

Public Agenda



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Date: 13 December 2016

Notice of meeting

Cabinet

Date: Wednesday, 21 December 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** **5 - 10**
To confirm the minutes of the meeting held on 23 November 2016.
- 3. Disclosures of Interest**
To receive any disclosures of interest from councillors in accordance with the Council's Code of Conduct for members.
- 4. Supplementary Capital Estimate for property acquisitions - Key Decision** **11 - 14**
Councillor Harvey

To consider a report on a request for a supplementary capital estimate for property acquisitions in the Borough.
- 5. Treasury Management half-yearly report** **15 - 26**
Councillor Williams

To receive the half-yearly report on the Council's Treasury Management for 2016-17.
- 6. Establishment of Mayoral Charity Fund** **27 - 28**
Councillor Harvey

To consider a report on the proposal to establish a Spelthorne Mayor's Charity Fund.
- 7. Calendar of meetings 2017-2018** **29 - 36**
Councillor Harvey

To consider a report on the proposed Calendar of Meetings for 2017-2018.
- 8. Development in the Borough (Bugle Returns Public House site)** **37 - 56**
Councillor Harvey

To consider a report on the development of the Bugle Returns public house site in the Borough.

It may be necessary to exclude the press and public during consideration of this item due to the fact that Appendices 1-4 to the report contain exempt information within the meaning of Part 1 of Schedule 12A to the Local Government Act 1972, as amended by the Local Government (Access to Information) Act 1985 and by the Local Government (Access to information) (Variation) Order 2006, Paragraph 3 – Information relating to the financial or business affairs of any particular person (including the authority holding that information) and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information because divulging the information contained in the appendices to the public prior to the development of the site would be likely to give an advantage to a person entering into or seeking to enter in a contract with the Authority for the redevelopment.

9. Leader's announcements

To receive any announcements from the Leader.

10. Urgent items

To consider any items which the Chairman considers as urgent.

11. Exempt Business

To move the exclusion of the Press/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.

12. Exempt report - Investment Acquisition in the Borough - Key Decision

57 - 72

Councillor Harvey

To consider a report on the acquisition of an investment asset in the Borough.

This report contains exempt information within the meaning of Paragraph 3 – Information relating to the financial or business affairs of any particular person (including the authority holding that information) and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information because, disclosure to the public would prejudice the financial position of the authority in the bidding process for the site by allowing other bidders to know the position of the Council. This in turn prejudices the community by (i) distorting the bids process and (ii) prejudicing the opportunity for the community to acquire a site through the Council for the social, environmental and economic benefit of the borough.

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Minutes of Cabinet

23 November 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 J.M. Pinkerton OBE, Housing
Councillor H.R.D. Williams, Finance and Customer Service

Apologies:

Councillor A.J. Mitchell, Environment and Compliance

2306 Minutes

The minutes of the Cabinet meeting held on 28 September 2016 were agreed as a correct record subject to the words 'the remaining 80%' at Minute 2290 6. d. being replaced with 'up to 80%'.

The minutes of the Extraordinary meeting held on 25 October 2016 were agreed as a correct record,

2307 Disclosures of Interest

There were none.

2308 Recommendation from the Audit Committee on the Corporate Risk Register

Cabinet considered the recommendation of the Audit Committee on the Corporate Risk Register.

Cabinet requested improvements to future updates of the Risk Register to clarify the status of the risks.

RESOLVED to approve the Corporate Risk Register subject to:

1. the definitions of green, amber and red particularly with regard to those risks that are ongoing/underway versus partially actioned be reconsidered; and
2. an extra column to indicate direction of travel be included in future updates.

2309 Disabled Facilities Grant Framework Agreement - Key Decision

Cabinet considered a report proposing to award the Disabled Facilities Grant Framework Agreement to a list of successful tenderers.

Alternative options considered and rejected by the Cabinet:

- To not agree to award the contract

Resolved to award the Disabled Facilities Grant Framework Agreement to the successful tenderers listed in the exempt **Appendix 2** of the officer report.

Reason for decision

The implementation of this disabled facility grant framework agreement will:-

- reduce the time taken to process grants and waiting time for building work to start;
- offer greater protection for residents through the introduction of warranties to cover the building works; and
- provide a fair and transparent system of procurement.

2310 Capital Monitoring

Cabinet considered a report on capital expenditure covering the period April to September 2016.

Resolved that Cabinet notes the current level of capital spend.

2311 Revenue Monitoring

Cabinet considered a report on net revenue expenditure covering the period April to September 2016.

RESOLVED that Cabinet notes the current level of revenue spend.

2312 Lease of office premises at Knowle Green to Surrey County Council

Cabinet considered a report on the renewal of the lease for office space at Knowle Green Council offices by Surrey County Council.

Alternative options considered and rejected by the Cabinet:

- not to provide a new lease and let the current one expire on 4 December 2016.

Resolved to approve the grant of the new Lease to Surrey County Council for office space at the Council Offices, Knowle Green for 5 years until 4 December 2021 subject to:

1. Ensuring that the service charge element incorporates any necessary uplift to reflect the increase in business rates from 2017 onwards for Knowle Green;
2. Receiving up to date valuation advice on the appropriate rental level (which will be greater than current income levels); and
3. Final approval on the rental and service charge levels delegated to the Group Head for Regeneration and Growth in consultation with the Cabinet Member for Fixed Assets

Reason for decision

The five year lease will continue to bring in a rental income for the Council of at least £248,630 (rental and service charges inclusive)

There is a mutual break clause which can be exercised at any time on or after 4 June 2017 which protects the Council's position regarding the future of Knowle Green.

2313 Surrey Police at Knowle Green - surrender of lease

Cabinet considered a report setting out the options available following the surrender of the lease of offices at Knowle Green by Surrey Police.

Alternative options considered and rejected by the Cabinet:

- That there is no surrender and the Police pay the rental for the remaining period until the next break clause in 2020.

Resolved to:

1. agree the position regarding Surrey Police largely moving out and
2. agree the value of the surrender of the lease.

Reason for decision

The surrender will ensure the Council receives financial recompense for the Police vacating Knowle Green.

2314 Leader's announcements

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

The canvass for the Electoral Register is underway and will be published on 1 December 2016. The response has been very poor this year and canvassers are now knocking on the doors of those who have not responded to encourage them to do so. Preparations for the County Council Elections on 4 May 2017 have also begun.

Businesses in Staines-upon-Thames are currently voting on whether a Business Improvement District (BID) should be established in the town. The ballot closes on 28 November and the result will be known the following day.

The annual Heathrow Business Summit took place on 8 November at the Park Hotel on the Bath Road. This event generates significant amount of business for the companies which participate and Spelthorne was well represented this year.

The Borough's CCTV cameras will be upgraded from fibre-optic and broadband connectivity to a wireless connection in the next few months, resulting in savings of approximately £50k a year.

Christmas lights went up in Staines on 10 November. The lights have been funded using money from Staisafe, the radio system for retailers.

IT company, Service Now, have moved from their Egham offices to the Strata Building in Staines-upon-Thames. They will initially employ around 200 people with capacity to expand.

The Members Code of Conduct Committee met recently to consider a complaint. The Panel heard that a resident had complained that Cllr Steven Burkmar had spoken to him in a disrespectful manner during a telephone conversation which took place in April and that the councillor was also failing to respond to email communications. The Panel concluded that the actions of Cllr Burkmar had amounted to a breach of the Code of Conduct and that he had been disrespectful to his constituent and discourteous to his email correspondents by failing to respond to them in a timely and appropriate manner. The councillor was ordered to apologise to the resident in writing and attend ICT training.

The Council has welcomed the Government's announcement that it has confirmed its preference for a third runway to be built at Heathrow. The Government will now produce a draft National Policy Statement on aviation which will be consulted on before being referred to Parliament next autumn.

Neighbourhood Services recently took delivery of four new assisted transport buses. The Council spent £218K purchasing the new Spelride vehicles which are specially designed for passengers with mobility problems.

A new community coffee bar will be opening in Staines Community Centre from February next year. The Council undertook a review of the Centre's catering services in preparation for the end of the current catering contract and concluded that a restaurant was no longer sustainable. Options are being explored for people who rely on the restaurant for their main meal.

The sporting successes of local players, coaches and volunteers was celebrated at the annual Sports Awards at Shepperton Studios on Tuesday 11 October. The awards were presented by Nerys Pearce who competed at the Invictus Games in Orlando.

The winter edition of the Bulletin magazine is currently being printed and will be delivered to residents from 3 December. It includes articles on seasonal

information, recycling improvements and the Council's purchase of the BP campus.

As part of their commitment to support local businesses, the Leader and Deputy Leader recently approved a new corporate logo incorporating the words 'Spelthorne Means Business.' The new logo will be added to stationery and signage when new stock is needed.

Nominations have opened for the Spelthorne Youth Awards which recognise the achievements of young people in the Borough. The deadline for nominations is Friday 16 December.

Spelthorne Council and Surrey County Council have established a Joint Committee to replace the current 'Surrey County Council Local Committee in Spelthorne'. The new Joint Committee will provide the opportunity for the two councils to work together to identify solutions to local issues and deliver improvements for residents and businesses. The Spelthorne Joint Committee meetings will be held in public, enabling local people to have their say. The first meeting is on 5 December.

Neighbourhood Services have taken delivery of a new fleet of vehicles which will enable the refuse teams to collect textiles and small electricals every week, rather than fortnightly, from June 2017.

Following concerns raised by residents, Spelthorne Council commissioned an air quality monitoring station to be re-installed in Sunbury Cross. The monitoring station is being jointly funded by Spelthorne Council and Heathrow Airport. The monitoring results will be uploaded in real time to the Heathrow Airwatch website (www.heathrowairwatch.org.uk), so all interested parties will be able to view and download the data.

2315 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 1 December 2016.***

Cabinet**21 December 2016**

Title	Supplementary Capital Estimate for property acquisitions in the Borough		
Purpose of the report	To make a recommendation to Council on a Key Decision		
Report Author	Terry Collier, Chief Finance Officer		
Cabinet Member	Councillor Ian Harvey	Confidential	No
Corporate Priority	Value for money Council		
Cabinet Values	Community and Self-Reliance		
Recommendations	<p>Cabinet is asked to recommend Council:</p> <p>To approve a supplementary capital estimate for property acquisitions within the Borough of £80m for remainder of 2016/17</p>		
Reason for recommendation	<p>Due to the scale of funding reductions facing the Council and additional pressures in areas such as housing and recycling, the Council needs to continue to acquire assets which both support the economic development and well-being of the Borough and provide an investment income for the Council.</p>		

1. Key issues**Background**

- 1.1 The Council is part way through implementing a wide reaching transformation programme - known as 'Towards a Sustainable Future' (TaSF). There are three strands: (1) use of assets and income generation (2) Knowle Green programme and new ways of working (3) structural review. This report links to assets and income generation.
- 1.2 The TaSF programme has been developed to ensure Spelthorne Borough Council is in a strong position to withstand the coming financial challenges. The Council has made good progress in addressing these challenges. Since 2013/14 the Council's Revenue Support Grant (RSG) has fallen from £2.5m and stands at £580,000 for 2016/17. The current financial year is the last year that the Council will receive RSG. Beyond this, the Council may well be responsible for paying back up to an estimated £750,000 each year to central government.
- 1.3 As part of its TaSF strategy, the Council has said that it effectively needs to be fully self-financing by 2019-20 in order to continue to deliver the services that it currently provides.

- 1.4 The reductions in RSG have been on-going for a number of years, and this, combined with the need to 'stand on our own two feet' financially, means it is imperative that the Council focuses on the most effective ways of increasing on-going income streams.
- 1.5 Earlier this year the Council successfully bid for BP International Campus at Sunbury a key economic asset within the Borough which will provide a long term net (after interest, principal repayments etc) income stream for the Council in excess of £3m per annum. Whilst this significantly enhances the Council's financial sustainability the sheer scale of funding reductions and additional pressures in areas such as housing and recycling means the Council needs to continue to acquire further assets which both support the economic wellbeing of the Borough and provide an investment income for the borough.
- 1.6 The Council is continuing to look for a number of significant opportunities around the borough which if acquired (i) allow the Council to further secure the economic well-being of the borough and also (ii) bring in additional substantial on-going income stream from investment assets. In order to be able to bid for these opportunities, Council need to:
 - (a) Agree a substantial supplementary capital estimate to enable the Council to grasp a number of opportunities within the Borough, and future opportunities

Current budget position on acquisitions

- 1.7 In July 2016, the Council approved a revised Capital Programme for asset acquisitions of £446.2m for 2016/17. This allows the Council to acquire assets to (1) assist in the economic and social regeneration of Staines upon Thames and our other town centres (2) to assist in service provision and/or (3) to generate an on-going income stream.

Asset opportunities

- 1.8 As a Council, we need to be able to respond promptly to opportunities that arise in the property market. We are competing alongside commercial developers who are building in the borough, as well as institutional investors and other councils who are looking to acquire and hold sites for the medium to long term (for pensions/annuities/investment streams).
- 1.9 The Council is seeking out a number of further significant opportunities have arisen around the borough which would (if acquired) secure assets capable of generating considerable levels of income, increase our asset base and enable the Council to support the on-going economic well-being of the borough.
- 1.10 The Council needs to be in a clear position to act on any opportunities presented by the market and make decisions promptly. The Council believes it is particularly important to seek to pursue further opportunities as quickly as possible before the interest rates the Council is able to access rise significantly.

2. Options analysis and proposal

Option 1 - in order to be in a position to acquire a number of significant opportunities as they may arise around the borough a supplementary capital estimate is required. .

Risks

Option 1

- 2.1 The main risk to the Council is in purchasing an opportunity which (i) fails to appreciate in value at a sufficient rate, or at all (ii) costs more to manage than it yields in income or (iii) proves unsuitable for the service it is designed to deliver. These risks will be covered by the Cabinet in deciding if and how to spend the capital. Cabinet will consider how to hold the properties, and the business cases for each individual project.

Proposal

- 2.2 ***It is recommended:***
that a supplementary capital estimate of £80m for 2016/17 is agreed.

3. Financial implications

- 3.1 Councils are in a strong financial position to acquire property due to their ability to access capital, coupled with the low cost of borrowing (for example Spelthorne can borrow at 2.25 to 2.75% long term at fixed rates from the Public Works Loans Board (effectively the Bank of England) depending on the amount and length of a loan, whereas a developer would be likely to pay 5 - 6%). The Council is also able to borrow at cheaper rates from other councils.
- 3.2 It makes financial sense to borrow money at these rates rather than using the Council's own capital, which in the most recent financial year achieved an average of more than 5% return when re-invested in property funds. Whilst there may be some short term fluctuations associated with the UK Brexit decision, properties acquired are likely to appreciate in capital value over the longer term. Depending on the acquisition, there will be scope to achieve an on-going rental income stream.
- 3.3 Historically, until the recent BP deal, this Council has been debt free, as have many others. However, in the current fiscal climate, councils are increasingly looking to borrow in order to enlarge their property portfolios, whether for income, service provision or regeneration purposes. Over the next two years the collective cumulative borrowing levels of all the Surrey districts and boroughs will exceed £2 billion.
- 3.4 Councils are able to set whatever borrowing limit they judge to be appropriate. However it clearly needs to be prudent and affordable. Importantly, we need to consider carefully the impact of increasing levels of debt, our ability to repay and the risk of increasing interest rates for those repayments.
- 3.5 Officers have sought advice from our Treasury Management advisors Arlingclose on a range of issues. The supplementary estimate requested is within the borrowing limits agreed by Council in July and our Treasury Management adviser remain comfortable with the level of borrowing required to sustain a supplementary capital estimate of £80m to acquire income generating assets.

If the additional estimate is agreed, the Capital Programme will increase in 2016/17 from £446.2m to £526.2m.

4. Other considerations

There are none.

5. Timetable for implementation

- 5.1 If the additional capital is agreed by Council, then Cabinet will be in a position to meet to approve further acquisitions proposals as they arise. Cabinet reports on acquisition proposals will include a thorough assessment of the opportunities (along with advice from our professional advisors). Only if Cabinet agree to proceed with other acquisitions will any of the additional capital need to be spent.
- 5.2 The Cabinet report will set out timescales for this acquisition (should it agree to proceed).

Background papers: None

Cabinet**21 December 2016**

Title	Treasury Management Half Yearly Report 2016/17		
Purpose of the report	To note		
Report Author	Ryan Maslen		
Cabinet Member	Councillor Howard Williams	Confidential	No
Corporate Priority	Financial Sustainability		
Recommendations	Cabinet is asked to note the treasury position achieved during the first six months of 2016/17 and the financial environment in global markets.		

1. Introduction and Context

- 1.1 Treasury Management is “the management of the Council’s cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks”.
- 1.2 The Council has adopted the Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management Code which requires the Council to report on performance of the treasury management function at least twice yearly (mid-year and at year end).
- 1.3 The Council’s Treasury Management Strategy for 2016/17 was reviewed and approved by Cabinet in January 2016 and has been consistently applied since the beginning of the financial year.
- 1.4 This report is an interim statement of treasury activities for the first six months of the financial year, to the end of September 2016. The Council has invested and borrowed substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. This report covers treasury activity and the associated monitoring and control of risks.

External Context – Economic commentary and outlook

- 1.5 The UK economic outlook changed significantly on 23rd June 2016. The surprise result of the referendum on EU membership prompted forecasters to rip up previous projections and dust off worst-case scenarios. Growth forecasts had already been downgraded as 2016 progressed, as the very existence of the referendum dampened business investment, but the crystallisation of the risks and the subsequent political turmoil prompted a sharp decline in household, business and investor sentiment.

- 1.6 The repercussions of this plunge in sentiment on economic growth were judged by the Bank of England to be severe, prompting the Monetary Policy Committee to initiate substantial monetary policy easing at its August meeting to mitigate the worst of the downside risks. This included a cut in Bank Rate to 0.25%, further gilt and corporate bond purchases (QE) and cheap funding for banks (Term Funding Scheme) to maintain the supply of credit to the economy.
- 1.7 In response to the Bank of England's policy announcement, money market rates and bond yields declined to new record lows. Since the onset of the financial crisis over eight years ago, Arlingclose's rate outlook has progressed from 'lower for longer' to 'even lower for even longer' to, now, 'even lower for the indeterminable future'.
- 1.8 Whilst the economic growth consequences of Brexit remain speculative, there is uniformity in expectations that uncertainty over the UK's future trade relations with the EU and the rest of the world will weigh on economic activity and business investment, dampen investment intentions and tighten credit availability, prompting lower activity levels and potentially a rise in unemployment. These effects will dampen economic growth through the second half of 2016 and in 2017.
- 1.9 Meanwhile, inflation is expected to pick up due to a rise in import prices, dampening real wage growth and real investment returns. The rise in inflation is highly unlikely to prompt monetary tightening by the Bank of England, with policymakers looking through import-led CPI spikes, concentrating instead on the negative effects of Brexit on economic activity and, ultimately, inflation.

Local Context

- 1.10 The financial position of the Council has changed beyond recognition in recent months, with significant levels of long term borrowing being secured to fund the purchase of the BP site in Sunbury.
- 1.11 The Council's current strategy is to take advantage of the cheap borrowing rates available when making strategic asset acquisitions, whilst maintaining and supplementing when possible the investment portfolio that has been built up over recent years which has performed so well.

2. Options analysis and proposal

Borrowing Activity to 30th September 2016

- 2.1 At 30th September 2016, the Council had long term borrowing of £377.5m, which funded the Sunbury site purchase on an annuity basis over a fifty year period at an average rate of interest of 1.27%. These funds were borrowed from the Public Works Loan Board (PWLB), an executive agency of HM Treasury. The PWLB was the Authority's preferred source of borrowing given the transparency and control that its facilities continue to provide.
- 2.2 At 30th September 2016, the Council also had short term borrowing totalling £89m. This reflected the cashflow impact of some of the temporary costs incurred in relation to VAT for the purchase. These funds were borrowed from other local authorities, due to the short term nature of the requirement and the affordable rates on offer.

- 2.3 The Council will also need to borrow additional funds on both a long and short term basis for any further strategic acquisition purchases that occur in the future. Work is ongoing with Arlingclose and the portfolio holder to ensure that the cheapest and most appropriate duration and source are secured.
- 2.4 The Authority's chief objective when borrowing continues to be striking an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Authority's long-term plans change being a secondary objective.
- 2.5 Affordability and the "cost of carry" remained important influences on the Authority's borrowing strategy alongside the consideration that, for any borrowing undertaken ahead of need, the proceeds would have to be invested in the money markets at rates of interest significantly lower than the cost of borrowing.

Investment Activity to 30th September 2016

- 2.6 The Guidance on Local Government Investments in England gives priority to security and liquidity and the Authority's aim is to achieve a yield commensurate with these principles. However, the ability to maximise interest returns within these guidelines is paramount to generating sufficient funds to support the Councils revenue budget.
- 2.7 As at 30th September 2016, the Council's investment portfolio was a total of £43.29m, with £19.5m of this being short term cashflow funds. A breakdown of the investments is attached as **Appendix A**.
- 2.8 Given the increasing risk and continued low returns from short-term unsecured bank investments, it is the Council's aim to further diversify into more secure or higher yielding asset classes. The availability of funds for investment is dependent upon the timing of precept payments, receipt of grants and progress on the capital programme.
- 2.9 New pooled fund investments totalling £8m were made in the first half of 2016/17, taking advantage of the timing issues identified above. These new investment decisions were taken in consultation with the portfolio holder and Arlingclose, with the aim of maintaining a balanced portfolio and generating a return of at least 4% per annum.
- 2.10 The pooled fund investments form a key part of the portfolio and a full list of these and their current performance is detailed in **Appendix B**.

Investment Performance Monitoring

- 2.11 Security of capital has remained the Council's main investment objective. This has been maintained by following the Council's counterparty policy as set out in its Treasury Management Strategy Statement for 2016/17.
- 2.12 The Council seeks professional advice from Arlingclose and closely adheres to the advice set out in the Department for Communities and Local Government (DCLG) guidance. Given Spelthorne's dependency on investment returns to balance the budget, the Council's investment strategy is also kept under constant review and regular quarterly review meetings are held with Arlingclose, the Council's treasury advisors. All investment and borrowing decisions are made in consultation with our advisors.

- 2.13 Counterparty credit quality was assessed and monitored with reference to credit ratings (the Council's minimum long-term counterparty rating for institutions defined as having "high credit quality" is A- across rating agencies Fitch, S&P and Moody's); credit default swap prices, financial statements, information on potential government support and reports in the quality financial press.
- 2.14 Moody's affirmed the ratings of nine UK banks and building societies but revised the outlook to negative for those that it perceived to be exposed to a more challenging operating environment arising from the EU referendum 'leave' outcome.
- 2.15 There was no immediate change to Arlingclose's credit advice on UK banks and building societies as a result of the referendum result. Our advisor believes there is a risk that the uncertainty over the UK's future trading prospects will bring forward the timing of the next UK recession.
- 2.16 All investment performance is monitored on a monthly basis. The original estimate for net investment income to be credited to the General Fund in 2016/17 was £1.15m, a significant increase from 2015/16 (£635,300). This reflected the significant capital receipts that were anticipated by the Council in relation to Bridge Street which were to be received and immediately re-invested.
- 2.17 The Council has been able to utilise cashflow timing gains at the beginning of the financial year to make some of the planned pooled fund investments. This has gone some way to meeting the budget target. However, the delayed receipt and then recent developments regarding Bridge Street may mean the additional investments planned will now not be able to proceed. Therefore, current estimates predict an outturn position of £967k, £183k short of the budgeted position.
- 2.18 Over recent years the Council has built up and maintained an interest equalisation reserve to protect the Council against future changes in interest rates and other unplanned movements in the investment income received. This fund currently contains £493k. It is proposed that this fund will be utilised at year end to fund the deficit.
- 2.19 The Council has also incurred costs of £83k in relation to the short term borrowing for the BP purchase referred to in point 2.2 above. Whilst we are able to capitalise arrangement fees for such deals, interest costs have to be treated as revenue expenditure and are totally reliant on the opportunities that become available and whether there are any short term associated costs applicable.
- 2.20 The UK Bank Rate had been maintained at 0.5% since March 2009 until August 2016, when it was cut to 0.25%. It is now forecast to remain at this level for the foreseeable future. These figures illustrate the importance of the pooled fund investments we hold, and their performance as shown in **Appendix A** is fundamental to achieving the investment income target. This also justifies the approach to maintain these balances and fund asset acquisitions via borrowing at the historically low levels available.
- 2.21 The Council confirms compliance with its Prudential Indicators for 2016/17, which were amended as part of the Council meeting in July 2016.

Conclusions and Outlook for the remainder of 2016/17

- 2.22 The economic outlook for the UK has immeasurably altered following the popular vote to leave the EU. The long-term position of the UK economy will be largely dependent on the agreements the government is able to secure with the EU, particularly with regard to Single Market access.
- 2.23 The short to medium-term outlook has been more downbeat due to the uncertainty generated by the result and the forthcoming negotiations. Economic and political uncertainty will likely dampen or delay investment intentions, prompting lower activity levels and potentially a rise in unemployment. The downward trend in growth apparent on the run up to the referendum may continue through the second half of 2016, although some economic data has held up better than was initially expected, perhaps suggesting a less severe slowdown than feared.
- 2.24 Arlingclose has changed its central case for the path of Bank Rate over the next three years. Arlingclose believes any currency-driven inflationary pressure will be looked through by Bank of England policymakers. Arlingclose's central case is for Bank Rate to remain at 0.25%, but there is a 25% possibility of a drop to close to zero, with a very small chance of a reduction below zero.
- 2.25 Global interest rate expectations have been pared back considerably. The result of the US presidential election is also likely to delay rate increases by the Federal Reserve, which had previously been expected in December 2016.
- 2.26 The investment strategy is kept under constant review so that the Council can adapt quickly to the constantly changing environment. The Council continues to be proactive in seeking ways of maintaining and improving current levels of return against a very challenging global investment environment.
- 2.27 The full list of approved investment instruments is attached in **Appendix C** and **D**; this reflects the application of the creditworthiness criteria recommended by the Council's advisors, Arlingclose.

Proposals

- 2.28 The use of pooled investment funds within the portfolio has been fundamental to the continued positive performance and should help maintain overall investment returns into the future. These investments will also enable the Council to diversify the assets and underlying risk in the investment portfolio and should provide the potential for enhanced returns.
- 2.29 Further diversification and growth of the investment portfolio is planned, and opportunities to broaden the portfolio are being pursued with Arlingclose wherever possible.

3. Financial implications

- 3.1 The financial implications are as set out in this report. The ability to maximise interest returns is paramount to generate sufficient funds to support the General Fund and even a small decline in interest rates can mean a significant reduction in cash returns. Therefore, it is our aim to continue to maintain flexibility commensurate with the high level of security and liquidity and minimal risk when making investment decisions.

4. Other considerations

- 4.1 The Council fully complies with best practice as set out in the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code for Capital Finance in Local Authorities, the Department for Communities and Local Government (DCLG) Guidance on Investments issued in March 2004 and the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management in the Public Sector 2009 and Cross Sectional Guidance Notes.
- 4.2 Nothing in the Council's current strategy is intended to preclude or inhibit capital investment in local projects deemed beneficial to the local community and which have been approved by the Council.

5. Timetable for implementation

- 5.1 Treasury management is an ongoing activity and normally there is no specific timetable for implementation.

Background papers: There are none

Appendices: Appendices A – D are attached

Details of Investments Held as at 30th September 2016

Investment Type	Initial Inv. Amount £m	Yield %	Start Date	Maturity Date
<u>Pooled Investment Funds</u> (see Appendix B for details)				
Charteris Elite Equity Income	0.8	5.02*	11 May 2012	N/A
Schroders UK Corporate Bond	1.5	5.13*	11 May 2012	N/A
M&G Optimal Income Sterling	1.69	2.95*	13 Apr 2015	N/A
M&G Global Dividend	1.0	4.32*	27 Jun 2012	N/A
M&G Extra Income Fund	2.0	4.00*	15 Aug 2016	N/A
Schroders Income Maximiser	1.0	9.00*	06 Jul 2012	N/A
Schroders Income Maximiser	1.0	9.00*	24 Jul 2015	N/A
Schroders Income Maximiser	1.0	9.00*	26 Aug 2016	N/A
CCLA Property Fund (LAMIT)	1.5	5.82*	31 Mar 2013	N/A
CCLA Property Fund (LAMIT)	1.0	5.82*	30 Apr 2014	N/A
Investec Diversified Income	3.0	4.00*	25 Aug 2016	N/A
Threadneedle UK Equity Fund	2.0	4.00*	08 Sept 2016	N/A
Total	17.49	5.18*		
<u>Fixed Rate Deposits</u>				
Marsden Building Society	1.0	0.75	22 Apr 2016	24 Oct 2016
Lloyds Bank	3.0	0.92	12 Apr 2016	13 Mar 2017
Network Housing Group	2.0	3.60	28 Apr 2016	27 Apr 2021
Total	6.00	1.79		
Total - Core Inv. Portfolio	23.49	4.31	Average	
<u>Cash Flow Investments</u>				
Standard Life Investments	5.0	0.37		Instant Access
Legal & General	4.5	0.33		Instant Access
BNP Paribas	5.0	0.40		Instant Access
Santander	5.0	1.05		120 Day Notice
Total	19.5	0.54		
<u>Funding Circle</u>				
Loans to small businesses	0.3	5.00	16 Apr 2015	
Total Investments at 30.9.16	43.29	2.11	Overall Average	

** Yields on pooled funds are estimates based on in year performance or estimated performance when the fund was recently opened.*

Pooled Funds as at 30th September 2016

			Dividends	Annualised	Capital	Total	Total
Fund	Date of Purchase	Initial Investment	Received to 30/9/16	Dividend Yield	Gain at 30/9/16	Return at 30/9/16	Return
		£	£	£	£	£	%
Charteris Elite Income Fund	11/05/12	800,000	20,095	5.02%	5,023	25,118	3.14%
Schroders UK Corporate Bond Fund	11/05/12	1,500,000	38,488	5.13%	198,592	237,079	15.81%
Schroders Income Maximizer Fund	06/07/12	1,000,000	24,860	4.97%	177,215	202,075	20.21%
Schroders Income Maximizer Fund	24/07/15	1,000,000	20,209	4.04%	- 42,999	- 22,789	-2.28%
Schroders Income Maximizer Fund	26/08/16	1,000,000	-	0.00%	16,790	16,790	1.68%
M&G Optimal Income Sterling	13/04/15	1,690,636	4,882	0.58%	- 113	4,769	0.28%
M&G Global Dividend Fund	27/06/16	1,000,000	25,238	5.05%	502,909	528,147	52.81%
M&G Extra Income Fund	15/08/16	2,000,000	-	0.00%	- 18,209	- 18,209	-0.91%
CCLA Property Fund	31/03/13	1,500,000	23,186	3.09%	365,603	388,789	25.92%
CCLA Property Fund	30/04/14	1,000,000	13,239	2.65%	65,229	78,468	7.85%
Investec Diversified Income	25/08/16	3,000,000	-	0.00%	- 29,835	- 29,835	-0.99%
Threadneedle UK Equity Fund	08/09/16	2,000,000	-	0.00%	24,904	24,904	1.25%
Value 30/9/2016		17,490,636	170,196	1.95%	1,265,109	1,435,305	8.21%

Pooled Fund Performance to 30th September 2016

The Capital appreciation of these investments as at 30/9/16 equates to 7.23%. However, capital gains and losses may fluctuate throughout the period the investments are held. Any gains would only be realised when the funds are sold. Dividends are received at various times during the year, some are paid quarterly and others half yearly. For the four recent investment made dividends are yet to be received. The income yield as at 30/9/16 is 0.97% and the estimated annualised income yield on these funds is expected to be in the region of 5.18%.

Approved Counterparties

The Council may invest its surplus funds with any of the counterparty types in the table below, subject to the cash limits (per counterparty) and the time limits shown.

The cash limits shown reflect the capital receipt that the Council may receive during 2016/17. This approach has been agreed in conjunction with our treasury advisors, to enable the Council to have sufficient flexibility within the strategy being set to manage the funds appropriately if they are received. If and when this is realised the Council will manage the funds appropriately, looking to diversify investments as much as possible and keep exposure to approximately 5% per counterparty wherever possible.

Credit Rating	Banks Unsecured	Banks Secured	Government	Corporates	Registered Providers
UK Govt	n/a	n/a	£ Unlimited 50 years	n/a	n/a
AAA	£5m 5 years	£5m 20 years	£5m 50 years	£5m 20 years	£5m 20 years
AA+	£5m 5 years	£5m 10 years	£5m 25 years	£5m 10 years	£5m 10 years
AA	£5m 4 years	£5m 5 years	£5m 15 years	£5m 5 years	£5m 10 years
AA-	£5m 3 years	£5m 4 years	£5m 10 years	£5m 4 years	£5m 10 years
A+	£5m 2 years	£5m 3 years	£5m 5 years	£5m 3 years	£5m 5 years
A	£5m 13 months	£5m 2 years	£5m 5 years	£5m 2 years	£5m 5 years
A-	£5m 6 months	£5m 13 months	£5m 5 years	£5m 13 months	£5m 5 years
BBB+	£5m 100 days	£5m 6 months	£5m 2 years	£5m 6 months	£5m 2 years
BBB	£5m next day only	£5m 100 days	n/a	n/a	n/a
None	£2m 6 months	n/a	£5m 25 years	£1m 5 years	£1m 5 years
Pooled funds	£5m per fund at point of investment				

This table must be read in conjunction with the notes below

Banks Unsecured: Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. Unsecured investment with banks rated BBB are restricted to overnight deposits at the Authority's current account bank, Lloyds Bank plc.

Banks Secured: Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the highest of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits. The combined secured and unsecured investments in any one bank will not exceed the cash limit for secured investments.

Government: Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is an insignificant risk of insolvency. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years.

Corporates: Loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in, but are exposed to the risk of the company going insolvent. Loans to unrated companies will only be made as part of a diversified pool in order to spread the risk widely.

Registered Providers: Loans and bonds issued by, guaranteed by or secured on the assets of Registered Providers of Social Housing, formerly known as Housing Associations. These bodies are tightly regulated by the Homes and Communities Agency and, as providers of public services, they retain a high likelihood of receiving government support if needed.

Pooled Funds: Shares in diversified investment vehicles consisting of the any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Short-term Money Market Funds that offer same-day liquidity and very low or no volatility will be used as an alternative to instant access bank accounts, while pooled funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.

Bond, equity and property funds offer enhanced returns over the longer term, but are more volatile in the short term. These allow the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's investment objectives will be monitored regularly.

Specified Investments

The DCLG Guidance defines specified investments as those:

- denominated in pound sterling,
- due to be repaid within 12 months of arrangement,
- not defined as capital expenditure by legislation, and
- invested with one of:
 - the UK Government,
 - a UK local authority, parish council or community council, or
 - a body or investment scheme of “high credit quality”.

The Council defines “high credit quality” organisations and securities as those having a credit rating of [A-] or higher that are domiciled in the UK or a foreign country with a sovereign rating of [AA+] or higher. For money market funds and other pooled funds “high credit quality” is defined as those having a credit rating of [A-] or higher.

Non-Specified Investments

Any investment not meeting the definition of a specified investment is classed as non-specified. The Council does not intend to make any investments denominated in foreign currencies, nor any that are defined as capital expenditure by legislation, such as company shares. Non-specified investments will therefore be limited to long-term investments, i.e. those that are due to mature 12 months or longer from the date of arrangement, and investments with bodies and schemes not meeting the definition on high credit quality.

Investment Limits

The maximum that will be lent to any one organisation (other than the UK Government) will be £5 million, to mitigate the risk in the case of a single default. A group of banks under the same ownership will be treated as a single organisation for limit purposes. Limits will also be placed on fund managers, investments in brokers’ nominee accounts, foreign countries and industry sectors as shown below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries. As detailed in Appendix C, the cash limits shown reflect the capital receipt that the Council may receive during 2016/17 and have been agreed in conjunction with our treasury advisors to provide the Council with an element of flexibility to be able to invest the funds in the most appropriate manner at the time.

	Cash limit
Any single organisation, except the UK Central Government	£5m each
UK Central Government	unlimited
Any group of organisations under the same ownership	£5m per group
Any group of pooled funds under the same management	£5m per manager at point of investment
Negotiable instruments held in a broker’s nominee	£30m per broker

account	
Foreign countries	£5m per country
Registered Providers	£10m in total
Unsecured investments with Building Societies	£20m in total
Loans to unrated corporates	£2m in total
Money Market Funds	£20m in total

Investment of Money Borrowed in Advance of Need

The Authority may, from time to time, borrow in advance of need, where this is expected to provide the best long term value for money. Since amounts borrowed will be invested until spent, the Authority is aware that it will be exposed to the risk of loss of the borrowed sums, and the risk that investment and borrowing interest rates may change in the intervening period. These risks will be managed as part of the Authority's overall management of its treasury risks.

The total amount borrowed will not exceed the authorised borrowing limit of £550 million. The maximum period between borrowing and expenditure is expected to be two years, although the Authority is not required to link particular loans with particular items of expenditure.

Policy on Use of Financial Derivatives

Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in Section 1 of the Localism Act 2011 removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).

The Authority will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Authority is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit.

Cabinet**21 December 2016**

Title	Establishment of Mayoral Charity Fund		
Purpose of the report	To make a decision		
Report Author	Terry Collier		
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	<p>That Cabinet approves the creation of a registered charity for the Mayoral Fund.</p> <p>That the Leader of the Council, the Chief Finance Office, and the Community Development Manager be approved as the trustees</p>		
Reason for Recommendation	<p>To enable the Fund to act as Charity and for donors to gift aid and make it more attractive for sponsors to match fund</p>		

1. Key issues

- 1.1 The Mayor has put forward a proposal that the arrangements for the Mayoral charity funds are set up as a registered charity. This would enable donors to gift aid and will make it easier to persuade sponsors to match fund. Indeed a number of commercial entities have stated that they feel only able to provide support to Mayoral Funds when they are set up as a registered charities. A number of other councils have set up their Mayoral funds as charities.
- 1.2 The Fund will be registered as a Charitable Trust with the Charity Commission with its objective being:
- “to raise money for charities and other good causes as selected each year by the Mayor of Spelthorne. These charities and other good causes must be located and undertake their work within the Borough of Spelthorne, so that the money raised will improve the lives of disadvantaged people within Spelthorne, or otherwise improve the quality of life for people within the borough. The Mayor will chair a Charity Committee, whose members will be appointed each year by the new Mayor. The Charity Committee will raise funds by seeking donations, sponsorship and gifts in kind, as well as organising fundraising events and other activities. All moneys raised during a

Mayoral Year shall be distributed before the next Annual Council Meeting

1.3 As a charity there needs to be a minimum of at least three trustees and it is proposed that the Leader of the Council, the Chief Finance Office, and the Community Development Manager would be the trustees.

1.4 As a charity annual accounts would be published.

2. Options analysis and proposal

2.1 Option 1: Set up a registered charity, which would enable donors to give gift aid and make it easier to attract sponsors to match fund.

3. Financial implications

3.1 The charity will be required to keep proper accounting records during the year to enable it to produce a income and expenditure statement and a statement of financial position to be produced at the of the charity's financial year.

3.2 The Charity Commission requires charities to report their financial results to them as part of the annual returns a charity has to make. If the charity's income is under £10k then limited disclosure is required, but anything over £10k requires more detailed disclosure to the Commission which will be the case for this proposal.

3.3 The charity will be unable to recover any VAT charged on its purchases as it is unlikely that the charity's turnover will exceed the threshold for registering for VAT and therefore this unrecoverable vat amount will become a added expense.

3.4 The charity could voluntary register for VAT which would allow the recovery of Input tax from HMRC, but the downside is the extra admin of completing VAT returns maybe every quarter.

4. Other considerations

4.1 Detail any other considerations to be taken into account, with particular reference to **Equality and Diversity, and Sustainability**, and how these will impact upon the proposals being recommended for approval.

5. Timetable for implementation

5.1 If approved officers will immediately submit an application to the Charity Commission. The objective is to have it up and running in time for the Annual Ball and Ladies Lunch in April.

Background papers:

Cabinet**21 December 2016**

Title	Calendar of Meetings for 2017-2018		
Purpose of the report	To make a recommendation to Council		
Report Author	Greg Halliwell		
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 recommend the Calendar of Meetings for 2017-2018 to Council for approval.		
Reason for Recommendation	The Calendar of Meetings provides a framework for the democratic and decision-making procedures that will underpin the delivery of the Council key priorities.		

1. Key issues

- 1.1 The proposed Calendar of meetings for 2017-2018 (Appendix 1) has been compiled to enable the consideration of Council business and covers the period from May 2017 to May 2018.
- 1.2 Council meetings have been scheduled to enable effective decision-making whilst making the best use of resources available. The meetings have been programmed to ensure that the Council makes decisions in a timely way to help with the implementation of its priorities and strategies, as well as fulfilling its constitutional and legal obligations.
- 1.3 The Chief Finance Officer has been consulted on the suitability of dates to enable end-of-year financial reports to be ready for consideration at Cabinet and Overview and Scrutiny Committee.
- 1.4 The Leader of the Council and the Committee Chairmen have the power to call additional or extraordinary meetings, when required, to accommodate urgent or unscheduled matters of business.

2. Options analysis and proposal

- 2.1 The Calendar of meetings provides a framework for the democratic and decision making processes that will underpin the delivery of the Council's key priorities. It is proposed to agree the dates as set out in Appendix 1.

3. Financial implications

- 3.1 The cost of administering the proposed meetings will be met from within existing budgets.

4. Other considerations

- 4.1 Council, Cabinet and Committee meetings are held in venues that meet the requirement of the Equality Act in terms of accessibility and hearing loops etc. in order to ensure access to meetings for all.
- 4.2 On the Council's website, there is a link to an events' page which gives details of various upcoming Council and community events and allows people to add an event. On the same page, there is also a link to the dates for the Council's Committee meetings throughout the municipal year.
- 4.3 Voluntary and charity organisations, in particular, are encouraged to check these dates before arranging their own meetings and events in order to avoid clashing with the agreed Committee dates.
- 4.4 In compiling this calendar of meetings, the Council has made every effort, wherever possible, to avoid clashes with established events, e.g. Spelthorne in Bloom; Big Tree Night; Civic Awards ceremony; Civic reception for prize-giving.

5. Timetable for implementation

- 5.1 Once agreed at the Council meeting on 22 December 2016, the Calendar of Meetings will be published on the Council's website and implemented from May 2017.

Background papers: None

Appendices:

Appendix 1 – proposed Calendar of meetings (A3 x 2)

Appendix 1a – proposed Calendar of Meetings (A4)

2017 Year Planner

2017	M	T	W	T	F	W	M	T	W	T	F	W	M	T	W	T	F	W	M	T	W	T	F	W	M	T												
January						1	2 Bank Holiday	3	4 Licensing	5	6	7	8	9 Cabinet Briefing	10	11 Planning	12	13	14	15	16 Group	17 O&S	18	19 Cabinet BB	20	21	22	23	24	25 Cabinet	26	27	28	29	30	31		
February			1 Licensing	2 Code of Conduct	3	4	5	6 Cabinet Briefing	7	8 Planning	9	10	11	12	13 Group	14	15	16	17	18	19	20 SJC	21	22 Cabinet	23 Council	24	25	26	27	28								
March			1	2	3	4	5	6 Cabinet Briefing	7	8 Planning	9	10	11	12	13 Group	14	15 Licensing	16	17	18	19	20 SJC	21	22 Cabinet	23 Audit	24	25	26	27	28 O&S	29	30	31					
April						1	2	3	4	5 Planning	6	7	8	9	10	11	12	13	14 Bank Holiday	15	16	17 Bank Holiday	18	19 Licensing	20 Code of Conduct	21	22	23	24 Cabinet Briefing	25	26	27 Council	28	29	30			
May	1 Bank Holiday	2 Group	3 Planning	4	5	6	7	8	9	10 Licensing	11 Cabinet	12	13	14	15	16	17	18 Council ACM	19	20	21	22	23	24	25	26	27	28	29 Bank Holiday	30	31							
June				1	2	3	4	5 Cabinet Briefing	6	7 Licensing	8	9	10	11	12 Group	13	14	15	16	17	18	19	20	21 Cabinet	22 Audit	23	24	25	26	27	28 Planning	29 Code of Conduct	30					
July						1	2	3 Cabinet Briefing	4	5 Licensing	6	7	8	9	10 Group	11 O&S	12	13 Cabinet BB	14	15	16	17 SJC	18	19 Cabinet	20 Council	21	22	23	24	25	26 Planning	27	28	29	30	31		
August		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23 Planning	24	25	26	27	28 Bank Holiday	29	30	31						
September					1	2	3	4	5	6	7	8	9	10	11 Cabinet Briefing	12	13 Licensing	14 Code of Conduct	15	16	17	18 Group	19 O&S	20 Planning	21	22	23	24	25	26	27 Cabinet	28 Audit	29	30				
October						1	2 SJC	3	4	5	6	7	8	9	10	11 Licensing	12	13	14	15	16	17	18 Cabinet BB	19 Planning	20 Council	21	22	23	24	25	26	27	28	29	30	31		
November			1	2	3	4	5	6 Cabinet Briefing	7	8	9	10	11	12	13 Group	14	15 Planning	16	17	18	19	20 SJC Informal	21 Cabinet	22	23	24	25	26	27	28 O&S	29 Licensing	30						
December					1	2	3	4 Cabinet Briefing	5	6 SJC	7	8	9	10	11 Group	12	13 Planning	14	15	16	17	18	19	20 Cabinet	21 Council	22	23	24	25 Bank Holiday	26 Bank Holiday	27	28	29	30	31			

Council	
Cabinet	
Cabinet Briefing	
Cabinet Budget Briefing	
Overview and Scrutiny Committee	
Planning Committee	
Licensing Committee	
Audit Committee	
Members' Code of Conduct Cttee (MCCC)	
SJC (Spelthorne Joint Committee)	
Surrey Schools Holidays	
Group	
2015 Councillor Induction sessions	

2018 Year Planner

2018	M	T	W	T	F	W	M	T	W	T	F	W	M	T	W	T	F	W	M	T	W	T	F	W	M	T	W	T	F	W	M	T			
January	1	2	3	4	5	6 7	8 Cabinet Briefing	9	10 Planning	11	12	13 14	15 Group	16 O&S	17	18 Cabinet BB	19	20 21	22	23	24 Cabinet	25	26	27 28	29	30	31 Licensing								
February				1 Code of Conduct	2	3 4	5 Cabinet Briefing	6	7 Planning	8	9	10 11	12 Group	13	14	15	16	17 18	19 SJC informal	20	21 Cabinet	22 Council	23	24 25	26	27	28 Licensing								
March				1	2	3 4	5 Cabinet Briefing	6	7 Planning	8	9	10 11	12 Group	13 O&S	14	15	16	17 18	19 SJC	20	21 Cabinet	22 Audit	23	24 25	26	27	28 Licensing	29	30	31					
April					1	2	3	4 Planning	5	6	7 8	9 Cabinet Briefing	10	11	12 Code of Conduct	13	14 15	16 Group	17	18 Licensing	19	20	21 22	23	24	25 Cabinet	26 Council	27	28 29	30					
May		1	2 Planning	3	4	5 6	7	8	9	10	11	12 13	14	15	16	17 Council (ACM)	18	19 20	21	22	23	24	25	26 27	28	29	30	31							
June					1	2 3	4	5	6	7	8	9 10	11	12	13	14	15	16 17	18	19	20	21	22	23 24	25	26	27	28	29	30					
July						1	2	3	4	5	6	7 8	9	10	11	12	13	14 15	16	17	18	19	20	21 22	23	24	25	26	27	28 29	30	31			
August			1	2	3	4 5	6	7	8	9	10	11 12	13	14	15	16	17	18 19	20	21	22	23	24	25 26	27	28	29	30	31						
September						1 2	3	4	5	6	7	8 9	10	11	12	13	14	15 16	17	18	19	20	21	22 23	24	25	26	27	28	29 30					
October	1	2	3	4	5	6 7	8	9	10	11	12	13 14	15	16	17	18	19	20 21	22	23	24	25	26	27 28	29	30	31								
November				1	2	3 4	5	6	7	8	9	10 11	12	13	14	15	16	17 18	19	20	21	22	23	24 25	26	27	28	29	30						
December						1 2	3	4	5	6	7	8 9	10	11	12	13	14	15 16	17	18	19	20	21	22 23	24	25	26	27	28	29 30	31				

Council	
Cabinet	
Cabinet Briefing	
Cabinet Budget Briefing	
Overview and Scrutiny Committee	
Planning Committee	
Licensing Committee	
Audit Committee	
Members' Code of Conduct Cttee (MCCC)	
SJC (Spelthorne Joint Committee)	
Surrey Schools Holidays	
Group	
2015 Councillor Induction sessions	

Calendar of Meetings May 2017 to May 2018

Appendix 1a

Meeting	2017 May	June	July	Aug	Sept	Oct	Nov	Dec	2018 Jan	Feb	Mar	Apr	May
Cabinet Briefing		5	3		11		6	4	8	5	5	9	
Group	2	12	10		18		13	11	15	12	12	16	
Cabinet	11	21	19		27		22	20	24	21	21	25	
Council	18 (ACM)		20			19		21		22		26	17 (ACM)
Cabinet Budget Briefings			13			16			18				
O&S Committee			11		19		28		16		13		
Audit		22			28						22		
Planning	3	28	26	23	20	18	15	13	10	7	7	4	2
Licensing	10	7	5		13	11	29		31	28	28	18	
Members' CoC		29			14		9			1		12	
Spelthorne Joint Committee			17			2	20 (Informal)	6		19 (Informal)	19		
Seminars													
Bank Holidays Council Offices closed	1 & 29			28				25, 26	1		30	2	

Page 35

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Cabinet

21 December 2016



Title	Development in the Borough (Bugle Returns Public House site)		
Purpose of the report	To make a Key Decision		
Report Author	Heather Morgan, Head of Regeneration and Growth		
Cabinet Member	Councillor Ian Harvey	Confidential	No (several confidential appendices)
Corporate Priority	Financial Sustainability		
Recommendations	<p>Cabinet is asked:</p> <ul style="list-style-type: none"> • To agree the demolition of the existing building and redevelopment of the front part of the site for residential development • To agree the proposed capital provision of £2.4m for the redevelopment of the front part of the site (including contingencies) over the period January 2017 – 2019 • To give delegated authority to the Group Head of Regeneration and Growth (in consultation with the Leader as Cabinet Member for Strategic Assets) to agree the actual spend of the budget and to deal with any minor variations (with the agreement of the Deputy Chief Executive responsible for Finance as required) • To give delegated authority to the Group Head of Regeneration and Growth (in consultation with the Leader as Cabinet Member for Strategic Assets) to agree any subsequent minor amendments to the proposals as a result of results of surveys, advice from the Local Planning Authority or other responses. • To note the current position regarding the options for the open land and lakes to the rear of the site and that a subsequent report will come to Cabinet 		
Reason for Recommendation	<p>This is a cross cutting development which will help the Council deliver on all four of its key priorities:</p> <p>(1) Housing (developing an existing site for housing)</p> <p>(2) Financial sustainability (use existing assets to obtain ongoing, sustainable revenue streams and capital appreciation)</p> <p>(3) Economic Development (using assets to stimulate the local economy)</p>		

	(4) Clean and Green Environment (robustly protect our Green Belt and provide high quality public spaces)
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1. Key issues

- 1.1 On 21 July 2016, Council approved the Corporate Plan 2016 – 2019 which set out a very clear vision for how we want to move forward as a borough. It focuses on a number of core challenges and how we propose to tackle these. The redevelopment of the Bugle Returns PH and the land to the rear gives the Council an opportunity to demonstrate to the local community how it is going to turn these priorities into firm action.
- 1.2 There is an ever growing need for housing, and the Council is striving to meet the needs of residents in a variety of ways. One way is to look at whether we as a Council can use our existing assets for housing. The Bugle Returns PH was bought early in 2016 expressly for this purpose (as well as resolving a number of very long standing issues which were on considerable concern to the local community and the Council). Any redevelopment will need to respect the designation of the site as green belt in the adopted Local Plan, and ensure the potential for using the rear of the site for recreation is not stymied.
- 1.3 Redevelopment and retention of the site and buildings will ensure the Council is maximising the opportunity to obtain an ongoing, sustainable income stream and holds on to an asset which will appreciate in value over time. There is also scope as part of the process for local architects and construction companies to bid for the work, which (if appointed) will be of benefit to the local economy.
- 1.4 The Position Statement (**confidential Appendix 1**) gives some very useful background including an appraisal which was undertaken on a range of possible redevelopment and refurbishment options.

2. Options analysis and proposal

- 2.1 There are a number of options for the front portion of the site:
 - (a) Redevelopment for residential purposes (**preferred option**)
 - (b) Refurbishment for residential purposes
 - (c) Redevelopment for an alternative use
 - (d) Demolish the building and use the site for recreation/leisure only

Redevelopment for residential
- 2.2 As it evident from the initial information contained in the Position statement, the most realistic option (and that which meets corporate priorities) is a redevelopment for residential accommodation. The location of the existing building at the front of the site means that the most realistic option is a flatted development. Planning constraints (green belt) severely limit the options for development across a wider portion of the site.
- 2.3 **Confidential Appendix 2** includes an indicative plan setting out what a redevelopment could potentially look like (location, footprint, and parking) as

well as elevational details of a similar scheme which may be appropriate response to the site. Cabinet should note that this may not be the final scheme as (as it is subject to the grant of planning permission).

- 2.4 This outline scheme would maximise the opportunity for residential on the site, would provide high quality accommodation to meet current market expectations and provide a strong income stream (see Section 3 – Financial Considerations) below. **This is the preferred option.**

Refurbishment for residential

- 2.5 As a building, the Bugle Returns has some merit and refurbishment was initially considered as a distinct possibility. However there are a number of limitations in terms of configuration, and there has clearly been limited investment in the fabric of the building in recent years. Whilst it would have been feasible, this option would not provide the quality of accommodation that a new build would which is important if the Council decide that the units will to let out at private market rent (with the income being used to help provide more suitable affordable rented accommodation elsewhere in the borough). For these reasons this option is not recommended.

Redevelopment for alternative use

- 2.6 Other options would revolve round a mixed use scheme with retail at the ground floor and residential above. The size of the ground floor unit is unlikely to meet the requirements of a national food operator and it is not in a location where there is perceived local demand. Without a pre-let (which would be challenging) there is the possibility that the unit would lie vacant and not generate income. Whilst a restaurant might be an option, this is unlikely to maximise income and care would need to be taken with the design to ensure the amenity of the flats above was not adversely affected. Neither of these options are recommended.

Demolish existing building and use for recreation only

- 2.7 This option would not maximise the potential of the site bearing in mind the existing building and footprint within the green belt. This option is not recommended.

3. Financial implications

- 3.1 A high level appraisal has been undertaken of the redevelopment proposal (as set out in **confidential appendix 2**) in order to establish (1) the cost of the redevelopment and (2) the revenue income stream from the private rented units once they are complete (**confidential Appendix 3**). Cabinet will note that the scheme is financially viable and achieves an on-going income stream estimated to be £185k per annum (gross). Cabinet are reminded that the cost of borrowing and the acquisition costs will need to be discounted.
- 3.2 A capital budget of £2.4m will need to be set aside for the delivery of this project. This would be financed from borrowing. The capital provision within this financial year is estimated to be c.£50,000 (surveys, plans and planning application), with c £2.25m in 2017/18 and £1.65m in 2018/19 (assuming the build is paid for in staged payments).
- 3.3 There will be an additional cost of c. £21,000 over the lifetime of the project for the expert external resource which is being utilised. This will be absorbed from within existing budgets and no additional revenue is required.

3.4 Cabinet need to be aware that an overage clause was part and parcel of the deal when the Council acquired the site from Trust Inns Ltd. This is now standard in commercial property deals, and the implications for the development moving forward have been fully considered as part of the redevelopment proposal.

4. Other considerations

Land to rear

- 4.1 The Position Statement (**confidential appendix 1**) set out a number of possible options for the land to the rear (including the lake area). Further expert advice has been sought from another authority familiar with providing 'country park' facilities. These will need to be reviewed and further work done to establish the most realistic options (which are compatible with its designation as green belt, recognise the proximity of a number of residential properties, makes the best use of natural features and provides the 'best fit').
- 4.2 A separate report will come to Cabinet once these have been developed further. Officers are looking to minimise any budgetary spend and will be focusing on bringing forward only the most likely options (which will be developed to a high level only initially). The commissioned surveys will cover the whole of the site to minimise costs.
- 4.3 Whilst ideally this report would have dealt with both elements together, there is a greater need to move forward on the residential which is ready to move forward now and will provide much needed residential accommodation and an income stream (once complete). We have therefore 'decoupled' the two elements.
- 4.4 Cabinet should note there is a Licence to Occupy for an Angling Club for the lakes. This will not directly affect the development at the front of the site. However it does form part of the wider considerations for the land to the rear.

Project resource

- 4.5 Cabinet should note that the core project team currently comprise officers from assets, housing, leisure and sustainability to ensure that development on the front portion of the site is compatible with the land to the rear, and vice versa. There will be a constant dialogue to ensure that this remains the case. In particular, care will need to be taken to ensure that there is a separate access to the rear of the site (in order to maximise the value of the residential development).
- 4.6 Advice has been brought in to expedite this redevelopment and these costs are referred to in paragraph 3.3 above. Officers at Spelthorne will maintain oversight of the whole process (meeting key milestones, reviewing budgetary spend) but the detailed management of the process and contractors will be undertaken externally.

Planning

- 4.7 Sketch proposals are currently being discussed with the Local Planning Authority (as part of the standard pre-application advice process which any applicant can avail themselves of). Alterations and amendment may be required as part of the planning application process. These alterations may reduce or change the floor space and therefore the build cost, as well as the

number and configuration of the units and therefore the income which can be generated as a result.

Possible further amendments to the scheme

- 4.8 It is recommended that delegated authority be given to the Group Head Regeneration and Growth and the Leader (who holds Cabinet responsibility for Strategic Assets) to agree refinements to the scheme as it progresses through the various development phases (including planning). The redevelopment would slow considerably (and the process would become very unwieldy) if changes to the proposal were to have to come back to Cabinet each and every time for a decision.

Procurement, Legal and Other

- 4.9 The timetable below includes the relevant lead in times for procurement (architects and construction company will go through the Councils standard procurement process). Legal Services are assisting as required.
- 4.10 Sustainability issues will be covered as required as part of the development process, and the development will need to meet planning and building regulations requirements in respect of those with disabilities.

5. Timetable for implementation

- 5.1 An indicative timetable for the project is set out in **Appendix 4**. Cabinet should note that this is subject to no adverse findings as a result of various technical surveys (the key ones being ecology and contamination), and to there being no delays in obtaining planning permission. The Leader will be kept updated on any departures from the timetable (along with a reasoned justification).

Background papers:

Appendices:

- 1 Position statement (**confidential**)
- 2 Redevelopment proposals (**confidential**)
- 3 Financial (**confidential**)
- 4 Indicative timetable

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