	-	This project has been completed, however some retention payments are still outstanding
Sandy Muirhead	<a href="#">43511</a>	ScannersCorporateEDMS Roll out	-	5,000	-	5,000	2,759	-	5,000	-	Further backscanning equipment is also required for Human Resources.
Sandy Muirhead	<a href="#">43512</a>	Sharepoint redesign & Relaunch	-	90,000	-	90,000	-	-	-	(90,000)	This project is under review and will be integrated with other ICT projects. Budget will be requested to be carried forward into next financial year
Sandy Muirhead	<a href="#">43515</a>	Corporate EDMS Project	305,000	-	-	305,000	2,495	-	10,000	(295,000)	This is part of office 365 and currently the full analysis is being undertaken to find out Licence requirements & software set up. The project is not expected to be completed by end of the financial year and the balance of the budget will be requested to be carried forward into next financial year.
<b>Total</b>			<b>305,000</b>	<b>164,000</b>	<b>-</b>	<b>469,000</b>	<b>16,250</b>	<b>28,434</b>	<b>84,000</b>	<b>(385,000)</b>	
<b>Total For Other</b>			<b>77,966,300</b>	<b>17,276,600</b>	<b>6,978,300</b>	<b>102,221,200</b>	<b>30,331,090</b>	<b>13,500,536</b>	<b>72,093,250</b>	<b>(30,237,950) #</b>	
Total Expenditure			78,846,900	17,276,600	7,039,603	103,163,103	30,790,451	13,876,175	73,035,153	(30,237,950)	
Total Funding			(796,400)	-	(61,303)	(857,703)	(454,361)	(375,639)	(857,703)	-	
<b>GRAND TOTAL</b>			<b>78,050,500</b>	<b>17,276,600</b>	<b>6,978,300</b>	<b>102,305,400</b>	<b>30,336,090</b>	<b>13,500,536</b>	<b>72,177,450</b>	<b>(30,237,950)</b>	

**Cabinet****26 February 2020**

<b>Title</b>	Revenue Monitoring Report		
<b>Purpose of the report</b>	To note		
<b>Report Author</b>	Laurence Woolven (Chief Accountant)		
<b>Cabinet Member</b>	Councillor Tony Harman	<b>Confidential</b>	No
<b>Corporate Priority</b>	Financial Sustainability		
<b>Recommendations</b>	To note the current level of spend		
<b>Reason for Recommendation</b>	Not applicable		

**1. Key issues**

1.1 This report provides a summary of the forecast outturn position for the 2019-20 financial year, based on income and expenditure up to the end of December 2019.

1.2 The forecast outturn below shows a positive variance of £4.083m.

	Revised Budget £'000	Forecast Outturn £'000	Variance £'000
Service level Expenditure	65,992	64,974	(1,018)
Housing Benefit Income	(32,021)	(31,971)	50
Service level Income	(11,013)	(11,912)	(899)
Salary budget saving ( <i>actual vacancy savings are reflected in services expenditure outturn</i> )	(300)	-	300
Net Acquisition Income	(10,144)	(10,219)	(75)
Property Development costs	2,441	-	(2,441)
Other Adjustments	(540)	(540)	-
External Financing	(4,736)	(4,736)	-
Revenue Carry forward	(1,626)	(1,626)	-
Council Tax Income	(8,053)	(8,053)	-
Net	-	(4,083)	(4,083)

## 2. Options analysis and proposal

2.1 The following highlights variances greater than 5% or £5k of the spend area.

### Leader

<b>Spend Area</b>	<b>Variance £'000</b>	<b>Comment</b>
Democratic Representation & Management	(35)	Minor saving expected provided there is no by election
Elections	(7)	Minor saving expected provided there is no by election
Legal	(10)	Increased court income
<b>Total</b>	<b>(52)</b>	

### Deputy Leader and Finance

<b>Spend Area</b>	<b>Variance £'000</b>	<b>Comment</b>
Corporate Publicity	(8)	Underspend expected due to vacant post and higher recharges for shared services
<b>Total</b>	<b>(8)</b>	

### Corporate Management

<b>Spend Area</b>	<b>Variance £'000</b>	<b>Comment</b>
Corporate Management	(175)	Retention allowance payments lower than anticipated
Emergency Planning	14	Prior year payment made in this year
<b>Total</b>	<b>(161)</b>	

## Planning

<b>Spend Area</b>	<b>Variance £'000</b>	<b>Comment</b>
Planning Policy	(30)	Government Grant
Planning Development Control	(272)	Planning performance agreement and an increase in pre-application advice
Building Control	(25)	Increased activity
<b>Total</b>	<b>(327)</b>	

## Environment & Compliance

<b>Spend Area</b>	<b>Variance £'000</b>	<b>Comment</b>
DS Management & Support	10	Long term sickness covered by temporary agency staff
Refuse Collection	(7)	Slightly higher income than budgeted
Street Cleaning	(30)	Savings due to vacant posts
Waste Recycling	(18)	Higher income than budgeted due to more activity in school recycling
Public Conveniences	(8)	Saving on business rates
Parks Strategy	(9)	Higher filming rights income
Grounds Maintenance	(15)	Additional income due to more activity
Car Parks	(62)	Higher income from increased usage of major car parks expected, plus refund from 17/18 overpayment
Environmental Health Admin	(7)	Additional income relating to enforcement notices
Rodent and Pest Control	(11)	No external contract cost payments this year
Licensing	77	Reduction on HMO Licensing, cyclical
	8	
<b>Total</b>	<b>(72)</b>	

## Community Well Being

Spend Area	Variance £'000	Comment
SPAN	(11)	Additional income received
Com Care Admin	(30)	Saving due to senior vacancy early in the year, plus additional funding received
Day Centres	(104)	Vacancy savings and additional income due to prior year reimbursement
Meals on Wheels	(65)	Vacancy savings and additional income due to prior year reimbursement
Leisure Centre	(8)	Additional income received
Resource Centre	(12)	Reduced staff costs
<b>Total</b>	<b>(230)</b>	

## Housing

Spend Area	Variance £'000	Comment
Homelessness	(44)	Lower than expected B&B expenditure, largely due to the impact of the Rent Guarantee Scheme, offset by additional grant received (planned use of prior years grant now not required)
Housing Benefit Admin	(40)	Salary vacancies and additional grant
Housing Benefit Payments	(155)	Over payments raised higher than budget
<b>Total</b>	<b>(239)</b>	

## Economic Development, Customer Services, Estates and Transport

Spend Area	Variance £'000	Comment
ICT	(40)	Underspend expected due to vacant posts
Economic Development	(682)	Slippage of the ring-fenced Economic Development pot, schemes are currently being investigated for use of these funds, this underspend will require a carry forward

Staines-upon-Thames Programme	(190)	Project underspend will be required to be carried forward
<b>Total</b>	<b>(912)</b>	

### Investments, Management of Assets and Regeneration

Spend Area	Variance £'000	Comment
Facilities Management	(45)	Underspend on office moves expected
Asset Management	239	Expenditure on development projects partially offset by vacant posts and a Business Rates refund
General Property Expenses	(38)	Reduced spend on leases/contracts and additional income from wayleaves/easements
<b>Total</b>	<b>156</b>	

### 2.2 Asset Acquisitions

The table below shows the latest monitoring position for the acquired assets, the net income is used to meet additional expenditure resulting from reduced government grant, Surrey County Council funding and other pressures.

	Revised Budget £'000	Forecast Outturn £'000	Variance £'000
<b>Rental Income</b>	(50,629)	(51,149)	(520)
<b>Loan Interest Payable</b>	23,028	23,082	54
<b>Minimum Revenue Provision</b>	11,052	11,052	0
<b>Sinking Funds</b>	6,405	6,796	391
<b>Set Aside for specific revenue purposes</b>	555	630	75
<b>Net Income (used to fund Revenue budget)</b>	<b>(9,589)</b>	<b>(9,589)</b>	<b>0</b>

- 2.3 It can be seen above that the Council places a significant amount of the income earned into sinking funds to cover future changes in circumstance, such as capital refurbishments or rent free periods. The sinking funds will be built up over a number of years in anticipation of when required. The sinking fund positions for the various acquisitions are as follows:

	<b>Balance 31/03/19 £'000</b>	<b>Movements 2019/20 £'000</b>	<b>Balance 31/03/20 £'000</b>
<b>BP Main Site</b>	3,190	500	3,690
<b>BP SW Corner</b>	655	150	805
<b>Elmbrook House</b>	223	50	273
<b>12 Hammersmith Grove</b>	2,208	900	3,108
<b>Stockley Park</b>	450	100	550
<b>World Business Centre 4</b>	0	200	200
<b>Communications House</b>	536	500	1,036
<b>Thames Tower</b>	1,121	840	1,961
<b>Charter Building</b>	1,543	2,480	4,023
<b>Porter Building</b>	677	685	1,362
<b>Summit Centre</b>	0	391	391
<b>Total</b>	<b>10,603</b>	<b>6,796</b>	<b>17,399</b>

#### 2.4 **Property Development Costs**

The council has been working with its treasury advisors (Arlingclose) to consider borrowing options for these projects in order to take advantage of interest rates and other opportunities.

The forecast underspend of £2.4m on this line is due to the Council's amended policy of capitalising the initial borrowing and interest costs and only making MRP payments once the schemes are complete.

This approach is in line with proper guidance and regulations and has also resulted in a positive impact on the revenue budget in future years.

### 3. **Financial implications**

- 3.1 Financial implications are as set out within the report and appendices.

### 4. **Other considerations**

- 4.1 There are none

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

- 5.1 Bi – monthly reports are produced for Management team



**Background papers: None**

**Appendices:**

**A and B**

This page is intentionally left blank

# APPENDIX A

## 2019/20 Net Revenue Budget Monitoring As at end of 31 DECEMBER 2019

	19/20	19/20	19/20	19/20
	Budget		Forecast	Variance
	Original	Revised	Outturn	to Revised
	£	£	£	£
Gross Expenditure	63,666,200	65,992,300	64,974,380	(1,017,920)
Less Housing Benefit grant	(32,021,000)	(32,021,000)	(31,971,000)	50,000
Less Specific fees and charges income	(10,313,000)	(11,013,000)	(11,911,860)	(898,860)
<b>Net Expenditure - broken down as below</b>	<b>21,332,200</b>	<b>22,958,300</b>	<b>21,091,520</b>	<b>(1,866,780)</b>
Leader of the Council	1,622,800	1,671,400	1,611,090	(60,310)
Deputy Leader and Finance	3,192,400	3,192,400	3,190,300	(2,100)
Corporate Management	936,600	966,600	797,400	(169,200)
Planning	1,012,100	1,012,100	680,540	(331,560)
Environment and Compliance	5,524,000	5,748,800	5,673,300	(75,500)
Community Wellbeing	585,800	614,700	379,350	(235,350)
Housing	1,911,400	1,941,400	1,697,900	(243,500)
Economic Dev, Customer Ser, Estates & Transport	3,323,600	4,322,100	3,415,810	(906,290)
Investment Portfolio, Management and Regeneration	3,223,500	3,488,800	3,645,830	157,030
<b>NET EXPENDITURE AT SERVICE LEVEL</b>	<b>21,332,200</b>	<b>22,958,300</b>	<b>21,091,520</b>	<b>(1,866,780)</b>
Salary expenditure - vacancy monitoring	(300,000)	(300,000)	-	300,000
<b>NET EXPENDITURE</b>	<b>21,032,200</b>	<b>22,658,300</b>	<b>21,091,520</b>	<b>(1,566,780)</b>
<b>NET EXPENDITURE</b>	<b>21,032,200</b>	<b>22,658,300</b>	<b>21,091,520</b>	<b>(1,566,780)</b>
Asset Acquisition Income	(50,629,100)	(50,629,100)	(51,149,100)	(520,000)
Debt Interest Payable	23,028,200	23,028,200	23,082,500	54,300
Minimum Revenue Provision	11,051,700	11,051,700	11,051,700	-
Refurbishments Reserve Contributions	6,405,000	6,405,000	6,795,700	390,700
Housing Development Project revenue impact	2,441,400	2,441,400	-	(2,441,400)
Interest earnings	(1,290,000)	(1,290,000)	(1,290,000)	-
Revenue Contributions to Capital Outlay	750,000	750,000	750,000	-
<b>BUDGET REQUIREMENT</b>	<b>12,789,400</b>	<b>14,415,500</b>	<b>10,332,320</b>	<b>(4,083,180)</b>
Baseline NNDR Funding	(3,000,000)	(3,000,000)	(3,000,000)	-
Non Ring-fenced Grants	(981,400)	(981,400)	(981,400)	-
New Homes Bonus	(754,600)	(754,600)	(754,600)	-
<b>NET BUDGET REQUIREMENT</b>	<b>8,053,400</b>	<b>9,679,500</b>	<b>5,596,320</b>	<b>(4,083,180)</b>
2017/18 Revenue carry forward	0	(1,626,100)	(1,626,100)	-
Collection Fund Surplus/(deficit)	(19,000)	(19,000)	(19,000)	-
Income from Council Tax	(8,034,400)	(8,034,400)	(8,034,400)	-
<b>Net Position</b>	<b>-</b>	<b>-</b>	<b>(4,083,180)</b>	<b>(4,083,180)</b>

<b>Appendix B</b>				
<b>REVENUE MONITORING 2019/20</b>				
<b>EXPENDITURE AND INCOME SUMMARY 31 DECEMBER 2019</b>				
<b>Results to 31-Dec-19</b>	<b>Budget</b>		<b>Forecast</b>	<b>Variance</b>
	<b>Original</b>	<b>Revised</b>	<b>Outturn</b>	<b>to Revised</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Leader of the Council</b>				
Employees	970,700	1,019,300	1,084,390	65,090
Other Expenditure	835,600	835,600	769,400	(66,200)
Income	(183,500)	(183,500)	(242,700)	(59,200)
	<b>1,622,800</b>	<b>1,671,400</b>	<b>1,611,090</b>	<b>(60,310)</b>
<b>Deputy Leader and Finance</b>				
Employees	2,712,200	2,712,200	2,713,000	800
Other Expenditure	485,200	485,200	484,400	(800)
Income	(5,000)	(5,000)	(7,100)	(2,100)
	<b>3,192,400</b>	<b>3,192,400</b>	<b>3,190,300</b>	<b>(2,100)</b>
<b>Corporate Management</b>				
Employees	671,500	671,500	491,100	(180,400)
Other Expenditure	266,100	296,100	362,600	66,500
Income	(1,000)	(1,000)	(56,300)	(55,300)
	<b>936,600</b>	<b>966,600</b>	<b>797,400</b>	<b>(169,200)</b>
<b>Planning</b>				
Employees	1,636,400	1,636,400	1,614,160	(22,240)
Other Expenditure	276,900	276,900	267,730	(9,170)
Income	(901,200)	(901,200)	(1,201,350)	(300,150)
	<b>1,012,100</b>	<b>1,012,100</b>	<b>680,540</b>	<b>(331,560)</b>
<b>Environment and Compliance</b>				
Employees	5,930,900	5,930,900	5,907,400	(23,500)
Other Expenditure	3,822,300	4,047,100	4,205,300	158,200
Income	(4,229,200)	(4,229,200)	(4,439,400)	(210,200)
	<b>5,524,000</b>	<b>5,748,800</b>	<b>5,673,300</b>	<b>(75,500)</b>
<b>Community Wellbeing</b>				
Employees	1,958,700	1,958,700	1,896,000	(62,700)
Other Expenditure	705,400	709,800	767,000	57,200
Income	(2,078,300)	(2,053,800)	(2,283,650)	(229,850)
	<b>585,800</b>	<b>614,700</b>	<b>379,350</b>	<b>(235,350)</b>
<b>Housing</b>				
Employees	1,776,300	1,776,300	1,776,500	200
Other Expenditure	34,251,200	34,981,200	34,687,600	(293,600)
Housing Benefit grant income	(32,021,000)	(32,021,000)	(31,971,000)	50,000
Income	(2,095,100)	(2,795,100)	(2,795,200)	(100)
	<b>1,911,400</b>	<b>1,941,400</b>	<b>1,697,900</b>	<b>(243,500)</b>
<b>Economic Dev, Customer Services, Estates &amp; Transport</b>				
Employees	2,284,300	2,294,300	2,160,160	(134,140)
Other Expenditure	1,350,800	2,339,300	1,569,050	(770,250)
Income	(311,500)	(311,500)	(313,400)	(1,900)
	<b>3,323,600</b>	<b>4,322,100</b>	<b>3,415,810</b>	<b>(906,290)</b>
<b>Investment Portfolio, Management and Regeneration</b>				
Employees	780,800	780,800	639,340	(141,460)
Other Expenditure	2,950,900	3,240,700	3,579,250	338,550
Income	(508,200)	(532,700)	(572,760)	(40,060)
	<b>3,223,500</b>	<b>3,488,800</b>	<b>3,645,830</b>	<b>157,030</b>
<b>NET EXPENDITURE AT SERVICE LEVEL</b>	<b>21,332,200</b>	<b>22,958,300</b>	<b>21,091,520</b>	<b>(1,866,780)</b>

REVENUE MONITORING 2019/20				
EXPENDITURE AND INCOME SUMMARY 31 DECEMBER 2019				
	Budget		Forecast	Variance
<b>Results to</b>	Original	Revised	Outturn	to Revised
<b>31-Dec-19</b>	£	£	£	£
Total Employees	18,721,800	18,780,400	18,282,050	(498,350)
Total Other Expenditure	44,944,400	47,211,900	46,692,330	(519,570)
Housing Benefit grant income	(32,021,000)	(32,021,000)	(31,971,000)	50,000
Total Income	(10,313,000)	(11,013,000)	(11,911,860)	(898,860)
	21,332,200	22,958,300	21,091,520	(1,866,780)
<b>Total Expenditure</b>	<b>63,666,200</b>	<b>65,992,300</b>	<b>64,974,380</b>	<b>(1,017,920)</b>
<b>Total Income</b>	<b>(42,334,000)</b>	<b>(43,034,000)</b>	<b>(43,882,860)</b>	<b>(848,860)</b>
<b>Net</b>	<b>21,332,200</b>	<b>22,958,300</b>	<b>21,091,520</b>	<b>(1,866,780)</b>

This page is intentionally left blank

**Cabinet****26 February 2020**

<b>Title</b>	Food and Health and Safety Service Plans for 2020/21		
<b>Purpose of the report</b>	To make a decision		
<b>Report Author</b>	Tracey Willmott-French & Fidelma Bahoshy		
<b>Cabinet Member</b>	Councillor Richard Barratt	<b>Confidential</b>	No
<b>Corporate Priority</b>	Clean and Safe Environment		
<b>Recommendations</b>	Cabinet is asked to adopt the proposed service plans for 2020/21		
<b>Reason for Recommendation</b>	Local Authorities are required to produce and adopt annual service plans for their food safety and health and safety enforcement services (section 2.3 of this report refers).		

**1. Key issues**

- 1.1 Local Authorities are required by the Food Standards Agency (FSA) and the Health and Safety Executive (HSE) to produce annual service plans for their food safety and health and safety services. Each service plan must outline the aims and objectives for the year ahead and evaluate the achievements of the past year.
- 1.2 This report briefly outlines the main achievements of the Environmental Health Commercial Team who is responsible for enacting the plans and the objectives. The report also outlines the main objectives for the coming year.
- 1.3 Food Safety Service Plan - in 2018/19 the team continued to focus their resources on the highest risk food businesses. They carried out 423 food hygiene interventions, sent 298 written warnings, served 29 hygiene improvement notices, took one successful prosecution for food hygiene offences and investigated 82 complaints.
- 1.4 The team has also continued to participate in the national Food Hygiene Rating Scheme (FHRS), with 93% of the eligible businesses having ratings of three or above. We continue to target those businesses who are below this standard though revisits and where appropriate taking further legal action against them.
- 1.5 Health and Safety in the Work Place Service Plan - in 2018/19, 26 interventions were carried out in businesses where local or national intelligence indicated a health and safety intervention was appropriate. In addition, one health and safety improvement notice was served.
- 1.6 Customer Satisfaction – questionnaires were sent out to at least 95% of food businesses following an inspection and positive feedback was received.

- 1.7 The main objectives for the Food Safety Service Plan 2020/2021 are outlined on page 3 of the plan and include a target of inspecting at least 95% of higher risk food businesses, the promotion of the FHRS and to respond to a minimum of 95% of services requests within six days.
- 1.8 The main objectives for the Health and Safety Service Plan 2020/2021 are outlined on page 3 of the plan and include a target of 100% of all Category A inspections, to respond to at least 95% of service requests and accidents within six days and to participate in selected national/regional projects.
- 1.9 The team managed to fill its vacant post in September 2019. Prior to this the team has had a vacant post since August 2017 (0.5 from August 2017 to March 2018 and a full-time post from February 2018 to September 2019). Overall this has impacted on the ability of the team to deliver all aspects of the service plan, however, the team has ensured priority is given to high risk premises, and complaints and notifications have been attended to.
- 1.10 The recruitment and retention of competent officers as defined by the Food Law Code of Practice remains a concern.

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

- 2.1 The preferred option is to adopt the proposed service plans for 2020/21, to come into effect on 1 April 2020.
- 2.2 There is also an option for Members to amend the proposed service plans.
- 2.3 There is an option for Members not to adopt the proposed service plans. This would mean the Council would not be following either the Food Standards Agency's "Framework Agreement on Local Authority Food Law Enforcement" or the Health and Safety Executive's Guidance, as this requires local authorities to have food and health and safety service plans and recommends that the plans relate specifically to food and health and safety enforcement. If these service plans are not adopted, the likelihood of the FSA or HSE auditing us would increase.

## **3. Financial implications**

- 3.1 The proposed service plans will be delivered within the proposed budget for 2020/21. The financial implications have been discussed with the relevant finance staff.

## **4. Other considerations**

- 4.1 Under the Food Standards Act 1999 and the Health and Safety at Work etc. Act 1974, the Food Standards Agency and Health and Safety Executive have powers to audit respectively any local authority's food and health and safety enforcement services. In exceptional cases, the FSA and the HSE have the powers to take over the duties of persistently under-performing councils.

## **5. Timetable for implementation**

- 5.1 If the service plans are approved they shall come into effect on 1 April 2020.

**Background papers: none**

### **Appendices:**

Appendix 1 - Food Service Plan 2020/2021

Appendix 2 - Health and Safety Service Plan 2020/2021



# **Spelthorne Borough Council**

## **Food Safety Service Plan**

**2020 - 2021**

## Contents

1. Service Aims and Objectives.....	3
2. Background.....	4
3. Service Delivery.....	8
4. Resources.....	14
5. Quality Assessment.....	15
6. Review.....	17

## Foreword

This Service Plan has been produced in response to the Food Standard Agency's Framework Agreement on Food Law Enforcement which sets out how the plan should be structured and what the plan should contain.

The Plan explains how we will protect and promote food safety throughout the Borough by a combination of measures which include the enforcement of food safety law, sampling, advice and education and liaising with other organisations. The mix of enforcement includes aspects that are demand driven, inspection driven, education driven and intelligence driven. Our activities and procedures take account of the Food Law Code of Practice and its supporting document the Food Law Practice Guidance (England). In addition our officers take account of the Food Hygiene Rating Scheme – Brand Standard.

The Plan is approved by Elected Members to ensure transparency and accountability and is published on the Council website.

The Plan is reviewed annually.

## 1. Service Aims and Objectives

### 1.1 Aims

- 1.1.1 The aim of the food safety service is to protect health by assuring the production, preparation, storage, distribution and supply of food by businesses within Spelthorne is safe.
- 1.1.2 We aim to provide a comprehensive food safety service to consumers and the operators of food businesses and achieve a good balance between providing advice, information, training and where necessary enforcement.
- 1.2 The following objectives have been identified for 2020/21:

	Objective
1.	To achieve at least 95% of higher risk food hygiene inspections/interventions in accordance with the frequencies set out in the Food Law Code of Practice.
2.	To promote the Food Standards Agency (FSA) national Food Hygiene Rating Scheme (FHRS), including publicising on the Council's Facebook and Twitter accounts those business receiving a 5 rating.
3.	To achieve a 92% ratio of food businesses with a food hygiene ratio of 3 – 5 compared to those scoring 0 – 2.
4.	To actively work with our lower rated businesses to improve their standards and achieve a maximum 4% of food business with a food hygiene rating of 0 – 1. Where necessary we will take appropriate enforcement action in line with our Enforcement Policy.
5.	To implement the Action Plan for E rated businesses as agreed by the Food Standards Agency.
6.	To ensure all authorised officers are competent as per the requirements of the Competency Assessment Framework as set down in the Food Law Code of Practice for all officers undertaking official food controls.
7.	To respond to a minimum of 95% of food safety service requests within six days.
8.	To run at least one Level 2 CIEH Foundation Certificate in Food Safety for food business.
9.	To actively promote the "Eat Out Eat Well" award.
10.	To participate in national and local sampling projects as appropriate.
11.	The FSA has identified food allergens and hypersensitivity as a priority for 2020/2021. During our routine inspections we will signpost businesses to the free material available from the FSA and we will participate in any campaigns run by the FSA, as appropriate.

### 1.3 Links to corporate objectives and plans

The Council's Corporate Plan 2016 – 2019 has four key priorities for Spelthorne:

- Housing
- Economic Development
- Clean and Safe Environment
- Financial Sustainability

The Corporate Plan is currently under review and we await the outcome of this.

1.3.1 The Food Safety Service Plan is key in achieving a “Clean and Safe Environment” and contributes to ensuring sustainable “Economic Development”. An effective food safety team contributes to these priorities by protecting the health of its residents and visitors through the provision of safe food, the prevention and detection of food borne illness and food poisoning and by ensuring that good businesses are not disadvantaged by non-compliant traders.

1.3.2 This Plan also incorporates the five values of the Council; these are Accountability, Self-Reliance, Community, Opportunity and Tradition.

## **2. Background**

### **2.1 Profile**

2.1.1 Spelthorne is located in the far North corner of Surrey. Boroughs adjacent to us are Runnymede and Elmbridge to the south in Surrey, Windsor and Maidenhead and Slough to the west in Berkshire, and Hillingdon, Hounslow and Richmond upon Thames to the north and east in Greater London.

2.1.2 Spelthorne's population is approximately 95,600, based on figures from the 2011 census. The main centres of population are the towns of Staines-upon-Thames, Ashford, Sunbury-on-Thames, Shepperton and Stanwell.

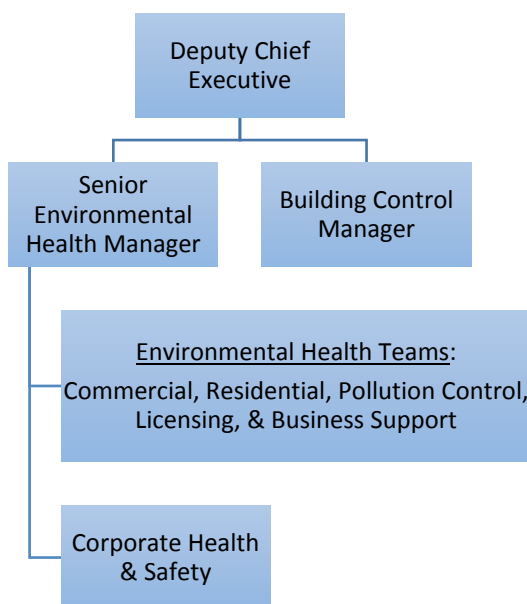
### **2.2 Organisational Structure**

2.2.1 The organisational structure of the Council comprises of the 39 elected members and a Chief Executive who is supported by two deputies. The food safety service forms part of the Environmental Health Department. The food team is headed by the Principal Environmental Health Officer (Commercial) who reports to the Senior Environmental Health Manager (SEHM). The SEHM reports directly to the Deputy Chief Executive.

2.2.2 The food safety service is provided by the Commercial Team who also provide a health and safety enforcement service including smoke-free

legislation; and process, monitor and enforce various licensing/registration regimes, such as all animal licensing and beauty treatments in relevant premises.

2.2.3 The structure is as follows:



## 2.3 Scope of the Food Service

2.3.1 The Council provides a comprehensive service to food consumers and food businesses in Spelthorne. We have the main responsibility for enforcing the provisions of the Food Safety Act 1990, the Food Safety and Hygiene (England) Regulations 2013 and associated European Community regulations made under the European Communities Act 1972 in all food premises located within the Borough.

2.3.2 As a designated Food Authority we are responsible for a full range of duties including:

- food hygiene inspections;
- participation in the national Food Hygiene Rating Scheme to enable consumers to make informed choices about the places where they eat out or shop for food;
- the investigation of complaints and service requests relating to food safety matters;
- responding to food safety incidents;
- the provision of advice to businesses and the public on food safety matters;
- sampling of foodstuffs for microbiological and where necessary chemical examination; and analysis of food handling environments through surface swabs;
- controls of imported and exported foods;

- the investigation of notifications and outbreaks of food poisoning and gastrointestinal infection to control and prevent further cases from source of disease, identify source and prevent spread from primary case;
- provision of food hygiene training courses for food handlers, and food safety advice to managers and proprietors of food businesses;
- the implementation of the Commercial Team's Health Promotion initiatives, e.g. "Eat Out, Eat Well" Award Scheme which is promoted during inspections and via the Spelthorne website; and,
- the maintenance the database of food premises in the Borough and ensuring that the information is accurate and up to date.

2.3.3 Enforcement of food standards and animal feedstuff legislation is the responsibility of Surrey County Council Trading Standards Department and is outside the scope of the service.

2.3.4 Spelthorne is signed up to a Memorandum of Understanding in relation to food and feed imported through London Heathrow Airport. This MoU is managed by the FSA and is due for review in November 2019. The purpose of the MoU is to set out in writing the arrangements that have been agreed to establish Hillingdon as the single designated local authority responsible for carrying out all appropriate safety checks at Heathrow Airport on imported food at Internal Temporary Storage Facilities. External Temporary Storage Facilities remain our responsibility.

## 2.4 Demands of the Food Service

2.4.1 The majority of food premises in our area are predominantly small to medium sized catering or retail businesses.

2.4.2 The premises profile is outlined below. Please note that this is a snapshot in time and changes regularly as new businesses open and others close.

<b>Type of Premises</b>	<b>1 April 2019</b>	<b>15 Nov 2019</b>
Primary Producers	0	1
Manufacturers & Packers	2	2
Importers/exporters	1	4
Distributors/Transporters	16	16
Retailers	174	169
Restaurants/Caterers	610	591
<b>Total</b>	<b>803</b>	<b>783</b>

#### 2.4.3 Number of Establishment in Each Rating

Rating	Restaurants/Caterers	Retailers	Distributors/transporters
5	321	55	3
4	109	32	1
3	36	14	2
2	14	2	0
1	13	13	0
0	0	0	0
Awaiting visit	9	1	1
Not included	89	49	9

The above table does not include manufacturers, packers, importers and exporters as they are not included in the food hygiene rating scheme as they do not usually sell directly to the final consumer.

#### 2.4.4 In addition there are:

- Two markets – one in Kempton Park every Thursday and one on Staines High Street on Wednesdays, Fridays and Saturdays. There is a farmer's market once a month in Staines-upon-Thames.
- One approved premises (an inflight caterer) and as of 15 November 2019 we have a biltong manufacturer with conditional approval. There is also one large cereal producer.
- There are also a number of events held within the borough during the year including Staines-upon-Thames Day, Shepperton Big Tree Night, Sunbury Amateur Regatta and Shepperton Village Fair.

2.4.5 It is unclear what impacts there will be on the service when the UK leaves the European Union, particularly considering our proximity to Heathrow Airport and the presence of storage facilities within the borough. We will take the actions required of us when further information about the type of withdrawal becomes available.

#### 2.4.6 The service can be accessed by: -

- Calling in person to the Spelthorne Borough Council, Knowle Green, Staines upon-Thames, TW18 1XB. The Offices are open from 9am to 5pm Mondays to Thursdays and 9am to 4.45pm on Fridays. The office is closed in the evenings and at weekends.
- Telephoning the support staff (01784 446291). The Business Support Team is available from 8.30 am to 5.30 pm on Monday to Thursday and 8.30 am to 4.45 pm on Friday.
- A duty officer is available from 9.30 am to 5 pm Monday to Thursday, and from 9.30 am to 4.45 pm on Fridays.
- By telephoning officers through their direct line telephone numbers.

- By emailing the team at [eh.commercial@spelthorne.gov.uk](mailto:eh.commercial@spelthorne.gov.uk).
- Emailing officers directly via their individual email addresses.
- Food safety emergencies can be dealt with by telephoning our 24-hour out-of-hour's emergency service where the on-call officer will contact a senior officer from Environmental Health.
- Information and advice can be accessed via the Council's website at [www.spelthorne.gov.uk](http://www.spelthorne.gov.uk).
- Submitting information through the Food Standards Agency website portal.
- The food hygiene ratings of eligible businesses can be found at <http://ratings.food.gov.uk/> and via a link on the Spelthorne website.

## 2.5 Enforcement Policy

- 2.5.1 Enforcement will be carried out in a fair, equitable and consistent manner in accordance with the Regulator's Code and the Environmental Health Enforcement Policy.
- 2.5.2 The policy was last updated in October 2014 and is currently under review. Copies of the Environmental Health Enforcement Policy are available on request and the policy is also available on the Council's website.

## 3. Service Delivery

### 3.1 Food Premises Interventions

- 3.1.1 It is the our policy to carry out programmed food hygiene interventions in accordance with the minimum inspection frequencies defined in the Food Law Code of Practice. Priority will be given to inspections of higher risk premises and approved premises.
- 3.1.2 The current profile of premises by risk rating and the anticipated number of interventions to be undertaken during the year 2019/2020 are outlined in the table below. This is a snapshot of the system at one point in time and the profile can change quickly, for example following an intervention a premises can moved either up or down. In particular the number of "A" rated businesses can vary significantly during the year.

Risk Category	Number of Premises	Inspection Frequency
A	3	6 months
B	16	12 months
C	82	18 months
D	96	24 months
E	76	Alternative Strategy
Total	273	



- 3.1.3 In addition to this list, there will be unrated premises which are awaiting inspection and revisits to premises in line with our Food Hygiene Intervention Policy and Food Hygiene Enforcement Procedure.
- 3.1.4 The risk categories are derived from the scoring system laid down in the Food Law Code of Practice and are based on the type of food handled, the size of the business, the level of compliance with hygiene and structural requirements and the extent of management control.
- 3.1.5 After each inspection the premises is assessed and scored using the system from the Food Law Code of Practice. This assessment is divided into three parts which are added together to give an overall risk score, which is then used to determine the risk category.
- The first part considers the number of customers at risk and the type of food handled. Businesses serving at least 20 customers per day from a vulnerable group such as the elderly or the very young are identified as higher risk as are businesses that manufacture high risk foods and those that undertake higher risk handling practices such as vacuum packing. Part 1 scores are not considered when calculating the food hygiene rating.
  - The second part considers the level of compliance with hygiene requirements (for example temperature control, personal hygiene, prevention of cross contamination etc.), structure (including cleaning and pest proofing) and confidence in management (for example procedures and staff training). The food hygiene rating is based on the three scores in each of these categories. These scores range from 0 for very good to 25 for very bad. The table below outlines how the scores translate into ratings:

	<b>Total of 3 Scores</b>	<b>Additional scoring factor</b>	<b>Description</b>	<b>Rating</b>
<b>The food hygiene rating is calculated by adding up the 3 compliance scores for:</b> <ul style="list-style-type: none"> <li>• <b>Food hygiene</b></li> <li>• <b>Structure/Cleaning</b></li> <li>• <b>Confidence in management</b></li> </ul>	0 - 15	No score > 5	Very Good	5
	20	No score > 10	Good	4
	25 – 30	No score > 10	Satisfactory	3
	35 - 40	No score > 15	Improvement necessary	2
	45 – 50	No score > 20	Major improvement necessary	1
	Over 50	-	Urgent Improvement Required	0

- The final part considers whether the business requires an additional risk score for significant risk of contamination with specified pathogenic organisms. This is given in circumstances where the inspecting officers finds major risk to the consumer such as gross cross contamination, a pest infestation or unsafe cooking practice or procedures (for example the service of undercooked beef burgers without appropriate controls).

## **3.2 Food Complaints**

- 3.2.1 We will investigate food complaints or complaints relating to the hygiene of food premises in accordance with centrally issued guidance and our own Food Complaints Procedure. The depth and scope of investigation required will depend on the nature of the complaint.
- 3.2.2 All food complaints involving an imminent risk to health will be responded to as quickly as possible and all others within 6 working days. Where appropriate, complainants will be advised of the outcome.
- 3.2.3 The following tables outlines the number of complaints received:

<b>Year</b>	<b>Complaints</b>
2018/2019	82
2017/2018	97
2016/2017	100

From 1 April 2019 to 15 November 2019 we had received 72 food complaints. Of these complaints 64 were allegations of poor hygiene practices (for example allegation of undercooked chicken, dirty premises and poor personal hygiene of food handlers), and the remainder were allegations of illness due to food consumed at a premises.

The subject of these complaints often include allegations of illness, poor hygiene practices, concerns about cleaning and general repair, pest infestations and foreign body allegations.

## **3.3 Home Authority Principle and Primary Authority Scheme**

- 3.3.1 We support both the Home Authority Principle and the Primary Authority Scheme. We do not currently have any formal primary authority agreements in place.
- 3.3.2 The Primary Authority scheme permits any business to register with one local authority as a source of advice on environmental health issues. Officers are required to contact the Primary Authority before taking any enforcement action against that company. The Primary Authority can then block the proposed action if it believes that it is inconsistent with advice or guidance previously given to the organisation concerned.

3.3.3 All authorised officers are registered with the online database and are familiar with the requirements of the scheme.

### **3.4 Advice to Business**

3.4.1 We recognise that the majority of food businesses seek to comply with the law and will provide such advice and assistance as may be necessary.

3.4.2 This includes:

- Running food hygiene training courses/seminars as required.
- Provision of business information sheets, including leaflets detailing local providers of food hygiene courses, practical advice on hazard analysis and controlling food safety hazards, temperature control and guides to compliance with specific food safety legislation.
- On the spot advice during routine visits and inspections.
- Advice in written inspection reports.
- Provision of free telephone advice.
- Provision of information on the Council's social media accounts.

3.4.3 In 2018/2019 we dealt with 90 specific requests from businesses and individuals for information requiring advice. These requests are often from new businesses setting up, businesses about to refurbish their premises or those wishing to expand upon their current activities.

### **3.5 Food Sampling**

3.5.1 Food sampling provides useful information about the microbiological constitutes an important element of the intelligence driven side of the food safety enforcement mix.

3.5.2 We will ensure that food is inspected and sampled in accordance with our sampling procedure, relevant legislation, statutory Food Safety Code of Practice and centrally issued guidance to ensure that food meets the food safety requirements.

3.5.3 Our approach to sampling is:

- We will continue to support and participate in FSA/PHE national sampling programmes as appropriate and where resources allow.
- Where appropriate, samples will be taken during routine inspection and if necessary as part of legal proceedings.
- Food complaint samples will be submitted on an ad-hoc basis as appropriate.
- We will re-sample should any sample result be unsatisfactory or potentially hazardous.

3.5.4 Food samples will be submitted for analysis to the PHE laboratory in Porton Down, Salisbury as it currently hold UKAS accreditation for the microbiological examination of food samples.

3.5.5 In 2018/2019 we submitted 14 samples.

3.5.6 So far in 2019 we submitted samples taken from two premises.

### **3.6 Control and Investigation of Outbreaks & Food Related Infectious Disease**

3.6.1 We work closely with our colleagues in Public Health England (PHE). In the event of an outbreak of food poisoning we follow the procedures set down in the Surrey Outbreak Control Plan.

3.6.2 We are regularly attend the Surrey Health Protection Group meetings to keep informed of local and national issues. We also regularly attend training events run by this group.

3.6.3 Certain infectious disease must by law be reported to us.

We have received 104 notifications between 1 April 2019 and 15 November 2019.

<b>Year</b>	<b>Notifications</b>
2018/2019	141
2017/2018	135
2016/2017	64

3.6.4 We have a responsibility to investigate notifications in an attempt to identify the source, to prevent cases from the source or from a primary case. In certain cases we may need to require exclusion from work or nursery/schools. Our officers refer to the Single Case Plan when handling all notifications. This document has been drawn up in conjunction with PHE and is maintained and updated by them. The response times required of us varies from 24 hours to three days and often these notifications will be treated as a priority.

3.6.5 There were no major food poisonings outbreaks reported in the Borough during 2018/2019, however we received a request from Public Health England to assist with providing faecal pots and advice to two children and their families within the borough who were symptomatic following a school visit to an adventure centre identified as a potential source of an E. coli outbreak.

### **3.7 Food Safety Incidents**

3.7.1 Food alerts are issued by the FSA and notify the public and food authorities to serious problems involving food that does not meet food safety standards or food that does not meet compositionally standards. They come to a special inbox that is monitored daily.

3.7.2 The content of all food alerts received will be assessed by the Principal Environmental Health Officer (Commercial) or an Environmental Health Officer on the Commercial team and appropriate action taken as specified in the alert.

3.7.3 We will promptly notify the FSA and all other relevant agencies if any potentially serious incident are identified locally.

### **3.8 Liaison with Other Agencies**

3.8.1 We actively participate in liaison arrangements with a number of other local authorities, agencies and professional organisations in order to facilitate consistent enforcement, to share good practice and to reduce duplication of effort.

3.8.2 This includes:

- Surrey Food Liaison Group
- Surrey Health Protection Group
- Surrey Environmental Health Managers' Group
- Liaison arrangements with Building Control, Planning, Licensing, Legal etc.
- Public Health England
- Surrey County Council Trading Standards
- Surrey Healthy Eating Award Steering Group.

### **3.9 Food Safety Promotion**

3.9.1 We participate in the national Food Hygiene Rating Scheme. The vast majority of our food business are included in the scheme and it is well received by both food business and consumers. The aim of the scheme is to help consumers to make informed choices about where they purchase food from.

3.9.2 We adhere to the guidance contained within the FSA's document – "The Food Hygiene Rating Scheme: Guidance for local authorities on implementation and operation – the Brand Standard".

3.9.3 We further publicise businesses with the top rating of 5 on the Council's Facebook and Twitter accounts.

3.9.4 We introduced a cost recovery fee for requested re-inspections under the Food Hygiene Rating Scheme in April 2019. As of 15 November 2019 we have received nine requests for a re-inspection.

- 3.9.4 We work in partnership with the Trading Standards team at Surrey County Council to promote the Eat Out Eat Well scheme. The scheme is promoted during routine inspections to potentially eligible businesses and on the Council's website.
- 3.9.5 We ran a Level 2 Foundation Certificate in Food Safety in September 2019. The course had six attendees and all six successfully completed the training. It is our intention to run another course next year.

## **4. Resources**

### **4.1 Financial Allocation**

- 4.1.1 The cost of providing the food safety service (including staff and budgetary expenses in 2019/2020 is approximately £131,200. It is expected that the budget for 2020/2021 will be similar.

### **4.2 Staff Allocation**

- 4.2.1 The 2019/2020 staffing allocation is currently 2.9 full time equivalents; this includes administrative supports (0.65) and management support (0.15) such as reviewing service plans, officer performance, service development and budget controls.
- 4.2.2 In addition approximately 0.1 FTE of authorised officer time is spent on duties such as checking notices, detailed investigations, small outbreaks and preparation for prosecutions etc.

### **4.3 Staff Development Plan**

- 4.3.1 We recognise the need for all officers engaged in food safety work to be trained, not only to the minimum level required by law, but also to a level commensurate with the work they carry out. We also recognise the need to develop the personal skills needed in order to work effectively in the field and for EHOs' to meet the requirements of the Chartered Institute of Environmental Health Continuing Professional Development (CPD) scheme.
- 4.3.2 The Food Standards Agency Framework Agreement on Local Authority Food Law Enforcement requires Local Authorities to appoint a sufficient number of authorised officers to carry out food enforcement work and that they shall have suitable qualifications, training and experience consistent with their authorisation and duties in accordance with the relevant Food Safety Code of Practice.
- 4.3.3 The Food Safety Code of Practice requires the Local Authority to ensure that every officer receives structured on-going training, which is managed, assessed and recorded. The minimum on-going/update

training for each officer should be at least 20 hours per year, of which at least 10 hours must be food based.

- 4.3.4 Each member of staff receives one annual appraisal and one to one meetings every six to eight weeks at which time development needs are identified and a plan agreed to address these.
- 4.3.5 Training and development is provided by a range of methods including:-
- i. Post Entry Training - Nominations for formal training courses/qualifications are considered annually and in appropriate cases members of staff are sponsored on formal academic and practical courses.
  - ii. Short Course Training - Where appropriate, short courses, seminars and workshops can provide valuable updates for staff. We support attendance at such events through the Council's short courses training budget.
  - iii. In-house Training - We encourage in-house training as this helps to develop individual's presentation skills as well as cascade information to other members of staff.
  - iv. Cascade Training - Staff are encouraged/required to cascade information skills and knowledge they possess or have gained through attendance at Seminars and short courses to other members of staff at in-house training sessions.
  - v. Peer Review - Through the use of peer review, during joint visits, and in monitoring work performance we encourage exchange of expertise and skills between staff.
  - vi. Surrey Food Study Group & Team Meetings - These provide useful forums for exchange of information and experience amongst team members and colleagues, and assist in achieving a uniformity of approach to food safety issues.
  - vii. Consistency Exercises – these are held routinely following our monthly team meetings and involve either an exercise provided by the FSA or a recent case presented by one of the team.

## **5. Quality Assessment**

### **5.1 Internal Monitoring**

- 5.1.1 We have a monitoring programme in place. The PEHO undertake a monitoring visit each quarter. In addition to these visits the PEHO will randomly check one report/written warning monthly. Contractors are also included in this schedule. The implementation of the schedule is a standing item on the agenda for the monthly Commercial Team meetings.

- 5.1.2 The PEHO also carries out one to ones with each member of the food team on a regular basis.
- 5.1.3 In addition to these checks, all food businesses who are moved out of Categories A & B into lower risk categories must be counter-signed by an authorised officer. In the first instance these files should be passed to the Principal Environmental Health Officer, however in her absence another authorised food officer will be acceptable.

## **5.2 Customer Care**

- 5.2.1 Customer care questionnaires are sent out to at least 95% of food businesses that have received an inspection to assess the levels of satisfaction with the service. The team generally receive very positive feedback.

The following comments were received:

- (1) Thank you
- (2) Health officer excellent in profession. There is a lot to learn from her.
- (3) Great visit with excellent feedback
- (4) Everything was clear, straight forward and helpful
- (5) The officer was very fair and encouraging. A big boost to the team being told we are doing a lot well.
- (6) The officer was very helpful. Understood the operations.it was a good visit.
- (7) The officer was very informative. Very pleased with her supportive feedback.
- (8) Pleasant lady very helpful
- (9) Inspector was good he explained to me everything and has a good understanding of his job.
- (10) Great Service

## **5.3 External Monitoring**

- 5.3.1 Our service is subject to audit from the Food Standards Agency. Our last audit was carried out in October 2014 and all the issues raised at that time have been addressed to the satisfaction of the FSA.
- 5.3.2 An annual return is submitted to the FSA. This is a requirement of all Local Authorities and it outlines in detail the work of our service.
- 5.3.3 Our implementation of the FHRS was audited in December 2015 as part of an inter-authority audit organised by the Surrey Food Liaison Group and funded by the FSA.



## **6. Review**

This section should be read in conjunction with the Environmental Health's Performance review.

### **6.1 Review against the Service Plan**

- 6.1.1 The service has continued to provide a professional and quality service. Overall the main food objectives of the Council's food service were met. The service aims to complete 95% of its programmed high risk inspections before 31 March 2019, however it is unlikely that this target may not be met. Priority will be given to the highest risk inspections of which we have one category A inspection, 10 category B inspection and 27 category C inspections. Some complaints, accidents, animal licensing work and legal cases may also be prioritised.
- 6.1.2 We undertook 423 food hygiene interventions in 2018/19. We served 29 Hygiene Improvement notices and sent 298 written warnings.
- 6.1.3 So far from April 2019 to 15 November 2019 we have completed 3 category A inspections, 17 category B inspections, 67 category C inspections, 82 category D inspections and 84 category E inspections. A total of 253 inspections.
- 6.1.4 We have continued to successfully participate in the national Food Hygiene Rating Scheme. As of 15 November 2019, 93.2% of our eligible businesses have ratings of three or above.
- 6.1.5 As of 15 November 2019 we did not have any zero rated premises but 26 one rated premises, this is approximately 4.2% of our eligible businesses. We will work to reduce this percentage over the coming months. Businesses which fail to meet the required standards are subject to re-inspections, invited to attend formal interviews in the Council Offices and where appropriate further legal action is taken.
- 6.1.6 In 2018/2019 we received one appeal under the Food Hygiene Rating Scheme. This review was considered by a senior officer who was not involved in the inspection and the outcome resulted in the rating remaining the same.
- 6.1.7 In January 2019 we successfully prosecuted a food business for four offences under food hygiene legislation. The owner pleaded guilty to four offences under the Food Safety and Hygiene (England) Regulations 2013 and Regulation (EC) No. 852/2004. Magistrates ordered him to pay fines of £1,180 plus a £170 victim surcharge and £2,000 prosecution costs.
- 6.1.8 We have continued to provide a large volume of free information and assistance to local businesses.

## **6.2 Identification of any Variation**

- 6.2.1 Due to staffing issues there has been difficulties in meeting some of the objectives set out in the 2019/2020 plan. In September 2019 a full-time Senior EHO joined the Commercial Team. This post had been vacant since February 2018. We have employed contractors to help with inspection based work but this has meant prioritising inspections and targeting our high risk premises. As a result, completion of some objectives from the 2019/2020 that have been delayed, namely the completion of our operational food safety procedures review and the implementation of our Action Plan for E rated Businesses.
- 6.2.2 The recruitment of a competent officer as defined by the Food Law Code of Practice has proved difficult. This issue is likely to remain with the closure of the Environmental Health Registration Board (EHRB) in June 2020. Currently the Food Law Code of Practices recognises registration with the EHRB as an equivalent to the baseline qualification. It is not yet clear what equivalent the Code will recognise and talks are still underway between the Chartered Institute of Environmental Health and the FSA.
- 6.2.3 The PEHO has been heavily involved in the new animal licensing new inspection regime as a result of the change legislation introduced in October 2018. The changes to this legislation will continue to have an impact on the team for some time to come.

## **6.3 Areas of Improvement**

- 6.3.1 The following improvements are planned for 2020/2021:
- Continue to update and implement any policies and procedures required to ensure the service complies with the FSA Framework Agreement.
  - Retain qualified and competent food officers.
  - Continue to implement the Action Plan for E rated Businesses. As of 31 March 2018 we had 203 E rated premises that were due an intervention. Due to the staffing difficulties experience by the Commercial Team, our lowest risk businesses (E rated) were not routinely inspected. Following the LAEMS return in 2018, the FSA requested an Action Plan be drawn up, this was done in April 2019 and agreed with them. As part of this plan quarterly updates are provided to the FSA. The last update was sent on 25 October 2019 and the number of E rated business due was 147.
  - Ensure that the service is inclusive and is provided to hard to reach groups.

- Continue to promote the FHRS across the Borough and seek to increase the number of eligible businesses achieving a rating of three and above.
- Ensure that technology is used efficiently to record information necessary to deal with customer queries, provide FSA returns and provide information to customers in an electronic format.

This page is intentionally left blank

**Spelthorne Borough Council**  
**Health and Safety Service Plan**  
**2020 – 2021**

## Contents

1. Service Aims and Objectives.....	3
2. Background.....	6
3. Service Delivery.....	10
4. Resources.....	12
5. Quality Assessment.....	13
6. Review.....	14

## 1. Service Aims & Objectives

### 1.1 Aims

- 1.1.1 The aim of the health and safety service is to protect the health and safety of those working within the borough in workplaces where we are the enforcing authority. We also aim to protect members of the public and others who may be harmed by the work practices of those businesses.
- 1.1.2 Enforcement is shared with the Health and Safety Executive (HSE), with Spelthorne being responsible for workplaces such as offices, shops, hotels, restaurants, nurseries, pubs, wholesale distribution and warehousing.

### 1.2 Objectives

Our Health & Safety at Work enforcement objectives will be incorporated into the wider Environmental Health Service Plan.

- 1.2.1 For 2020/21 we have the specific objectives:

	Objective
1.	To achieve 100% of programmed Category “A” health and safety inspections in accordance with frequencies set out in HSE’s Local Authorities National Enforcement Code.
2.	To participate in the flexible warranting scheme with other Surrey local authorities across the county and agree, where appropriate, joint projects to deliver under the scheme.
3.	To comply with all new legislative requirements imposed on the Borough regarding the enforcement of Health & Safety at Work. This includes any relevant guidance, codes of practice, etc., published by the HSE.
4.	To ensure authorised officers within the Commercial team have completed the Regulators Development Needs Assessment (RDNA).
5.	To actively participate in selected national/regional projects along with other Surrey LAs and HSE.
6.	To respond to at least 95% of health and safety service requests and accidents within six working days.
7.	To continue enforcing smoke free legislation, which prohibits smoking in most workplaces, work vehicles and public buildings and working with our partners on smoke free initiatives.
8.	To undertake a review of our procedures.

### 1.3 Links to corporate objectives and plans

The Council's Corporate Plan 2016 – 2019 has four key priorities for Spelthorne:

- Housing
- Economic Development
- Clean and Safe Environment
- Financial Sustainability

The Corporate Plan is currently under review and we await the outcome of this.

1.3.1 The Health and Safety Service Plan is key in achieving a “Clean and Safe Environment” and contributes to ensuring sustainable “Economic Development”.

1.3.2 An effective health and safety team contributes to these priorities by protecting the health and safety of our residents and visitors through the provision of safe workplaces, the prevention of workplace injuries and illnesses, and by ensuring that good businesses are not disadvantaged by non-compliant ones.

1.3.2 This Plan also incorporates the five values of the Council; these are Accountability, Self-Reliance, Community, Opportunity and Tradition.

### 1.4 **Links to the HSE's Strategy – National Local Authorities' Enforcement Code**

1.4.1 This National Code was developed by the HSE to ensure that Local Authority (LA) health and safety regulators take a more consistent and proportionate approach to enforcement. This Code provides statutory guidance and a framework to guide local approaches.

1.4.2 It identifies that we should use the full range of regulatory interventions available to influence behaviours and the management of risk with proactive inspection utilised only for premises with higher risks or where intelligence suggests that risks are not being effectively managed.

1.4.3 The HSE Local Authority Circular (LAC 67/2 (rev 5)) specifies how local authorities should prioritise interventions to comply with the National Local Authority Enforcement Code.

1.4.4 Whilst the primary responsibility for managing health and safety risks lies with the business that creates the risk, we have an important role in ensuring the effective and proportionate management of risks, supporting business, protecting our communities and contributing to the wider public health agenda.



- 1.4.5 Taking into account the special characteristics of the LA enforced sector, the HSE has decided that it will be necessary for local authorities to prioritise certain hazards. Based on this list the following hazards are a priority for us:
- Workplace transport in warehousing/distribution.
  - E. coli and Cryptosporidium infection especially in children from contact with animals at visitor attractions.
  - Falls from height/working at height.
  - Manual handling particularly high volumes warehousing and distribution.
  - Commercial catering premises using solid fuel cooking equipment.
  - Crowd management and injuries at large scale public gatherings.
  - Violence at work.

## **1.5 Links to the HSE Section 18 – Guidance to Local Authorities**

1.5.1 Local Authorities are responsible for the enforcement of the Health and Safety at Work etc. Act 1974 (HSW Act), to the extent as defined and prescribed in the Health and Safety (Enforcing Authority) Regulations 1998.

1.5.2 Section 18 (4) of the HSW Act requires us to perform our duties in accordance with guidance from the Health and Safety Executive (HSE). The “Section 18 Guidance” is therefore mandatory.

1.5.3 Section 18 (4) of the HSW Act states ‘it shall be the duty of every local authority to:-

- I. Make adequate arrangements for the enforcement within their area of the relevant statutory provisions; and
- II. To perform the duty imposed on them by (a) above and any other functions conferred on them by any of the relevant statutory provisions in accordance with such guidance as the commission may give them.

1.5.4 The HSE considers the following elements are essential for a LA to adequately discharge its duty as an Enforcing Authority:-

- A clear published statement of enforcement policy and practice;
- A system for prioritised planned inspection activity according to hazard and risk, and consistent with any advice given by the HSE and HELA;
- A Service Plan detailing the LA’s priorities and its aims and objectives for the enforcement of health and safety;

- The capacity to investigate workplace accidents and to respond to complaints by employees and others against allegations of health and safety failures;
- Arrangements for benchmarking performance with peer LAs;
- Provision of a trained and competent inspectorate; and
- Arrangements for liaison and co-operation in respect of the Primary Authority Partnership Schemes.

1.5.5 We need to ensure that we devote sufficient resources to the health and safety enforcement to comply with our duties under section 18 (4). HSE will take a view on the performance of LA enforcement and promotional activities, in accordance with its strategy using information supplied by authorities as requested (e.g. Annual LAE1 returns) and by reviewing the reports of inter-authority audits carried out using the HELA protocol.

1.5.6 If a LA fails to meet its legal obligation under Section 18 of the HSW Act, the Secretary of State may, after considering a report submitted by the HSE, cause a local enquiry to be held. If the Secretary of State is satisfied by such an enquiry that a LA has failed to perform any of its enforcement function, he may make an order declaring the Authority to be in default. The order may direct the LA to perform their enforcement functions in a specified manner within a specified period of time.

1.5.7 If the defaulting LA fails to comply with such an order, under Section 45 of the HSW Act, the Secretary of State may enforce the order, or make an order transferring the enforcement functions of the defaulting LA to the HSE, in which case the HSE's expenses are paid by the defaulting authority.

## **2. Background**

### **2.1 Profile**

2.1.1 Spelthorne is located in the far north corner of Surrey. Boroughs adjacent to us are Runnymede and Elmbridge to the south in Surrey, Windsor and Maidenhead and Slough to the west in Berkshire, and Hillingdon, Hounslow and Richmond upon Thames to the north and east in Greater London.

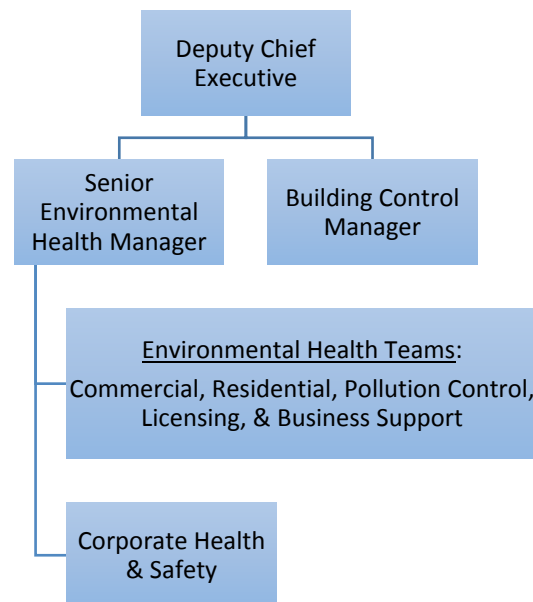
2.1.2 Spelthorne's population is approximately 95,600, based on figures from the 2011 census. The main centres of population are the towns of Staines-upon-Thames, Ashford, Sunbury-on-Thames, Shepperton and Stanwell.

## 2.2 Organisational Structure

2.2.1 The organisational structure of the Council comprises of the 39 elected members and a Chief Executive who is supported by two deputies. The health and safety service forms part of the Environmental Health Department's Commercial Team. The Commercial Team is headed by the Principal Environmental Health Officer (Commercial) who reports to the Senior Environmental Health Manager (SEHM). The SEHM reports directly to the Deputy Chief Executive.

2.2.2 The Commercial Team also provide a food safety enforcement service and licensing/registration regimes, such as all animal licensing and beauty treatments in relevant premises.

2.2.3 The structure is as follows:



## 2.3 Scope of the Health and Safety at Work Enforcement Service

2.3.1 We provide a comprehensive service to both employers and employees of commercial premises, and the general public who may be affected by work activity within our borough. The responsibility for health and safety enforcement within commercial premises in the Borough, is shared between the Health and Safety Executive and us. This responsibility is determined by statutory legislation (The Health and Safety (Enforcing Authority) Regulations 1998) and is established on the basis of the "main activity" carried out at the premises.

2.3.2 The main elements of the service are:-

- **Programmed Health and Safety Inspections** - Regular inspection of all our commercial premises, rated in the "A" category to check on

health and safety standards to promote safe practices and secure compliance with the law, whilst having regard to the national/regional priority programmes. Commercial premises rated “B1”, “B2” or “C” categories, will not form part of the planned inspection programme. However, these category premises will be subject to other “Intervention strategies” such as planned, local or national campaigns/initiatives on topic based issues (e.g. gas safety initiative and swimming pool safety). The inspections are carried out in accordance with the adopted Health and Safety Inspection Procedure. Enforcement is focused on particular hazards or sectors where the greatest action will be necessary, to contribute to the HSE’s overall strategy.

After carried out an inspection, the inspecting officer will assign a risk rating based on their findings. This rating should consider four elements – confidence in management, safety performance, health performance and welfare compliance.

- **Revisits** are carried out to premises to check if specific action has been taken to remedy faults found at a previous inspection/visit.
- **Special/Other Health and Safety Inspections** – To undertake visits as necessary having regard to the priority programmes within HSE’s Strategy, focusing our enforcement on particular hazards or sectors where the greatest action will be necessary. This may come to light having analysed trends in official accident notifications.
- **Health and Safety Investigations** - Investigation of complaints relating to health and safety received from employers, employees and the general public. In 2017/2018, 28 such investigations were carried out in addition to general requests for information. Of these complaints 15 were in relation to practices or activities at a premises and 13 related to the premises for example structural defects that may cause injury.
- **Accident Investigation** - Investigation of accident notifications received via the RIDDOR notification online system. This system is managed by the HSE. The PEHO (Commercial) or, in her absence the SEHO (Commercial), checks the database on a daily basis. Accidents are investigated in accordance with the adopted Accident Investigation Procedure.
- The table below shows the numbers of notifiable accidents reported to this Council over the last four years:

Year	No. of notifiable accidents
2018/19	35
2017/18	41

2016/17	39
2015/16	48

From 1 April 2018 until 15 November 2019 we have received 35 notifications.

- **Health and Safety Initiatives** - To participate in local and national initiatives.
- **Non-Food Premises Database** - we will maintain the database of non-food premises allocated to us under the Health & Safety (Enforcing Authority) Regulations 1998, in the Borough and take steps to ensure that the information is accurate and up-to-date.

#### 2.4 Demands on the Health and Safety at Work Enforcement Service

We have the responsibility for enforcing the provisions of the Health and Safety at Work etc. Act 1974, and health and safety regulations made under the Act in approximately 1151 (as of 15 November 2019) commercial premises located within the Borough. This is likely to be an under-estimation as there is no longer a requirement for new businesses to inform us and as fewer inspections are being carried out this impacts the accuracy of our database.

#### 2.5 Accessing the Service

The service can be accessed by: -

- Calling in person to the Spelthorne Borough Council, Knowle Green, Staines upon-Thames, TW18 1XB. The Offices are open from 9am to 5pm Mondays to Thursdays and 9am to 4.45pm on Fridays. The office is closed in the evenings and at weekends.
- Telephoning the support staff (01784 446291). The Business Support Team is available from 8.30 am to 5 pm on Monday to Thursday and 8.30 am to 4.45 pm on Friday.
- A duty officer is available from 9.30 am to 5 pm Monday to Thursday, and from 9.30 am to 4.45 pm on Fridays.
- By telephoning officers through their direct line telephone numbers.
- By emailing the Commercial Team at [eh.commercial@spelthorne.gov.uk](mailto:eh.commercial@spelthorne.gov.uk)
- Emailing officers directly via their individual email addresses.
- Health and safety emergencies can be dealt with by telephoning our 24-hour out-of-hour's emergency service where the on-call officer will contact a senior officer from Environmental Health.
- Information and advice can be accessed via the Council's website at [www.spelthorne.gov.uk](http://www.spelthorne.gov.uk).

## **2.5 Enforcement Policy**

- 2.5.1 Enforcement will be carried out in a fair, equitable and consistent manner in accordance with the Regulator's Code and the Environmental Health Enforcement Policy.
- 2.5.2 The policy was last updated in October 2014 and is currently under review. Copies of the Environmental Health Enforcement Policy are available on request and the policy is also available on the Council's website.

## **3. Service Delivery**

### **3.2 Health and Safety Complaints**

- 3.2.1 Our policy is to investigate health and safety complaints in accordance with our policies and procedure notes, whilst having regard to our Enforcement Policy. The investigation of some complaints can be a lengthy process, it is expected that officers will ensure a first response within 6 days of the complaint being received. It is also recognised that certain issues will require a quick response and a duty officer rota is in place during office hours to ensure this.
- 3.2.2 The depth and scope of investigation required will depend on the nature of the complaint and whether the complaint arose within premises for which the Council has health and safety enforcement responsibility.
- 3.2.3 Complainants are advised of the outcome where appropriate.

### **3.3 Accident Investigation**

- 3.3.1 Our policy is to investigate accident notifications received via the online RIDDOR notification system, in accordance with the departmental policies and Accident Investigation procedure notes, whilst having regard to our Enforcement Policy and HSE's Guidance including selection criteria.
- 3.3.2 The depth and scope of investigation required will depend on factors such as the nature and seriousness of the accident and whether the accident arose within premises for which the Council has health and safety enforcement responsibility.
- 3.3.3 RIDDOR Accident notifications shall be investigated in accordance with the Accident Investigation procedure.

### **3.4 Asbestos Notifications**

- 3.4.1 Asbestos notifications are received via a portal on the Health and Safety Executive's website. Contractors and others are required by law

to notify the relevant enforcing authority of their intention to carry out both licensed and unlicensed work on asbestos. The PEHO (Commercial), or in her absence the SEHO (Commercial), checks this portal three times a week.

3.4.2 In 2017/18 we received 1 notification of work. In 2018/2019 we received no notifications. From 1 April 2019 until 12 December 2019 we have not received any notifications.

### **3.5 Advice to Business**

3.5.1 We recognise that the majority of businesses seek to comply with the law and during 2018/19 we have endeavoured to provide such advice and assistance as may be necessary. This includes:

- providing businesses with details of our Enforcement Policy. This may be through a leaflet either left at premises during routine visits or sent with inspection reports.
- developing and providing business free information sheets, leaflets, practical information and other guides as necessary to simplify legislation and aid compliance with specific health and safety legislation;
- providing on the spot free advice during routine visits and inspections;
- provision of free telephone advice;
- the provision of information through the Council's social media pages;
- signposting to the Health and Safety Executives website; and,
- Health and Safety initiatives.

### **3.6 Primary Authority Partnerships**

3.6.1 The Primary Authority Principle (PAP) is a formal recognition of the importance of the relationship between a business and a specific local authority.

3.6.2 It is a statutory scheme and all local authorities will have to have regard to it when considering enforcement action in relation to a business which has a number of branches or units in other authority areas and a decision making base in another area, the relevant "Primary Authority" must be consulted before taking formal action. The only exemption to this requirement is when a local authority needs to take urgent action to avoid a significant risk of serious harm to human health.

3.6.3 Spelthorne does not have PA arrangements with any business at this time.

3.6.4 Prior to undertaking an intervention, an officer must take appropriate steps to find out if the business concerned participates in a PAP and if so the conditions of that partnership. Any inspection plan devised as part of the PAP arrangement must be adhered to and actions taken must be fed back through the specified means.

### **3.7 Liaison with Other Organisations**

3.7.1 The Council actively participates in liaison arrangements with a number of other local authorities, agencies and professional organisations in order to facilitate consistent enforcement, to share good practice and to reduce duplicity of effort.

- Surrey Health and Safety Study Group
- Surrey Environmental Health Managers' Group
- Health and Safety Executive
- Local Government Regulation
- Liaison arrangements with Building Control, Planning, Solicitors
- Public Health England

## **4. Resources**

### **4.1 Financial**

The cost of providing the health and safety service, i.e. staff and budgetary expenses is expected to be approximately £51,500.

### **4.2 Staffing Allocation**

The 2018/19 staffing allocation is currently 1.13 full time equivalents; this includes administrative supports (0.3) and management support (0.08) such as reviewing service plans, officer performance, service development and budget controls.

### **4.3 Staff Training and Development**

4.3.1 We recognise the need for all officers engaged in the health and safety service to be trained, not only to the level required by law, but also to a level commensurate with the work they carry out. We also recognise the need to develop the personal skills needed in order to work effectively in the field, and for EHOs to meet the requirements of the CIEH Continuing Professional Development (CPD) scheme.

4.3.2 Each member of staff receives one appraisal and regular one to one meetings at which development needs are identified and a plan agreed to address these.



4.3.3 Training and development of staff is provided by a range of methods including:

- i) Post Entry Training - Nominations for formal training courses/qualifications are considered annually and in appropriate cases members of staff are sponsored on formal academic and practical courses.
- ii) Short Course Training - Where appropriate, short courses, seminars and workshops can provide valuable updates for staff. We support attendance at such events through the Departments short courses training budget.
- iii) In-house/cascade Training - We carry out in-house training sessions as this helps to develop an individual's presentation skills, as well as cascading information to other members of staff following attendance at seminars and short course. They also assist in maintaining consistency of enforcement and the competency of Officers.
- iv) Peer Review - We use peer review, e.g.: joint visits, to monitor work performance; encourage exchange of expertise and skills between staff; achieve consistency in enforcement; to strive for continual improvement in service delivery.
- v) Commercial Team Meetings - These monthly meetings provide a useful forum for exchange of information and experience amongst team members, and assist in achieving a uniformity of approach to health and safety enforcement. Health and Safety is a standing item on the agenda for these meetings.
- vi) Attendance at the Surrey Health and Safety study group meetings.
- vii) Participating in HSE webinars meaning officers do not have to leave the office but log on to a centrally hosted seminar via the internet. Dissemination of this information amongst colleagues, as above.

4.3.4 We will ensure that the Council's appraisal scheme and training plan is used effectively to identify general and personal training and development needs for all members of staff. These are addressed through each member of staff's agreed appraisal personal development plan.

## **5. Quality Assessment**

### **5.1 Internal Monitoring**

5.1.1 We have set up a number of documented internal monitoring procedures to monitor compliance with HSE strategies and guidance, and our own internal procedures and policies.

- a. Officers carry out joint visits with each other twice a year to ensure consistency between officers (Peer Review).
- b. The Principal Environmental Health Officer (Commercial) checks a selection of post-inspection risk scores and correspondence that is sent out.
- c. The PEHO (Commercial) shall carry out joint visits with each officer twice a year to ensure consistency between officers.
- d. Customer questionnaires are sent out to all businesses.
- e. We use the Regulators Development Needs Assessment as a tool for officers to self-assess their competency and to identify potential areas for improvement.

## **5.2 External Monitoring**

- 5.2.1 Our health and safety enforcement at work service receives peer review as part of the local Surrey Districts inter-authority audit scheme.

We participated in an Inter-Authority audit organised by the Surrey Health & Safety Study Group in accordance with both the HSC Section 18: Guidance to Local Authorities, which was issued in September 2001, and the revised HELA Audit Protocol (issued in January 2002). The audits were carried out in May/June 2004. Our Health & Safety Service was audited on 29 June 2004.

There are no confirmed plans in place for further inter-authority audits at present.

The Study Group undertake annual peer reviews with the topics covered last year including the review of a prosecution case taken by one member of the group and a desktop examination of reportable accident reports across the group.

- 5.2.2 We currently submit annual statistical returns to the HSE in respect of our health and safety enforcement activity.

## **6. Review**

### **6.1 Performance review against the Service Plan**

- 6.1.1 The team continues to provide a professional and quality service. In 2018/2019 we carried out 3 proactive targeted inspections based on local intelligence identifying concerns, 19 visits to investigate complaints and accidents and 4 revisits.
- 6.1.2 In 2019/2020 we have been targeting events and businesses using inflatables. We have been offering advice and guidance to event

planners on the safe use of such equipment. We have also investigated one notified accident and one complaint.

- 6.1.3 In 2018/2019 we served 1 improvement notice.
- 6.1.4 We continue to provide free advice and support to our local businesses and attend regular liaison group meetings.
- 6.1.5 In August 2018 a simple caution was issued to a limited company following an accident on their premises where a contractor was injured in a fall.

## **6.2 Identification of any variation**

- 6.2.1 Due to staffing issues there has been difficulties in meeting some of the objectives set out in the 2019 September 2019 a full-time Senior EHO joined the Commercial Team. This post had been vacant since February 2018. While we have been able to employ a contractor for food safety inspection based work, the contractor is not undertaking routine health and safety enforcement other than to address matters of evident concern that are identified during routine food hygiene inspections. As a result, completion of some objectives have been delayed, namely the review of our procedures. This procedures will be reviewed in 2020/21.
- 6.2.2 Due to the staffing problems it has not been possible to undertake resource intensive health and safety projects and initiatives. The vast majority of the health and safety work undertaken has been reactive, i.e. investigating serious workplace accidents and complaints.
- 6.2.3 The PEHO has been heavily involved in the new animal licensing new inspection regime as a result of the change legislation introduced in October 2018. The changes to this legislation will continue to have an impact on the team for some time to come.
- 6.2.4 It is our intention to undertake more project work including those projects identified by the Surrey Health and Safety Study Group. These projects will be identified through the examination of local and national intelligence and in line with the topics included on the list of activities/sectors suitable for targeting proactive inspection referred to in the National Local Authority Enforcement Code. The projects under consideration are the continuation and expansion of the safe use of inflatables campaign, gas safety in catering establishments, particularly those using solid fuel cooking equipment, and the safe use of lasers in beauty salons.

## **6.3 Areas of Improvement**

- 6.3.1 The National Local Authority Enforcement Code has resulted in a decrease to the number of proactive inspections carried out each year.

This has impacted the competency of officers as they now undertake fewer inspections. To offset this, we ensure that officers routinely attend training events and cascade the crucial points of these events to their team.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank



By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank



By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

Document is Restricted

This page is intentionally left blank