Public Agenda

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Date: 20 September 2016

Notice of meeting

Cabinet

Date: Wednesday, 28 September 2016

Time: 7.00 pm

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

The members of the Cabinet	Cabinet member areas of responsibility
I.T.E. Harvey (Leader)	Leader and Council Policy co-ordination
A.C. Harman (Deputy Leader)	Deputy Leader and Towards a Sustainable Future programme (TaSF)
M.M. Attewell	Community Wellbeing
C.B. Barnard	Corporate Management
N.J. Gething	Planning and Economic Development
A.J. Mitchell	Environment and Compliance
J.M. Pinkerton OBE	Housing
H.R.D. Williams	Finance and Customer Service

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AGENDA

Page nos.

1. Apologies for absence

To receive any apologies for non-attendance.

2. Minutes

To confirm the minutes of the following meetings:

a) Cabinet meeting held on 20 July 2016 — **5 - 10**

b) Extraordinary Cabinet meeting held on 21 July 2016 — **11 - 12**

3. Disclosures of Interest

To receive any disclosures of interest from councillors in accordance with the Council's Code of Conduct for members.

4. Recommendations from the Local Plan Working Party — **13 - 14**

Cllr Gething

To consider the recommendations of the Local Plan Working Party from its meeting held on 5 September 2016.

A copy of all the documents referred to in the Local Plan Working Party minutes as a) to f) have been placed in the Members' Room. They will be made public following the meeting, subject to Cabinet's agreement to the recommendations.

5. Off Street Parking Places Order 2016 - Key Decision — **15 - 18**

Cllr Mitchell

To consider the implementation of the Spelthorne Borough Council (Off-Street Parking Places) Order 2016.

6. Outline Budget 2017/18 - 2020/21 - Key Decision — **19 - 56**

Cllr Williams

To consider the report of the Chief Finance Officer on the Outline Budget 2017-18 to 2020-21.

7. Capital Monitoring — **57 - 62**

Cllr Williams

To note the current Capital spend position.

8. **Revenue Monitoring** **63 - 70**

Cllr Williams

To note the current Revenue spend position.

9. **Appointment to Outside Body** **71 - 72**

Cllr Harvey

To consider the appointment of a representative and deputy representative to the NHS North West Surrey Sustainability and Transformation Plan Stakeholder Reference Group.

10. **Leader's announcements**

To receive any announcements from the Leader.

11. **Urgent items**

To consider any items which the Chairman considers as urgent.

12. **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 the paragraphs, indicated below, 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.

13. **Exempt report - Disposal of Ashford multi-storey car park site - Key Decision** **73 - 104**

Cllr Harvey

*(Paragraph 3 – Information relating to the financial or business affairs of any particular person (including the authority holding that information) a*nd on the basis that publication would not be in the public interest because publication of the Council's approach to this agreement prior to contract award and negotiation of the Development Agreement would likely prejudice the Council's ability to agree the most advantageous terms and conditions with the preferred bidder. Details of the contract process and evaluation of bids can be made available after exchange of contracts.

14. **Exempt report - Catering at Staines Community Centre - Key Decision** **105 - 110**

Cllr Attewell

(Paragraph 3 – Information relating to the financial or business affairs of any particular person (including the authority holding that information).

The public interest in maintaining the exemption outweighs the public interest in disclosing the information because the report contains commercially sensitive data.

15. Exempt report - Council Tax and Business Rates write-offs **111 - 128**

Cllr Williams

(Paragraph 3 – Information relating to the financial or business affairs of any particular person (including the authority holding that information)
Publication would not be in the public interest because: (1) information in this report relates to personal data; (2) disclosure is not in accordance with the Data Protection Act 1998; and (3) the Information has been provided to the Authority by individuals under an obligation of confidentiality.

Minutes of Cabinet

20 July 2016

Present:

Councillor I.T.E. Harvey, Leader and Council Policy co-ordination
Councillor A.C. Harman, Deputy Leader and Towards a Sustainable Future programme (TaSF)
Councillor M.M. Attewell, Community Wellbeing
Councillor C.B. Barnard, Corporate Management
Councillor N.J. Gething, Planning and Economic Development
Councillor A.J. Mitchell, Environment and Compliance
Councillor J.M. Pinkerton OBE, Housing
Councillor H.R.D. Williams, Finance and Customer Service

Councillors in attendance:
Councillor V.J. Leighton

2276 Minutes

The minutes of the Cabinet meeting held on 22 June 2016 were agreed as a correct record.

2277 Disclosures of Interest

There were none.

2278 Recommendation of the Audit Committee

Cabinet considered the Corporate Risk Register.

RESOLVED to approve the Corporate Risk Register as submitted.

Reason for the decision:
The Register summarises the Council's most significant risks. It sets out the controls which have been put in place and identifies any further action which might be needed to mitigate risks.

2279 Corporate Plan - Key Decision

Cabinet considered a report on the proposed Corporate Plan for 2016-19.

RESOLVED TO RECOMMEND that Council adopts the proposed Corporate Plan for 2016-19.

Reason for the decision:
Cabinet noted that the revised Corporate Plan outlines the new priorities for Spelthorne going forward.

2280 Spelthorne Joint Committee

Cabinet considered a report on the proposal to form a Spelthorne Joint Committee with Surrey County Council.

RESOLVED TO RECOMMEND that Council:

1. Establishes a Joint Committee with Surrey County Council for the purposes as outlined in the report;

2. Delegates to the Head of Corporate Governance, in consultation with the Leader, any final changes to the Terms of Reference at Appendix 1 to accommodate final discussions with Surrey County Council; and

3. Authorises the Head of Corporate Governance to update the Constitution as necessary in consequence of the decision.

Reason for the decision:
Cabinet noted that a Joint Committee would create a true partnership between Surrey County Council and Spelthorne Borough Council with decision making delegated from both organisations.

2281 Staines Sea Cadets' Accommodation

Cabinet considered a report on Staines Sea Cadets accommodation and the arches at Bridge Street, Staines-upon-Thames.

RESOLVED that Cabinet agrees not to authorise a licence for the non-exclusive use of the accommodation that Staines Sea Cadets use for 15 years until the Sea Cadets hand over the possessory title to the arches at Bridge Street.

Reason for the decision:
To reiterate the decision made by the Cabinet on 12 June 2012 to authorise the grant of a Licence to the Sea Cadets for the non–exclusive use of the accommodation which they currently use, for a further period of 15 years, subject to their handing over possessory title to the arches at Bridge Street.

2282 Appointment of a representative to an Outside Body

Cabinet considered the proposed appointment of a representative to the Heathrow Community Noise Forum for the period July 2016 to June 2017.

RESOLVED that Cabinet agreed the appointment of Councillor Rose Chandler as the Council's representative on the Heathrow Community Noise Forum for the period July 2016 to June 2017.

2283 Leader's announcements

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

The next Junior Citizen event is taking place at Walton Fire Station from 12 September. The event will run for two weeks and be attended by over 1000 year 6 pupils.

Reports of anti-social behaviour reduced between April and June this year compared with the same period last year (597 reported incidents v 983 in previous year). The reductions were seen across the board, in all wards.

Team Spelthorne celebrated a successful weekend at the 20th annual P&G Surrey Youth Games, coming third overall. Gold medals were won in under 11 girls' football, girls' high 5 netball and touch tennis; silver medals in under 12 table tennis and boys' hockey. Bronze medals were won in under 10 squash, under 13 squash and under 15 table tennis. Three judo competitors were also awarded individual medals and the girls' touch rugby won the fair play award in their event.

A garden which was created by the residents of Mitchison Court and users of the Benwell Centre in Sunbury-on-Thames as part of a project led by Sunbury Community Garden has been unveiled. The project participants got involved with all stages of creating the garden, from designing and planning through to planting and painting.

The Council is working with Action Surrey to help residents with health conditions which make them vulnerable to the cold. Working with local GP surgeries and Age UK, residents are being written to with an offer of support which includes a home assessment.

Letters have been sent to 1,600 residents by British Gas as part of a scheme which obligates energy companies to provide energy efficiency measures to low income households.

The refurbishment of the play area on the Laleham Road in Shepperton has been completed.

Funding has been received for the refurbishment of Cedars Park in Sunbury-on-Thames and quotes are being obtained for the work, which is expected to start in September.

The Council is corresponding with the Commons Inspectorate with regards to riparian fencing on Staines Moor.

Channel clearance works have been completed at Sweeps Ditch in Staines Park and the River Ash, in Priory Green. Phase 2 of the River Ash restoration project is due to start at the end of July in conjunction with the Studios Walk clean-up.

A large crowd turned out for Staines-upon-Thames Day on 26 June and feedback suggests it was the best one yet. Dozens of local bands, dance, drama and sports clubs took part and over 100 local businesses and community groups also promoted their products and services on the day.

The development of a Business Improvement District (BID) for Staines-upon-Thames is building momentum with an active Steering Group meeting on a monthly basis. It is estimated around £300,000 will be raised annually through the BID levy which will be applied to most shops and offices within the BID area and give the area the financial capacity to enhance the town. The vote for approving the BID will take place late October and, subject to a successful vote, will commence in April 2017.

Works are due to start at the end of July to repair the water features at Memorial Gardens in Staines-upon-Thames. Since the floods of January 2014, the water features at Memorial Gardens have been out of operation and maintenance work is required to move the pumps above ground and protect them from future flood damage. The works are expected to last for around eight weeks.

Nominations are open for the Spelthorne Sports Awards which celebrate the achievements of individuals, clubs and coaches. Nominations close on 31 August and the awards ceremony takes place in Shepperton in October.

2284 Urgent items

There were none.

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 (27 July 2016)

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Minutes of Cabinet

21 July 2016

Present:

Councillor I.T.E. Harvey, Leader and Council Policy co-ordination
Councillor A.C. Harman, Deputy Leader and Towards a Sustainable Future programme (TaSF)
Councillor M.M. Attewell, Community Wellbeing
Councillor C.B. Barnard, Corporate Management
Councillor A.J. Mitchell, Environment and Compliance
Councillor H.R.D. Williams, Finance and Customer Service

Apologies:
Councillor N.J. Gething, Planning and Economic Development
Councillor J.M. Pinkerton OBE, Housing

2285 Disclosures of Interest

There were none.

2286 Exempt Business

RESOLVED to move the exclusion of the Press and Public for the following item 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.

2287 Exempt report - To consider acquisition of a site in the Borough - Key Decision

The Cabinet considered a report on the acquisition of a site in the Borough.

RESOLVED that Cabinet agreed to:

1. Approve the acquisition of the investment asset identified in this report;

2. Authorise the Chief Executive to submit the stage 1 bid and any other subsequent bids required, undertake any necessary subsequent negotiations (including a stage 2 bid) and complete the acquisition (in consultation with the Chief Finance Officer, the Leader and the Cabinet Member for Finance);

3. Authorise the Chief Finance Officer to decide the most financially advantageous funding arrangements for the purchase and ensure the acquisition is prudentially affordable;

4. Authorise the Head of Corporate Governance to enter into any legal documentation necessary to acquire the asset;

5. exempt Contract Standing Orders in respect of our advisors.

Reason for the decision:
To continue with the Council's 'Towards a Sustainable Future' programme to ensure it is in a position to withstand the financial challenges it currently faces.

Local Plan Working Party

Minutes

Monday 5 September 2016

Present:

Cllr N Gething
Cllr A Harman
Cllr I Harvey (Chairman)
Cllr H Thomson
Cllr R Smith-Ainsley
Cllr H Williams

1 Apologies

Cllr C Davis

2 Minutes of meeting of 5 July 2016

2.1 The minutes were agreed.

3 Report of the Assistant Head of Planning (Policy)

a) Draft Spelthorne Functional Economic Area Analysis

3.1 It was agreed to recommend Cabinet approve the draft Spelthorne Functional Economic Area Analysis for public consultation.

b) Draft Sustainability Appraisal Scoping Report

3.2 Subject to correcting the % figures in para 3.8 and clarifying the text in para 3.170, it was agreed to recommend Cabinet approve the report for public consultation.

c) Strategic Land Availability Assessment Methodology

3.3 It was agreed to recommend Cabinet approve the Strategic Land Availability Assessment Methodology.

d) Brief for the Green Belt Assessment

3.4 It was agreed to recommend Cabinet approve the Brief for public consultation and the Chairman be authorised to approve any appropriate alterations to the brief arising from that consultation prior to the Green Belt Assessment proceeding.

e) Planning Monitoring Report 2016

3.5 It was agreed to recommend Cabinet approve the Planning Monitoring Report.

f) Community Infrastructure Levy

3.6 It was agreed to recommend to Cabinet that:

i) In accordance with the CIL Regulations 5% of monies received be retained by the Borough Council to meet its costs of administering the CIL process.

ii) Engagement with local communities on how the 'neighbourhood funding' element (15% of CIL monies received) should be based on the 5 main community areas of the Borough – Ashford, Shepperton, Staines, Stanwell and Sunbury.

iii) Decisions on the allocation of the 'neighbourhood funding' element be solely for the Borough Council to make subject to appropriate community consultation.

iv) A Joint Infrastructure Working Group with Surrey County Council, including the portfolio holder for Planning and Economic Development or a Deputy, be established to put in place appropriate mechanisms for establishing priorities and programming for expenditure of the remaining 80% of CIL monies.

4 AOB

4.1 None.

5 Next Meeting

5.1 Date to be agreed.

Cabinet

28 September 2016

Title	Spelthorne Borough Council (Off-Street Parking Places) Order 2016		
Purpose of the report	To make a Key Decision		
Report Author	Sandy Muirhead		
Cabinet Member	Councillor Tony Mitchell	**Confidential**	No
Corporate Priority	Financial Sustainability		
Recommendations	• **To implement the Spelthorne Borough Council (Off-Street Parking Places) Order 2016 to introduce the proposals in 2.1 (a to f).** • **To authorise the Group Head for Commissioning and Transformation, in consultation with the Head of Corporate Governance, to consider and address any objections arising from the public consultation.**		

1. Key issues

1.1 Income from our car parks is a significant part of the Council's budget. In 2015/16 the outturn income received from parking services, excluding on-street enforcement, was £2,149,783 compared to the budget estimate of £1,986,800. There are potentially significant annual fluctuations mainly due to season ticket sales, which can vary depending on company uptake and when companies leave the Borough or redesign their requirements.

1.2 However, there also needs to be a number of amendments to the Off Street Parking Orders over and above parking charge increases, which provides us with the ability to enforce restrictions or introduce revised charging regimes such as weekly season tickets.

1.3 Additionally as the sale of Bridge Street is progressing well we need to remove the car park from the Order.

2. Options analysis and proposal

2.1 It is proposed that the Spelthorne Borough Council (Off-Street Parking Places) Order 2016 will introduce the following amendments:-

a) Remove Bridge Street from the Off Street Parking Order to allow the site to be "free" from any restrictions for development.

b) Extend the boundary of the Riverside Surface Car Park. There is a small stretch of road between Riverside Surface car park and Riverside

Underground car park which despite having double yellow lines, cannot be enforced as it is not covered by the existing Parking Order. As the land belongs to Spelthorne, it is proposed that the area is included within Riverside Surface car park so the yellow lines can be enforced to stop illegal parking, which can restrict access to the church and the Riverside Underground car park.

c) Introduce a weekly season ticket to Kingston Road car park. Kingston road car park is quite well used by commuters so it is proposed that a weekly season ticket option is introduced to encourage usage and provide a better service for customers. We currently only have 3, 6 or 12 month options. The cost of a weekly ticket (Monday to Friday) will be £35.

d) Since Bridge Street is closing we have allowed the market traders vehicles to use Elmsleigh surface car park but the existing Parking Order does not currently cover the charge that they have been paying. So it is proposed that the order specifies a £7 payment per day for vehicles between 3.5 and 10 tonne on market days (Wednesday, Friday and Saturday) and on any special market based events e.g. Italian or French markets.

e) With the closing of Bridge Street it was necessary to provide 22 contract spaces in Riverside Underground car park for the Strata building agreement. The Riverside Underground car park has mixed usage and to ensure the spaces are kept free we need to be able to patrol the car park and enforce. However, historically as this car park has only been used by the public on Saturdays, the existing Parking Order just relates to enforcement on this day. It is therefore, proposed that the order is changed to allow 7 day enforcement of the car park so we can manage the contract parking spaces. The car park is also being lined (so spaces are clearly marked who they are assigned to) and the exit and entry barriers fixed so only “bona fide” users have access.

f) In July we were notified by the Traffic Enforcement Centre (TEC) that an order had been approved by Parliament to increase fees for registration at the Traffic Enforcement Centre from £7.00 to £8.00 (debt registration is part of the notice processing of penalty charge notices if they are not paid in the early stages). Approval was given by Parliament on 20/07/2016 and the amended fees order came into effect from 25/07/2016. For Spelthorne Borough Council to be able to introduce this we need to update the Parking Order and hence its inclusion in this report. Details are provided including amendments in Appendix 1.

2.2 If Members are minded to agree with the recommendations and proposals, the Council will be able to enforce more effectively. Whereas the alternative will inhibit the Council’s ability to charge and enforce in some areas.

2.3 It is proposed that Members approve the implementation of the Spelthorne Borough Council (Off-Street Parking Places) Order 2016 in line with the proposals set out in the report.

3. Financial implications

3.1 Financial implications are limited in terms of increase in income but the better management of areas and ability to enforce will provide a very modest positive effect on income.

4. Other considerations

4.1 The proposed Parking Order should have equal impact on residents and visitors in terms of equality and diversity.

5. Timetable for implementation

5.1 28 September 2016 – Cabinet decision

October – 4 week public consultation

November - Consideration of objections

November – 4 week public consultation

December – Order implemented

Background papers: None

Appendices: - Schedule 9 Penalty Charge Notices

Appendix 1 Schedule 9 Penalty Charge Notices - amendments

SCHEDULE 9

PENALTY CHARGE NOTICES

Article 51 - Penalty Charges

	Charge to be paid if higher level contravention as detailed in the Civil Enforcement of Parking Contraventions (Guideline on Levels of Charges) (England) Order 2007	Charge to be paid if lower level contravention as detailed in the Civil Enforcement of Parking Contraventions (Guideline on Levels of Charges) (England) Order 2007.
Payment received by Spelthorne Borough Council **after** 14 days of the date on which the Penalty Charge Notice was issued (The Discounted Penalty Charge).	£70.00	£50.00
Payment received by Spelthorne Borough Council **within** 14 days of the date on which the Penalty Charge Notice was issued.	£35.00	£25.00
Remains unpaid after 56 days from date of issue	Increase original notice by 50%	Increase original notice by 50%
Remains unpaid after 70 days from date of issue	Increase further the increased notice by £5.00 debt registration fee*	Increase further the increased notice by £5.00 debt registration fee*

Informative: The Civil Enforcement of Parking Contraventions (Guidelines on Levels of Charges) (England) (Order) 2007 specifies that authorities outside London with civil enforcement powers must issue two different levels of penalty charges in their area higher and lower. What constitutes a higher and lower offence is detailed at Table 2 in the above mentioned Order.

* - The debt registration fee is set by Parliament. Consequently, any increase to the fee is outside of the Council's control. The current fee is £8 (as of 25 July 2016) but this may change from time to time.

Cabinet

28 September 2016

SPELTHORNE BOROUGH COUNCIL

Title	Outline Budget 2017-18 to 2020-21		
Purpose of the report	To make a Key Decision		
Report Author	Chief Finance Officer		
Cabinet Member	Councillor Howard Williams	**Confidential**	No
Corporate Priority	Financial Sustainability		
Recommendations	**1. The net budgeted expenditure (before investment and use of reserves) for 2017-18 be set at a maximum level of £13.9m** **2. That Cabinet support the overall strategy set out in the report for addressing efficiencies and achieving medium term financial sustainability** **3. That officers respond with comments, as appended to the report, to the Government's consultation papers on Fair Funding and 100% business rates retention** **4. That the financial health indicators set out in paragraph 3.25 be agreed** **5. That the Council accepts the Government offer of a 4 year funding settlement in order to protect the Council against risk of further increases in payments it is required to make in future years to the Government, but in so doing makes clear this is on the basis that it does not accept negative grant allocations for 2019-20**		

1. Key issues

1.1 The key issue facing Council continues to be their ongoing financial sustainability. In January 2016 the Council received confirmation that 2016-17 would be the last year it would receive general Revenue Support Grant (RSG) to support its Revenue Budget and that in 2017-18 and 2017-18 it would receive nil RSG and that in 2019-20 it would have a negative adjustment of £750k meaning it would be paying that sum to the Treasury, effectively negative RSG. The table below summarises the funding changes:

	15-16	16-17	17-18	18-19
	£	£	£	£
Revenue Support Grant (incl council tax support grant)	1,330,600	580,000	0	0
Transitional Grant	0	100,000	96,000	
New Homes Bonus Grant	1,564,400	1,895,600	1,895,600 ?	1,200,000?
Total	**2,895,000**	**2,575,600**	**1,991,600?**	**1,200,000?**

1.2 The funding reductions summarised below are one of the main drivers in the projected budget gaps summarised in Appendix A which will develop and which would not be sustainable if not addressed.

Projected Budget Gaps if mitigating actions not put in place:

17-18	18-19	19-20	20-21
£1,017,200	£2,800,400	£4,461,900	£4,487,700

1.3 Sections 2 and 3 of the report below summarises the medium term financial strategy in place designed to generate offsetting income, deliver efficiencies and to mitigate the projected budget gaps.

1.4 Since the 2016-17 funding settlement was announced there has been the Brexit decision and changes in personnel with respect to the Prime Minister, Chancellor of the Exchequer and Secretary of State for Communities and Local Government. Currently we are awaiting to see to what extent these movements may result in changes to the approach taken with the national austerity programme and the Government's expectations of local government.

Consultations on Fair Funding and 100% Business rates retention

1.5 By the end of this parliament in effect either in 2019-20 or 2020-21 a new funding regime for local government will be implemented in the form of "100%" business rates retention. This will mean that local government *as a whole* will retain all of the business rates collected. However, there will continue to a redistribution mechanism with councils with strong business rates tax bases such as the Surrey districts and boroughs paying "tariffs" to fund "top up" payments to councils in other parts of the country with weaker taxbases. Spelthorne's tariff payment is currently approximately £15m. Furthermore in order for the new regime to be fiscally neutral for the Treasury additional responsibilities to fund services will be passed to local government to ensure its net funding is no better off than is currently the position. The consultation paper makes suggestions as to what those additional responsibilities to be funded by local government from business rates could be. The suggestions include:

- Public Health Grant
- Improved Better Care Grant
- Early Years
- Local Council Tax Support Administration Subsidy and Housing Benefit Pension Administration Subsidy
- Attendance Allowance

1.6 Surrey and southern counties officers in reviewing the list above have noted that the above do not bear much relationship with movements in the business rates taxbase nor is it clear what additional value local authorities could bring purely from administering the funding. If however, additional flexibilities were offered to local government with respect for example council tax support or other council tax discounts the proposals would potentially allow more value to be added. From a Three Southern Counties perspective officers have discussed and the view is that in order to generate more of a link and an incentive to grow the business rates tax base it would be good if the funding responsibilities devolved included skills and training and infrastructure, which are similar areas to those devolved in other devolution deals.

1.7 The Government has issued two consultations papers on “Fair Funding” and “100% Business Rates Retention” with deadlines of 26th September 2016 for responses. Officers have discussed the questions set out in the consultations and set out suggested responses to the questions as per Appendices 1 and 2.

1.8 The Fair Funding Review is important as this will be reviewing the underpinning formulae which over the years have sought to achieve an element of resource equalisation by trying to take into account councils “need to spend” relative to the strength of their tax bases. The review will feed into the determination of the baseline positions set by the Government as how much business rates should retain initially (before growth) after taking into account tariff payments (for councils, such as the Surrey districts with strong tax bases) or top up receipts (for those councils with weaker tax bases relative to need to spend). At this early stage in the review, authorities do not have the benefit of exemplifications of potential formulae options to guide them on what would be the most favourable position for their authority. This therefore makes it difficult at this stage to comment on the likely impact for the Council of any potential changes.

1.9 The Surrey chief finance officers and the finance officers for the Three Southern Councils (3SC) have both discussed responses to the consultations and the draft political response from Leaders is attached (Appendix 3). The responses from Spelthorne take into account common areas of concerns shared with other councils.

New Homes Bonus Grant

1.10 New Homes Bonus (NHB) grant is paid by the Government to encourage greater numbers of dwellings in areas. The grant match funds the income generated from the additional council tax income from additional dwellings (either new or long term empty brought back into use) with currently an 80:20 split between districts and counties, and is currently paid for six years. With the grant accumulating over a six year period the amounts of grant have begun to become significant, in 2016-17 we are receiving £1.9m NHB grant which is more than three times the amount we receive for Revenue Support Grant in 2016-17. With a reasonably significant increase in dwellings and council tax base projected over the next two to three years NHB, if left unaltered, would become even more important as a funding source for us.

1.11 In the Autumn 2016 Spending Review announcements the Chancellor signalled an intention to undertake a review of NHB arrangements. A consultation was issued looking at reducing the period the grant is paid from six years to potentially four years and reducing grant for councils who do not have an adopted plan. Spelthorne and the Surrey councils responded to the consultation. At the same time the Government is looking to reduce the size of the national funding pot by approximately a third to £1,200 million. We expect to hear the outcome of the consultation deliberations as part of the funding settlement announcements in December 2016.

Efficiency Plans and "Four Year funding settlement"

1.12 In the Local Government Funding Settlement for 2016-17 the Secretary of State indicated "The Government will offer any council that wishes to take it up a four-year funding settlement to 2019-20" and that the offer will "a clear commitment to provide minimum allocations for each year of the Spending Review period, should councils choose to accept the offer and if they have published an efficiency plan." The offer would cover :

- Revenue Support Grant;
- Transitional Grant; and;

But does not cover New Homes Bonus nor Business Rates

1.13 In effect this means we would have a floor under which we cannot suffer more withdrawal of funding. For Spelthorne the above means confirmation that the nil RSG allocations for 2017-18 and 2018-19 would not be reduced i.e. made negative and that our £96k transitional grant allocation for 2017-18 would be protected. However there is uncertainty as to whether the four year settlement includes the negative RSG allocations for 2019-20. The advice therefore is that the Council should respond accepting the four year settlement but make clear it does not accept negative RSG allocations for 2019-20. This is the approach most of the other 15 most adversely affected by negative grant councils are adopting.

1.14 For councils to take up the offer they are required to respond by 14th October 2016 submitting a link to published documents setting out the Council's "efficiency plans". There is no detailed guidance on the format of efficiency plans and it is made clear that medium term strategies, such as this report would meet the requirement. Hence why this report has been brought forward slightly earlier than normal in the committee cycle. The medium term financial strategy and the supporting *Towards a Sustainable Future* summarised in the report below set out the steps the Council already has well under way to ensure the ongoing financial sustainability of the Council.

1.15 The four year settlement offer does give the Council more certainty as to future levels of funding which will aid medium term financial planning. Whilst the Council will use reserves to pump prime and resource initiatives in ther earlier years such as commercial acquisition or relocating offices to fund upfront costs this will be done on a short term basis and based upon robust business cases demonstrating that sustainable income generation or cost savings will be produced. The aim is to ensure that the Council becomes financially self sustainable and does not need to rely on reserves on an ongoing basis (which would not be sustainable) to support the revenue budget. Sections 2 and 3 of this report will serve as the Council's efficiency plan.

1.16 Given the context of reducing central government funding the Council needs to remain very focused on growing local ongoing sources of income such as:

- Using economic development to encourage growth in the business rates taxbase, this will be underpinned by the updating in winter 2016-17 of our Economic Strategy and supporting initiatives such as Inward Investment Strategy

- Growing the council tax base- anticipated to rise by an average of approximately 1% per annum for next two to three years
- Maximising income streams from the Council's assets. Very significant progress has been made on this front which has helped reduce the projected funding gap and which is anticipated in the near future will significantly reduce that gap further.
- Developing income from alternative delivery models- discussion currently are focused on the proposal for Legal Services; the Applied Resilience emergency planning mutual has made a good start and is growing its customer base.
- Whilst undertaking appropriate engagement with stakeholders, and taking into account of affordability impact on local residents and businesses seeking to maximise income from fees and charges
- Maximising investment returns from a diversified portfolio- last financial year the Council achieved an average rate of return of 5% on its core of pooled investment funds
- Exploring ability to generate returns from property investments, being prepared to borrow when there is a robust business case and rate of return whilst supporting borough economic development and housing objectives
- Maximising Council Tax within the bounds permitted which indeed is consistent with the Government's assumptions underpinning the Four Year Funding Settlement.

2. Options analysis and proposal

The Outline Budget needs to cover the following areas:

(a) Anticipated declining levels of revenue grant support and other funding support from the Government including New Homes Bonus and address the risks and volatility associated with increasing reliance on business rates retention.

(b) Anticipated external pressures such as statutory changes impacting over the outline budget period

(c) How we fund our corporate priorities by generating increased income streams

(d) The level of Council Tax, which the Council wishes to levy

(e) Future assumptions on interest rates and investment types.

(f) The level of services that the Council wishes to provide and the level of revenue expenditure the Council wishes to incur in the provision of those services. This is particularly important in light of the significantly reduced grant the Council will now receive. To support the challenging process of prioritisation of budget spending and saving decisions it is proposed that serious consultation be given to undertaken a statistically robust budget consultation exercise to inform decision making.

(g) The level and range of charges the Council should make for its services.

(h) The use of revenue reserves (if any) the Council wishes to use to support that level of service.

(i) The level of reserves the Council wishes to retain to provide investment income and ensure stability for the future.

(j) The alternative use of reserves to generate future savings.

(k) To review the Council's portfolio of assets to ensure that it is maximising value obtained from use of assets (both in terms of cost of maintaining those assets and income generated from them) and to review opportunities to rationalise the portfolio and generate additional income streams.

(l) The level of capital expenditure which the Council wishes to support and how it will seek to borrow, including being prepared to borrow where there are robust business cases in support.

3.1 OUTLINE BUDGET 2016/2017 – 2020/2021

3.1 Attached as Appendix A is a summary of projected expenditure and possible financing to 31 March 2021. It will be seen that the amount needed to be funded from Council Tax is £7.445m, taking into account use of reserves and investment income. service expenditure would total some £14.5m in 2017/18. Currently the commercial and economic development asset acquisitions anticipated to be in place by the end of 2016-17 are anticipated to generate sufficient rental income streams to ensure that the Council has a balanced budget for 2017-18 with funds available to invest in pump priming initiatives which will deliver further income/savings by 2019-20.

3.1 Council Tax rate increases for 2017-17 and future years are assumed to be on the basis that the Council will continue to seek to protect Council tax and increase Band D by £5 per annum. However, it remains possible that the council tax referendum limit will be further amended by Government.

3.2 Pensions- the Council will learn in November the actuaries triennial valuation figures for the Surrey Pension Fund as at 31 March 2016 and their assessment as to how the employer contributions should rise over the next three financial years. On basis of early indications we are anticipating a slower rate of increase than the last three years with employers' contributions possibly rising incrementally by £50k per annum. The budget has now absorbed in 2016-17 the impact of increased national insurance contributions with the ending of the opting out arrangements.

3.3 The Outline Budget projections take into account anticipated inflation on significant contracts, such as grounds maintenance which the Council has in place.

3.4 The projections currently assume an annual increase in pay awards of 1%.

3.5 The Outline Budget projections assume that the Government will continue to progress the roll out of Universal Credit. The projections assume the roll out will be fully completed by 2018-19 which results in the loss of the £0.5m credit the Council receives for its efficiency in recovering overpayments. This is one of the key factors in pushing up the budget gap in 2018-19.

3.6 Budget consultation exercise- one option to aid the Cabinet to make difficult budget decisions between competing budget priorities would be to commission a statistically robust budget consultation exercise. If the current commercial income initiatives bear fruit we would not be under so much pressure timewise and could consider commissioning during 2017-18 (which would allow officers sufficient time to work with the advisers to work up the question matrix) to enable the outputs to feed into budget decision making for 2018-19 and 2019-20.

3.7 In response to the reducing funding levels, Cabinet and Management Team have recognised in 2014 that a fundamental transformation programme "Towards a Sustainable Future" (TaSF) needs to be put in place to aim at making the Council a self-funding council by the end of the outline budget period. Appendix 4 summarises the TaSF programme.

3.8 The TaSF programme includes three strands

a) Maximising income streams from investments and the Council's assets, This will link with the Council's refresh Housing Strategy which is aiming to use Council assets to generate additional housing supply (easing the pressure on the housing and homelessness budget) and generate income streams for the Council

b) Relocation of the Council's offices to smaller more flexible and efficient location(s) and application of agile working to save money and to enable development of housing on Knowle Green site to generate an income stream

c) Structural review including; service redesign and different delivery models to reduce expenditure. Several services have come forward with proposals to "spin out" as either Local Authority Trading Companies or Public Service mutual. The Council may consider setting up an overarching trading company arm which may be more cost efficient.

3.9 Programme management streams have been put in place to manage the delivery of the strands set out above in paragraph 3.9

3.10 Currently the Council's treasury management investments are performing well with the core investments achieving an average of 5% in 2015-16. It is anticipated this level of performance can be maintained and has been built into the Outline Budget projections. The investment income projection for 2016-17 took into account the ability to reinvest the anticipated receipt of £21m from the Bridge Street car park development during 2016-17.

3.11 The Council has made excellent progress with respect to grasping opportunities to maximise income streams from assets. As result of recent acquisitions the Council is close to securing by 2017-18 generating additional income from assets for a sustained period well beyond the outline budget period of at least £2.8m per annum net of financing and management costs.

3.12 As mentioned above the Council is looking at acquiring properties either directly or through appropriate delivery vehicles to enable it to provide temporary accommodation as an alternative to Bed and Breakfast accommodation which is expensive and has other issues. During 2016-17 the Council set up Knowle Green Estates as its housing delivery company and through the company it seized the opportunity to purchase the Harper Hotel emergency accommodation establishment. The Council will be able to use all of the housing units at the Hotel for its own residents diverting them aware from expensive alternative arrangements.

3.13 With respect to structure the restructure of senior management arrangements has largely been completed with the appointment in April 2016 to 5 Group Head posts and the deletion of previous head of service posts. For most of the groups, deputy head arrangements have now been put in place. The new structure will enable a greater focus on aligning services with synergies and aligning resources with the corporate priorities. This re-alignment process is anticipated to deliver ongoing savings and has already assisted with some of our commercial/economic development acquisitions.

3.14 In parallel Cabinet and Management team asked all services to look at delivery models to identify how by the end of the outline budget period they could deliver savings of approximately 30%. Service managers responded very positively and have generated a significant list of savings/additional income which when combined with the strands above gives Cabinet and Management Team confidence that the budget gaps in each of the outline budget period can be closed.

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

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

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

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

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

a) Interest equalisation – is built up in years when investment returns are better than expected and used to support investment income in years when returns are lower.

b) New Schemes Fund – the fund is now exhausted and It is not proposed to continue to provide a stream of funding toward specific revenue costs but instead we intend to put monies back into the fund to offset future years expenditure from those areas.

c) The key focus is generating additional revenue income streams. It is recognised that whilst the projects to deliver a number of such streams are well under way they will take time to reach the point of delivering income. There is therefore the case that on the basis there is a clear strategy and plan for delivering income streams that in the interim, in order to avoid making short term cuts which ultimately in the longer term may not have been necessary that some use of reserves to help close the revenue gap would be sensible.

d) The Housing Initiatives Reserve with a balance of £7.6m has been identified as being a source of funding for supporting Housing Strategy initiatives.

3.17 The Council will be implementing arrangements to make repair and renewal annual contributions for both

a) Addressing maintenance of service assets – addressing issues early in a planned way is usually cheaper in the long run. As part of addressing this it is proposed to have additional stepped increases in planned maintenance of £250k per annum ie rising to £1m by 2020-21

b) Setting aside provision for economic development assets to ensure funds are available for refurbishment when leases come up for renewal

3.18 Given that there may be timing differences between additional asset income streams and the need to invest to make schemes happen there may be a need for the Council to incur some borrowing. Given the relatively low rates the Council can obtain from the likes of the Public Works Loan Board (PWLB); Homes and Community Agency, the new Municipal Bonds Agency or the European Investment Bank it will potentially be more cost effective to borrow rather than draw down medium term investment funds. The Council's treasury management advisers Arlingclose are assisting in developing a borrowing strategy for the Council. It should be noted however we cannot borrow to cover deficits in the Revenue Budget

3.19 At 1 April 2016 Revenue Reserves were as follows:

	2016
	£'000
General Fund Revenue Account*	1,896
Capital Fund*	443
Carry Forward Reserve	240
Housing Initiatives Fund	5,794
Bronzefield Maintenance Fund	277
New Schemes Fund (NSF)	1,221
Interest Equalisation	493
Insurance Reserve	50
Planning Delivery Reserve	50

Youth Council Reserve	20
Bridge Street Car Park Reserve	69
Business rates equalisation Reserve	1,145
	11,698

Revenue / Projected Reserves – 1 April

* indicates an uncommitted reserve available to support Council Tax.

The capital element of the NSF is now exhausted but there is still the revenue element of £1.2m in the table above.

The Level of Capital Expenditure to be supported

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

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

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

Reserved right to buy receipts from A2Dominion have fallen significantly from £600k in 2005-06 to approximately £???k in 2015/16. Taking account of the impact of Stanwell new start and the general housing market, it is assumed that the ongoing level of RTB receipts will be £??k per annum.

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

Level of Capital Reserves

3.21 Projected capital reserves at 1 April 2016 were as follows:

	2016
Usable Capital Receipts	£1,448k

3.23 The Capital Programme will continue to be financed in the short term by the Right To Buy (RTB) receipts, the capital reserves and the Social Housing Fund. By the end of the year 2016-17 (not taking into account the potential Bridge Street receipt), there are anticipated to be £20m capital reserves remaining.

3.24 The Prudential Code, which came into effect on 1st April 2004, gave us the scope to borrow to fund capital investment. The Council initially took the view that it would use capital receipts to finance the capital programme. However prudential borrowing may be appropriate where the capital investment will generate additional income which more than offsets the interest payments incurred, for example some authorities have undertaken prudential borrowing to fund expanded car parking facilities which will generate additional income which would more than offset borrowing costs. The Council is now prepared to undertake borrowing to acquire assets for housing or economic wellbeing purposes where there is a robust business case and where the loan costs are more than offset by revenue savings or additional income streams. The Council is actively looking at some opportunities which are close to bearing fruit with respect to sustainable income streams.

Financial Health Indicators

3.25 Spelthorne has monitoring agreed indicators useful for monitoring purposes monitoring agreed indicators useful for monitoring purposes. Indicators should cover revenue, capital expenditure and also aspects of the balance sheet. It is therefore recommended that targets be set for capital and revenue outturn, and for debtors and creditors. Linked with the issue of maintaining sufficient reserves to generate a reasonable interest income it is suggested that a target minimum level of reserves is set. The current set of indicators is set out below:

a) Revenue outturn against original budget target: +/- 1.5%.

b) Capital outturn against original budget target: +/- 20%.

c) Council Tax collection target: 98.5%.

d) Business rates collection target: 98.5%.

e) Sundry debts aged more than 90 days overdue no more than 13% of total debts.

f) Payment of creditors within 30 days target: 96.5%

3.26 Clearly we need to take account of the challenging economic climate on the achievability of the above indicators particularly the collection rate (which through business rates and council tax support will feed through directly into the Council's financial position and debt indicators and we will keep these indicators under regular review. Maximising collection of business rates will be particularly important in 2016-17 when we are a member of the Surrey Business Rates Pool and do not have to pay a levy on additional business rates income generated.

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

Financial implications

3.27 As set out in the report above

Other considerations

Where service efficiency proposals are put forward to assist in balancing the Budget the Council will need to undertake appropriate equality impact assessments.

Timetable for implementation

3.28 A detailed Budget timetable is being issued to ensure that we are able to set a balanced budget for 2017-18 at the meeting of Council on 23rd February 2017.

Background papers:

Appendices:

	16-17 original £	17-18 £	18-19 £	19-20 £	20-21 £
Gross Expenditure					
Less: Fees and Charges and Specific Grants (excl Housing Benefits)					
Less: Housing Benefits Grant					
Net Service Expenditure:					
Broken down over Portfolios					
Business Continuity of the Council	868,200	868,200	868,200	868,200	868,200
Communications and Procurement	233,300	233,300	233,300	233,300	233,300
Community Safety and Licensing	145,700	145,700	145,700	145,700	145,700
Economic Development and Assets	1,923,700	2,127,700	2,217,700	2,463,700	2,713,700
Environment	3,591,000	3,621,900	3,653,900	3,690,900	3,727,900
Finance	4,112,400	4,112,400	4,112,400	4,112,400	4,112,400
Housing, Health, Wellbeing, Independent Living and Leisure	2,199,600	2,270,100	2,639,600	2,749,600	2,749,600
Leader's Portfolio of services	1,236,500	1,251,500	1,251,500	1,362,500	1,251,500
Planning	782,800	782,800	882,800	882,800	701,800
	15,093,200	**15,413,600**	**16,005,100**	**16,509,100**	**16,504,100**
Salary expenditure - vacancy monitoring	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)
Pay award	132,000	132,000	257,000	382,000	507,000
Efficiencies to offset pay award	(132,000)	(132,000)	(257,000)	(382,000)	(507,000)
Recruitment and retention					
Pensions		50,000	100,000	150,000	200,000
Previously Unidentified annual growth		400,000	800,000	1,200,000	1,600,000
Partnership Savings			(80,000)	(120,000)	(160,000)
Fees and charges		(100,000)	(200,000)	(300,000)	(400,000)
Revised Service Expenditure	**14,793,200**	**15,463,600**	**16,325,100**	**17,139,100**	**17,444,100**
NET EXPENDITURE	**14,793,200**	**15,463,600**	**16,325,100**	**17,139,100**	**17,444,100**
Interest earnings	1,150,000	1,200,000	1,200,000	1,200,000	1,200,000
NET EXPENDITURE AFTER INTEREST EARNINGS	**13,643,200**	**14,263,600**	**15,125,100**	**15,939,100**	**16,244,100**
Appropriation from Reserves:					
Pump prime invest to save/efficiency initiaitves	786,000	800,000	400,000	0	0
Set aside for Independent Living	(55,962)	0	0	28,000	27,962
Interest Equalisation reserve	0	0	0	0	0
Repair and Renewal (service assets) contributions		0			
BUDGET REQUIREMENT	**12,913,162**	**13,463,600**	**14,725,100**	**15,911,100**	**16,216,138**
Retained Business Rates	3,009,000	3,009,000	3,009,000	3,009,000	3,009,000
Revenue Support Grant(incl council tax support grant)	580,000	0	0	(750,000)	(750,000)
Transition Grant	100,000	96,000	0	0	0
New Homes Bonus	1,895,600	1,895,600	1,200,000	1,200,000	1,200,000
NHB set aside for Housing initiatives			0	0	0
NET BUDGET REQUIREMENT	**7,328,562**	**8,463,000**	**10,516,100**	**12,452,100**	**12,757,138**
Collection Fund (Surplus)/Deficit	(148,000)	0	0	0	0
CHARGE TO COLLECTION FUND	**7,180,562**	**8,463,000**	**10,516,100**	**12,452,100**	**12,757,138**
Tax base	38,308	38,691	39,078	39,469	39,864
Council Tax rate	187.44	192.44	197.44	202.44	207.44
Council Tax yield	**7,180,562**	**7,445,825**	**7,715,675**	**7,990,178**	**8,269,399**
Deficit/(surplus)	**(0)**	**1,017,175**	**2,800,425**	**4,461,922**	**4,487,739**
Year on year movement		1,017,175	1,783,250	1,661,497	25,817

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Appendix 1

Suggested Responses to Consultation on 100% Business Rates retention

Summary of Questions

Question 1: Which of these identified grants / responsibilities do you think are the best candidates to be funded from retained business rates?

Before addressing which grants/responsibilities should be funded we do wish to emphasise our key concern that any proposals for devolving funding streams are done in a clear and transparent way showing for example what the underlying funding streams would be for saying the next five years. Local government would not wish a repetition of the approach to funding of local council tax support schemes administration whereby those of us who will cease to receive RSG next year will have lost the element of that funding which had been incorporated into RSG. The Council feels that the Government need to ensure that any responsibilities devolved under the 100% Business Rate retention proposal need to be fully funded in the short term and future proofed against known changes in demand, i.e. population increase; and should prioritise only current responsibilities. New responsibilities should continue to be funded through the New Burdens Doctrine.

Though we would generally welcome having more local control over the activities listed in Section 3 of the consultation, it is felt that any activities that are to be devolved to councils needs to come with total freedom and a true transfer of responsibilities with the discretion to shape the services to suit our residents and enable the councils to add value.. This includes not wanting to simply become the new administrators of grants without the ability to alter the eligibility criteria.

It is felt that stimulating the future growth in the economy would provide the best opportunity to generate additional resources to help contribute to future demand pressures that would come from an increasing and ageing population.

The list on pages 18 and 19 of the consultation are all grants that already go (or will go) to local authorities. Transferring these grants will result in local authorities having no more or less control over services; instead the stability and predictability of the funding will be dependent on the health of the local economy, with the risks being fully placed upon the councils. In addition, the Council feels that the responsibilities proposed do not really meet the guiding principles set out in the consultation, eg, it is not clear to us how devolution of responsibility for Housing Benefit Pensioner administration subsidy is linked to driving economic growth.

The value of the financial quantum available is felt to be insufficient to fully meet the cost of the responsibilities proposed to be transferred. The 3SC local authorities would suggest that the Government may wish, as part of the transfer, provide Local Authorities with the freedoms to re-align the current framework and levels of reliefs and exemptions to better match local business needs. This may provide more flexibility in the overall amount of business rates that could be generated.

Having more direct control over the operation of the application of reliefs and exemptions will enable the Local Authorities to develop a stronger working relationship with their business community.

In formulating the consultation we would ask Government whether any consideration has been given to the changing environment within which business operates. The development of digital infrastructure and the internet has seen a rise in the volume of small micro businesses that operate without the need for a physical base of operations and therefore do not make any contributions to business rates. Has the Government factored this trend change into its deliberations?

Question 2: Are there other grants / responsibilities that you consider should be devolved instead of or alongside those identified above?

We believe consideration should be given to devolve funding arrangements which have greater linkage/synergy with movements in business rates tax base and which provide incentives and scope for councils to add value by more efficient administration.

In support of the 3SC evolving devolution deal the Council feels that the focus should be on devolving responsibilities over activities that would support and facilitate the areas of economic development, such as skills, education, transport and digital.

A grant that we believe meets the criteria set out on pages 16 and 17 of the consultation paper and directly supports economic growth, but is not included within the list is New Homes bonus, we would therefore urge the Government to reconsider whether this should be included. We also urge government to devolve the regional infrastructure fund.

Question 3: Do you have any views on the range of associated budgets that could be pooled at the Combined Authority level?

In terms of devolution of specific budgets to a Combined Authority the priority should be to budgets that directly support economic growth, such as education, skills, transport, infrastructure and digital development.

It is the Council's view that pooling of budgets is a decision that should be left to the discretion of the Individual areas developing their devolution proposals; as they are best placed to determine the most cost effective way of delivering local services, factoring in the different social and environment factors that impact of their area.

Question 4: Do you have views on whether some or all of the commitments in existing and future deals could be funded through retained business rates?

It is felt that any specific mix of devolved service arrangements arranged within existing devolution deals should not impact on the quantum available to the rest of local government. In other words; the appetite of combined authorities or those areas with an elected mayor should not result directly in less services and funding being devolved in other areas. The opportunity to improve the services offered to residents should not be determined by an authority's governance arrangements.

Question 5: Do you agree that we should continue with the new burdens doctrine post- 2020?

Yes

Question 6: Do you agree that we should fix reset periods for the system?

Yes a fixed frequency of reset periods would aid councils' medium term financial planning. There needs to be sufficient length of time between resets to provide sufficient incentives for councils to undertake for example large scale regeneration schemes.

The Council's view is that if resets are to exist the duration between resets should be long enough so that councils are sufficiently incentivised to commit to the significant investment of resource and money (this may involve the councils borrowing to help facilitate) into securing economic growth. Frequent resets do not aid investment decisions relating to long term economic growth. If councils are to invest in economic development projects then they will want to know that they will benefit from the increase in business rates for a longer period than 5 years to enable it to fund the borrowing costs required to invest in the scheme. Therefore the Council considers that:-

- resets should be long enough (eg, 20 years) to aid investment decisions in projects to deliver economic growth and regeneration or
- that any system of frequent resets should be on a 'partial reset' basis and needs to have flexibility for a Council to designate certain areas it may want to develop, so that the business rates generated in a redevelopment area can be retained by the Council in full for at least a period of 20 years (to allow the use of tax incremental financing for schemes, similar to the concept enterprise zones and city deals)
- that the system of enterprise zones and city deals be expanded to more Councils and include retail and town centre developments to drive economic growth in regional towns as well as cities

The Council's view is that the critical consideration is one of risk – what is the risk that future funding will not properly fund services and will the proceeds of growth be lost or retained? If the proceeds from growth will be lost then in order to use these additional funds in long-term investment plans then a longer reset is important, but if a system of partial rests existed which allowed Councils to keep a significant proportion of previously obtained growth then shorter reset periods become more palatable.

Question 7: What is the right balance in the system between rewarding growth and redistributing to meet changing need?

We feel it is important to ensure that sufficient incentive is built in to reward growth.

It is the Council's view that existing services should be fully funded through the system of 100% rates retention, however, changes in demand for services and changing population needs should be able to be funded through the proceeds of economic growth over the medium to long term if Council's are encouraged to engage in activities relating to economic growth.

Question 8: Having regard to the balance between rewarding growth and protecting authorities with declining resources, how would you like to see a partial reset work?

Question 9: Is the current system of tariffs and top-ups the right one for redistribution between local authorities?

Whilst there are issues with the methodology for calculating baseline and need the mechanism of tariffs and top ups is relatively straight forward and transparent.

Question 10: Should we continue to adjust retained incomes for individual local authorities to cancel out the effect of future revaluations?

Thr Council does recognise the risk that valuations can go down as well as up, particularly in the short term, however over the long term, property valuation trends are generally upwards. Not recognising any change in the longer term economic value of the tax base does not incentivise authorities to drive economic growth as the benefits of such would be removed on revaluation.

The current policy of adjusting means that if a council did drive economic growth and regeneration in their area and, as a result, property values in that area increased, then that Council would not see any economic benefit in terms of business rates income due to the rise in property values as the benefits would be wiped out by reducing the multiplier. This proposal seems to contradict the objective of incentivising and rewarding those councils that pursue policies that drive economic growth in their areas. However, we understand that Government may wish to protect businesses within the system from significant increases in business rates due to revaluations. The Council therefore proposes a compromise approach whereby the benefits of general increases in economic value of the tax base is shared between the public and private sector by partially changing the multiplier rather than a complete reset.

Question 11: Should Mayoral Combined Authority areas have the opportunity to be given additional powers and incentives, as set out above?

Yes. Based on a principle of equality and that this is a national scheme that is being consulted on; then all areas should be treated equally irrespective of their framework for democratic accountability. The governance model for a combined authority should be determined locally between the relevant parties to the combined authority based on local circumstances. The Council believes it is wholly incorrect and un-democratic for the Government to be financially incentivising combined authorities through the 100% business rates retention system to opt for a directly elected mayor model of governance.

Question 12: What has your experience been of the tier splits under the current 50% rates retention scheme? What changes would you want to see under 100% rates retention system?

The Council believes that the balance in funding between tiers of local authorities should be fair and reflective of the responsibilities transferred to local government under the 100% rates retention system

Question 13: Do you consider that fire funding should be removed from the business rates retention scheme and what might be the advantages and disadvantages of this approach?

No view as we do not have a separate fire authority

Question 14: What are your views on how we could further incentivise growth under a 100% retention scheme? Are there additional incentives for growth that we should consider?

The Council believes that the system of having enterprise zones and designated areas which are disregarded for redistribution should be expanded to incentivise economic growth. In particular it should be easier for local authorities to either self designate redevelopment zones earmarked for economic growth or there should be a more frequent and transparent process open to all authorities for application to designate areas which could run along side the annual completion of the NNDR1 form. Enterprise zones currently favour growth in business parks and city deals favour city regions. There needs to be more incentive within the new system to allow regional towns to regenerate and drive economic growth to spread the benefits of such into the regions rather than concentrating on 1^{st} and 2^{nd} tier cities.

Question 15: Would it be helpful to move some of the 'riskier' hereditaments off local lists? If so, what type of hereditaments should be moved?

Yes in principle. The Council would welcome the introduction of an area based list, as this would support the concept and management of an area based pooling arrangement.

Question 16: Would you support the idea of introducing area level lists in Combined Authority areas? If so, what type of properties could sit on these lists, and how should income be used? Could this approach work for other authorities?

Question 17: At what level should risk associated with successful business rates appeals be managed? Do you have a preference for local, area (including Combined Authority), or national level (across all local authorities) management as set out in the options above?

We would encourage consideration of pooling of appeals risks. This would remove massive volatility impacting on individual councils' ability to plan. It would also provide a greater incentive for DCLG to focus on improving the performance of the Valuations Office Agency

Question 18: What would help your local authority better manage risks associated with successful business rates appeals?

More timely management of processing of appeals by the VOA.

Question 19: Would pooling risk, including a pool-area safety net, be attractive to local authorities?

Potentially yes. We do not have any detailed exemplifications on the relevant impacts of this proposal, so could not at this time offer any specific observations, but in general it is felt that this proposal would support the establishment of an area based pooling arrangement

Question 20: What level of income protection should a system aim to provide? Should this be nationally set, or defined at area levels?

We do not feel that we can make any specific observations at this time on this question until more detail is available on the responsibilities that will be transferred, the associated funding arrangements and how 100% retention will generally look.

Question 21: What are your views on which authority should be able to reduce the multiplier and how the costs should be met?

Feel ideally this should be devolved to the councils at a local/regional level to determine. In unitary billing authority areas the decision is simple as the costs fall to the decision making authority. However, in two tier areas where the decision will affect more than the billing authority this decision must be made jointly. This joint decision making is already in operation with the Council Tax Reduction Schemes

Question 22: What are your views on the interaction between the power to reduce the multiplier and the local discount powers?

Spelthorne Borough Council is currently part of the Surrey-Croydon business rates pool. This experience has been positive and therefore the Council is open to 3SC or other proposals that seek to establish a single Pool arrangement across a local region.

It is felt that a single pool arrangement will provide the following benefits.

- Enable the area to determine its only distribution arrangement for the additional resources arising from moving to the 100% retention, linked to both 'Needs' and economic development.
- Use the economy of scale that the area will bring to better manage the valuation and appeal risks.
- Provide a single voice to work more effectively with the Valuation Office to manage business rates within the area.
- Provide a single voice for engagement with the business community over investment issues.

Through the 3SC devolution deal the area is seeking to stimulate and increase economic activity and growth, with the growth in retained Business Rate income being a key element of the funding required in delivering the economic growth. The area would be interested through this consultation exercise to open discussion on securing additional freedoms and flexibilities over the following to help further facilitate growth.

- Control over setting the rate multiplier
- Freedoms to set local levels of discounts for both mandatory and discretionary reliefs to improve their alignment with the actual needs of local business.
- Direct involvement in the timing and process for rate revaluations.

Question 23: What are your views on increasing the multiplier after a reduction?

Question 24: Do you have views on the above issues or on any other aspects of the power to reduce the multiplier?

Question 25: What are your views on what flexibility levying authorities should have to set a rateable value threshold for the levy?

Question 26: What are your views on how the infrastructure levy should interact with existing BRS powers?

Question 27: What are your views on the process for obtaining approval for a levy from the LEP?

The 3SC geographic area falls within the operation of three different LEP's. Each of the LEP's is a partner to the area's Devolution Deal and would therefore be directly involved in any discussion regarding the implementation of any Levy. The LEP's are recognised as the key channel to seeking the views of the business community so would be a seen as a key consultee in any proposal which impacted on the business community.

Question 28: What are your views on arrangements for the duration and review of levies?

If the Levy is a key financial element to the delivery of infrastructure improvements, for example in our area putting in place the Lower Thames Flood Relief scheme is a key priority, then it is felt that the duration of the levy should be left to the determination of the Combined

Authority to match their financial requirement; especially as the improvement would be subject to the development of an appropriate business case in accordance with the Treasury's Green Book methodology.

Question 29: What are your views on how infrastructure should be defined for the purposes of the levy?

We welcome the use of the CIL definition as a proxy for the definition of infrastructure but would like to see "Digital" related activity incorporated into the definition to reflect the importance that this is now playing in the business community and general economy

Question 30: What are your views on charging multiple levies, or using a single levy to fund multiple infrastructure projects?

This should be left to the discretion of the local area as to how best to align it with local development needs. Any system should be transparent and explained to the tax payer. In the ability to introduce an infrastructure levy should not be restricted through the type of governance arrangements a combined authority may choose. An elected leader of a combined authority should have the same power to introduce an infrastructure levy as an elected mayor.

Question 31: Do you have views on the above issues or on any other aspects of the power to introduce an infrastructure levy?

Question 32: Do you have any views on how to increase certainty and strengthen local accountability for councils in setting their budgets?

The Council believes that rolling multi-year 3 or 4 year settlements would increase certainty and enable better financial planning by local authorities.

Question 33: Do you have views on where the balance between national and local accountability should fall, and how best to minimise any overlaps in accountability?

The Council believes that resources raised locally and spent locally should be scrutinised locally and that the council should is already held to account for its spending decisions by its scrutiny committee, corporate governance and standards committee, auditors and the local electorate.

Question 34: Do you have views on whether the requirement to prepare a Collection Fund Account should remain in the new system?

The Council supports the continuation of Collection Fund Accounting

Question 35: Do you have views on how the calculation of a balanced budget may be altered to be better aligned with the way local authorities run their business?

Slightly surprised at this question in this particular consultation. We feel the discipline of having to set balanced budgets is an important one for local government and should be continued. The Council cannot see any merit in changing the current calculation.

Question 36: Do you have views on how the Business Rates data collection activities may be altered to collect and record information in a more timely and transparent manner?

It would help if NNDR returns could be issued on a more timely basis and without the need to make corrections.

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Appendix 2 – Draft Responses to Fair Funding Consultation

Before addressing the detailed questions about the fair funding regime which is focused on how the funding pot is distributed we do wish to highlight the importance of ensuring that there is significant funding in the pot to enable local government collectively to be able to deliver on a sustainable basis the services their residents and business require.

Question 1: What is your view on the balance between simple and complex funding formulae?

The greater the complexity the potentially less transparent the allocations will be. However, there does need to be sufficient complexity to reflect drivers of need and cost. For south east and London authorities it will be important that formulae reflect the greater cost of providing services in London and the surrounding area.

The Four-Block Model was complex, opaque and extremely difficult to explain to elected members and taxpayers. Since the four block model's introduction it has been widely discredited – both independently and from within the sector. The complexity is that as local authorities we deliver a wide range of services to a broad spectrum of the population. Therefore when a funding model results in unexplainable results and unfair allocations of resources, then that becomes unacceptable.

Different local services will face demand driven by different demographics or geographical landscape. The current reliance on regression encourages statisticians to look for increasingly complex formulae in an attempt to replicate the historic pattern of spending or activity. By basing future allocation on past spend the line between past and future funding is cemented and old funding inequalities are "locked in" to the system and move further away from reality in the demand and local cost of providing individual activities.

We support the 3SC authorities' view that a sensible approach would be for simplicity first with additional layers of complexity argued and evidenced on a service by service basis. For example, start by funding services on an appropriate per capita basis (per elderly person, per waste bin collected, per child in education, and per km of road for example) before hearing evidence about demand and incorporating other measures into the formula. But each layer of additionality should meet the following criteria:

- each case has evidence to justify its argument;
- each additional layer improves the fairness of the system; and,
- the system retains its transparency and continues to be seen to be fair.

Different local services will face needs and demands driven by differences in demographics, economic activities, local costs of delivering services and geographical landscape. Furthermore, these drivers are dynamic and are each changing at different speeds across the country and will need to be addressed within the formula.

One of the advantages of simplicity and transparency in a funding system that is materially fair is that it is reasonably predictable, enabling local authorities to plan around its outputs.

Question 2: Are there particular services for which a more detailed formula approach is needed, and – if so – what are these services?

Our earlier comments still remain future funding allocations cannot be based upon past spend or activity. An area that fares well from the funding system will be able to choose to do more and spend more than an area that does not. In Surrey the districts provide a number of independent living services (day centres, meals on wheels, community alarm etc) which elsewhere are provided at the County tier level. This does the impact of an aging population has a particularly significant impact on the Surrey districts and boroughs and therefore we would support our county colleagues in suggesting appropriate modelling is undertaken to ensure fair funding.

There are many other services that we collectively provided which are also coming under increasing pressure. For example as a result of the welfare reform changes such as tightening the benefit cap our Council is facing rising numbers of people presenting themselves as homeless which is increasing the pressure on our budget.

Question 3: Should expenditure based regression continue to be used to assess councils' funding needs?

Whilst any distribution formulae used need to be underpinned by robust statistical analysis, we believe that a system whereby future funding allocations are calculated on the basis on past spending decisions is not one that supports future funding need. Instead it simply embeds past funding decision (whether these were by the local authority itself or the government) in determining the funding need and damping levels of local authorities.

It is of paramount importance that service needs are not just captured for services now but for the lifetime of which the formula is expected to apply. This is vital for a needs assessment that is expected to be "frozen" for a numbers of years under the business rates retention scheme during which population increases are expected to cause significant service pressures for demand across the whole range of service we provide.

We welcome the possibility of designing a distribution system from a "blank sheet of paper" and support this as an opportunity to bring together representatives in each service area to agree the key cost drivers in providing each service, in order to determine an average cost for each service which then could be used as the standard around which regional variations could be established. We believe that an approach like this will provide the incentive effect that the Government are keen to incorporate.

We suggest the Government should work with councils to form a group to consider putting forward a funding proposal based on this concept whereby local need is driven by a common basket of place based indicators that give a fair reflection of local need, considering primary cost drivers for all local areas. This approach focusses on existing and emerging service need rather than historical need to spend. It therefore provides the mechanism to establish a funding formula that is not just relevant today but future proof as well

Question 4: What other measures besides councils' spending on services should we consider as a measure of their need to spend?

See Q3. We consider that councils' spending on service is a very poor measure of need as it will be dependent on whether they were adequately funded or not in the past. As stated above, the development of key cost drivers with a reflection of relative activity levels would seem a more fair and equitable measure to assess need. This should also be set against the determined period of time between Needs reassessments, so that need is assessed across the medium term, not just at current levels.

Question 5: What other statistical techniques besides those mentioned above should be considered for arriving at the formulae for distributing funding?

See Q3. We do not have an issue with the regression technique, in itself. However for the reasons outlined we can support a method based on the use of historic data.

Question 6: What other considerations should we keep in mind when measuring the relative need of authorities?

As per question 1, important that the higher cost of delivering services in certain regions is taken into account.

See Q3. The new funding formula must be capable of reflecting future demands for services. For example, the implementation of the welfare reform policies will change the pattern of demand housing support from councils.

Question 7: What is your view on how we should take into account the growth in local taxes since 2013-14?

We recognise that local capacity to raise income (including but not limited to council tax) will need to be considered as part of this review.

The proportion of an authority's budget which is funded by council tax varies hugely across the country. There can, of course be many reasons for these differences; however, past local government settlements have frequently included an element of resource equalisation, whose impact of which falls heaviest in areas with large tax bases, such as Surrey.

Question 8: Should we allow step-changes in local authorities' funding following the new needs assessment?

It is important that there is an element of damping and transitional protection.

We believe that service provision to the local population should be managed as effectively as possible throughout the Formula Funding Review process. We agree that transitional arrangements are an important part in ensuring this is maintained if any new needs assessment results in a significantly different distribution pattern by allowing local authorities the time to financially plan for them.

We believes that there is a balance between moving to the new distribution as quickly as possible and a safe transition period that takes account of the scale of funding changes local authorities can cope with. We believe that specifying where this balance should be set without knowing the magnitude of changes caused by any new needs assessment would be misinformation at this point in time, and therefore recommend that this is revisited once implications of the new scheme design are clearer.

For the devolution of new responsibilities as part of 100% business rate retention our view is that the new responsibilities must be aligned to supporting economic activity and growth, but we agree that, where possible, existing distributions should be continued for a transitional period and consistent with principles set out for future models.

Question 9: If not, what are your views on how we should transition to the new distribution of funding?

See Q8 above

Question 10: What are your views on a local government finance system that assessed need and distributed funding at a larger geographical area than the current system – for example, at the Combined Authority level?

The 3SC initiative is seeking to establish a separate geographical identity, which shows how we as a group of 26 sovereign local authorities can work effectively as a unit. We would therefore welcome the opportunity for further dialogue on a large geographical approach, but this would have to be on the

- recognition that there may be a significant diversification of individual needs across a larger area and that this would need to be fully reflected in any future approach,
- basis that increased local control and therefore increased local accountably would need to come with greater flexibilities over both policy and operational issues.

Question 11: How should we decide the composition of these areas if we were to introduce such a system?

See Q10. We believe this is something that should be decided on an authority-by-authority basis locally. A truly fair funding formula where the assessment of need and distribution of funding are based on a fair and transparent unit cost basis would significantly help to facilitate this.

Question 12: What other considerations would we need to keep in mind if we were to introduce such a system?

One of the advantages of collaboration and partnership working is better management of risk, but this needs to be aligned with appropriate incentives to help effectively manage and mitigate the risks.

Question 13: What behaviours should the reformed local government finance system incentivise?

Question 14: How can we build these incentives in to the assessment of councils' funding needs?

We call on the Government to publish a more detailed timetable of implementation, giving local authorities an implementation date to work and plan towards. It is also important that decisions are made regarding devolved services as soon as practicable, to enable discussions in other areas to continue. Recent political developments such as the EU referendum, a new Prime Minister as well as new Secretaries of State means that local authorities are operating in a time of unprecedented uncertainty. We strongly believe that local government has shown enormous capacity and competence to change and deal with uncertainty. We are also in an excellent position to work locally with partners, businesses and other stakeholders to stimulate and sustain economic growth, which will generate additional long term resources at both a national and local level. It is important that the sector as a whole is enabled and encouraged to deliver this agenda and a plea is therefore made to ensure that unnecessary blockages are not put in place of prevent this from happening.

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Appendix 3

The Rt Hon Sajid Javid MP
Secretary of State for Communities and Local Government
2 Marsham Street
London
SW1P 4DF

Dear Secretary of State

100% Retention of Business Rates and the Fair Funding Review

The way in which the issues raised by the Fair Funding review are addressed and full business rate retention is implemented are absolutely central to the future of this area both in terms of the delivery of public services and in supporting the investment in infrastructure that is fundamental to its future economic success.

Accordingly, we felt that it was important that we gave you a joint response from the 26 local authorities in Surrey, East and West Sussex that together with our three Local Enterprise Partnerships; one Combined Fire Authority and the South Downs National Park Authority, that are supporting the proposal for a 3SC Devolution Agreement.

Sussex and Surrey's economy is worth over £67 billion a year and the counties currently generate over £1 billion in business rates per annum. The area is a home for international business and exhibits many of the characteristics of the kind of knowledge driven, high skills growth that will be increasingly important for the future health of the economy.

As you will be aware, developing the right funding arrangements for the 3SC is important not just for the success of this area but for the economic success of the UK and for the continuation of the significant fiscal dividend that accrues to Government.

The combination of the Fair Funding review and the approach to business rate retention could provide a huge opportunity for the area given the strength of the business base or present it with significant risks. So whilst the approach to individual proposals is important it is how those proposals line up taken as a piece that will be critical for whether the outcome is an opportunity that allows us to move forward with confidence or inserts additional uncertainty and risk into an already difficult financial situation.

To give maximum confidence that there is a big opportunity for areas like the 3SC we will be looking at some of the critical characteristics of the new system and in particular that:

- It recognises and addresses current underfunding of services
- It genuinely addresses some of the additional costs of providing services in areas of the kind that we represent
- that additional responsibilities placed on local authorities are ones that help to support additional growth

- that the arrangements for pooling provide authorities with both the freedom and confidence to operate a system which genuinely meets the needs of the area
- that the approach to resetting the system to address the legitimate need for equalisation gives authorities confidence that they can make effective use of the proceeds of additional growth.

These are the tests which we will be using to gauge the proposals and whether they can give us the basis to move forward in the way that we would wish and which can benefit out residents and support both the development of our economy and that of the UK more generally.

We will also be taking the opportunity as individual councils to provide more technical responses that will highlight the diverse, local issues arising from changes to business rates that are unique to some of us, but we also felt that it was important for you to be aware of our collective view on some of the key issues.

Fairer Funding

Funding the current pressures

The current mechanism fails to take proper account of the significant regional differences in the costs of meeting needs. The South East is a high cost area and suffers disproportionately from the cost to serve imbalance. Proper recognition of the cost to serve must become a key criterion in determining the new Need Assessments; also before new areas of responsibility are devolved there must be some accommodation to meet unfunded current pressures which are considerable. Reductions in central government funding, and the increase in demographic growth, are placing significant pressures on social care and serious knock-on impacts on the NHS which is now becoming more and more visible. By 2030 the proportion of our population aged over 65 will have increased by 18.3% and by 42.4% for those aged over 85.

Given the proximity of our area to London and the significant proportion of our resident population who commute to London to help maintain its economic output, we ask that the level of overall government support should be reviewed in any rebasing of business rate redistribution. For example in 2016-17 residents in our area received £802.35 per head of Core Spending Power (CSP) funding this is 14.6% less than residents in London

Before any further services are devolved, we want assurance that these pressures are recognised by the new Fair Funding formula but also fully funded past the baseline year. In many cases there is little or no correlation between demand for services and economic prosperity.

Local Resources

A significant proportion of a local authority's budget is financed by council tax. Over the last decade and a half the Government have continually carried out what is referred to as "resource equalisation", the result of which has always been to penalise those authorities with large tax bases, especially the south east.

According to the Annual Survey of Hours and Earnings (ASHE), produced by the ONS, wages for residents in our area is significantly lower when compared to London, yet the average adult living in a shire area will pay more towards the costs of services through their council tax.

In 2016/17 the average Band D property in the 3SC area is paying £1,632, this is 20% higher than London and higher than any other class of authority across the country. This is not because the 3SC area is less efficient, but because the proportion of central funding is less, and therefore a larger element of funding has to be met locally. This unfairly penalises the 46% of the population who live in shire areas and contribute to the economy.

Although less easily quantifiable, residents in shire, and often rural, areas will tend to receive less services (either through removal of service or reduced hours) as well as having to travel further to reach them.

In the interests of fairness and transparency, we believe that all elements of local resources need to be discussed openly and addressed as part of the business rate review. In our view the 100% retention of Business Rates cannot be viewed in isolation from funding through council tax.

The 3SC Area and Business Rate retention

The right investment has enormous potential to further increase the contribution that our area makes to the national economy. Delivery of our devolution proposals will yield the Government over £1 billion per year in additional taxation. Being provided with the opportunity to have full control over the generation of Business Rates within the area is important to us as it will enhance our relationship with our business community and through the retention of new business rates generated from future growth provide the funding necessary to pay for the additional borrowing that will be required to deliver the infrastructure. Without business rates becoming a secure and sustainable revenue stream it will be impossible for us to secure the economic and fiscal benefits that have been identified.

<u>Pooling and flexibilities</u>

We have a strong track record of operating business rate 'Pools' and would notionally welcome the opportunity to work with Government on considering the establishment of an area based arrangement to cover all the authorities within the 3SC area. We can see that an area arrangement may provide the number of collective benefits, but there are also a lot of technical issues and risks that would need to be also considered. We see the following as some of the collective benefits:

- Enable the area to determine its own distribution arrangement for the additional resources arising from moving to the 100% retention, linked to both local 'Needs' and economic development.
- Use the economy of scale that the area will bring to better manage the valuation and appeal risks.
- Provide a single voice to work more effectively with the Valuation Office to standardise and consolidate valuation activity across the area, thus potentially leading to a reduction in the risks and issues currently seen through the Appeals process.
- Provide a stronger platform that will enhance the engagement with the business community over investment issues. We already have strong working relationships

with our Local Enterprise Partnerships and whom we recognise as being the voice of the business community in such issues as the establishment of Supplement levies, Business Improvement Areas and Enterprise zones.

We would welcome the establishment of a new area based approach to the Valuation Lists. This would enable us to establish a platform within which we could collectively take on some of the associated risks identified in the consultation in respect of the valuation and appeals processes.

We want to engage in further discussion with you to explore establishing an area based approach.

We would also like to discuss securing additional freedoms and flexibilities to help further facilitate growth and to address the current downward pressures on the tax base arising from the raise in micro technology based business that do not require business premises and organisation such as Academies and NHS Trusts seeking charitable status.

These freedoms include:

- Control over setting the rate multiplier.
- Freedoms to set local levels of discounts for both mandatory and discretionary reliefs to improve their alignment with the actual needs of local business.
- Direct involvement in the timing and process for rate revaluations and resets.

Devolution of Responsibilities

We accept the need to take on additional responsibilities that come with additional funding, but we ask that serious consideration be given to powers that will support economic growth and that the business community would see as benefits. For example; growth funds, skills and higher education, infrastructure funding, digital development and transport investment, and not the ‘social’ based activities highlighted in the consultation paper. We also want, in line with the recent House of Commons CLG Committee Interim Report, powers to come with optimal flexibility and minimal restriction to give us genuine discretion to determine how services will be provided.

We also want assurance that the devolution of responsibilities will only relate to current services and that the New Burden Doctrine will still be honoured for any new requirements that materialise in the future.

Needs Equalisation and Resets

As a high performing economic area, we recognise our role in ensuring that resources are fairly distributed across the country to ensure that all residents of the UK receive good quality public services, but this needs to be done through a balanced view of ensuring that areas that will be generating future growth in the economy are not restricted from doing so through an increase in the level of contributions required from them for distribution post 2020.

To ensure that economic growth is delivered, any new arrangement should be structured to incentivise growth and provide a platform for the stabilisation of long term service provision. This will only be achievable if the “reset” period is sufficient enough to allow the investment in growth to work through the planning and delivery processes, whilst providing sufficient protection to areas in greatest needs of support.

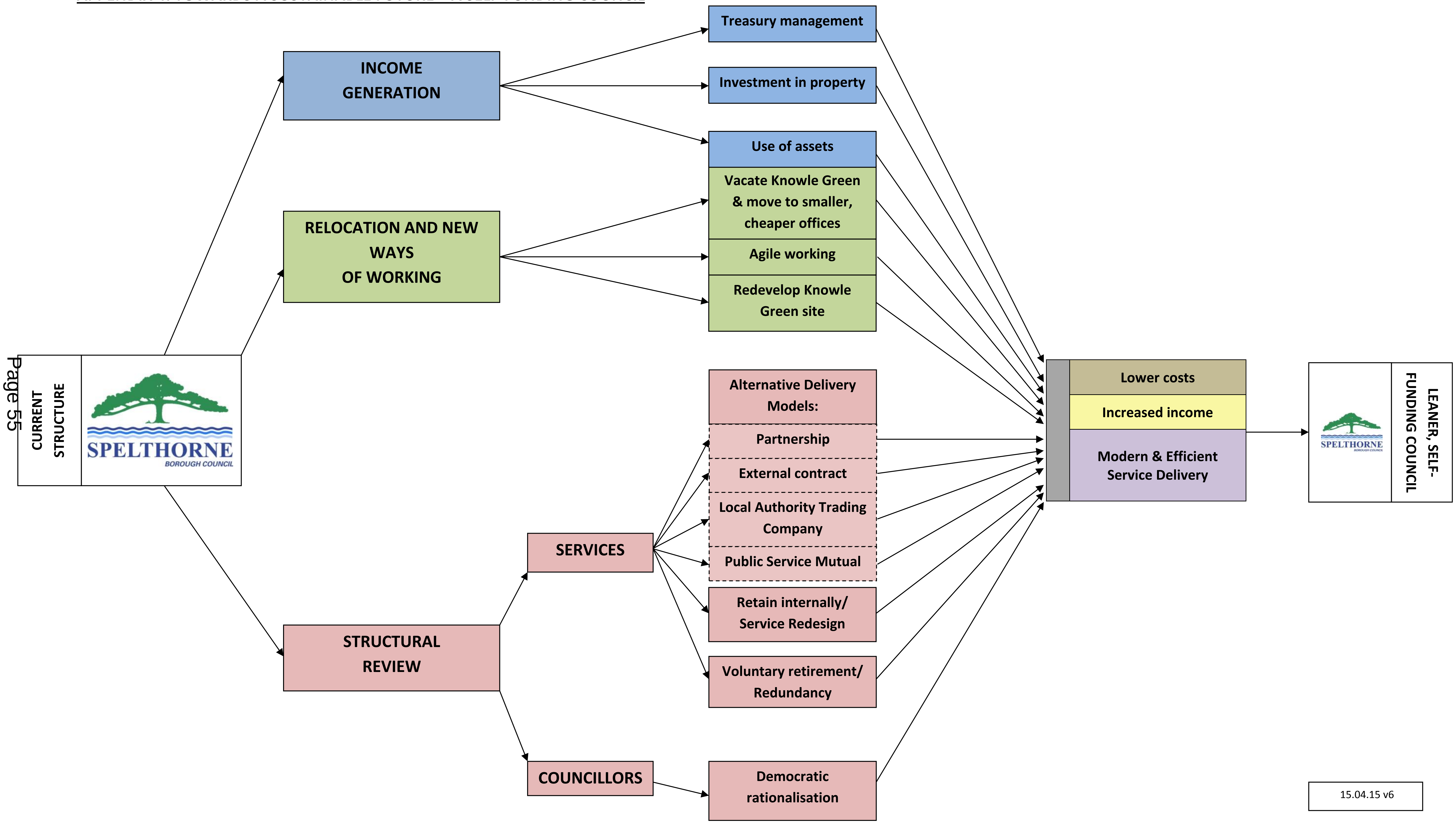
We thank you for taking the time to consider our letter, and welcome further opportunities to discuss the issues raised with yourself and your officials.

Yours collectively

Councillor Victor Broad Leader, Reigate & Banstead Borough Council	Councillor Gillian Brown Leader, Arun District Council
Councillor Peter Chowney Leader, Hastings Borough Council	Councillor Neil Dallen Leader, Epsom & Ewell Borough Council
Councillor Ray Dawe Leader, Horsham District Council	Councillor Tony Dignum Leader, Chichester District Council
Councillor Martin Fisher Leader, Tandridge District Council	Councillor Moira Gibson Leader, Surrey Heath Borough Council
Councillor Keith Glazier Leader, East Sussex County Council	Councillor Louise Goldsmith Leader, West Sussex County Council
Councillor Ian Harvey Leader, Spelthorne Borough Council	Councillor David Hodge Leader, Surrey County Council
Councillor Daniel Humphreys Leader, Worthing Borough Council	Councillor John Kingsbury Leader, Woking Borough Council
Councillor Peter Lamb Leader, Crawley Borough Council	Councillor Carl Maynard Leader, Rother District Council
Councillor Vivienne Michael	Councillor Neil Parkin

Leader, Mole Valley District Council	Leader, Adur District Council
Councillor Julia Potts Leader, Waverley Borough Council	Councillor Stuart Selleck Leader, Elmbridge Borough Council
Councillor Andy Smith Leader, Lewes District Council	Councillor Paul Spooner Leader, Guildford Borough Council
Councillor Robert Standley Leader, Wealden District Council	Councillor David Tutt Leader, Eastbourne Borough Council
Councillor Peter Waddell Leader, Runnymede Borough Council	Councillor Garry Wall Leader, Mid Sussex District Council

APPENDIX 4: TOWARDS A SUSTAINABLE FUTURE – A SELF-FUNDING COUNCIL



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Cabinet

28 September 2016

SPELTHORNE BOROUGH COUNCIL

Title	Capital Monitoring Report		
Purpose of the report	To note		
Report Author	Adrian Flynn		
Cabinet Member	Councillor Howard Williams	**Confidential**	No
Corporate Priority	Financial Sustainability		
Recommendations	**Cabinet to note the current level of spend.**		

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 July 2016.

1.2 For the period ending July 2016, capital expenditure including commitments was £3.550m (42%) of the original budget (excluding the Knowle Green and £1.1m of the Housing opportunity project) and (0.81%) of the revised budget (excluding the Knowle Green and £1.1m of the Housing opportunity project).

The projected outturn shows that we are anticipating to spend £387.2m which represents (87%) of the revised budget (excluding the Knowle Green and £1.1m of the Housing opportunity project).

Key Issues

1.3 £8.1m of the £8.2m that has been allocated for Housing and Knowle Green relocation projects may not be spent in the current financial year and may need to be carried forward at year end.

Significant Development/Variances

1.4 Small Scale Regeneration: The project has been redesigned and will now consist of a £200k spend with match funding of £100k from Surrey County council. The project is expected to run for a period of up to 4 years and a carry forward request will be made at the year of the year.

1.5 Virtual Desktop Infrastructure (VDI): The Project is currently in progress and is expected to run over 2 financial years therefore a carry forward request will be made at the end of the year.

2. Options analysis and proposal

2.1 Cabinet are asked to note the current spend position

3. Financial implications

3.1 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.

4. Other considerations

4.1 Schemes which are currently incomplete and require a budget carry forward may have contractual obligations which could leave us liable to litigation if they are not allowed the funds to complete the works.

5. Timetable for implementation

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

Background papers: None

Appendices: A&B

Appendix A

CAPITAL MONITORING REPORT AT 31 JULY 2016

Portfolio Member	ORIGINAL BUDGET	CARRY FORWARDS	SUPPLEMENTARY ESTIMATE	REVISED BUDGET	ACTUALS YTD	COMMIT MENTS	MANAGERS PROJECTED OUTTURN	MANAGERS PROJECTION TO REVISED BUDGET
Cllr Pinkerton - Housing	1,516,200	83,400	-	1,599,600	1,900	-	498,700	(1,100,900)
Cllr Mitchell - Environment & Compliance	1,131,000	246,100	225,000	1,602,100	125,624	227,129	1,352,100	(250,000)
Cllr Gething - Planning and Economic Development	13,210,600	71,900	429,000,000	442,282,500	3,025,506	6,751	384,766,855	(57,515,645)
Cllr Barnard - Corporate Management	597,600	120,200	-	717,800	135,847	26,910	589,400	(128,400)
	16,455,400	**521,600**	**429,225,000**	**446,202,000**	**3,288,877**	**260,791**	**387,207,055**	**(58,994,945)**

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Appendix B

CAPITAL MONITORING REPORT AT 31 JULY 2016

Housing Investment Programme

Cllr Pinkerton - Housing

Portfolio Member / Service Head	Cost Centre	Description	Original Budget	Carry Forwards	Supplementary Estimate	Revised Budget	Actuals YTD	Commitments	Managers Projected Outturn	Managers Projection to Revised Budget	Comments
Lee O'Neil	40203	Disabled Facilities Mandatory	475,000	-	-	475,000	74,215	-	475,000	-	DFG payments are expected to be within the budget.
Lee O'Neil	40204	Disabled Facilities Discretion	29,600	-	-	29,600	-	-	29,600	-	This is expected to be spent by end of the financial year
Lee O'Neil		Less Specified Capital Grant	(285,000)	-	-	(285,000)	(74,215)	-	(285,000)	-	
		Net Cost of Disabled Facilities Grants	**219,600**	**-**	**-**	**219,600**	**-**	**-**	**219,600**	**-**	
Lee O'Neil	40209	Home Improvement Agency grant	81,000	-	-	81,000	-	-	54,100	(26,900)	Additional funding of only £26300 expected for Home Improvement from Surrey County Council
		HIA Funding	(52,700)	-	-	(52,700)	-	-	(26,300)	26,400	
		Total	**28,300**	**-**	**-**	**28,300**	**-**	**-**	**27,800**	**(500)**	
Total For HIP			**247,900**	**-**	**-**	**247,900**	**-**	**-**	**247,400**	**(500)**	

Other Capital Programme

Cllr Pinkerton - Housing

Portfolio Member / Service Head	Cost Centre	Description	Original Budget	Carry Forwards	Supplementary Estimate	Revised Budget	Actuals YTD	Commitments	Managers Projected Outturn	Managers Projection to Revised Budget	Comments
Deborah Ashman	41622	Affordable Housing Opportunity	1,100,000	83,400	-	1,183,400	1,900		83,000	(1,100,400)	Continuing to look for the other opportunities and in touch with Registered Social Landlords Partners. Residual amount of expenditure is expected after the purchase of Bugle site.
Deborah Ashman	42024	Winter Shelter	25,000	-	-	25,000	-		25,000	-	The agreement is to pay A2Dominion subject to confirmation of Homes & Communities Agency funding of the scheme. Project is expected to be completed by end of the financial year.
Deborah Ashman	42253	Day Cen Replacement Furniture	35,000	-	-	35,000	-		35,000	-	Furniture are being ordered. Project is expected to be completed by end of this financial year
Deborah Ashman	42283	DayCenHairSalonRefurbishment	18,300	-	-	18,300	-	-	18,300	-	Quotations have been invited. Project is expected to be completed by end of this financial year
		Total	**1,178,300**	**83,400**	**-**	**1,261,700**	**1,900**	**-**	**161,300**	**(1,100,400)**	
Sandy Muirhead	42013	Civica EDMS&Locata Integration	25,000	-	-	25,000	-	-	25,000	-	Integration of Civica & Locata is being looked at. After full clarification the work is expected to start and expected to be completed by end of this financial year
Sandy Muirhead	42015	Landlord Guarantee Scheme	65,000	-	-	65,000	-	-	65,000	-	We are at the initial stage of procuring the Rent Management Package. Work is expected to commence by end of July 2016 and implementation is expected to be completed by end of December 2016
		Total	**90,000**	**-**	**-**	**90,000**	**-**	**-**	**90,000**	**-**	

Cllr Mitchell - Environment & Compliance

Portfolio Member / Service Head	Cost Centre	Description	Original Budget	Carry Forwards	Supplementary Estimate	Revised Budget	Actuals YTD	Commitments	Managers Projected Outturn	Managers Projection to Revised Budget	Comments
Jackie Taylor	41026	Laleham Park Upgrade	200,000	-	-	200,000	-	-	200,000	-	This project is still being redefined to address changes to the project and the views of the task group are also being sought. Work is expected to commence by end of December 2016 and completed by next financial year.
Jackie Taylor	41030	Skate/BMX Track Hengrove park	-	69,600	-	69,600	-	-	69,600	-	Consultations with the users in Aug & September for their requirements. Thereafter, tender exercise to take place in September & October. Instructions of work will take place in November. Project is expected to be completed by end of the financial year
Jackie Taylor	41320	Pay & Display Machines	136,000	5,000	-	141,000	119,090	-	141,000	-	All machines are delivered. Installation to be completed by end of October 2016.
Jackie Taylor	41321	ReplaceNoticeProcessingSystem	15,000	-	-	15,000	-	-	15,000	-	Project is underway to invite potential contractors to do presentation. If selected, work is expected to start soon. Otherwise, tenders will be invited. Project is expected to be completed by end of the financial year
Jackie Taylor	41502	Refuse/Recyling Vehicles	-	-	225,000	225,000	-	-	225,000	-	Tenders are expected to go out by end of Augsut 2016 and Vehicles will be purchased before the end of this financial year.
Jackie Taylor	41506	Spelride Bus Replacement	250,000	-	-	250,000	-	218,000	250,000	-	The Bus is expected to be purchased by end of October 2016
Jackie Taylor	41602	Replacement of Market Stalls	50,000	-	-	50,000	-	-	50,000	-	This is still under consideration. If approved/ agreed replacement is expected to be completed by end of December 2016
Jackie Taylor	41603	Replace of Grass Cut Machinery	40,000	-	-	40,000	-	-	40,000	-	Project is underway. Replacement is expected to be in place by end of October 2016.
Jackie Taylor	41620	Wheelie Bins	50,000	-	-	50,000	8,737	9,129	50,000	-	Bins will be ordered throughout the financial year depending on need as & when identfied
Jackie Taylor	42027	Domestic Home Energy	30,000	-	-	30,000	-	-	30,000	-	Project is expected to be completed by end of this financial year
Jackie Taylor	42032	Allotment Fencing	10,000	-	-	10,000	-	-	10,000	-	Project is expcted to be completed by end of this financial year
		Total	**781,000**	**74,600**	**225,000**	**1,080,600**	**127,827**	**227,129**	**1,080,600**	**-**	
Deborah Ashman	41006	Kenyngton Manor Pavilion	-	-	-	-	(2,204)	-	-	-	Retention payment is expected in this financial year
		Total	**-**	**-**	**-**	**-**	**(2,204)**	**-**	**-**	**-**	
Lee O'Neil	41314	Air Quality	-	24,500	-	24,500	-	-	24,500	-	Project was delayed due to shortage of staff. Project is expected to be completed by end of the financial year
		Total	**-**	**24,500**	**-**	**24,500**	**-**	**-**	**24,500**	**-**	

Cllr Gething - Planning and Economic Development

CAPITAL MONITORING REPORT AT 31 JULY 2016

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	41007	Stanwell Skate Park	-	-	-	-	(1,249)	-	-	-	Retention payment is expected to be paid in this financial year
Heather Morgan	41015	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	41618	Esso Site Stanwell	-	15,700	-	15,700	-		15,700	-	Development of the site is expected to be completed by end of the financial year
Heather Morgan	42011	Replace Council Accommodation	7,000,000	-	-	7,000,000	-	-	-	(7,000,000)	We are still looking out for appropriate replacement accommodation
Heather Morgan	42017	Memorial Gardens	90,000	-	-	90,000	-	-	90,000	-	Work is expected to commence by end of July in association with Runneymede Borough Council and completed by end of October 2016
Heather Morgan	42033	Greeno Centre Car Park	65,000	-	-	65,000	1,200	-	65,000	-	Planning permission is being sought. Work will commence as soon as the permission is granted and expected to be completed by December 2016
Heather Morgan	42036	Plot 12&13 Towpath Car Park	-	56,200		56,200	-	6,751	15,000	(41,200)	Work relating to clearing the site and installing fencing is expected to be competed by September 2016.
Heather Morgan	42038	Acquisition of Assets	6,000,000	-	429,000,000	435,000,000	3,025,555	-	384,525,555	(50,474,445)	Expected on number of assets/ sites by end of this financial year
		Total	**13,210,600**	**71,900**	**429,000,000**	**442,282,500**	**3,025,506**	**6,751**	**384,766,855**	**(57,515,645)**	
Cllr Barnard - Corporate Management											
Helen Dunn	43003	New Software	20,000	-	-	20,000	(1,082)	2,950	20,000	-	Expenditure on various software enhancements throughout the financial year
Helen Dunn	43608	Other Hardware	20,000	-	-	20,000	9,343	-	20,000	-	Expenditure on various hardware enhancements throughout the financial year
Helen Dunn	43615	Replacement Back Up	80,000	-	-	80,000	80,000	-	80,000	-	Project is already completed
Helen Dunn	43616	Wireless Presentation	15,000	-	-	15,000	5,200	-	15,000	-	Project is expected to be completed by end of this financial year
Helen Dunn	43617	Microsoft Datacentre Licence	19,100	-	-	19,100	-	-	19,100	-	Project is expected to be completed by end of September 2016
Helen Dunn	43618	Email	10,000	-	-	10,000	6,357	-	6,400	(3,600)	Project is already completed
Helen Dunn	43619	Members Ipads	4,500	-	-	4,500	3,527	-	4,500	-	Project is expected to be completed by end of this financial year
Helen Dunn	43620	Unix	35,000	-	-	35,000	10,900	-	35,000	-	Work is currently in progress and expected to be completed by end of this financial year
Helen Dunn	43621	VDI	205,000	-	-	205,000	8,156	15,345	80,000	(125,000)	Work is currently in progress. Balance will be requested to be carried forward into next financial year
		Total	**408,600**	**-**	**-**	**408,600**	**122,402**	**18,295**	**280,000**	**(128,600)**	
Linda Norman	43505	CRM Solution	-	11,800	-	11,800	12,000	8,615	12,000	200	Work on final Phase III is due to be completed by end of October 2016 dependent on the garden waste routes
Linda Norman	43510	New Booking System	-	4,900	-	4,900	450	-	4,900	-	Project is expected to be completed by end of November 2016
		Total	**-**	**16,700**	**-**	**16,700**	**12,450**	**8,615**	**16,900**	**200**	
Sandy Muirhead	43503	Agile Working	-	48,200	-	48,200	995	-	48,200	-	Project involves process of reviewing current ICT platforms and the set up of trials for the most suitable replacement. It also covers review of change management and training needs for staff, analysing the current working patterns and learning lessons from trials. Project is expected to be completed by end of this financial year
Sandy Muirhead	43511	ScannersCorporateEDMS Roll out	36,000	-	-	36,000	-	-	36,000	-	Project is part of EDMS. Project Corporate Scanning team will be created by end of December 2016. Project is expected to be completed by end of this financial year
Sandy Muirhead	43512	Sharepoint redesign & Relaunch	90,000	-	-	90,000	-	-	90,000	-	The work is due to start by September and expected to be completed by end of this financial year
Sandy Muirhead	43515	Corporate EDMS Project	63,000	55,300	-	118,300	-	-	118,300	-	Work on Phase II is being undertaken. Currently the full analysis also being undertaken to find out Licence requirement & software set up. Project is expected to be completed by March 2017.
		Total	**189,000**	**103,500**	**-**	**292,500**	**995**	**-**	**292,500**	**-**	
Michael Graham	43504	Elections IER Equipment	-	-				-	-	-	
		External Funding	-	-							
		Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
Cllr Mitchell - Enviroment & Compliance											
Keith McGroary	41619	Small Scale Area Regeneration	700,000	-	-	700,000	-	-	200,000	(500,000)	Regeneration of Shopping Parades has now been commissioned to Runneymede Borough Council. £200k is expected to be spent by end of this financial year with match funding of £100k from Surrey County Council. This project is expected to run up to 4 financial years.
		External Funding	(350,000)	-		(350,000)	-	-	(100,000)	250,000	
Keith McGroary	41621	CCTV Enhancement	-	147,000	-	147,000	-	-	147,000	-	Negotations are on with Runneymende Borough Council to carry out this project. If negotiations are go by plan then work is expected to start by September 2016. Otherwise, it will go to tender again.
		Total	**350,000**	**147,000**	**-**	**497,000**	**-**	**-**	**247,000**	**(250,000)**	
Total For Other			**16,207,500**	**521,600**	**429,225,000**	**445,954,100**	**3,288,877**	**260,791**	**386,959,655**	**(58,994,445)** #	
Total Expenditure			17,143,100	521,600	429,225,000	446,889,700	3,363,091	260,791	387,618,355	(59,271,345)	
Total Funding			(687,700)	-	-	(687,700)	(74,215)	-	(411,300)	276,400	
GRAND TOTAL			**16,455,400**	**521,600**	**429,225,000**	**446,202,000**	**3,288,877**	**260,791**	**387,207,055**	**(58,994,945)**	

Cabinet

28 September 2016

Title	Revenue Monitoring Report for 2016/17		
Purpose of the report	To note		
Report Author	Adrian Flynn		
Cabinet Member	Councillor Howard Williams	**Confidential**	No
Corporate Priority	Financial Sustainability		
Recommendations	**To note the current level of spend.**		

1. Key issues

1.1 To provide cabinet with the net revenue spend figures to the end of July 2016.

- The forecast outturn at net expenditure level is £14.895m against the revised budget of £14.889m; A projected adverse variance of £5k.
- After taking into account the use of carry forwards, the net position is approximately £11.5k favourable variance.

Interest earnings are forecast to be lower than the budget due to the delayed sale of Bridge street car park by approximately £79k. This shortfall will be covered by a transfer from our interest equalisation reserve.

2. Options analysis and proposal

2.1 Cabinet are asked to note the current net revenue spend and forecast position.

2.2 The following highlights the more significant or material variances:

Leader

2.3 Democratic Rep and Management: £60k adverse variance: Impact of increased allowances agreed by the Council offset by a small reduction in training expenditure.

Corporate Management

2.4 Information and Communications Technology: £27k favourable variance: Vacant post less the partnership costs of covering that post.

2.5 Corporate Management: £63k adverse variance: Consultancy costs in respect of Knowle Green Estates Ltd, towards a sustainable future and specialist VAT advice on asset transactions.

Environment & Compliance

2.6 Refuse collection: £104k favourable variance: Increased income from Brown Waste bin collections, plus grant funding from Surrey County Council for the Food Waste Collection Service.

2.7 Environment Services Admin: £33k favourable variance: Increased income from the sale of compost bin liners, grant funding received from the County Council, a vacant post and maternity leave.

2.8 Car Parks: £70k adverse variance: Vacant posts covered by temp staff and lower income as parking charges were not increased at the beginning of the financial year.

Housing

2.9 Housing needs: £30k adverse variance: Redundancy payment made that was not budgeted for.

Community Wellbeing

2.10 SPAN (Community Alarm): £26k favourable variance: Increase income due to extra demand for the service and from the sale of equipment, plus vacant posts.

2.11 SAT (Spelride): £9k favourable variance: Increased income from Fordbridge day centre charges and membership fees.

2.12 Sports Development: £6.5k favourable variance: Increased activity has resulted in higher income.

Planning and Economic Development

2.13 Asset Management Admin: £44k adverse variance: There is no budget for the short term costs associated with the Bugle site.

2.14 Building Control: £23k favourable variance: Increased activity has resulted in increased income offset by Temporary staff costs.

Finance and Customer Services

2.15 Accountancy: £19k favourable variance: Vacant post

Unapportionable Central Overheads: £35k adverse variance: Additional Municipal Mutual Insurance Ltd levy paid with respect to local authorities historical liability.

3. Financial implications

3.1 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 & B

APPENDIX A

2016/17 Net Revenue Budget Monitoring
As at end of 31 JULY 2016

	16/17	16/17	16/17	16/17
	Budget		**Forecast**	**Variance**
	Original	**Revised**	**Outturn**	**to Revised**
	£	£	£	£
Gross Expenditure	57,037,600	57,134,200	57,173,930	39,730
Less Benefits (offset by grant)				
Total Gross Expenditure excluding Benefits	57,037,600	57,134,200	57,173,930	39,730
Less Housing Benefit grant	(31,944,000)	(31,944,000)	(31,944,000)	-
Less Specific fees and charges income	(10,000,400)	(10,000,400)	(10,035,012)	(34,612)
Net Expenditure - broken down as below	**15,093,200**	**15,189,800**	**15,194,918**	**5,118**
Leader of the Council	637,700	637,700	731,600	93,900
Deputy Leader	631,700	635,300	637,700	2,400
Corporate Management	1,861,400	1,946,200	2,001,800	55,600
Housing	1,037,200	1,037,200	1,213,400	176,200
Finance and Customer Service	3,647,100	3,659,100	3,688,100	29,000
Planning and Economic Development	2,556,100	2,637,100	2,589,120	(47,980)
Environment and Compliance	4,633,900	4,549,100	4,298,068	(251,032)
Community Wellbeing	88,100	88,100	35,130	(52,970)
NET EXPENDITURE AT SERVICE LEVEL	**15,093,200**	**15,189,800**	**15,194,918**	**5,118**
Salary expenditure - vacancy monitoring	(300,000)	(300,000)	(300,000)	-
Partnership Savings	-	-	-	-
Pay award	132,000	132,000	132,000	-
Efficiencies to offset pay award	(132,000)	(132,000)	(132,000)	-
NET EXPENDITURE	**14,793,200**	**14,889,800**	**14,894,918**	**5,118**
NET EXPENDITURE	**14,793,200**	**14,889,800**	**14,894,918**	**5,118**
Interest earnings	(1,150,000)	(1,150,000)	(1,070,700)	79,300
Staines Town Development/TaSF	(786,000)	(786,000)	(786,000)	-
Independent Living Service Reserve	55,955	55,955	55,955	
BUDGET REQUIREMENT	**12,913,155**	**13,009,755**	**13,094,173**	**84,418**
Baseline NNDR Funding	(3,009,000)	(3,009,000)	(3,009,000)	-
Revenue Support grant	(580,000)	(580,000)	(580,000)	-
Transition Grant	(100,000)	(100,000)	(100,000)	
New Homes Bonus	(1,895,600)	(1,895,600)	(1,895,600)	-
NET BUDGET REQUIREMENT	**7,328,555**	**7,425,155**	**7,509,573**	**84,418**
Collection Fund Surplus/(deficit)	(148,029)	(148,029)	(148,029)	-
CHARGE TO COLLECTION FUND	**7,180,526**	**7,277,126**	**7,361,544**	**84,418**
2015/16 Revenue carryforward			(95,909)	(95,909)
Net Position				**(11,491)**

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Appendix B			
REVENUE MONITORING 2016/17 EXPENDITURE AND INCOME SUMMARY 31 JULY 2016			
Results to	**Budget**	**Forecast**	**Variance**
31-Jul-16	**Revised**	**Outturn**	**to Revised**
	£	**£**	**£**
Leader of the Council			
Employees	390,000	407,900	17,900
Other Expenditure	314,400	400,500	86,100
Income	(66,700)	(76,800)	(10,100)
	637,700	**731,600**	**93,900**
Deputy Leader			
Employees	180,700	184,200	3,500
Other Expenditure	465,600	471,000	5,400
Income	(11,000)	(17,500)	(6,500)
	635,300	**637,700**	**2,400**
Corporate Management			
Employees	1,188,100	1,154,600	(33,500)
Other Expenditure	805,600	885,600	80,000
Income	(47,500)	(38,400)	9,100
	1,946,200	**2,001,800**	**55,600**
Housing			
Employees	1,262,400	1,273,900	11,500
Other Expenditure	33,252,500	33,318,500	66,000
Housing Benefit grant income	(31,944,000)	(31,944,000)	-
Income	(1,533,700)	(1,435,000)	98,700
	1,037,200	**1,213,400**	**176,200**
Finance and Customer Service			
Employees	3,129,400	3,121,200	(8,200)
Other Expenditure	855,100	892,300	37,200
Income	(325,400)	(325,400)	-
	3,659,100	**3,688,100**	**29,000**
Planning and Economic Development			
Employees	1,747,100	1,716,200	(30,900)
Other Expenditure	2,541,700	2,594,600	52,900
Income	(1,651,700)	(1,721,680)	(69,980)
	2,637,100	**2,589,120**	**(47,980)**
Environment and Compliance			
Employees	3,988,000	3,793,700	(194,300)
Other Expenditure	4,883,600	4,826,100	(57,500)
Income	(4,322,500)	(4,321,732)	768
	4,549,100	**4,298,068**	**(251,032)**
Community Wellbeing			
Employees	1,452,400	1,445,710	(6,690)
Other Expenditure	677,600	687,920	10,320
Income	(2,041,900)	(2,098,500)	(56,600)
	88,100	**35,130**	**(52,970)**
NET EXPENDITURE AT SERVICE LEVEL	**15,189,800**	**15,194,918**	**5,118**
Total Employees	**13,338,100**	**13,097,410**	**(240,690)**
Total Other Expenditure	**43,796,100**	**44,076,520**	**280,420**
Housing Benefit grant income	**(31,944,000)**	**(31,944,000)**	**0**
Total Income	**(10,000,400)**	**(10,035,012)**	**(34,612)**
	15,189,800	**15,194,918**	**5,118**
Total Expenditure	**57,134,200**	**57,173,930**	**39,730**
Total Income	**(41,944,400)**	**(41,979,012)**	**(34,612)**
Net	**15,189,800**	**15,194,918**	**5,118**

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Cabinet

28 September 2016

Title	Appointment to Outside Body		
Purpose of the report	To make a decision		
Report Author	Gillian Hobbs		
Cabinet Member	Councillor Ian Harvey	**Confidential**	No
Corporate Priority	This item is not in the current list of Corporate priorities but still requires a Cabinet decision		
Recommendations	**Cabinet is asked to appoint a representative and deputy representative to the NHS North West Surrey Sustainability and Transformation Plan Stakeholder Reference Group.**		

1. Key issues

1.1 The Council has received an approach from the NHS North West Surrey Clinical Commissioning Group (NWSCCG) requesting the appointment of a representative and deputy representative to a new Sustainability and Transformation Plan Stakeholder Reference Group.

1.2 The Sustainability and Transformation Plan is a five year forward view for Health and Care Organisations which the NWSCCG has been asked to plan across a wider geographical area. The Plan will aim to improve services for patients and make sure these remain sustainable in the future both clinically and financially.

1.3 The NWSCCG are setting up a Stakeholder Reference Group to ensure positive local engagement in this important planning work across local health and care services.

1.4 The first meeting of the Group takes place on 29th September, and further meetings are anticipated every couple of months/quarter, as appropriate as the work progresses.

2. Options analysis and proposal

2.1 The only option being proposed is to make the appointments as requested.

2.2 Nominations to these positions are being considered by the Leader and will be proposed at the Cabinet meeting.

3. Financial implications

3.1 There are no financial implications from this appointment.

4. Other considerations

4.1 There are no other considerations to be taken into account

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