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Our Ref: PGH/Cabinet  
Date: 5 December 2011

## Notice of meeting

### CABINET

**Date:** Tuesday 13 December 2011

**Time:** 6.00 p.m.

**Place:** Goddard Room, Council Offices, Knowle Green, Staines.

#### To: Members of Cabinet

<b>Members of the Cabinet</b>	<b>Cabinet member areas of responsibility</b>
Mrs. V.J. Leighton (Chairman)	Leader of the Council and Strategy & Staff
R.A. Smith-Ainsley [Vice-Chairman]	Planning & Housing
Mrs. J.M. Pinkerton	Older People & Health Liaison
F. Ayers	Community Safety & Assets
C.A. Davis	Economic Development
T.J.M. Evans	Finance
P.C. Forbes-Forsyth	Parks & Leisure
N. St. J. Gething	Communications
R.L. Watts	Environment

## Agenda

	Pages	Times
<p><b>1. Apologies for absence</b></p> <p>To receive any apologies for non-attendance.</p>		<b>6.00</b>
<p><b>2. Minutes</b></p> <p>To confirm the minutes of the meeting held on 22 November 2011.</p>	<b>5 - 8</b>	
<p><b>3. Disclosures of Interest</b></p> <p>To receive any disclosures of interest from members in accordance with the Council's Code of Conduct for Members.</p>		
<p><b>4. Recommendation from Licensing Committee – Key decision</b></p> <p>To consider the recommendation of the Licensing Committee on the adoption of legislation to regulate sex establishments.</p>	<b>9 - 10</b>	<b>6.05</b>
<p><b>5. Draft Outline budget 2012-13 – Key decision</b> <i>(Councillor Evans)</i></p>	<b>11 - 42</b>	<b>6.10</b>
<p><b>6. Treasury Management Strategy 2011-12 update</b> <i>(Councillor Evans)</i></p>	<b>43 - 50</b>	<b>6.15</b>
<p><b>7. Charging for Pre-application Planning advice</b> <i>(Councillor Smith-Ainsley)</i></p>	<b>51 – 56</b>	<b>6.20</b>
<p><b>8. Customer Service Strategy</b> <i>(Councillor Evans)</i></p>	<b>57 – 84</b>	<b>6.25</b>
<p><b>9. Update on St. Martin's Court hall</b> <i>(Councillor Ayers)</i></p>	<b>85 – 88</b>	<b>6.30</b>
<p><b>10. Dog Control order – Key decision</b> <i>(Councillor Forbes-Forsyth)</i></p>	<b>89 – 104</b>	<b>6.35</b>
<p><b>11. Queen Elizabeth II Fields Challenge</b> <i>(Councillor Forbes-Forsyth)</i></p>	<b>105 - 108</b>	<b>6.40</b>

**12. Issues for future meetings**

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

**6.45**

**13. Urgent items**

To note the 33-signature petition on Stanwell Health and Community centre but resolve that there is no need to respond directly to Mr. McLuskey in view of the large amounts of officer time and correspondence already expended on this subject.

**6.50**



## MINUTES OF THE CABINET

22 November 2011

### Present:

Councillor Mrs. V.J. Leighton (Leader of the Council and Chairman of the Cabinet)  
Councillor R.A. Smith-Ainsley (Deputy Leader of the Council, Vice-Chairman of the Cabinet and Cabinet Member for Planning and Housing)  
Councillor C. A. Davis (Cabinet Member for Economic Development)  
Councillor T.J.M. Evans (Cabinet Member for Finance)  
Councillor P. Forbes-Forsyth (Cabinet Member for Parks and Leisure)  
Councillor N. St. J. Gething (Cabinet Member for Communications) and  
Councillor R.L. Watts (Cabinet Member for Environment)

**Apologies:** Councillors Mrs. J.M. Pinkerton and F. Ayers

### 1742. [Minutes](#)

The minutes of the meeting held on 20 September 2011 were agreed as a correct record.

### 1743. Disclosures of interest

There were none.

### 1744. Minutes of the Spelthorne Youth Council meetings

Cabinet noted the minutes of the meetings held on [27 September](#) and [20 October 2011](#). Councillor Forbes-Forsyth reported that the Youth Council was currently reviewing its constitution and how it operated.

### 1745. [\\*Promoting Staines: Changing the name to Staines-upon-Thames](#)

Cabinet considered a report on the outcome of the consultation exercise undertaken during October 2011 and seeking approval to recommend the proposed name change to the Council meeting to be held on 15 December 2011.

664 responses to the consultation were received, including a petition from Staines Town Football Club containing 134 signatures. All the responses were received by the deadline of 31 October, and all were given due consideration.

Cabinet noted the success of the consultation and the excellent response from residents and businesses alike. They also expressed the wish that the name change would be the catalyst for growth in the borough and lead to a number of new businesses coming to the area.

### Resolved to recommend that Council agrees to:

1. now call Staines by the new name of Staines –upon-Thames;
2. call on Surrey County Council and Runnymede Borough Council to likewise adopt the name of Staines-upon-Thames for all official business;
3. call on residents, businesses and public bodies to refer to Staines-upon-Thames instead of Staines, and
4. update the Local Land and Property Gazetteer to reflect the change and requests Runnymede Borough Council to do likewise.

#### **1746. [Amendments to the appointments to outside bodies](#)**

Cabinet considered a report requesting the following amendments to outside bodies' appointments:

1. To appoint an additional representative to serve on the Local Development Framework (LDF) working party.
2. To replace a representative on the Youth Service Transformation Task Group.

#### **Resolved:**

1. to appoint Councillor R.A. Smith-Ainsley, the portfolio holder for Planning and Housing, as a representative on the LDF working party until June 2012.
2. to replace Councillor Ms. J.R. Sexton with Councillor Mrs I. Napper as a representative on the Youth Service Transformation Task Group until June 2012.

#### **1747. [Revenue monitoring and projected outturns](#)**

Cabinet considered a report on the Council's revenue spend figures for the six months from April to September 2011 and the forecast year-end position identifying major, anticipated variances.

Cabinet noted the ongoing success of the waste recycling scheme due to the excellent participation of the borough's residents.

**Resolved** that Cabinet notes the contents of the revenue monitoring report for the period April to September 2011.

#### **1748. [Capital monitoring report](#)**

Cabinet considered a report on the Council's spend on the Capital programme for the period April to September 2011.

**Resolved** that Cabinet notes the contents of the Capital monitoring report for the period April to September 2011.

#### **1749. [\\*Treasury management half-yearly report 2011-12](#)**

Cabinet considered a report on treasury management activities for the first half of the year up to 30 September 2011 seeking approval to make changes to the Council's investment strategy with a view to gaining additional investment flexibility to enhance future returns.

**Resolved** that Cabinet recommends Council to

1. Approve the proposed changes to the Treasury Management Strategy as set out in the Report of the Chief Finance Officer;
2. Approve the use of pooled funds within the list of approved investments and
3. Updates the Council's creditworthiness criteria.

#### **1750. [Appropriation of land at Stanwell - update](#)**

Cabinet considered an update report on the transfer of land at Stanwell to A2Dominion as part of the Stanwell New Start regeneration project.

**Resolved** that Cabinet notes that the land at Stanwell which is to be transferred to A2 Dominion has been appropriated from the purposes of housing to the purposes of

improvement and development by virtue of a decision taken by the Head of Corporate Governance in exercise of authority delegated to him.

**1751. Funeral and burial arrangements**

Cabinet considered a report on a proposal to give a wider choice of burial arrangements in cemeteries owned and managed by the Council, which was a testimony to the diversity of the borough's population.

**Resolved** that Cabinet agrees the arrangements to be put in place for burial arrangements in cemeteries owned and managed by the Council

**1752. Garden waste**

Cabinet considered a report on the proposed charges for the collection of garden waste and noted that the service was working well.

**Resolved** that Cabinet agrees to:

1. The charge of £45 (for wheeled Garden waste bins) for all existing and new users, for a full year subscription implemented from January 2012 (for service from April to March).
2. A reduced charge of £22.50 for a subscription from 1 September to 31 March in any year.

**1753. Issues for future meetings**

There were none.

**1754. Urgent items**

There were none.

**1755. Exempt business**

**RESOLVED** that under Section 100A(4) of the Local Government Act 1972, the public and press be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in the paragraph, of Part 1 of Schedule 12A of the Act, indicated below.

**1756. ICT support arrangements post-2012**

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

Cabinet considered an exempt report on the proposed support arrangements for the Council's ICT service post 2012.

The options considered were in the main body of the report.

**RESOLVED** that Cabinet agrees to the proposal for support arrangements for the Council's ICT service post 2012 as set out in the report of the Assistant Chief Executive.

**NOTES:-**

- (1) Members of the Overview and Scrutiny Committee are reminded that under Overview and Scrutiny Procedure Rule, the "call-in" procedure shall not apply to recommendations the Cabinet makes to the Council. The matters on which recommendations have been made to the Council, if any, are identified with an asterisk [ \* ] in the above Minutes.**
- (2) Members of the Overview and Scrutiny Committee are entitled to call in decisions taken by the Cabinet for scrutiny before they are implemented, other than any recommendations covered under (1) above.**
- (3) Within three working days of the date on which a decision of the Cabinet or a Cabinet Member is published, not less than three members [one of whom must be the Chairman] of the Overview and Scrutiny Committee are able to "call in" a decision;**
- (4) To avoid delay in considering an item "called in", an extraordinary meeting of the Overview and Scrutiny Committee will be convened within seven days of a "call in" being received if an ordinary meeting is not scheduled in that period;**
- (5) When calling in a Cabinet decision for review the members doing so should in their notice of "call in":-**

  - Outline their reasons for requiring a review;**
  - Indicate any further information they consider the Overview and Scrutiny Committee needs to have before it in order to conduct a review in addition to the written report made by officers to the Cabinet;**
  - Indicate whether, where the decision was taken collectively by the Cabinet, they wish the Leader or his nominee (who should normally be the Cabinet Member) or where the decision was taken by a Cabinet Member, the member of the Cabinet making the decision, to attend the committee meeting; and**
  - Indicate whether the officer making the report to the Cabinet or the Cabinet Member taking the decision or his/her representative should attend the meeting.**
- (6) The deadline of three working days for "call in" by Members of the Overview and Scrutiny Committee in relation to the above decisions by the Cabinet is the close of business on 30 November 2011**



## **Recommendation of the Licensing Committee on adoption of legislation to regulate sex establishments – Key Decision**

- 1. Adoption of legislation to regulate sex establishments**
- 1.1 The Licensing Committee has considered a report on adoption of legislation to regulate sex establishments which would allow local residents to oppose applications for sex establishments on wider grounds than are currently allowed under existing legislation. Local authorities would also be empowered to set limits on the number of sex establishments they considered appropriate for a particular locality.
- 1.2 The Licensing Authority must formally adopt the amended provisions of Schedule 3 of the Local Government (Miscellaneous Provisions) Act 1982 in order for them to be applied in the local authority's area. This Council had not previously sought to adopt these powers, because there were no dedicated venues of this nature known to be in existence in the borough.
- 1.3 A draft Sex Establishment Licensing Policy was submitted to the Committee for consideration, subject to consultation with interested stakeholders. Adopting a policy would provide the Council with a structured legal framework, which should promote fairness, consistency and transparency in its decision-making, when dealing with future sex establishments in the borough.
- 1.4 The Licensing Committee considered for adoption the following fees to accompany an application for the grant, renewal, variation or transfer of a sex establishment licence:
  - a) Application for a new, renewal, variation and transfer of a licence: £3,000
  - b) Change of licence details: £150.
- 1.5 **The Licensing Committee recommends Cabinet to recommend Council to:**
  - 1. adopt the powers to regulate sex establishments and the proposed fees for the licensing of these venues, subject to the Council advertising its intention to do so, and**
  - 2. approve the proposed policy for sex establishments, as attached, for public consultation.**

**Outline Budget 2012/2013 – 2016/2017 – Key Decision  
Work in progress / second draft**

**Cabinet: 13 December 2011**

**Recommendation required**

**Report of the Chief Finance Officer**

**REPORT SUMMARY**

**How does the content of this report improve the quality of life of Borough Residents**

By having an effective budget planning process the Council ensures that it has a sustainable financial basis to allow it to maximise the delivery of services to Borough residents whilst staying within the Government's capping constraints.

**Purpose of Report**

To approve an Outline Budget covering the next four years, the first year forms the framework for the detailed Budget for the next financial year. Specifically, approval of the Outline Budget will set a maximum expenditure level for 2012-13 and also recommend a guideline Council Tax increase. The Council is required by law to set a balanced budget.

**Key Issues**

- How to ensure the Council has a sustainable financial future and where the budget should be allocated against the emerging corporate priorities.
- The Outline Budget shows deficits over the Outline Budget period.
  - (a) The deficit to be addressed in 2012-13.
  - (b) Further significant increases in 2014-15 and 2015-16
- There is increasing pressure on expenditure at a time when central government funding is reducing and investment income is under pressure
- The ongoing downturn in the broader economic environment, particularly in the property industry, has had adverse impacts on the Council's financial position and its ability to maximise the value of capital receipts, and poses risks to its ongoing income stream.
- Ensuring the sustainability of building maintenance expenditure.
- How to ensure funding and income levels are maximised.
  
- A number of risks have been identified, the following are considered to be significant:
  - (1) Continued impact of slowdown in economy and property sector
  - (2) The continued low level of interest rates

## **Financial Implications**

The outline budget projections indicate potential budget deficits (before taking account of possible savings) of:

Financial Year	Deficit	Cumulative Deficit
2011/12	£200k	£200k
2012/13	£750k	£950k
2013/14	£0k	£950k
2014/15	£400k	£1,350k
2015/16	£350k	£1,750k

**Corporate Priority:** Sustainable financial future

## **Officer Recommendations**

The Cabinet is asked to recommend that the Council approve the following:

1. That the net budgeted expenditure (before investment income and use of reserves) for 2012/2013 be set at a maximum level of £11.282m.
2. That, in order to reach this level, the Management Team, identifies a package of options by which the budget can be balanced both in 2012-13 and 2013-14 and over the next three years of the outline period.
3. For planning purposes of the Outline Budget an annual increase of 0% has been assumed for pay and council tax increases for 2012-13 except for staff earning less than £21k per annum.
4. That the Council's use of reserves policy be reviewed with the aim of the Council seeking to take account of the impact of the economic downturn and the reduced potential for capital receipts and the need to maintain a capital programme whilst continuing to maximise the level of its reserves
5. That an agreed total reserves target minimum level (as measured on 31 March each year) be set at a level of £11m for 31/3/13.

**Report Author:** Terry Collier Assistant Chief Executive 01784 446296

**Area of Responsibility:** Chief Finance Officer 01784 446296

**Cabinet member:** Councillor Tim Evans

## MAIN REPORT

### 1. BACKGROUND

- 1.1 Each year the Council produces a five-year rolling revenue budget projection based upon the Council's approved financial strategy.
- 1.2 Once approved, the first year forms the basis for preparation of the detailed revenue budget and the remaining three show the financial effects of approved policies over that period. Taken with the previous decision on the amount of reserves to be used, assumptions on Government grants and other financial information enable the Council to make a balanced judgement on the levels of Council Tax to be levied. The Government reduced its general grant support to the Council by 16.5% for 2011-12 and is reducing by a further 10% for 2012-13 (£548k). The outline budget exercise in recent years has projected increasing deficits.
- 1.3 When the current medium term financial strategy was put in place a key issue was the Council's growing dependence on revenue reserves, which were used to reduce the call on the Council Tax. The level of revenue reserves remaining was such that this policy could not be sustained over the medium/long term.
- 1.4 Equally the level of capital reserves and funds available to support the capital programme are diminishing and we need to carefully manage resources available for funding capital expenditure and to carefully scrutinise the business cases for all items put forward for inclusion on the capital programme.
- 1.5 **Details of Grant Support 2011-12**
- 1.6 The level of grant Spelthorne receives per head of population compared to other authorities is shown in the table below.
- 1.7 The table below summarises a few of the key figures:

	<b>2012-13 Grant per head of population £</b>
Spelthorne	40.58
National shire district Average	52.26
Highest funded (Burnley)	94.90

Spelthorne's funding per head of population is 22.3% below the national average. If Spelthorne were funding in line with the average we would receive a further £1 million in funding.

- 1.8 **Review of Outturn 2010/11**
- 1.9 Part of the outline budget process includes a review of the previous year's outturn to see if savings can be identified. The final outturn for 2010/11 showed a total variance of £158k including an exceptional item of recovered overpaid prior years VAT of £557k.

- 1.10 Variances identified on service expenditure are investigated to see if they are ongoing and could be utilised as savings in future years.

### **Freeze Grant**

- 1.11 The Government has moved away from having a capping regime towards introducing a system of referenda for when councils propose significant Council Tax increases. For 2011-12 and 2012/13 the Government is providing grant funding equivalent to 2.5% of Council Tax (approximately £170k) to enable councils to set nil Council Tax increases. However for 2012/13 this grant support is for one year only and is not going to be ongoing beyond 2012-13 which would mean to achieve the same level of income as otherwise would have been the case we would need an increase of 5% in 2013/14, which is unlikely to be acceptable to our residents, to ensure that Spelthorne does not lose out permanently from a lower level of Council Tax chargeable. The Council therefore needs to weigh up carefully the desire to assist local residents by not increasing council tax in 2012-13 against the future ongoing loss of taxbase which makes balancing the budget in future years more challenging.
- 1.12 The outline budget currently incorporates a freeze in 2012/13 and an increase of 2.5% per annum for the balance of the outline budget period

### **New Homes Bonus Grant**

- 1.13 The Government has also indicated that they will continue giving a New Homes Bonus grant, currently assumed to be £390k (£230k for 2011-12 and £160k for 2012-13), primarily based on the level of new housing built in the district over the period. We await notification of the figures.

### **Universal Credit / Council Tax Benefit**

- 1.14 The Government is currently proposing changes to the way in which Council Tax benefits are paid to claimants. From 2013-14 there will be gradual transfer of the ownership from local to Central Government. All new claims will be dealt with directly by the Department Work and Pensions and it is proposed that this will be an on line solution to claimants as opposed to dealing with the local Council. This change along with other newly introduced methods of supplying information electronically will have a detrimental effect on Spelthorne's ability to recover over payments made by claimants with a potential loss of income to the Council which will amount to approximately £0.5m per annum by the end of transition period in 2017-18.
- 1.15 Reservations are currently being expressed both internally and externally as to the ability to complete all the necessary Information Technology and other information changes in order to meet the current deadline and Members will be kept advised as to the latest position on the change when known.

### **Localisation of Business Rates / Local Government Resource Review**

- 1.16 The Government is currently consulting on potential changes to the way in which Business Rates are given to local authorities.

- 1.17 From 2013-14 we would initially retain, £3.7m in business rates instead of receiving monies as a general grant (this represents a reduction of £0.6m on the current combined Revenue Support Grant and allocation from national business rates pool the council is currently receiving). Thereafter Councils would retain a share of additional business rates if the level of receipts grew faster than the Government originally anticipated with Spelthorne bearing the risk of bad debts. This may have a detrimental effect on the projected deficits.
- 1.18 A full copy of the proposals and the Council's response to the consultation can be obtained from the Chief Finance Officer if requested

### **Use of Reserves**

- 1.19 The Council has achieved its objective of eliminating the use of general reserves from 2010-11 to support the general revenue budget financial strategy. In 2010-11 we used approximately £700k of specific reserves and have reduced this usage in the 2011-12 by £400k to £300k. The strategy currently assumes we will reduce to nil usage in 2012-13. However, in light of the fact that we have a 10% reduction in general grant (£0.5m) in 2012-13 we may wish to phase in this final reduction over two or three years i.e. within the life of the administration which would allow time for some expenditure reduction/income generation measures to fully bear fruit. Such phasing could reduce the deficit gap for 2012-13 by £200k.

## **2. Outline Budget Review**

- 2.1 This covers the following areas:
- (a) 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.
  - (b) How we fund our emerging corporate priorities (currently modelling a revenue impact of £150k per annum for new priority projects) .
  - (c) The level and range of charges the Council should make for its services.
  - (d) Assumptions on the level of Government grant.
  - (e) The use of revenue reserves the Council wishes to use to support that level of service.
  - (f) The level of reserves the Council wishes to retain to provide investment income and ensure stability for the future.
  - (g) The alternative use of reserves to generate future savings.
  - (h) Future assumptions on interest rates.
  - (i) The level of Council Tax, which the Council wishes to levy, and the risk of capping.
  - (j) The level of capital expenditure which the Council wishes to support.
  - (k) A review of the Council's portfolio of assets to ensure that it is maximising value obtained from use of assets (both in terms of cost of maintaining those assets and income generated from them) and to review opportunities to rationalise the portfolio.

## Service and Expenditure Levels

2.2 The policy for a number of years has been that both expenditure and service levels should be held constant except for changes approved by Members and legal or contractual obligations, plus an inflation allowance.

2.3 The levels of expenditure for this and future years are as below:

2011-12

Original Net Budget	£12.1m
Revised budget incorporating carry forwards	£12.4m
Projected Net expenditure	£12.6m

2012-13

Estimated Net Expenditure	£12.4m
Estimated Funding	£11.4m
Projected Deficit	£1.0m

2.4 Savings of approximately £1m are required to be found to eliminate the projected deficit for 2012-13

2.5 Income - The Level of Charges to be made for Services

2.6 Rents and other income are contributing around £7.5m to the Council's budget for 2011-12. Some of this is not under the Council's direct control, for example share of Staines Town Centre rents and statutorily set fees, but our policy is that each year all other fees and charges are reviewed to establish the scope for increases. This involves managers comparing prices with market rates, public and private, which may result in increases above or below the rate of inflation. The attached Outline Budget assumes that charges fully reflect the true cost of providing the service but each service area's charging policy will be carefully reviewed as part of the detailed budget work. We also need to be looking for any opportunities to charge where previously we have not, for example certain pre-application advice fees for planning and generating additional income streams in our parks. However, we also need to be cautious in taking account of the impact of the current economic pressures our residents and businesses are facing.

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

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

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

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

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

- a) Interest equalisation – is built up in years when investment returns were better than expected and used to support investment income in years when returns are lower. (E.g. £151k budgeted for use in 2011-12.)
- b) New Schemes Fund – it is proposed to continue to provide a stream of funding toward specific revenue costs relating to items which have been supported by the fund over the last few years but decrease the amount from £273,800 expenditure for 2011-12 to £50,000 in 2012/-3 The outline projection assumes this will be the level of reserves from 2012-13 onwards.

2.9 At 1 April 2011 Revenue Reserves were £12.133m, as follows:

	<b><u>2011</u></b> <b>£'000</b>
General Fund Revenue Account*	1,237
Capital Fund*	443
Carry Forward Reserve	240
Housing Initiatives Fund	7,611
New Schemes Fund	1,605
Lotteries Fund	8
Interest Equalisation	493
Insurance Reserve	50
Planning Delivery Reserve	50
Bridge Street Car Park Reserve	111
Business Improvement Reserve	285
	<b><u>12,133</u></b>

**Revenue / Projected Reserves – 1 April**

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

2.10 All interest is credited to the General Fund.

2.11 Assuming the use of reserves is maintained in accordance with the agreed approach, the level of uncommitted reserves retained at the end of the Outline Budget period should be approximately £1.8m.

**Interest**

2.12 Interest earnings have traditionally been a major source of funding support – £1.88m was originally budgeted for 2008/09. However, the continuing global economic downturn has kept base rates down to a historically unprecedented 0.5% and the continued collapse of the property market brought capital receipts to a halt (e.g. Bridge Street). As a result the Council revised down its investment income estimate for 2011-12 to £356k which we are predicting to achieve. The potential volatility in the investment markets means that there is always a risk with this element of our budget.



- 2.13 The Authority currently holds £6m in Eurobonds earning a good rate of interest which are due to mature in the next 18 months which impacts on our average rate of interest. As interest rates are unlikely to increase in this period this will mean that our average rate drops and we need to diversify our portfolio with pooled funds in order to try and counteract this.
- 2.14 The Council's treasury management advisers are now projecting that base rates stay at 0.5% at least until the end of 2014. This combined with the necessary use of some reserves to support our capital programme and revenue budget results in a further reduction in projected investment income for 2012-13 and 2013-14, as follows:

2011-12	£ 360k
2012-13	£372k
2013-14	£434k
2014-15	£408k
2015-16	£392k

- 2.15 Ways of improving the level of investment income are being considered as part of the Treasury Management strategy, which is currently being prepared and were set out in the mid year Treasury Management report on the November Cabinet agenda. This may enable us to push up slightly the projected returns and make a contribution towards closing the budget gap.

### 3. The Level of Council Tax the Council is Prepared to Levy

- 3.1 In the current year Council Tax was not increased.
- 3.2 For comparative purposes the respective average Council Taxes for Surrey districts are set out below:

	District	Parish	Combined District & Parish
District Council	£	£	£
	£	£	£
Runnymede	136.89	0	136.89
Mole Valley	151.65	3.37	155.02
Epsom & Ewell	163.05	-	163.05
Guildford	144.05	22.32	166.37
<b>Spelthorne</b>	<b>167.30</b>	<b>0</b>	<b>167.30</b>
Reigate & Banstead	193.83	5.33	199.16
Surrey Heath	186.18	17.56	203.74
Waverley	161.91	42.21	204.12
Woking	204.75	0	204.75
Tandridge	194.41	11.91	206.32
Elmbridge	199.19	14.04	213.23

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

- 3.3 Each year the Council approves a four-year capital programme, which is broadly split between Housing and “Other Services.”
- 3.4 The ‘other services’ programme consists mainly of capital expenditure on Leisure, Business Improvement, community care, replacement vehicles and information technology.
- 3.5 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.
- 3.6 Reserved right to buy receipts from A2Dominion have fallen significantly from £600k in 2005-06 to just over £101k in 2010/11. Taking account of the impact of Stanwell Newstart and the general housing market, it is assumed that the ongoing level of RTB receipts will be £150k per annum.

### **Level of Capital Reserves**

- 3.7 Projected capital reserves at 1 April 2011 were £2.035m as follows:

**2011**

Usable Capital Receipts	2.035m
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- 3.8 The capital programme will continue to be financed in the short term by the RTB receipts, the capital reserves and the Social Housing Fund. By the end of the outline budget period, there are anticipated to be nil capital reserves remaining and other sources of income will be required to finance future capital expenditure.
- 3.9 The Prudential Code, which came into effect on 1<sup>st</sup> April 2004, gave us the scope to borrow to fund capital investment. The Council has so far taken the view to date that it will use capital receipts to finance the capital programme, although there may be examples where we might borrow. Prudential borrowing may be appropriate where the capital investment will generate additional income which more than offsets the interest payments incurred, for example some authorities have undertaken prudential borrowing to fund expanded car parking facilities.
- 3.10 In light of comments from our external Auditors (KPMG), as part of the audit of accounts process for 2010/11 and the increased focus on aspects of the statements of accounts associated with the move to International Financial Reporting Standards, it has been necessary to review our level and type of expenditure which can be capitalised. Areas such as ICT , Bowls Clubs , Allotments, critical ditches and capitalised salaries expenditure came under close scrutiny and it is deemed sensible to reassess the total expenditure incurred and transfer an additional £50k previously charged to capital to the revenue budget.
- 3.11 An updated capital strategy is currently being produced which will reflect the new requirements and the Council’s declining level of capital receipts (**Appendix B – to be appended**)

## **Financial Health Indicators**

3.12 The Use of Resources regime has been discontinued by the Coalition Government but there are still local Spelthorne agreed indicators that need to be monitored. 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: +/- 15%.
- (c) Council Tax collection target: 98.7%. Business rates collection target: 98.0%.
- (d) Sundry debts aged more than 90 days overdue no more than 10% of total debts.
- (e) Payment of creditors within 30 days target: 97.5%
- (f) Year total aggregate value of reserves – in the changed circumstances the Council faces we can realistically at best aim to complete 2011-12 with cash balances of £12m. This does mean that we will not be able to earn as much investment income as previously anticipated.

3.13 Clearly we need to take account of the worsening economic climate on the achievability of the above indicators particularly the collection rate and debt indicators and we will keep these indicators under regular review.

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

## **4. KEY ISSUES**

### **4.1 ISSUES IN RESPECT OF THE OUTLINE BUDGET 2012-13 – 2016-17**

#### **Business Transformation Programme**

4.2 The Council completed the original programme of service by service reviews and is now focussed on broader cross cutting efficiencies such as document management, customer service strategy, remote and flexible working and the opportunities to pass functions more cost effectively to Customer Services, rationalising our use of software systems to save software license costs and to facilitate more efficient processes.

#### **Staff pay and councillors' allowances increase**

4.3 The projections have assumed an annual increase of 0% for 2012-13 (except for £250 being paid to employees earning less than £21k which would cost approximately £30k) and then 1.5% for 2013-14 and 2% for the final two years . This would mean the majority of staff will not have had a pay increase for three years and councillors for four years. As the Council is linked to the national local government pay we would need to match any national settlement increase for example a 1% increase would roughly equate to £100k which would need to be found from additional savings.

## **Pensions**

- 4.4 The actuarial triennial revaluation assessed the value of the Fund as at 31 March 2010 and resulted in no increase in employer contributions for the financial years 2011-12 to 2013-14. The report helped the authority's budgetary position. The Government is currently consulting on increasing employees' contributions although it is currently unclear as to whether any increase in employee contributions will result in corresponding employer contribution reductions. We have not made any such assumption for this.

## **Planning Fees**

- 4.5 The Government is currently considering changing the way in which planning fees are agreed from statutory centrally agreed fee scheme to a scheme which is locally determined and based on the true / full cost of the planning service. The current projected deficit has not made any allowance for changing the scheme. Members will be advised once the white paper has been placed before Parliament and advised whether there is a beneficial effect on the projected deficit.

## **Recycling**

- 4.6 The introduction of a kitchen waste scheme is budgeted and was implemented in October 2011. Spelthorne Borough Council was one of a handful of Surrey authorities not to have such a scheme. Implementation costs resulted in significant additional revenue costs for additional staff, fuel etc. but Surrey County Council is contributing financially towards the cost. The new Materials Recovery Facility combined contract with Elmbridge should deliver savings which the Cabinet may use as additional funding. However after the initial 3 year funding support from the County there would be a rise in revenue costs from 2013-14 onwards but it is expected that additional funding will be made available from Surrey as a result of savings achieved through reduced gate fees from improved recycling rates.

## **Energy**

- 4.7 SBC participates in Surrey's LASER consortium for gas and electricity supplies. In October 2008 we moved onto a flexible pricing contract and have benefited in the current year through fixed prices for the year to October 2011. However, the underlying trend over the outline budget period is likely to be upwards. The Surrey authorities are completing a joint review to compare the current arrangements to see if other procurement routes could deliver savings. In March 2011 we decided to continue a further four years with LASER.
- 4.8 As part of the current contract SLM may claim reimbursement from SBC of additional energy costs over the base inflationary increases. These are expected to be £10k and to rise in future years. To help minimise energy costs we are in the early stages of procuring a combined heat and power plant to provide energy to Spelthorne Leisure Centre and for new boilers at Knowle Green. This will be implemented in 2012.

## **Restructuring**

- 4.9 The Council has in recent years taken opportunities when staff leave to review the structure of the organisation in order to ensure that the Council is fit for purpose and can take advantage of efficiencies that can be achieved by combining roles and responsibilities.
- 4.10 Significant savings have been achieved through this methodology and in 2011/12 we restructured our Customer Services and Council Tax sections making savings in excess of £175k pa alone.].
- 4.11 Additional part year restructure savings approximately £40k are being achieved in 11/12 by looking at the structure of the Management Team with the departure of the Deputy Chief Executive and one Assistant Chief Executive post.[this post is not budgeted post 31/12 so no further additional savings]
- 4.12 The outline budget incorporates a target figure of £495k made up of £300k vacancy savings, £30k partnership allowance and £165k as a restructuring saving that we aim to achieve in the current year. For forthcoming years this will obviously need to be modified as the ability to restructure will reduce and in the current climate the level of savings achievable through staff turnover will also be reduced.

## **Shared Services**

- 4.13 In the medium term shared services may offer considerable scope for savings particularly for transaction centred and certain support services. As part of its agenda the government expects local authorities to implement shared services on a wide scale. Spelthorne already has
- its internal audit partnership which it leads on with Elmbridge,
  - SPAN with Mole Valley
  - Spelride administered by Elmbridge;
  - and has now negotiated managerial sharing with Runnymede for
    - Human Resources,
    - Communications
    - ICT;
    - Operations Manager at the depot
  - Housing Benefit Fraud Emergency Planning Officer.

In addition the management of the Asset Management planned and responsive maintenance contract works has been transferred to Runnymede

- 4.14 Work is now underway to identify and evaluate options for our ICT arrangements when the current extended Steria contract comes to an end in December 2012. We are now sharing our head of ICT with Runnymede which has identified initial savings of £20k per annum, with the potential of much more significant savings when the current ICT contract ends.

- 4.15 Officers are exploring other opportunities for shared working with Runnymede. The latest example is from November we will be sharing with Runnymede our operations manager at the depot on a six month trial basis
- 4.16 All authorities recognise the much more challenging financial future they are facing and there is a greater collective recognition that we need to put into place shared service arrangements. Discussions have recently been initiated across the Surrey districts and Surrey County Council along possibly with Surrey Police to look at joining up “back office” functions. A number of cashable procurement savings have been delivered as a result and potential savings will be achieved on ICT infrastructure. If achieved this could deliver significant savings over the medium term. However, as the scope of this project has not yet been agreed, target savings have not yet been built into the outline budget projections. Spelthorne will continue its own programme of partnership working.

#### **Rationalisation of Asset Portfolio**

- 4.17 Maximising the value of receipts we obtain from the disposal of assets no longer required, for example assets associated with the older people’s service reconfiguration, will have an important impact on revenues through the additional interest which can be generated on capital receipts realised. Utilising existing assets more effectively will be important, e.g. freeing up more office space in Knowle Green to rent out. Surrey Police and Surrey County Council are currently tenants, with County Council social services staffing currently moving in to work alongside our independent living team. There will be a feasibility study coming to Cabinet in January evaluating whether there is a business case for a “public sector village” at Knowle Green based around sharing accommodation between ourselves, the County Council and a number of other public sector partners.

#### **Repairs and Renewals Fund**

- 4.18 Consideration should be given in respect of whether Spelthorne needs to reintroduce the policy discontinued approximately 6 years ago of Services contributing to funds / a reserve which will enable the reintroduction of a repairs and renewals fund which would be utilised when works were required within our Assets. This will however require Services to make additional savings in order to offset the cost of their contributions but would provide a reserve to offset the cost of schemes that were essential and would allow planning of works to be undertaken based on the level of contributions paid / received

#### **OUTLINE BUDGET 2012-2013 – 2016-17**

- 4.19 Attached as [Appendix A](#) is a summary of projected expenditure and possible financing to 31 March 2017. It will be seen that the amount needed to be funded from Council Tax, if offsetting savings were not put in place, is some £0.78m in 2012/13 rising to £2.2m over the Outline period.
- 4.20 Council Tax rate increases in future years are assumed to be nil for 2012/13 as there is monies available from Central Government to fund a freeze in council tax bills but this will impact on the ongoing level of council tax bills as monies not increased in 2012/13 will be lost and will require a rise of 5% in 2013/14 to counteract this. The Council Tax levels and resulting funding deficits for this scenario are detailed at **Appendix A**.

- 4.21 Following on from the higher than expected grant cuts, MAT and Heads of Service are reviewing services budgets. In order to address the projected deficits the Council will have to accept that it will have to cease undertaking certain activities and services or perform them at lower levels. In reviewing service expenditure and income, Service Heads have been requested to focus on long term ongoing rather than one-off solutions as this will substantially mitigate the need to revisit the same funding gap year after year.
- 4.22 Officer and Members have commenced a review of all budgets greater than £10k in order to look at how budgeted expenditure is proposed to be spent to see if it fits with Portfolio priorities which could yield net budget savings.
- 4.23 We are projecting total vacancy, partnership and restructuring savings of £400k being achieved in current year against original target of £495k This has been reassessed as part of the 2012-13 budget process in light of what is being achieved in 2011-12 due to the increased level of staff turnover occurring although at generally lower salary .This reduces the opportunity for restructuring savings being achieved as the base for reduction declines including the deletion of vacant posts as part of the 2011-12 budget process. The appointment of the new Assistant Chief Executive will possibly enable further restructuring opportunities at Head of Service level. It has already been factored in that the potential level of vacancy savings is decreased from £300k to £100k for 2012-13.
- 4.24 Organisational structures will continue to be reviewed as staff leave and opportunities arise.
- 4.25 Targets for ongoing savings to be delivered from the business improvement programme will be reviewed. There is a continuing need for greater efficiency processes across the organisation.
- 4.26 We will continue to look for savings from increased partnership and shared service working.
- 4.27 As stated above we are seeking to both identify opportunities to dispose of surplus assets and generate new revenue income streams on our assets for example catering concessions in our parks, income from moorings

## **5. OPTIONS ANALYSIS**

- 5.1 A large number of savings/ income initiatives have been achieved with savings of £6m delivered in the last five years. However, the reality is that expenditure is increasing and outstripping increases in funding. Significant deficits exist over the outline budget period.

## **6. PROPOSALS**

- 6.1 The following way forward is suggested.
- (a) Ensure financial resources support corporate priority areas first. This can be achieved by a movement of resources from lower priority to higher priority service areas with the reduction in low priority areas being greater than the transfer to high priority areas.

- (b) Review charging policies seeking to recover costs for a greater range of activities, whilst acknowledging that it is a challenging time for our residents and businesses.
- (c) Pursue investment opportunities.
- (d) Maximise vacancy savings and rigorously seek out savings and encourage further reductions in hours and voluntary redundancies.
- (e) Determinedly pursue procurement; shared services; and partnership working opportunities.
- (f) Critically evaluate opportunities as major contracts come up for renewal.
- (g) Review organisational structures on a regular basis.
- (h) Continue the business transformation programme to deliver service improvements and savings.
- (i) Targeted use of zero based budgeting / increased scrutiny of detailed budget lines and outturn variances.
- (j) Continue to identify further efficiency savings.
- (k) Pursue opportunities to sell or look for more efficient use of assets and generation of revenue streams from those assets.
- (l) Phase in the final stage of ceasing to use any reserves to support the revenue budget i.e. instead of moving from use of £300k of specific reserves in 2011-12 to nil in 2012-13 use £200k in 2012-13 and nil in 2013-14.

6.2 Most of the above are a continuation of existing strategies. MAT are pursuing a number of strategies including shared services, restructuring, income generation, business improvement reviews and procurement savings to ensure the budget gap is addressed.

6.3 It is proposed that all the options proposed in paragraph 4 are pursued

## **7. BENEFITS AND SUSTAINABILITY**

7.1 The objective of the outline budget planning process is to identify options for ensuring that the Council maintains a sustainable financial base.

## **8. FINANCIAL IMPLICATIONS**

8.1 As in the body of the report

## **9. LEGAL IMPLICATIONS / OTHER CONSIDERATIONS**

9.1 The Council is legally required to set a balanced budget

## **10. RISKS AND HOW THEY WILL BE MITIGATED**

10.1 At this stage of the budget process there are a number of unknowns which could impact on the budget process particularly how the current economic slowdown will unfold and impact on the Council.



## **11. TIMETABLE FOR IMPLEMENTATION**

11.1 An indicative budget timetable is as follows:

- (a) 24 January 2012 – Cabinet to consider first draft of budget
- (b) 21 February 2012 - Cabinet – Final Draft Budget
- (c) 23 February 2012 – Council Approve Budget

**Report Author: Terry Collier Chief Finance Officer 01784 446296**

**Background Papers: There are none**

Updated outline budget projection based on draft 11-12 budget:

APPENDIX A

	10-11	11/12	11/12	12-13	13-14	14-15	15-16
	Original £	original £	Revised £	£	£	£	£
Communications and Engagement	1,042,300	898,700	837,200	720,700	720,700	720,700	720,700
Community Safety	1,041,100	810,700	1,030,200	1,088,700	1,088,700	1,143,700	1,088,700
Resources	4,030,200	3,877,500	3,852,800	3,804,500	3,804,500	3,804,500	3,804,500
Environment	3,248,900	3,055,700	3,073,900	3,073,900	3,055,300	3,104,300	3,107,300
Health and Independent Living	1,626,900	1,160,800	1,110,800	1,160,800	1,160,800	1,160,800	1,160,800
Planning and Housing	2,095,500	2,110,800	2,102,800	2,106,800	1,890,800	1,890,800	1,882,800
Impact of housing benefits transfer					75,000	200,000	325,000
Economic Development	(722,700)	(699,300)	(699,300)	(791,300)	(791,300)	(791,300)	(696,300)
Young People and Cultural Services	1,488,800	1,448,000	1,448,000	1,480,000	1,520,000	1,568,000	1,568,000
	<b>13,851,000</b>	<b>12,662,900</b>	<b>12,756,400</b>	<b>12,644,100</b>	<b>12,524,500</b>	<b>12,801,500</b>	<b>12,961,500</b>
Salary expenditure - vacancy monitoring	(300,000)	(300,000)	(150,000)	(100,000)	(100,000)	(100,000)	(100,000)
Increments				80,000	150,000	220,000	290,000
Pay award				30,000	180,000	330,000	480,000
Pensions- employer contributions					100,000	100,000	200,000
Service redesign				(100,000)	(150,000)	(200,000)	(200,000)
Restructuring Savings ( <i>net of: Customer Services</i> )		(165,000)	(285,500)	(45,000)	(95,000)	(145,000)	(195,000)
Fees and charges				(50,000)	(100,000)	(150,000)	(200,000)
Partnership Savings		(30,000)	(30,000)	(50,000)	(75,000)	(100,000)	(125,000)
<b>Service Expenditure</b>	<b>13,551,000</b>	<b>12,167,900</b>	<b>12,290,900</b>	<b>12,409,100</b>	<b>12,334,500</b>	<b>12,756,500</b>	<b>13,111,500</b>
Less Support not charged to revenue	(50,000)	(50,000)	0	0	0	0	0
<b>Revised Service Expenditure</b>	<b>13,501,000</b>	<b>12,117,900</b>	<b>12,290,900</b>	<b>12,409,100</b>	<b>12,334,500</b>	<b>12,756,500</b>	<b>13,111,500</b>
<b>NET EXPENDITURE</b>	<b>13,501,000</b>	<b>12,117,900</b>	<b>12,290,900</b>	<b>12,409,100</b>	<b>12,334,500</b>	<b>12,756,500</b>	<b>13,111,500</b>
Interest earnings	415,000	356,000	359,600	372,400	434,100	408,100	391,500
<b>NET EXPENDITURE AFTER INTEREST EARNINGS</b>	<b>13,086,000</b>	<b>11,761,900</b>	<b>11,931,300</b>	<b>12,036,700</b>	<b>11,900,400</b>	<b>12,348,400</b>	<b>12,720,000</b>
<b>Appropriation from Reserves:</b>							
Reserves - General							
Reserves - New Schemes Fund / HIF	250,000	50,000	50,000	0	(50,000)	(100,000)	(150,000)
Area Based Grant	22,500	22,500	22,500				
Interest Equalisation reserve	293,122	150,762	150,762				
Air track	60,000	75,000	75,000				
LPSA Reward grant	80,000	0	0				
<b>BUDGET REQUIREMENT</b>	<b>12,380,378</b>	<b>11,463,638</b>	<b>11,633,038</b>	<b>12,036,700</b>	<b>11,950,400</b>	<b>12,448,400</b>	<b>12,870,000</b>
NNDR	4,958,868	3,282,804	3,282,804	3,749,000	3,712,000	3,526,000	3,526,000
RSG	720,074	1,014,724	1,014,724				
New Homes Bonus	0	230,000	230,000	390,000	390,000	390,000	390,000
Freeze Grant 2010-11	0	170,000	170,000	170,000	170,000	170,000	0
Freeze Grant 2012-13				170,000			
<b>NET BUDGET REQUIREMENT</b>	<b>6,701,436</b>	<b>6,766,110</b>	<b>6,935,510</b>	<b>7,557,700</b>	<b>7,678,400</b>	<b>8,362,400</b>	<b>8,954,000</b>
Collection Fund (Surplus)/Deficit	55,510	7,700	7,700	0	0	0	0
<b>CHARGE TO COLLECTION FUND</b>	<b>6,756,946</b>	<b>6,773,810</b>	<b>6,943,210</b>	<b>7,557,700</b>	<b>7,678,400</b>	<b>8,362,400</b>	<b>8,954,000</b>
Tax base	40,388	40,489	40,489	40,667	40,871	41,075	41,280
Council Tax rate	167	167	167	167	171	176	180
Council Tax yield	<b>6,756,946</b>	<b>6,773,810</b>	<b>6,773,810</b>	<b>6,803,639</b>	<b>7,008,559</b>	<b>7,219,753</b>	<b>7,437,005</b>
<b>Projected incremental deficit</b>			169,400	784,660	(84,220)	472,806	374,348
<b>Cumulative deficit</b>			<b>169,400</b>	<b>954,061</b>	<b>869,841</b>	<b>1,342,647</b>	<b>1,716,995</b>
As percentage of 11/12 budget			1%	8%	7%	11%	14%

## **CAPITAL STRATEGY (Revised November 2011)**

### **1 Introduction**

- 1.1 This Capital Strategy summarises Spelthorne Borough Council's approach to capital investment. It outlines how the Council decides what capital projects are supported and the process that is undertaken to make sure that these are in line with the Council's priorities and objectives.
- 1.2 The development of the programme must be a joint effort between finance officers and service areas
- 1.3 The strategy explores funding options and constraints relating to the Capital programme for 2011 -15
- 1.4 Capital programmes are usually submitted for approval by members in January / February prior to the authority's council tax or precept being set
- 1.5 The initial stage of preparing the capital programme is the identification of schemes which reflect the perceived needs of meeting council and service objectives

### **2 Purpose**

- 2.1 The purpose of this strategy is to set out our approach to capital investment, both in terms of the capital assets we already own and also in terms of the development of new assets. This strategy sits alongside the Medium Term Financial Strategy (MTFS), and underpins the achievement of the Council's Corporate Plan. It cannot be viewed in isolation but brings together a raft of other strategies – Asset Management Plan, Leisure, and Housing Investment Programme. Environmental, Waste, and Older People Strategies.
- 2.2 The strategy should provide clear guidance about the council's capital objectives, priorities and spending plans linked to key corporate and service objectives

### **3 Background**

- 3.1 Spelthorne is located in the North West of the Surrey County Area and is west of London. It has a population of approximately 90,000. The area is well served by transportation links – road, rail and the close proximity of Heathrow make it an attractive location to business. Its success is typified by low unemployment. These attributes of economic success bring power to bear in the form of traffic congestion, labour shortages, and demand for business space / housing exceeding supply.
- 3.2 Spelthorne Borough Council is a small council, one of eleven districts in Surrey. It is a relatively affluent area however this apparent affluence and low deprivation does not mean that it does not have problems, there are pockets of deprivation, particularly in relation to

homelessness, but the Council's standing in such indices usually means it receives less in the way of specific grants or funding.

- 3.3 The Council is currently operating under an authorised original capital programme of £1.526m, revised in year after supplementary estimates and carry forward requests to £2.037m) (current projections indicate a projected in year spend of £2.005m) covering the financial year to March 2012.
- 3.4 The current level of un-earmarked usable capital receipts at April 2011 was only £2.035m leaving a provisional balance of just £0.3m. It is therefore essential that the Council only approves schemes that meet the Council's priorities and objectives, ensures sound financial management over current projects, invests to save projects producing future assets / income streams which will benefit the Councils revenue position The Council also needs to consider opportunities to secure alternative sources for future funding and look at how best to utilise assets in order to ensure that all assets are being used to the most beneficial use for the Authority.

#### **4 Capital Expenditure Criteria**

##### **4.1 Definition of capital in local authorities**

The definition of capital in local government is considerably influenced by the legislative framework specific to local government.

The Local Government Act 2003 requires expenditure to be charged to revenue unless an exemption can be found either in the Act or in proper accounting practices.

The main exemption is that the expenditure is for capital purposes.

In broad terms, capital expenditure is incurred on the acquisition or creation of the tangible assets needed to provide services, such as houses, schools and vehicles. Revenue expenditure is on the day-to-day operation of services, such as staff costs and supplies and services.

Capital expenditure is largely defined by accounting practice and regulations.

To summarise, the expenditure can be defined as capital expenditure for the following purposes:

- the acquisition, reclamation, enhancement or laying out of land;
- the acquisition, construction, preparation, enhancement or replacement of roads, buildings and other structures;
- the acquisition, installation or replacement of movable or immovable plant, machinery and apparatus and vehicles and vessels;

- the giving of a loan, grant or other financial assistance (for example Disabled Facilities Grants) to any person towards expenditure incurred or to be incurred by him on the matters which would be capital expenditure if incurred by the local authority;
- repayments of grants or other financial assistance given to the local authority for capital purposes;
- expenditure incurred on the acquisition or preparation of a computer programme (including acquisition of rights to use a programme) for the use for a period of at least one year (including the right to use such a programme);

In determining whether or not expenditure can be classified as capital the concept of enhancement is often a key feature. Broadly, to provide enhancement works should lead to at least one of the following:

- to lengthen substantially the useful life of the asset;
- to increase substantially the open market value of the asset, or;
- to increase substantially the extent to which the asset can or will be used for the purposes of or in connection with the functions of the local authority concerned.

Examples of enhancements include re-roofing of buildings, installing new engines in vehicles, and installation of central heating or double glazing. In contrast, expenditure which purely maintains the useful life or open market value of an asset should be charged to revenue.

4.2 The Council has set a de minimis limit of £10,000 for expenditure to be classified as capital spend

4.3 Transactions on the capital codes are investigated on a quarterly basis to ensure that only expenditure of a capital nature is being charged and any non capital expenditure is reallocated to Revenue.

## 5 Corporate Working

5.1 The Council has a corporate group, the Asset Management Group (AMG), consisting of the Cabinet Member for Community Safety and Assets, the Assistant Chief Executive / CFO, Heads of Corporate Governance and Asset Management and representatives from the Services. The terms of reference of this group are as follows:

- (i) Overseeing the management of the property portfolio.
- (ii) Option appraisal of capital projects.
- (iii) Compilation of capital programme.
- (iv) Monitoring/evaluation of capital programme.
- (v) Monitoring and updating the Asset Management Plan

## 6 Financial and Asset Information

6.1 The authority has previously had a history of prudence with respect to its resources and as a result of this had a reasonable but declining level of capital receipts. This is as a result of identifying resources which are not being effectively used and disposing of assets where appropriate. In 1996

the housing stock was transferred to a Housing Association rendering the authority debt free. The level of resources the Council now has is as follows:

	£000s
Housing receipts	0
General receipts	2.035
Total:	2.035

6.2 The Council considers whether Private Finance initiative (PFI) funding is appropriate on individual schemes, but to date has not used PFI and given the associated costs of PFI and the complexity of the accounting arrangements under International Financial Reporting Standards (IFRS) it is unlikely that Spelthorne Borough Council projects would be appropriate to be done as PFI schemes.

6.3 An option is available to borrow to finance capital expenditure. This Prudential Borrowing would be on a case by case basis particularly for schemes which generate either additional income streams or revenue savings sufficient to offset revenue impact of borrowing costs. It is however currently the Council's preferred option to fund all expenditure from its own receipts in light of the fact that interest rates payable are greater than the interest rates receivable on deposited funds.

6.4 The revenue consequences of financing expenditure from capital receipts is identified as part of the programme and is calculated based on the percentage average rate of interest lost.

## 7 Assets

7.1 The Council has a fixed asset base of £45.8m that is dominated by land and buildings, which, at £44.0m accounts for over 96% of the Council's assets.

7.2 The main assets held under land and buildings are the Civic Offices £5.5m, numerous car parking facilities £9.9m, the White House depot £1m, leisure centres £10.2m and day centres £2.3m.

7.3 It should be noted that all land and buildings have been the subject of a revaluation and insurance valuation exercise in 2010/11. A rolling five year revaluation programme is also being implemented. The new International Financial Reporting Standards (IFRS) implemented as part of the 2010/11 closedown has necessitated changes in how we value and classify our assets.

7.4 The Council is seeking to work with other public sector partners in Surrey to seek to maximise the space it can free up within Knowle Green and other Council premises which can then be used to accommodate staff from other services. This will generate additional rental income and also bring benefits to residents where related services can be co-located for example community safety team alongside police staff.

7.5 The Council will continue to review the running costs of assets and to consider opportunities for reducing those costs.

## **8 The Council's Priorities**

8.1 The council's current priorities for capital investment are as follows:

- (a) Promoting the development of affordable housing in the Borough. We work with a number of housing associations and Registered Providers (RP's).
- (b) Working with a range of partners to provide for those people who have special housing needs – people with disabilities, the homeless, etc.
- (c) Offering grant support to people to enable them to live in their own home where the home has become unfit, or because disability adaptations are required.
- (d) Promoting the development of the Leisure and Culture Strategy.
  - (i) The aim of the strategy is to provide a framework of planned policies, objectives and actions that will guide the provision and opportunities for leisure and culture over the next few years. The strategy seeks to provide direction to all local leisure and cultural providers in Spelthorne and provide a framework so we can best work together to achieve the aims and objectives.
- (e) Promoting the policies, where relevant, contained within the Local Development Framework.
- (f) Promoting environmental improvements identified within the Local Development Framework and the Sustainable Development Strategy .
- (g) Ensuring that the Council's land and buildings are kept in a good state of repair.
- (h) Promoting economic regeneration within the Borough.
- (i) Providing amenities for specialist groups, particularly the elderly and youth.
- (j) Promoting environmental sustainability for future generations.

- (k) To underpin our services we have a priority to invest in the development of information technology.

## **8.2 Assessment criteria**

8.3 All schemes which are put forward for capital investment are evaluated, particularly in relation to need, viability and the potential payback period for the monies. The detail criterion is set out below:

- (a) Whether the scheme has been identified as a corporate plan priority, or has been identified in a strategy document, Housing Investment Programme (HIP), Local Development Framework, Leisure Strategy, etc
- (b) Implications of not proceeding with the investment, Health and Safety, deterioration of an asset, etc.
- (c) Whether the scheme attracts other sources of funding, lottery, private sector investment, etc.
- (d) Whether it can generate long-term revenue savings, or an income stream.
- (e) Whether the scheme has any ongoing revenue costs.
- (f) Whether the scheme can demonstrate local need, through consultation, statistical evidence, community use and satisfaction with existing facilities.
- (g) Can the scheme receive any government financial support?
- (h) Whether it generates opportunities for asset disposals to generate capital receipt for reinvestment.

8.4 Any scheme submitted for capital funding is expected to contain a full financial appraisal to include the following:

- (a) The purpose and need for the scheme and how the need has been identified.
- (b) The statutory power to provide the scheme.
- (c) An estimate of the total capital expenditure proposed.
- (d) An assessment of possible sources of finance for the scheme other than the council's own reserves.
- (e) How the expenditure will be phased if over more than one year.
- (f) An analysis of the expenditure.
- (g) Details of any revenue expenditure and any income during the scheme and projections for the first three years thereafter.
- (h) Details of any revenue savings/increased income.
- (i) Details of any land or premises required for the scheme, including its availability.



- (j) Any planning implications, including whether planning permission is required.
- (k) Whether the scheme provides opportunities for partnership with other local authorities, or organisations.
- (l) How the scheme would be managed and by whom.
- (m) The VAT implication

8.5 These priorities provide a focus for Spelthorne Borough Council and each of the Services within the Council is expected to take these priorities into account when determining their own plans and strategies.

8.6 The Capital Strategy seeks to ensure that the Council's limited capital resources are best used to achieve these overall objectives and key priorities.

## **9 The Selection and Prioritisation of Capital Projects**

9.1 In order to ensure that the Council's capital expenditure is targeted at achieving the Council's Priorities capital projects must be evaluated and prioritised before they are recommended for inclusion in the Draft Capital Programme which is considered annually by Members as part of the budget process.

9.2 In order to achieve this, schemes proposed for inclusion in the Capital programme are assessed using the Council's *Capital appraisal form* which covers a number of key areas of information including examining how the scheme will contribute to the Council's Strategic Priorities, partnership priorities and the outputs/outcomes that will be achieved. The form also requires other important information to be provided including that relating to the cost (both capital and associated revenue implications), sources of funding, programming and the risks associated with the project.

9.3 The projects are then considered by the Council's Asset Management Group who pays particular attention to their contribution to the priorities detailed within the Council's key strategic documents including the Corporate Plan. The Asset Management Group will make recommendations to Management Team (MAT) and Members on the schemes to consider and pursue as part of the Council's Capital Programme.

## **10 Capital Programme**

10.1 The council prepares a 4-year capital programme and reviews this on an annual basis. The programme falls into 3 main areas:

- Housing Investment Programme (HIP)
- General Capital Programme
- New Schemes Fund

10.2 Housing Investment Programme

- (a) The Borough has set a policy that allows funding to be made available for Housing Associations / builders upon receipt of an agreeable scheme of works. Budgets are agreed to be included in the programme upon submission of acceptable sites from these sources. The monies are made available from Right to Buy Receipts received by the Council from A2Dominion as part of income from former Council House monies.
- (b) There are 2 key areas for the housing capital programme: enabling and renovation. There is no investment in council housing as the council completed LSVT in 1996.
- (c) The priorities for provision are: regeneration schemes, new build schemes and existing property purchases. A particular need for family accommodation has been identified
- (d) The Council has identified several estates which are showing increasing signs of low demand. Local analysis of the Housing Register and lettings data shows that the best solution for such properties is to demolish and rebuild and this is in progress on three sites. The St Michaels redevelopment has recently been completed, and has significantly improved the quality of the stock. The most significant one currently completed is the Stanwell New Start project (304 properties)
- (e) The Council is also concerned to ensure that investment is made across the Borough and not just in the areas of existing affordable housing.
- (f) All schemes are subject to individual scrutiny before, during and after completion The Housing Needs team visits all new build schemes and the council works closely with Registered Providers to encourage user feedback. Programme outputs are reported to the Overview and Scrutiny Committee.
- (g) Renovation.
- (h) The priorities for private sector renewal are: eradicating unfitness, prevention of further deterioration, elderly residents, disabled persons and rented properties, including HMOs.

### 10.3 Other Services Capital Programme

- (a) The council previously set an annual limit to this programme of £598,000 at a 1997 price base but annual increases have always been previously approved. The Council's Management Team considers all capital bids on an annual basis, and assesses them against the criteria as set out in point 4. Once a draft programme is compiled, it is considered by the Cabinet. The progress of the programme once approved is monitored by the Cabinet and the Council's Overview and Scrutiny Committee.

#### 10.4 New Schemes Fund

- (a) After the sale of the council's housing stock in 1996, the council established a capital fund of £15.18m to undertake priority capital schemes – this fund is known as the New Schemes Fund. The interest earned on this fund is dedicated back into the fund.
- (b) The following policy guidelines were set for the use of the fund.
  - i) Schemes with an ongoing revenue cost are not generally acceptable.
  - ii) All schemes would be considered in the light of the criteria as set out on point 4.
  - iii) That approximately £5m would be earmarked to undertake a number of priority schemes as set out in 1997 which would be spent over a 2-3 year period.

10.5 The New Schemes Fund was monitored as part of the quarterly capital programme monitoring reports to the Council's Management Team, Cabinet and the Overview and Scrutiny Committee.

10.6 There are now no funds available to finance any schemes under these guidelines

### 11 **Financing**

11.1 Financing of the capital programme is by:-

- (a) The Housing Investment Programme (H.I.P) is funded by the Department for Communities and Local Government (DCLG) Discretionary Facilities Grant, S106 monies and the usable capital receipts.
- (b) The Other Services capital programme is currently financed using capital receipts. There is now very limited funds available to fund future schemes on the programme and will have to be supplemented by revenue reserves, revenue contributions to capital , future asset sales receipts and contributions from external sources.

11.2 Capital schemes that commenced in 2010/11 have been determined by the scale of the financial resources available to support such expenditure and the estimated impact on the Revenue Budget.

11.3 The medium Term Financial Strategy (MTFS) indicates that the total expenditure for each year should be limited to avoid, as far as practicable, peaks and troughs which can have a similar impact on the Revenue Budget (and Council Tax implications).

11.4 Recently the major, but diminishing, source of capital resources has been capital receipts. As referred to in the outline budget report, at the

time of setting the 2011-12 Revenue budget and Capital programme, projections indicated that by the end of the 2011/12 financial year, the Council would only have about £300k in usable capital receipts. It is therefore essential that the Council prioritises future capital spending and is pro-active in generating asset sales over the five year period.

- 11.5 The constrained level of capital resources does mean that as part of future revisions to the overall MTFS the Council may need to consider implementing a future programme of revenue contributions to capital by Services which will increase future revenue budget deficit projections. Other options such as prudential borrowing, leasing and lease buy back schemes will also need to be considered.
- 11.6 The Asset Management Group is charged with identifying surplus property to sell and generate capital receipts for investing in new projects/developments. With a limited portfolio of property holdings and in the current financial climate, the disposal of the Council's existing surplus property may not be sufficient to meet the Council's future capital expenditure requirements.
- 11.7 The stock condition survey undertaken in October 2010 indicated that we needed to spend approximately £1.2m over the next 5 years to bring our assets back to fit for purpose which is financially not viable in the current climate. The Council is currently undertaking a survey of its assets to identify which assets may be surplus to requirements and also prioritise future maintenance requirements. Whilst maintenance would be a revenue pressure there would be some capital impacts especially if there is a delay in doing essential works resulting in the need to replace rather than repair assets.
- 11.8 The limitations of the portfolio should not however, detract the Council from making every effort to maximise income from the use of and disposal of surplus assets to support future spending programmes.
- 11.9 The Council will need to continue to scrutinise carefully the scale of its asset portfolio and examine opportunities to reduce the number of assets it holds through collaborative provision of facilities with other public sector partners. The Council is participating in the Surrey wide Public Value Review of public sector assets which is funded and supported by Improvement and Efficiency South East. This project commenced in November 2010 and has identified the possibility of the Knowle Green Village project which would enable all public services to be in one location and would benefit the residents. This is a long term project being considered in partnership with other public sector partners..
- 11.10 The option of using unsupported borrowing (in accordance with CIPFA's Prudential Code) has yet to be employed but is a possibility as the level of alternative funding options diminishes. Such debt would have to be funded through the Revenue budget and would therefore require an equivalent level of savings to be identified.

11.11 All sources of external funding either from Government or through Partnership working should be pursued along with any opportunities to secure European funding.

## 12 The Capital Programme 2011/12-2015/16

12.1 A summary of the Council's proposed Capital Programme is set out in the Table below. A more detailed breakdown of the programme and financing arrangements are available in the Council's Budget Book although the figures below include some amendments made to the programme such as the approval of 2010/11 carry forwards and approved supplementary estimates.

### 12.2 Capital Programme 2011/12 - 2015/16

<b>CAPITAL ESTIMATES 2012/2013 - 2015/16</b>						
<b>SCHEME</b>	<b>ESTIMATED PROGRAMME</b>					
	<b>2011/12</b>		<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
	<b>ORIGINAL ESTIMATE</b>	<b>REVISED ESTIMATE</b>				
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b><u>CAPITAL PROGRAMME SUMMARY</u></b>						
<b>Housing Investment Programme</b>	355,900	392,900	331,600	374,900	374,900	374,900
<b>Other Services Programme</b>	1,285,500	1,759,540	1,487,650	215,600	135,600	135,600
<b>New Schemes Fund</b>	-	-	-	-	-	-
<b>TOTAL CAPITAL PROGRAMME</b>	<b>1,641,400</b>	<b>2,152,440</b>	<b>1,819,250</b>	<b>590,500</b>	<b>510,500</b>	<b>510,500</b>

## 13 Capital Programme and Project Monitoring

13.1 Once approved it is important the Capital Programme is delivered on time and within budget therefore a robust monitoring process is in operation. The Capital Programme is monitored on a monthly basis and any variation is reported to Members in the quarterly Budget Monitoring report to Cabinet and Overview and Scrutiny Committee.

13.2 The Asset Management Group was established to evaluate and assess proposed schemes against the Councils priorities and to consider alternative means of achieving objectives that may result in less demand being placed on the limited resources available. It also monitors the progress of the individual schemes included within the capital programme and maintains a control on overall capital spending throughout the year.

13.3 Following consideration of any new scheme by the Asset Management Group the appropriate Head of Service must arrange for the presentation of a report to Cabinet (and Council where required) for inclusion within the Capital programme.

#### **14 Post Implementation Review**

14.1 The lead officer for each Capital Project will notify the Capital Accountant when the project is completed and a Post Implementation Review form will be submitted to the Asset Management group.

14.2 The form provides details on how successfully the project has been delivered specifically in relation to the following:-

- (a) Timing-was the project started/completed by the anticipated dates?
- (b) Cost-was the Scheme completed in accordance with the allocated budget?
- (c) Objectives-did the scheme achieve the anticipated outputs/outcomes?

13.3 Overview and Scrutiny Committee at their June meeting receive a summary report outlining schemes completed from the previous year's Capital Programme and the spend against budget for all other schemes which are ongoing.

#### **15 Partnership Working**

15.1 Working in partnership with other organisations from both the private and public sector is an important way of ensuring the limited Capital Resources available are used efficiently to help maximise their contribution towards achieving the Corporate Objectives and Priorities. Partnership working may range from key overarching Partnerships such as those arising from the Local Strategic Partnership, preferred partners in specific Service areas such as Housing Association Partners or 'one off' schemes where the organisation's and the Council's priorities coincide. The Public Value Review of public sector assets in Surrey may identify some new opportunities for partnership working

15.2 Spelthorne has entered into a partnership with Runnymede relating to Asset Management with a focus of improving managing the assets by managing costs through improved procurement for responsive maintenance, service contracts and planned maintenance works.

15.3 The Capital Scheme bid appraisal form specifically requests information on how the scheme will develop partnership working, financial and non financial input from other partners and asks how the scheme will contribute to the partners' strategies and priorities. This information is taken into account in the appraisal and prioritisation of the proposed scheme.

#### **16 Medium Term Financial Strategy**

16.1 The Medium Term Financial Strategy (MTFS) provides an overall framework for the financial investment in services for a five year period. It is therefore closely linked with the Capital Strategy and shows the effect of

the revenue implications arising from Capital expenditure on the overall revenue budget and associated Council Tax levels.

- 16.2 It is important therefore that any significant changes in the Capital financing arrangements are promptly fed into the MTFs to determine the impact of such changes on the Council's Finances as a whole.

### **17 Asset Management Plan**

- 17.1 The Council's Asset Management Plan helps develop a process to achieve efficient, effective and economical management of its assets. The linkages to the Capital Strategy and Programme are strong with expenditure on Council Assets being a significant element of the Programme.

- 17.2 It is important that the Council's property assets are maintained as they play a vital role in the delivery of the Councils Statutory Services and the delivery of its Corporate Priorities. The Asset Management Plan informs the Council on the improvement and maintenance requirement of the Council Assets with the larger schemes being included in the Capital Programme.

### **18 Review of the Capital Strategy**

- 18.1 It is important that the Capital Strategy is reviewed on an annual basis and will take into account any changes in legislation, capital expenditure requirements, funding position or process improvements. Any significant changes will be considered by the Asset Management Group and the Councils' Management Team before being submitted to Cabinet for consideration and approval.





## **Treasury Management Strategy 2011/12 Update**

**Cabinet: 13 December 2011**

**Recommendation Required**

**Report of the Chief Finance Officer**

### **REPORT SUMMARY**

#### **How does the content of this report improve the quality of life of Borough Residents**

The ability of the Council to generate maximum net investment returns with minimal risk provides significant resources for the General Fund revenue budget and the subsequent financing of the Council's services to local residents.

#### **Purpose of Report**

This report is to update members on the current advice from our treasury advisors in respect of creditworthiness criteria.

#### **Key Issues**

- To note the ongoing environment in global financial markets, and to update the Council's creditworthiness criteria in line with advice from our treasury advisors so to maintain flexibility in investment decisions.

#### **Financial Implications**

- The need to maximise the Council's investment returns while maintaining flexibility and a high level of security with minimal risk.

#### **Corporate Priority**

All corporate priorities are supported.

#### **Officer Recommendations**

**The Cabinet is asked to recommend to the Council:**

**To approve the proposed changes to the creditworthiness criteria within the Council's Treasury Management Strategy. Specifically that the minimum required counterparty credit rating be reduced to A- for:**

- **Deposits and Certificates of Deposit with nationalised and part nationalised UK banks and building societies,**
- **Deposits and Certificates of Deposit with UK banks and building societies; and**
- **forward deals and fixed term deposits with variable interest rates and variable maturities, including callable deposits in UK banks and building societies**

**Contact: Terry Collier, Chief Financial Officer Tel : 01784 446296**

**Cabinet member: Councillor Tim Evans**

## MAIN REPORT

### 1. BACKGROUND

- 1.1 Global financial markets continue to remain very volatile largely due to the ongoing sovereign debt crisis in Europe. European banks in particular have significant exposure to the sovereign debts of countries like Spain and Italy and the lack of any real commitment by European leaders to provide the levels of financial support needed for these sovereigns has yet to be forthcoming.
- 1.2 This continuing uncertainty and the potential losses that could result for European banks from any sovereign defaults have resulted in further credit rating downgrades. Although UK banks are quite well capitalised following the previous banking crisis in 2008 and have less exposure to the sovereign debts of Spain and Italy, their credit ratings have also been adversely affected.

### 2. KEY ISSUES

- 2.1 The Council engages in investment transactions with financial institutions (banks and building societies) on a regular basis as part of its ongoing cash flow and investment management operations. These banks and building societies are our investment counter-parties. Counterparty risk is inherent in all these transactions because there is the possibility that the other party may default and not repay the investment on time or under the agreed terms.
- 2.2 Counterparty risk needs to be managed so that the possibility of default is minimised and the credit quality of financial counter-parties (issuers and issues) and investment instruments is assessed by reference to credit ratings issued by Fitch, Moody's and Standard and Poor's; credit default swaps; Gross Domestic Product (GDP) of the country in which the institution operates; the country's net debt as a percentage of GDP; sovereign support mechanisms and potential support from a well resourced parent institution and share price.
- 2.3 The Council's counter-party credit policy is based on creditworthiness criteria recommended by our treasury advisors, Arlingclose, and is reviewed on an ongoing basis to ensure that risk to the Council of counter-party defaults remains low. Details of credit rating definitions are attached as **Appendix A** and provide more insight to the level of perceived risk although credit ratings are not the only factor taken into account when considering the credit worthiness of potential counterparties.
- 2.4 The Council selects a maturity profile for its investment portfolio that is appropriate for meeting its ongoing financial obligations and sets limits on the cash amount and maximum maturity of individual deposits. Specified investments have maturity limits of up to one year and non-specified investments have maturity limits over one year. The credit rating of an institution will determine whether investments transactions with counterparties are classified as specified or non-specified.

2.5 Although Members have only recently received the half yearly treasury report, the situation in respect of creditworthiness criteria continues to deteriorate and UK institutions such as Lloyds TSB, Bank of Scotland, Nationwide Building Society and Clydesdale Bank have now fallen below the minimum rating specified in our current strategy.

2.6 The Council has used these banks on many occasions specifically for the investment of cash flow surpluses where their instant and easy access accounts pay good market rates for short term monies, usually 0.25% above bank rate. The removal of these from our list of approved institutions will impact our overall investment return because the main alternative will be to place monies with the UK Debt Management Office (DMO) at 0.25%.

### **3. OPTIONS ANALYSIS**

3.1 Arlingclose provides regular updates of the credit ratings of major financial institutions. In the current climate the situation is very fluid and Arlingclose have kept their advice under constant review because in the current environment, the situation is subject to sudden change.

3.2 Arlingclose have confirmed that they remain comfortable with these institutions for shorter maturities. We believe that the amount of interest lost, which could be in the region of at least £25,000pa on cash flow activities alone, is not worth forgoing for the marginal extra default risk implied by the change in the ratings of these longstanding counterparties.

### **4. PROPOSALS**

4.1 The updated creditworthiness criteria for investment instruments are attached as **Appendix B**. The changes have been highlighted and reflect the reduction of the long term A+ criteria to A- to maintain flexibility and permit the continued use of the major UK banking institutions. Investment decisions would continue to be fully appraised in close consultation with our advisors.

### **5. BENEFITS AND SUSTAINABILITY**

5.1 The ability of the Council to generate maximum net investment returns with minimal risk provides significant resources for funding the Council's services.

### **6. FINANCIAL IMPLICATIONS**

6.1 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 move 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.

### **7. LEGAL IMPLICATIONS / OTHER CONSIDERATIONS**

7.1 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.

### **8. RISKS AND HOW THEY WILL BE MITIGATED**

8.1 Risks are identified and mitigated within the Council's Treasury Policy.

**9. TIMETABLE FOR IMPLEMENTATION**

9.1 For immediate implementation.

**Report Author:** Jo Hanger

**Background papers:** There are none

## CREDIT RATING EQUIVALENTS AND DEFINITIONS

The three main credit rating agencies assign their own ratings based on their opinion of credit quality. The table below sets out the equivalent ratings across all three agencies that are assigned to investments and institutions where they are classed as long term investment grade. Ratings below BBB are classed as sub investment grade.

<b>Fitch</b>	<b>Moody's</b>	<b>Standard &amp; Poor's</b>
<p><b>AAA</b></p> <p>Highest credit quality. 'AAA' ratings denote the lowest expectation of credit risk. They are assigned only in case of exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.</p>	<p><b>Aaa</b></p> <p>Obligations rated Aaa are judged to be of the highest quality, with minimal credit risk.</p>	<p><b>AAA</b></p> <p>An obligor rated 'AAA' has extremely strong capacity to meet its financial commitments. 'AAA' is the highest Issuer Credit Rating assigned by Standard &amp; Poor's.</p>
<p><b>AA</b></p> <p>Very high credit quality. 'AA' ratings denote expectations of very low credit risk. They indicate very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.</p>	<p><b>Aa</b></p> <p>Obligations rated Aa are judged to be of high quality and are subject to very low credit risk.</p>	<p><b>AA</b></p> <p>An obligor rated 'AA' has very strong capacity to meet its financial commitments. It differs from the highest rated obligors only in small degree.</p>
<p><b>A</b></p> <p>High credit quality. 'A' ratings denote expectations of low credit risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions than is the case for higher ratings.</p>	<p><b>A</b></p> <p>Obligations rated A are considered upper-medium grade and are subject to low credit risk.</p>	<p><b>A</b></p> <p>An obligor rated 'A' has strong capacity to meet its financial commitments but is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligors in higher-rated categories.</p>
<p><b>BBB</b></p> <p>Good credit quality. 'BBB' ratings indicate that there are currently expectations of low credit risk. The capacity for payment of financial commitments is considered adequate but adverse changes in circumstances and economic conditions are more likely to impair this capacity. This is the lowest investment grade category.</p>	<p><b>Baa</b></p> <p>Obligations rated Baa are subject to moderate credit risk. They are considered medium grade and as such may possess certain speculative characteristics.</p>	<p><b>BBB</b></p> <p>An obligor rated 'BBB' has adequate capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments.</p>

## Appendix B

### **Specified Investments**

All such investments will be sterling denominated, with maturities of up to a maximum of one year. These investments must also meet the minimum high rating criteria and may be used in house or, if applicable, by fund managers, and are set out in the table below:

<b>Investment Type/Counterparty</b>	<b>Minimum Credit Criteria (see below*)</b>	<b>Maximum Term</b>	<b>Maximum Sum</b>
Deposits with UK Debt Management Office (DMO)	Government backed	No limit	No limit
Deposits with other local authorities, including Police Authority etc.	High security but not usually credit rated	1 year	£3m
Deposits and Certificates of Deposit with nationalised and part nationalised UK banks and building societies	Long Term A- (see below*), and in consultation with treasury advisors	1 year	£3m
Deposits and Certificates of Deposit with UK banks and building societies.	Long Term A- (see below*), and in consultation with treasury advisors  Special arrangements apply for the Council's bankers only, currently The Co-Operative Bank plc	1 year	£3m
		2 weeks	£3m
UK Government Gilts	Long Term AAA	No limit	No limit
Bonds issued by multilateral development banks such as European Investment Bank, World Bank etc.	Long Term AAA	10 year	£10m
UK Treasury Bills	Long Term AAA	No limit	No limit
Deposits with Money Market Funds	AAA	1 year	£3m
Forward deals and fixed term deposits with variable interest rates and variable maturities, including callable deposits in UK banks and building societies	Long Term A- (see below*), and in consultation with treasury advisors	1 year	£2m

**\*Counterparty credit quality is assessed and monitored with reference to:**

- Credit Ratings (the Council's minimum long term counterparty rating of A-, or equivalent, across Fitch, Standard and Poor's and Moody's)
- Credit default swaps (CDS)
- GDP of the country in which the institution operates
- Country's net debt as a percentage of GDP
- Sovereign support mechanisms
- Potential support from a well resourced parent institution
- Share price

### **Non-Specified Investments**

All such investments will be sterling denominated and a maximum of 100% will be held in aggregate in non-specified investments with a maturity exceeding one year. These investments must also meet the minimum high rating criteria and may be used in house or, if applicable, by fund managers, and are set out in the table below:

<b>Investment Type/Counterparty</b>	<b>Minimum Credit Criteria (see below*)</b>	<b>Maximum Maturity Period</b>	<b>Maximum Sum</b>
Deposits with other local authorities, including Police etc.	High security but not usually credit rated	3 years	£3m
Deposits and Certificates of Deposit with nationalised and part nationalised UK banks and building societies	Long Term A- (see below*), and in consultation with treasury advisors	1 year	£3m
UK Government Gilts	AAA and Government backed	No limit	No limit
Bonds issued by multilateral development banks including European Investment Bank, World Bank etc.	AAA and Government backed	10 years	£10m
Forward deals and Fixed term deposits with variable interest rates and variable maturities, including callable deposits.	Long Term A- (see below*), and in consultation with treasury advisors	1 year	£1m
Pooled Funds and Collective Investment Schemes, including property and equity funds, meeting the criteria in SI 2004 No. 534 and subsequent amendments.	Not Credit Rated As recommended by treasury advisors (see below)	10 Years	£3m

#### **\*Counterparty credit quality is assessed and monitored with reference to:**

- Credit Ratings (the Council's minimum long term counterparty rating of A- ,or equivalent, across Fitch, Standard and Poor's and Moody's)
- Credit default swaps (CDS)
- GDP of the country in which the institution operates
- Country's net debt as a percentage of GDP
- Sovereign support mechanisms
- Potential support from a well resourced parent institution
- Share price





## **Charging for Pre-Application Planning Advice**

**Cabinet: 13 December 2011**

**Resolution required**

**Report of the Assistant Chief Executive**

**Report Summary**

### **How does the content of this report improve the quality of life of Borough Residents**

Implementing these fees for pre-application advice will secure continuity of a high quality service and ensure the costs fall on those who use the service.

### **Purpose of report**

- To explain the rationale behind the introduction of the new fee
- To consider fees in light of customer service and value
- To set out what fees will apply from 3 January 2012

### **Key issues**

- User to pay for the service
- Whether fees to cover actual costs
- Quality of the service and customer satisfaction

### **Financial implications**

There is an additional income potential of £15,000pa (£3,750 per quarter).

**Corporate priority 5.** A cleaner and greener environment

### **Officer recommendations**

**The Cabinet is asked to recommend to Council that pre-application fees for householder and other proposals are brought in from 3 January 2012 as per the charges set out in Appendix 1.**

**Report author:** Heather Morgan, Head of Planning and Housing Strategy,  
(01784) 446352

**Area of responsibility:** Brian Harris, Assistant Chief Executive

**Cabinet member:** Councillor R.A. Smith-Ainsley

## MAIN REPORT

### 1. Background

- 1.1 Pre application advice is where prospective applicants seek professional guidance before submitting a planning application. This practice is encouraged by Government. Authorities are able to charge for discretionary services but this is limited to cost recovery.
- 1.2 The Council started charging for pre-application advice on non-householder developments in April 2007. This has not led to any significant adverse comment from users. Nor has it resulted in a significant additional workload for staff.
- 1.3 To date £42k of income has been received. A number of schemes have been appropriately altered prior to submission. This has improved the overall quality of schemes coming forward, thereby adding value to the final outcome.
- 1.4 Four other Surrey currently charge for householder pre-application advice in addition to non-householder developments. These charges are shown in the second part of Appendix 1.

### 2. Key issues

- 2.1 The Coalition Government, as part of its localism agenda, is looking at the possibility of devolving responsibility for planning application fees to local government. It is worth noting the government's approach is that Councils should be able to charge for the total cost of the service they provide. They are applying the principle of the 'user pays'.
- 2.2 For pre-application advice a balance needs to be struck between 100% cost recovery and maintaining use of the advice service by the majority of residents. If the costs are too high then there is a real risk that an applicant will just submit an application 'cold'. This could mean that more time needs to be spent negotiating on an application. As a result, they will take longer to deal with and slow up the whole system. It would also mean very little is earned from this potential area of pre-application charges.

### 3. Options analysis

- 3.1 Option 1: Adopt the proposed fees Appendix 1 (**preferred option**)
- 3.2 Option 2: Not adopt the proposed fees
- 3.3 Option 3: Alter the level of fee proposed

### 4. Proposals

- 4.1 In 2010/11, we received 585 requests from householders where no charge was payable. A recent assessment has established that around 1,500 hours pa are spent dealing with these. Being outside the fee regime, this work is wholly subsidised by the general budget (around £75kpa).
- 4.2 The non-chargeable advice falls into three main categories: (1) extending properties (2) installing dropped kerbs (3) finding out if planning permission is required. Most residents will only contact the Council once or twice in their lifetime, but are nevertheless currently benefitting from free professional officer advice.
- 4.3 There are considerable benefits to free advice. Most residents will not be familiar with planning requirements, and may not wish to employ a professional advisor

early on. However, the Council's pre-application advice is being subsidised by all the residents of the borough (who do not benefit in any way). In a time of significant budgetary constraint, the principle of 'user pays' is reasonable and necessary.

- 4.4 The proposed fees are set out in the first part of Appendix 1. They reflect a compromise between the work involved and a realistic price. Fees are also suggested for advice on trees and listed buildings. These areas need to be handled carefully. In the past the Council offered listed building grants to help residents maintain/improve their homes. When this was service was withdrawn a decision was made that we would instead provide free advice.
- 4.5 We currently employ a specialist to provide this advice (and to comment on applications). This costs about £8kpa, and the member of staff provides a very professional service. On the basis there is currently no application fee, it is considered reasonable to make a charge albeit it does not necessarily reflect the total cost of work involved.
- 4.6 We are in a similar position when it comes to giving advice on preserved trees. Expert advice is given (again at a cost of around £8kpa). A lot of a work is done at this stage to ensure a suitable application comes forward. The argument for not charging nationally for tree applications is that in making a TPO the Council are preventing people from doing as they would wish. Positive maintenance of such trees is important to their long term survival. We would not wish to see this adversely affected. However, it is suggested at a similar approach to listed buildings is taken, but with a lower fee. In both cases the applicant benefits from reliable and impartial professional advice.

## **5. Benefits and sustainability**

- 5.1 Charging in this new area means that the customer pays for the service they use.
- 5.2 The potential concern that applicants might not to seek assistance thereby resulting in problems arising later on has not been borne in reality elsewhere where the charges have been set at a reasonable level.
- 5.3 Whilst the higher level of detail in pre-application discussions does take more time, this has not adversely impacted on staff workloads.

## **6. Financial implications**

- 6.1 To date, pre-application charging has brought in £42k of income. The income budget of £9,000 for this financial year 2011/12 is on target to be achieved.
- 6.2 The volume of householder applications has been largely unaffected by the current economic climate. People are extending their properties rather than moving. It is not anticipated this will change in future, and is therefore a reliable source of income. However, the level of fee needs to be gauged correctly (e.g. recover some staff costs without deterring users).
- 6.3 It is estimated that as a result of the suggested increase in charges an additional £15,000 income pa could be generated (£3,750 per quarter). This figure is based on an assumed average charge of £50 and for budgeting purposes a cautiously assumed fifty percent uptake based on the volume of enquires last year.

## **7. Legal implications/other considerations**

- 7.1 Any charging system should not be profit making.

7.2 Payment should continue to be paid for in advance. This avoids additional costs associated with debt recovery should payment in arrears not be made.

7.3 Any pre application advice given is without prejudice to the final decision made on the application. There will be no refund when an application is refused.

## **8. Risks and how they will be mitigated**

8.1 The service will continue to monitor the nature of decisions issued, and officer time spent on pre application advice will also continue be recorded. This may well influence future charging decisions.

8.2 There is a risk that future volumes of pre-application queries will drop. However, this area of the market is more resilient than the commercial sector in terms of current development activity. There is also the risk that a well priced service providing pre application site visits could see high levels of take-up which could increase workloads slightly.

8.3 Pre application advice income levels and workload implications will continue to be carefully monitored alongside existing development control fee income levels. The later will be particularly important if the government allows Councils to locally set their own planning fees in future.

8.4 Several other authorities in Surrey already charge for householder advice. If the fee is too high then the public do not use the service. This may affect the level of income achieved. For income generation purposes an assumption has therefore been made that only 50% of the current number of queries would come in if a fee was charged. However, for sound planning reasons, we are seeking the highest possible take-up of pre-application advice.

8.5 In suggesting the attached fees some caution has been exercised so as to set a figure which it is anticipated the public may in the circumstances find generally reasonable and reflect good value for the professional advice given. It is important to ensure people are not unreasonably deterred from seeking pre-application advice which is intended to secure better schemes and overall result in less costs to the Council in handling applications. The fee levels can of course be reviewed annually and adjustments made in the light of experience.

## **9. Timetable for implementation**

9.1 Implementation 3 January 2012.

**Background papers:        There are none**

**a. PROPOSED FEES FOR PRE-APPLICATION ADVICE FOR NON COMMERCIAL DEVELOPMENTS**

**FROM 3 JANUARY 2012**

**Householders**

Written confirmation that planning permission is not required £45

Written advice on the acceptability of a proposal (e.g. extension, garage, dormer, conservatory) and including a short site visit. Where a site visit is not requested or otherwise required a fee of £45 will apply. £60

**Trees**

Advice on works required to a TPO tree prior to submission of an application including a site visit/ground inspection £40

**Listed buildings and Buildings in Conservation areas**

Advice on suitability of works for listed buildings including a site visit £60

**b. FEES SET BY THE OTHER FOUR SURREY DISTRICTS WHO CHARGE FOR PRE-APPLICATION ADVICE ON NON-COMMERCIAL DEVELOPMENT**

Guildford - £25 to give written advice and includes a site visit if the scheme appears to be acceptable in principle

Reigate and Banstead - £50 for a meeting or written advice

Tandridge - £100 for a letter or meeting

Waverley - £30 for advice given at the planning 'surgery' or £50 for written advice



**Customer Services Strategy 2011 to 2014**  
**Cabinet: 13 December 2011**  
**Resolution required**  
**Joint Report of Assistant Chief Executives**  
**Report Summary**

**How does the content of this report improve the quality of life of Borough residents**

The object of the Customer Services Strategy is to improve customer service for all who live and work in Spelthorne.

**Purpose of report**

This report presents the proposed revised Customer Services Strategy, which shows how the Council intends to enhance 'The Customer Experience' over the next 3 years.

**Key issues**

- The current Customer Services Strategy expires in 2012 and needs updating to reflect the merger with Revenues.
- Provision of a consistent level of service that is efficiently delivered to common standards, recognising individual requirements and customer diversity;
- Customers to be put at the forefront of our business planning.
- Linked to the Business Transformation Programme.
- To reflect the Council's new priorities within Customer Services.

**Financial implications**

Many of the proposed actions contained within the Strategy will involve some level of capital and revenue expenditure. The proposed costs will be identified and business cases submitted as part of the Customer Services Strategy.

**Corporate Priority**

Accountability  
Self Reliance  
Community  
Value for Money

**Officer recommendations**

**The Cabinet is asked to approve and adopt the attached Customer Service Strategy.**

**Report author: Linda Norman, Head of Customer Services 01784 446375**

**Area of responsibility: Terry Collier & Liz Borthwick Assistant Chief Executives  
01784 446296/446376**

**Cabinet member: Councillor Tim Evans**

## MAIN REPORT

### 1. Background

- 1.1 The current Customer Services Strategy was adopted in 2009 to provide a more corporate and consistent approach to improving customer service delivery.
- 1.2 Following the Customer Services Review in April 2011, it was agreed that Revenues would merge with Customer Services to provide resilience across the two service areas, reduce duplication, improve performance and provide financial savings.
- 1.3 To ensure the Council's new priorities are reflected in the strategy.

### 2. Key issues

- 2.1 We have to ensure that services are :-
  - accessible;
  - cost-effective, providing value for money;
  - reliable, consistent, coherent and efficient;
  - providing joined-up services

### 3. Options analysis

- 3.1 To either support or not, the adoption of the revised Customer Services Strategy.

### 4. Proposals

- 4.1 Adopt the attached Customer Services Strategy, (**Appendix 1**).
- 4.2 Implement the Customer Services Vision Roadmap (**Appendix 2**).

### 5. Benefits and sustainability

- 5.1 Adopting the attached Strategy will demonstrate our commitment to excellence in customer service delivery and ensure that all staff within the organisation are clear about the way forward.
- 5.2 Streamlining processes, transferring high volume general enquiries to the Customer Contact Centre where appropriate and encouraging customers to use self-service options, will produce efficiency savings.

### 6. Financial implications

- 6.1 The proposed actions contained within the Customer Service Road map will involve some level of capital and revenue expenditure. As we progress with the proposed actions, costs will be identified and Business Cases submitted as part of the Business Transformation Programme.

### 7. Legal implications/other considerations Community Strategy, Equality, Diversity and Disability Equality.

- 7.1 If adopted the Strategy will have to be clearly communicated to staff.

### 8. Risks and how they will be mitigated



8.1 Achieving our vision will require fundamental changes in our culture and working practices, to ensure this is achieved we will have to:-

- develop a clear communication plan to ensure that staff are well informed;
- to clearly demonstrate senior management teams commitment to the way forward;
- through the Business Transformation Programme, to review all processes involving all relevant stakeholders;
- to ensure staff receive appropriate training and have the tools to “do the job”.

## **9. Timetable for implementation**

9.1 To be adopted from January 2012.

### **Background papers:**

There are none





# Customer Services Strategy 2011-2014

**Enhancing the Customer Experience**

## **Introduction**

Spelthorne Borough Council's aim is to provide our customers with the information they require at the first point of contact, which meets their needs and with which they are satisfied, but which is affordable to the Council.

This will be achieved through the development and use of appropriate technologies whilst maintaining customer care and statutory responsibilities.

The key principles in delivering this vision are clear; it means putting the customer at the forefront of our business planning, providing high levels of customer care, increasing % of enquiries dealt with at the initial point of contact from 51% to 80%, ensuring customers receive reliable, consistent, coherent and efficient service. It will also increase capacity for professional staff, providing economy of scale in terms of reduction in costs and increase in capacity.

A commitment to excellence in customer services must be part of the organisational culture at all levels. The Council's ability to deliver modern and efficient customer services will depend upon good leadership and the capacity within the organisation to manage change and re-think how things are done.

Customers' expectations of the organisations they deal with are rising all the time. Services should be built around the needs of our customers giving them a choice; they should be more accessible, convenient, responsive and more inclusive through a greater range of access channels. The cost of providing these channels can vary greatly depending upon the complexity of the enquiry.

We recognise that everyone is different and that these differences are to be equally respected and reflected in what we do and how we do it.

Effective customer services should encourage a proportion of customers to use alternative more cost-effective methods of contact.

The Customer Services Strategy is an essential and vital component of our response to the value for money challenge for the Council.

## **The Council's Vision**

This Strategy will ensure that the whole council is able to;

- Provide a consistent level of service that is delivered to common standards, recognising customer diversity and individual requirements;
- Increase customer involvement and engagement in the design and delivery of Council services;
- Promote a "customer first" culture where customers are valued and offered a quality service;
- Make it increasingly possible for customers to self serve, and find what they want easily and quickly from the Council's website;
- Improve the ability of staff to solve problems, and empower staff to put things right at the first point of contact with the customer;
- Provide services that are efficient and accessible to all sectors of the community;

- Ensure that people understand what services Spelthorne Borough Council provides and are reliably informed about them;
- Listen and understand our customers' expectation of our services and respond by implementing improvements and managing our services accordingly.

## Key Principles

- Accessibility and inclusiveness – making services accessible, giving customers the opportunity to make contact with us in a way, at a location and at a time convenient to them and proactively addressing issues of social exclusion, equality and diversity
- Cost-effectiveness and value for money
- Quality and consistency – providing reliable, accurate, timely and easily understandable information and efficient services
- Joined-up service delivery – treating the customer as a customer of the authority and not on a service-by-service basis
- Enabling staff – ensuring our workforce has the appropriate skills and tools to provide quality services.

## Local Drivers

<b>Local Drivers &amp; Delegated Authority</b>
<p><b>Customer Charter</b> The aim of the Charter is to set out our commitment for the service we deliver and the standards that customers can expect from us.</p>
<p><b>Communications Strategy</b> The aim of this strategy is that all customers, internal and external, feel well informed about the Council, its priorities and services, and can obtain information, at a time that suits them, using a variety of different methods.</p>
<p>Spelthorne Council has agreed to focus on 3 key themes;</p> <ol style="list-style-type: none"> <li>1. Enabling &amp; Facilitating a better life for our community</li> <li>2. Delivering quality of life services for the whole community (Statutory &amp; Non Statutory).</li> <li>3. Value for money</li> </ol>
<p><b>Equality and Diversity Strategy</b> The Council is committed to providing equality of opportunity, tackling unfair discrimination and promoting good relations between groups regardless of age, gender, disability, ethnic origin, nationality, sexual orientation or religious belief in the way we deliver services and as an employer and training provider.</p>
<p><b>Local Strategic Partnerships</b> Bringing together at a local level the different parts of the public sector as well as the private, business, community and voluntary sectors so that different initiatives and services support each other and work together</p>
<p><b>Customer Service Road Map</b></p>

## Delivering the Strategy

The following key principles will ensure that Spelthorne Borough Council will deliver excellent customer services.

### 1. Accessibility and Inclusiveness

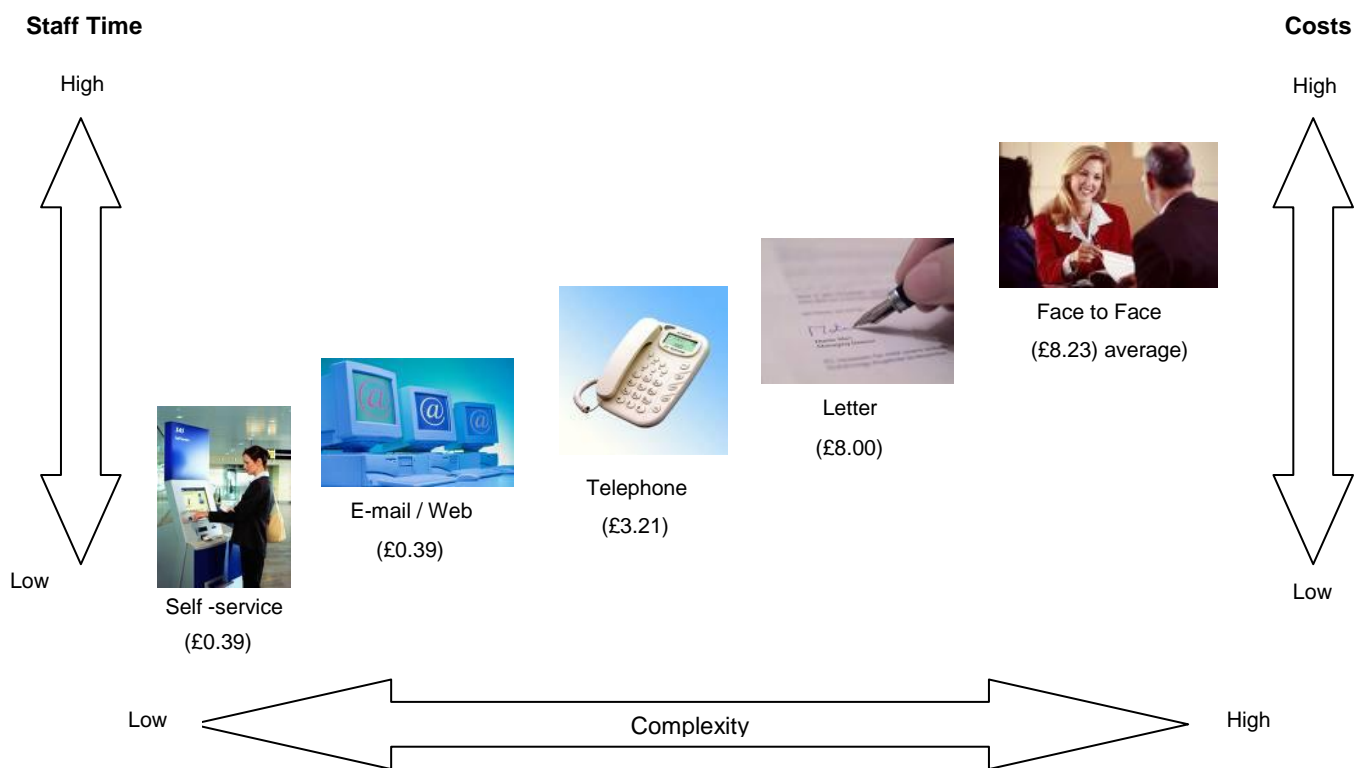
The Council is committed to ensuring equality of opportunity and access to all its services for everyone in Spelthorne.

We aim to ensure that no one is denied access or receives poorer service because of their age, race, colour, gender, disability, sexual orientation, marital status, cultural or social background or religious belief.

## 2. Cost-effectiveness and value for money

Customers have increasing expectations in the services we deliver. In order to meet these expectations we need to ensure the Council delivers value for money in its service provision and use of resources. Effective customer services should encourage a proportion of customers to use alternative more cost-effective methods of contact. The Customer Services Strategy is an essential and vital component of our response to the value for money challenge for the Council.

### Communications Channels



A mix of electronic and conventional channels must be available for effective and efficient service delivery. But we must be mindful of the costs associated with each access channel. As shown in the above diagram the most cost effective method is the self-service option and the most expensive being face-to-face.

(\* Costs taken from Socitim 2010 analysis)

## 3. Quality and consistency

We will build our services around the needs of our customers and not organisational structures. We must bear in mind that, the average customer, the way the Council is structured is both unknown and irrelevant,

Many aspects of the Council's organisation need to be reshaped if we are truly to deliver customer facing services.

Through the Customer Services Review we have embarked on a wide-ranging programme to review and re-think many of our processes. The focus is on seeing things from the customer's perspective, and looking at processes holistically including feedback to the customer.

We will complement the use of technology by developing strong relationships and reporting mechanisms across our services. To ensure improvements are achieved service planning will play a key role. As and when customer needs are identified they must then be fed into individual service plans, setting measurable targets and with the necessary resources identified and recognised.

#### **4. Joined-up service delivery**

We will treat customers as customers of the authority and not on a service-by-service basis.

There are opportunities to deliver better public services through:-

- joined-up service provision across the public sector;
- engaging more directly with users in the design and delivery of services,;
- working with partners to provide seamless services across organisational boundaries and
- achieving cost-effectiveness.

As joined-up services develop, there may be many instances where customer needs can be met without referral to another organisation, such as Surrey County Council.

Customer Services will be the focus of our own plans to put 'joined-up' government into practice. Both corporately and within service areas, the authority will initiate specific linkages and projects with key partners and agencies. We will learn from best practices elsewhere and look for key partners to work with us on specific initiatives.

A review of processes and procedures across the Council is underway and should result in improved joined-up working, the delivery of services appropriate to need, better information management and the integration of front and back office support.

#### **5. Enabling staff**

Service to the customer is the primary objective of this strategy. All of the Council's staff contribute towards this and it is key to ensure they have the appropriate training, tools, support and authority to take ownership of and resolve customer enquiries. This will involve a cultural change whereby the old method of passing customers from pillar to post will be replaced with a 'Tell us Once' ethos where Customer Services staff will capture the information at first point of contact and co-ordinate responses across relevant areas of the Council.

## Appendix 1 - CUSTOMER SERVICE STRATEGY ACTION PLAN

Key Principles	Actions	Outcomes	Responsible Service / Officers	Timescale	How success is measured
To make services more accessible, convenient, responsive and more inclusive through a greater range of access channels.	<ul style="list-style-type: none"> <li>➤ To promote the use of self-service options.</li> </ul>	To improve access to services for all customers of the authority by providing greater choice of access channels to suit their needs,	Head of Customer Services.	December 2013	Establish a base line during 2011/12 and seek year on year improvement.
To make information more available to customers on the level of service they can expect when requesting services from the authority including response times.	<ul style="list-style-type: none"> <li>➤ To publicise the Customer Service standards in the Borough Bulletin and make information leaflets available in all council and partner sites.</li> <li>➤ To promote and increase take up of web-based service.</li> <li>➤ To produce a compact contact directory for customers within the Council Tax leaflet ensure they are able to contact the correct service first time.</li> <li>➤ To build capacity within the Customer Service Centre to enable more general enquiries to be dealt with at first point of contact via telephone, e-mail and interaction with back-office systems.</li> </ul>	To make customers aware of the level of service they can expect and encourage them to make comments / suggestions.	Head of Customer Services	March 2012	Publication of charter information in summer issue of Borough Bulletin 2012.  Increased take-up of service requests by self-service option by 5% by 2011
		Reduce the number of Avoidable Contacts.	Head of Customer Services	March 2012	Back page of Council Tax leaflet to have Contact Directory for 2012/13 bills.
		Will enable customers contacting the authority to take advantage of the extended opening hours available through the Customer Service Centre.	Head of Customer Services.	Customer Service Review	Increase the % of enquiries received and resolved by the Customer Service Centre from 51% to 80% by 2013.



	<ul style="list-style-type: none"> <li>➤ Include information of Interpretation and Translation Service at all staff inductions and within New Occupier packs for new residents</li> </ul>	The aim of the interpreting service is to assist non-English speakers, the sight and hearing impaired, in accessing council services, providing a better service both to ethnic minority groups within the Borough and to overseas visitors.	Human Resources Head of Customer Services	Ongoing	Monitor number of requests and instances where we could not deliver the service and identify solution.
<p><b>Cost-effectiveness and value for money</b></p> <p>We need to ensure the Council delivers value for money in its service provision and use of resources. Effective customer service should encourage a proportion of customers to use alternative more cost-effective methods of contact.</p>	<ul style="list-style-type: none"> <li>➤ To review and redesign systems and processes to make full use of the new technology available ensuring full integration with existing systems.</li> <li>➤ To re-think the processes involved in dealing with customer contacts across all access channels, service by service.</li> <li>➤ Identifying general enquiries which should be channelled through the Customer Service Centre.</li> </ul>	Access channels that are cost efficient representing excellent value for money	Head of Customer Services	2011-2014	By quantifying processing costs during the reviews and identifying measurable efficiency saving as part of the business case.
<p><b>Quality and Consistency</b></p> <p>We will build the services around the needs of our Customers and not organisational structures, providing significant enhancements to the</p>	Obtain a single view of the customer through the use of a Customer Relationship Management System (CRM)			2011– 2014	To demonstrate that the cost per customer contact has been reduced from its current base. (For example from £4.00 per telephone enquiry to £0.17p by using the self-

<p>service.</p> <p>Many aspects of the Council's organisation need to be reshaped if we are truly to deliver customer- facing services.</p> <p>The focus is on seeing things from the customer's perspective, and looking at processes as an entirety from the start to the end including feedback to the customer.</p> <p>We will compliment the use of technology by developing strong relationships and reporting mechanisms across our services.</p>	<p>Develop Customer Journey maps for each service area.</p> <p>Encourage individual Services Plans to include measurable targets in relation to customer service delivery for improving responsiveness, quality and cost effectiveness.</p> <p>We will review our Complaints procedure to ensure it is fit for purpose.</p>			<p>2011 – 2012</p> <p>2012-2013</p> <p>2012 - 2014</p> <p>March 2012</p>	<p>service option.)</p> <p>Increase the numbers of customer contact details logged on the Contact Management System by 20% by 2013.</p> <p>Publish achievements against targets.(For example processing of applications, telephone handling statistics.)</p> <p>To report to Standards Committee on a quarterly basis on number of complaints received by service, response times and changes implemented as a result of feedback from customers.</p>
<p><b>Joined-up Service</b></p>					

<p><b>Delivery</b></p> <p>Customer Service will be the focus of our own plans to put 'joined-up' government into practise. Both corporately and within service areas, the authority will initiate specific linkages and projects with key partners and agencies. We will learn from best practices elsewhere and look for key partners who will work with us on specific initiatives.</p>	<p>To develop integration between the CRM system within the Customer Service Centre and relevant back office systems where appropriate</p> <p>To improve joined up working, the delivery of services appropriate to need, better information management and the integration of front and back office support.</p>				<p>To assist with Increasing the % of enquiries received and resolved by the Customer Service Centre from 51% to 80% by 2013. Providing more efficient back-office processes.</p>
<p><b>5. Enabling Staff</b></p> <p>To promote the customer focused culture throughout the authority.</p>	<p>To establish a Service Champions within Customer Services to be focal point of contact for internal service areas.</p>	<p>This should provide higher quality of services which will result in more satisfied customers.</p>	<p>Customer Services staff</p>	<p>from Nov 2011</p>	<p>Will help to improve customer satisfaction levels.</p>



## **Customer Services Vision – ‘Enhancing the Customer Experience’**

To provide our customers with the information they require at the first point of contact, which meets their needs and with which they are satisfied, but which is affordable to the Council.

To deliver a cost effective, modern service which meets customer and corporate needs through the development and use of appropriate technologies whilst maintaining customer care and statutory responsibilities.

The key principles in delivering this vision are clear; it means putting the customer at the forefront of our business planning, providing high levels of customer care, increasing % of enquiries dealt with at the initial point of contact from 51% to 80%, ensuring customers receive reliable, consistent, coherent and efficient service. It will also increase capacity for professional staff, providing economy of scale in terms of reduction in costs and increase in capacity.

A commitment to excellence in customer services must be part of the organisational culture at all levels. The Council’s ability to deliver modern and efficient customer services will depend upon good leadership and the capacity within the organisation to manage change and re-think how things are.

Customers’ expectations of the organisations they deal with are rising all the time. Services should be built around the needs of our customers giving them a choice; they should be more accessible, convenient, responsive and more inclusive through a greater range of access channels. The cost of providing these channels can vary greatly depending upon the complexity of the enquiry.

We recognise that everyone is different and that these differences are to be equally respected and reflected in what we do and how we do it.

Effective customer services should encourage a proportion of customers to use alternative more cost-effective methods of contact.

The Customer Services Strategy is an essential and vital component of our response to the value for money challenge for the Council.

## Road Map to improvement

There are four main strands to the delivering the vision:

1. Update the Customer Service strategy
2. Review current payment processes
3. Deliver an out of hours and queue busting telephony service
4. Remove duplication with back office systems and enhance self service through the Council's website



## 1. Review Customer Services Strategy

The current Customer Services strategy 2009-2012 should be reviewed and updated to reflect the Customer Services review and the Council's new priorities and vision by December 2011.

## 2. Review current payment processes

Issues:

- 14 334 payments taken by CS staff for 2010/11
- 1195 hours taking payment calls
- 70% 1 FTE (Sc 4 £26 161)
- £18 312 pa

### Software solution - Automated voice recognition (AVR)

- Far easier to use and inclusive application making it easier for the elderly and disabled to make payment.
- Lowers the cost of payment collection compared with traditional methods (i.e. difference between £3.22 and 27p according to Socitm)
- Reduces "avoidable contact"
- Fully managed service
- Minimal ICT management and support overheads
- No on site hardware or software required
- Extends consumer choice leading to improved revenue collection
- Releases staff time to address more complex enquiries
- Real time card authorisation through Payment Card Industry Data Security Standard (PCIDSS) certified level 1 service
- Includes the latest card fraud protection measures
- Authorisation code presented to the payer
- Comprehensive reporting and refund facility
- Payments classed as "secure" by including Card Security Code (CSC)

- Redirect facility to contact centre advisor
- Supports Alphanumeric references
- Removes the limitations of a telephone keypad and extends the potential to capture words rather than just numbers
- On handsets where mouthpiece and earpiece are in the same device can be used without constantly moving the device to go from listening to commands to typing responses
- Services which can be added include:
  - a. Penalty Charge Notices
  - b. Card surcharge
  - c. Balances and stop accounts
  - d. Miscellaneous Income
  - e. Frequently Asked Questions
  - f. Direct Debit set-up

### Outline Business Case

1. Capital £28k, ongoing maintenance £2k
2. Pay back period approx 20 months
3. 24/7 availability to support out of hours access
4. Will integrate with out of hours and current telephony to avoid customers queuing to make payments

### **3. Out of Hours Telephony**

Issues:

- Currently no out of hours interactive service
- Voicemail service has to be managed each day
- Does not reflect modern work life balance



- Increased calls first thing in morning  
Software solution - Inform Communications
- To offer comprehensive, 24/7 customer service.
- To increase the number of enquires resolved at the first point of contact and reduce avoidable contacts / personal visits, call waiting times and abandonment rates.
- To increase productivity and efficiency by releasing staff from simple, repetitive tasks to answer a greater number and variety of complex / urgent written and telephone enquiries - particularly from vulnerable residents.
- To reduce operational costs.
- To increase capacity within corporate contact centres to take on additional service areas without increasing the number of agents.
- To help improve work processing times.
- To ensure that Self Service fits seamlessly within a corporate customer service plan.
- To minimise capital / revenue costs and demands on IT resources
- To minimise disruption, management input and training of operational staff.
- To ensure all new services are fully compatible with current and proposed CRM / DIP / Telephony /Web projects.

#### Outline Business Case – 3 year business plan

Two Options are available; Out of hours and queue busting or Full managed service

#### Out of Hours

This means that Self Service not only provides a full, comprehensive out-of-hours option for customers to help themselves to information and interactive services, but also dramatically cut the Council's abandonment rate by offering an alternative option to waiting in a telephone queue. The queue messages can give the customer the option of either transferring to Self Service or remaining in the queue. Up to 80% of these enquiries can be resolved by this service.

### Full Managed service

This solution offers the maximum business and customer service benefits. All enquiries into the specified department or service area are answered by Self Service 24/7 and up to 80% of these enquiries are resolved within Self Service. The balance of the enquiries can be transferred to either the Council's 24 hour automated payment line ( see AVR) or more complicated enquiries / vulnerable customers can be transferred through to the Customer service team during opening hours. Those callers requiring additional help outside opening hours can leave details and request a call-back.

### Outline Business case

Quotes are based on dealing with 56 000 calls and 5 service areas:

1. Revenues
2. Environmental services
3. Planning
4. Licensing
5. Parking

Out of hours	Year 1	Year 2	Year 3
Set up fees	21 650	0	0
Management of servers, lines and updates	19 677	19677	19 677
Call transfer	252	252	252
Transcriptions	420	420	420
Annual discount	0	- 1 968	-3 935

Total	41 999	18 381	16 414
Full Managed service	Year 1	Year 2	Year 3
Set up fees	21 650	0	0
Management of servers, lines and updates	26 236	26 236	26 236
E-mail facility	Free of charge	Free of charge	Free of charge
£34k separate module			
Call transfer	840	840	840
Transcriptions	1400	1400	1400
Annual discount	0	- 2 624	-5 247
Total	50 126	25 852	23 229

Fees are payable annually in advance to maximise the discounts offered and fix the ongoing revenue costs throughout the three year period.

Case studies have shown a 70% reduction in call handling and as such potential savings over a three year period would be significant particularly as the ongoing costs have been fixed. However even on a lower % rate, savings are still reasonable

Service	70% reduction in calls	Savings Year 1 (£26 161)	50% reduction in calls	Savings Year 1 (£26 161)	30% reduction in calls	Savings Year 1 (£26 161)
Out of Hours (16 800 calls)	2.5 FTE	£65 402	1.25 FTE	£32 701	0.75 FTE	£19 620
Full managed	4.5 FTE	£117 724	3.25 FTE	£85 023	2.00 FTE	£52 322

service (56 000 calls)					
Service	3 year cost	70% call handling savings	50% call handling savings	30% call handling savings	
Out of Hours	76 794	196 206	98 103	58 860	
Full managed service	99 207	353 172	255 069	156 966	

Even based on a modest 30% call reduction, savings are to be made and over the three year period, this percentage would grow as customers and services became familiar with the automation.

#### **4. Contact Relationship Management System (CRM)**

The Council currently uses Civica contact management system which is used to capture contact details from the public.

However, it does not integrate easily with back office systems and whilst it works well within Revenues and Benefits and to some extent Planning due to the specific Civica modules used in those areas, most other service areas do not use Civica at all. It does not integrate fully with the three services already mentioned and this leads to duplication of work into back-end core systems and it does not integrate with the Council's web system which means it is often difficult for the public to use the web-site in an intuitive way.

Discussions with Capita have taken place regarding their CRM system and members have agreed in principal in 2010 to set aside £160k for a new CRM system and additional project management resource to implement this.

#### **Capita Integration Portal**

The provision of the Integration Portal will seamlessly integrate with the back office Capita Revenues and Benefits systems as well as other corporate systems and will enable Customer Services to provide an even better service to Spelthorne's

residents. Customer Service Officers (CSO's) will be able to respond to a higher volume of telephone calls and face to face enquiries in a more effective, efficient and timely manner as well as integrating with the Council's website to encourage channel shift. The following benefits will be achieved from the introduction the Integration Portal:

- Improved customer service and satisfaction
- Improved response time in answering calls
- Reduces avoidable contact (Performance Indicator NI14)
- Reduced burden on back office staff
- Data integrity maintained
- Negates all double keying by the CSO's
- Minimal training requirements for new starters
- A low maintenance, out of the box solution
- Rapid, cost effective implementation
- Substantial annual savings
- Integration with websites to improve self service
- Improved monitoring of calls – Integration with CRM enables the tracking and monitoring of all enquiries enabling management to identify problems and improve business processes.
- Modular solution – The Portal is provided as a modular solution enabling Authorities to match the Portal with their requirements. As requirements develop over time new modules can be added.

#### Outline Business Case

- 2010/11 – 3112 moves were received via the telephone
- 2010/11 – 3989 moves were received via e-mail
- 2010/11 – 1183 hours were spent rekeying information on Council tax into back office system
- 2010/10 – 0.7 FTE spent on duplication of one service area (£18 312)
- A detailed business case was presented to members in 2010/11 to replace the current CRM system

Currently the Council's website is not interactive and the CRM system will underpin the website to enable customers to use the Council's website in a more transactional way without the need for manual intervention. Savings have been identified in one small area of Council Tax (moves) and if this can be applied to other service areas across the Council, significant savings can be delivered.

### Cost

Currently £160k has been identified for a new CRM plus project management to ensure the project is delivered on time and within budget. Due to length of time that has elapsed since members approved the original business case, other software suppliers have developed CRM systems and whilst Capita will integrate with several of our existing back office systems without the need for complicated interfaces, it may be worth looking at other similar CRM systems to ensure that all back office systems are covered and that the Council receives value for money.

The Integration portal will currently integrate with;

- Revenues
- Benefits
- Payments
- Integra
- Caps (Environmental Health, Building Control, Planning)
- Outlook
- Council's website

This should be our base for comparison for other CRM systems. A project group should be set up to re-evaluate the existing business case and review the current IT market to ensure that Spelthorne can make an informed decision as to the appropriate software to meet the corporate needs of the Council.

L.NORMAN 23.09.11

# Equality Impact Assessment

**Name of Officer:** Linda Norman

**Service/Business Area:**

Customer Services

**Contact Details:**

## 1. What saving is being proposed?

a) Which service area or function do the proposed savings relate to?

Customer Services Strategy

b) What is the purpose, aim and known outcomes of this service or function?

To deliver a cost effective modern service which meets customer and corporate needs through the development and use of appropriate technologies whilst maintaining customer care and statutory responsibilities.

c) Please provide details of the savings that are being proposed.

Approx £200k over 3 year period

## 2. Legal Implications

a) Will the proposed savings affect the Council's statutory duties to:

- promote race equality
- promote equality for disabled people
- promote gender equality
- eliminate discrimination
- provide equality of opportunity
- foster good relations

Yes      No

## 3. What are the negative equality Impacts

Will the proposal have a worse impact on any of the following groups of people than its impact on the population as a whole?

Equality Theme	Negative Impact	No Negative Impact	Comments: What is the impact, please state how it may impact on these themes. Where there is no impact please state why
Race/Ethnicity		X	<p>By reviewing the strategy to improve resilience within the Customer service area and automating processes and encouraging channel shift, efficiencies will be generated and thus ensure more customers can be dealt with at first point of contact.</p> <p>No reduction of direct services is planned but by improving call handling and eliminating duplication more calls can be dealt with at first point of contact to enhance the customer experience to ensure there is no negative impact to the public</p> <p>To address the work/life balance of Spelthorne residents to enable 24/7 service delivery and channel shift</p>
Gender		X	<p>By reviewing the strategy to improve resilience within the Customer service area and automating processes and encouraging channel shift, efficiencies will be generated and thus ensure more customers can be dealt with at first point of contact.</p> <p>No reduction of direct services is planned but by improving call handling and eliminating duplication more calls can be dealt with at first point of contact to enhance the customer experience to ensure there is no negative impact to the public</p> <p>To address the work/life balance of Spelthorne residents to enable 24/7 service delivery and channel shift</p>
Disability		X	<p>By reviewing the strategy to improve resilience within the Customer service area and automating processes and encouraging channel shift, efficiencies will be generated and thus ensure more customers can be dealt with at first point of contact.</p> <p>No reduction of direct services is planned but by improving call handling and eliminating duplication more calls can be dealt with at first point of contact to enhance the customer experience to ensure there is no negative impact to the public</p> <p>To address the work/life balance of Spelthorne residents to enable 24/7 service delivery and channel shift and offer a choice in service delivery</p>
Age		X	<p>By reviewing the strategy to improve resilience within the Customer service area and automating processes and</p>



			<p>encouraging channel shift, efficiencies will be generated and thus ensure more customers can be dealt with at first point of contact.</p> <p>No reduction of direct services is planned but by improving call handling and eliminating duplication more calls can be dealt with at first point of contact to enhance the customer experience to ensure there is no negative impact to the public</p> <p>To address the work/life balance of Spelthorne residents to enable 24/7 service delivery and channel shift and offer a choice in service delivery</p>
Religion or belief		<b>X</b>	<p>By reviewing the strategy to improve resilience within the Customer service area and automating processes and encouraging channel shift, efficiencies will be generated and thus ensure more customers can be dealt with at first point of contact.</p> <p>No reduction of direct services is planned but by improving call handling and eliminating duplication more calls can be dealt with at first point of contact to enhance the customer experience to ensure there is no negative impact to the public</p> <p>To address the work/life balance of Spelthorne residents to enable 24/7 service delivery and channel shift and offer a choice in service delivery</p>
Sexual Orientation		<b>X</b>	<p>By reviewing the strategy to improve resilience within the Customer service area and automating processes and encouraging channel shift, efficiencies will be generated and thus ensure more customers can be dealt with at first point of contact.</p> <p>No reduction of direct services is planned but by improving call handling and eliminating duplication more calls can be dealt with at first point of contact to enhance the customer experience to ensure there is no negative impact to the public</p> <p>To address the work/life balance of Spelthorne residents to enable 24/7 service delivery and channel shift and offer a choice in service delivery</p>
Other: please state Staffing		<b>X</b>	<p>By reviewing the Customer Service strategy to improve resilience within the service area will increase staff motivation as they develop their skills across broader areas of the Council</p>

## 4. How will you mitigate the impact

If you have identified any adverse impacts in section 3 are there any ways in which you could mitigate the impact.

### a) How will you do this?

- Develop a project plan to deliver the improvements to the payment line
- Develop a project plan to deliver the out of hours and queue busting telephony system
- Develop a project plan to review and deliver a Contact Relationship Management system
- Ensure strategy is published on the website and issued to all stakeholders in a consistent manner and at the same time.
- Feed strategy into Service plans and team targets.

### b) Who will do it, and

Head of Customer Services  
Customer Services Technical & Support Manager  
Project Manager for CRM

### c) What are the resource implications?

An external resource will be required to Project Manager the new CRM system but this has been factored into the previous business case for the CRM system.  
Senior officer time will be required to manage the smaller projects

## 5. Who have you consulted and how as they feedback been included

As the strategy has been updated from 2009-2012 to include the recent Customer Service review, minimal consultation has taken place;

Customer Services  
Councillor Evans  
Management Team

**Please ensure the documentation is published on the intranet and website.**

## **Update on St Martin's Court Hall**

**Cabinet: 13 December 2011**

**Resolution required**

**Joint Report of the Assistant Chief Executives**

### **REPORT SUMMARY**

#### **How does the content of this report improve the quality of life of Borough Residents**

Village halls provide a place for the community to meet and participate in activities.

#### **Purpose of Report**

To update Cabinet on the outcome of the negotiations and subsequent agreement for the lease of St Martin's Court Hall to The Kings Church (Staines).

#### **Key Issues**

- The Kings Church are spending substantial funds to improve St Martin's Court Hall for the benefit of the Council and the Community (around £70,000 in the first year).
- Amendment required to the Cabinet decision on 23 November 2010 in relation to the lease.

#### **Financial Implications**

The Kings Church will be spending around £70,000 on improving St Martin's Court Hall. The Council will be receiving an annual payment of £17,500 for the facility, as agreed at Cabinet on 23 November 2010.

#### **Corporate Priority**

1. A Safer Spelthorne, 3.Supporting Younger People, 4. Help for Older People in Need.

#### **Officer Recommendations**

The Cabinet is asked to give retrospective approval to completion of the lease notwithstanding a minor discrepancy with the terms of the Cabinet decision on 23 November 2010, namely that the break clause after two years and at any time afterwards on six months notice is for the tenant's benefit only.

**Report Author:** Liz Borthwick, Assistant Chief Executive, 01784 446376.  
Dave Phillips, Head of Asset Management, 01784 446424.

**Cabinet member:** Councillor Frank Ayers

## **Update on re-letting of St Martin's Court Hall**

### **1. BACKGROUND**

- 1.1 It was agreed at Cabinet on 23 November 2010 to award a full repairing lease for fifteen years to The Kings Community Church for an annual sum of £17,500 per annum. The previous lease was £16,000 per annum and prior to this the cost of the Council running the facility was in the region of £20,000 per annum.
- 1.2 The rent will be reviewed every five years, upward increases only.
- 1.3 It was agreed that The King's Church would have a full repairing lease and the length of lease would be 15 years.
- 1.4 The facility is located in the centre of sheltered housing (managed by A2D) and the hall has a warden's flat above the hall (a flying freehold), therefore any redevelopment of the site would be very difficult.
- 1.5 The Church will use the site as a place of worship but of value to the Council and the Community is that they are wanting to provide a range of community activities such as –
  - Mothers and Toddler group
  - Older people lunches
  - Drop in sessions for the community

Within the lease the Church is allowed to higher the facility to other community organisations.

### **2. KEY ISSUES**

- 2.1 The agreed recommendation was that the terms of the lease would include a break clause whereby after two years of the term or at any time afterwards on six months notice either party could end the lease.
- 2.2 At the Cabinet meeting it was agreed that a rent deposit bond should be included, which it has been and has been paid.
- 2.3 It has taken nearly a year to conclude legal arrangements due to a thorough site survey carried out by The Kings Church and to conclude legal arrangements.
- 2.4 What has been identified from the original negotiations is that the break clause is an option for the tenant only. The rationale as to why this was agreed is that the Church are spending substantial monies on improving the facility for the benefit of the community and the Council. To enable it to commit to that expenditure the Church needs the security that as long as it complies with its obligations the lease cannot be brought to an end by the Council before the expiry of the 15 year term.

### **3. OPTIONS ANALYSIS**

- 3.1 Following discussions at the Asset Management Group, the Portfolio Holder agreed that the lease could proceed on this basis as he was satisfied that the Council did not need to reserve a right to end this lease earlier than the 15 years agreed with the Church. The lease contains the usual forfeiture clause which will enable the Council to take steps to regain possession if at any time the tenant deviates from the conditions of the lease.

#### **4. PROPOSALS**

- 4.1 To give retrospective approval of completion of the lease as detailed in the Officer's recommendation.

#### **5. FINANCIAL IMPLICATIONS**

- 5.1 The Council will receive a rent of £17,500 per annum and the Church are spending an initial £70,000 on improving the facility.

#### **6. LEGAL IMPLICATIONS / OTHER CONSIDERATIONS**

- 6.1 Legal Services have been involved in preparing the lease.

#### **Report Author:**

Liz Borthwick, Assistant Chief Executive  
Dave Phillips, Head of Asset Management

#### **Background Papers:**

Cabinet Report November 2010.



**Dog Control Order – Key Decision**  
**Cabinet: 13 December 2011**  
**Recommendation required**  
**Report of the Assistant Chief Executive**

**How does the content of this report improve the quality of life of Borough residents**

Evidence in the form of complaints suggests that dog fouling in public parks and on the public highway has been increasing within the borough for some time. Enforcement and fines could reduce this and make these places more pleasant for residents.

**Purpose of report**

This report is to report on the responses to the consultation previously approved by Cabinet. To ask Cabinet to give permission to make Dog Control Orders for playgrounds, parks and roads within Spelthorne.

**Key issues**

- Dog fouling in parks and on pavements has increased with some owners not willing to remove and dispose in the dog bins provided.
- the public are complaining about this issue and there is an expectation that Streetscene can impose “on the spot” fines which is currently not the case. The Dog Control Order will enable this to happen.

**Financial implications**

Officer time in preparation of new Orders and increase in time for enforcement officers. Possible small increase in revenue from fines.

**Corporate Priority 5. A Cleaner and Greener Environment**

**Officer recommendations**

**The Cabinet is asked to recommend to Council:**

- (a) Proceed to make the Dog Control Orders attached at Appendix 2 & 3**
- (b) Delegate authority to the Head of Corporate Governance to publish notices in the newspapers as required by regulations.**
- (c) Delegate authority to the Head of Corporate Governance to deal with all consultation responses.**
- (d) Adopt Fixed Penalty Notices for the Dog Control Orders with the Penalty being £75 or reduced to £50 if paid within 14 days.**
- (e) Delegate authority to the Head of StreetScene to issue Fixed Penalty Notices for breaches of the Dog Control Orders.**

**Report authors:**

**Catherine Munro, Open Spaces Sustainability Manager, 01784 444235**

**Steve Connor, Neighbourhood Manager, 01784 446339**

**Michael Graham, Head of Corporate Governance, 01784 446227**

**Area of responsibility: Liz Borthwick 01784 446376**

**Cabinet member: Councillor Penny Forbes-Forsyth**

## MAIN REPORT

### 1. Background

- 1.1 In 2009, the Parks Byelaws were updated and amended to reflect the use and management of our parks and open spaces. These were approved by the Secretary of State.
- 1.2 The updated byelaws cannot make provision for control of dog fouling in parks because this is a matter which is dealt with by the general law, in particular the Clean Neighbourhoods and Environment Act 2005. Under this legislation, if the Council wishes to control dog fouling within its area then it must elect to make a Dog Control Order. Thereafter the Council can proceed to enforce by way of fixed penalty notices.
- 1.3 Streetscene have trained and experienced enforcement officers that can issue fixed penalty notices if the Council has the correct order in place.
- 1.4 A Dog Control Order can be made in respect of any land which is open to the air and to which the public are entitled or permitted to have access (with or without payment).

### 2. Key issues

- 2.1 There is no reliable source of evidence for the extent of dog fouling within the borough. However over 50 reports have been received in January - March regarding dog fouling on pavements, highways and in parks indicating that there is still a serious problem in some parks and areas of the borough even though there has been a gradual culture change in society in general which sees dog mess on the streets and in parks as unacceptable. There is a problem when dog walkers refuse to pick up the mess left by their dog, both in parks and on public highway. This has been the cause of complaints to Streetscene and in the last year we estimate that we have received more than 100 complaints.
- 2.2 This results in dissatisfaction with the cleanliness of some of our parks as the perception is that the Council is not maintaining them to a high enough standard.
- 2.3 In the Spring Bulletin, Streetscene have asked park users and residents to provide feedback, if they feel that dog mess is a problem. This may result in a higher level of complaints confirming the view that there are still a number of dog owners who do not wish to clear up after their dog. It is this group that should be the focus of any increased level or concentration of enforcement resources.
- 2.4 A Dog Control Order may include provisions on the following issues:
  - (a) Failing to remove faeces.
  - (b) Not keeping a dog on a lead.
  - (c) Not putting a dog on a lead under direction.
  - (d) Permitting a dog to enter land from which it is excluded.
  - (e) Taking more dogs onto land than is specified.
- 2.5 It should be noted that the Council is not entitled to use (d) above to exclude a dog from any "road" (which has a slightly wider definition than just a highway to include other private roads and footpaths).
- 2.6 There are defences in all Dog Control Orders of:



- (a) Having a reasonable excuse for failing to comply with an order; or
  - (b) Acting with the consent of the owner or occupier of the land, or of any other person or authority which has control of the land.
- 2.7 Regulations state that being unaware of a dog's defecation, or not having a device or other suitable means of removing the faeces is not a reasonable excuse for failing to comply with the order.
- 2.8 From the complaints received, we considered that there were two main issues for Spelthorne which were:
- (a) Failing to remove faeces – particularly in parks and on pavements.
  - (b) Permitting a dog to enter land from which it is excluded – and these excluded areas were the fenced children's playgrounds in our parks which have always had signs asking people not to bring dogs into that fenced section of the park.
- 2.9 In March 2011, Cabinet gave consent for the Open Spaces & Sustainability Manager to go out to informal consultation regarding the implementation of Dog Control Orders which would cover those two aspects only.
- 2.10 The results of the consultation (**Appendix 1**) were all in favour of the Order, including the Kennel Club.

### **3. Options analysis**

- 3.1 **Option 1** – to implement the Dog Control Orders (**Appendices 2 &3**) and enforce them via the Council's Streetscene Enforcement Officers.
- 3.2 **Option 2** – Not to proceed with the Orders as planned.

### **4. Proposals**

- 4.1 The proposal is that Cabinet approves the implementation of Dog Control Orders to cover Spelthorne's parks and roads.
- 4.2 It will cover:
- (a) No dog fouling on any road (which has a wider definition than just the highway) and in any of our parks. Dog faeces will have to be removed by owners.
  - (b) Dogs will be excluded from the fenced children's play areas.
- 4.3 Refusal or failure of the above will result in a Fixed Penalty Notice from a Streetscene Enforcement Officer or prosecution. It is proposed that the Council adopts Fixed Penalty Notices for enforcement.
- 4.4 Section 59 of the Clean Neighbourhoods and Environment Act 2005 allows the Council to issue Fixed Penalty Notices for offences under a Dog Control Order. The amounts of the fines are fixed by section 60 of the same Act. The default penalty is £75 or reduced to £50 if paid within 14 days. There is discretion for the Council to raise or lower the amounts but the first sum must be between £50 and £80 and the second sum must not be lower than £50.
- 4.5 If the Council decides not to proceed to issue Fixed Penalty Notices then it can choose to prosecute in the Magistrates' Court where the maximum fine is level 3 on the standard scale (£1,000). This option would be available for persistent offenders even if the Council decided to adopt Fixed Penalty Notices.

4.6 Note that the receipts of Fixed Penalty Notices must be used for the authority's functions on dealing with litter, fly-posting, graffiti and dog control.

## **5. Benefits and sustainability**

5.1 It is to be hoped that there would be an improvement in the cleanliness of our parks and streets if the Dog Control Orders were introduced leading to an increase in satisfaction with parks, open spaces and street cleansing for residents.

## **6. Financial implications**

6.1 There would be no resource increase for Streetscene officers who will be enforcing on existing rounds and patrols.

6.2 There is the possibility of a small increase in revenue depending on the number of notices issued for non compliance.

## **7. Legal implications/other considerations**

7.1 These are dealt with in the main body of the report. Please note that an Equality Impact Assessment has been completed for this proposal which does not reveal any implications for the implementation as described in this paper. It can be seen from the draft orders that various provisions are encapsulated within them to deal with guide dogs etc.

## **8. Risks and how they will be mitigated**

8.1 None apparent.

## **9. Timetable for implementation**

9.1 If Cabinet and Council approval is granted, the implementation and enforcement of the Dog Control Orders will proceed as follows:

- (a) Council 15 December 2011.
- (b) Formal consultation notice in paper: 5 January (ends 2 February) 2012.
- (c) Deal with consultation responses by delegation
- (d) Publish Notice of making the Orders – 16 February 2012.
- (e) Start of Orders 1 March 2012.

### **Background papers:**

Dog Control Consultation Paper

Names and addresses of consultees

## Appendix 1

### Dog Control Order Consultation - June 2011

Date rec'd	Name	Address (private address info is not for public view)	For or against?
23-May	Mr Stephen Bishop	By email	For
23-May	Spencer Taylor	Northlands Residents Assoc	For
25-May	N B Greaves	By email	For
26-May	Jeanette Chisnall	By email	For
05-Jun	Clifford Travis	By email	For
07-Jun	Carol Prouse	Sunbury	For
07-Jun	Frank Barrado	By email	For
07-Jun	Mrs Coles	Ashford	For
08-Jun	Bob Carter	Treasurer Laleham Rec	For
09-Jun	Mrs McColy	By phone	For
09-Jun	Ron Corbett	Sunbury	For
14-Jun	Carol Sullivan	By phone	For
13-Jun	Catherine Hamilton	By email	
13-Jun	Paul Thompson	By email	For
22-Jun	John Hirsh	LOSRA	For
17-Jun	Kennel Club	Denisa Delic, Public Affairs Officer, 1-5 Clarges Street, London, W1J 8AB	For



**Spelthorne Borough Council**

**Clean Neighbourhoods and Environment Act 2005**

**Dog Control Orders (Prescribed Offences and Penalties etc) Regulations  
2006 (S.I.2006/1059)**

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**Spelthorne Borough Council (Fouling of Land by Dogs) (General) Order  
2012**

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Spelthorne Borough Council hereby makes the following Order:

1. This Order comes into force on 1 March 2012.
2. This Order applies to the land specified in the Schedule.

**Offence**

3. (1) If a dog defecates at any time on land to which this Order applies and a person who is in charge of the dog at that time fails to remove the faeces from the land forthwith, that person shall be guilty of an offence unless:
  - (a) he has a reasonable excuse for failing to do so; or
  - (b) the owner, occupier or other person or authority having control of the land has consented (generally or specifically) to his failing to do so.
- (2) Nothing in this article applies to a person who:
  - (a) is registered as a blind person in a register compiled under section 29 of the National Assistance Act 1948; or
  - (b) has a disability which affects his mobility, manual dexterity, physical co-ordination or ability to lift, carry or otherwise move everyday objects, in respect of a dog trained by a prescribed charity and upon which he relies for assistance.

(3) For the purposes of this article:

- (a) a person who habitually has a dog in his possession shall be taken to be in charge of the dog at any time unless at that time some other person is in charge of the dog;
- (b) placing the faeces in a receptacle on the land which is provided for the purpose, or for the disposal of waste, shall be a sufficient removal from the land;
- (c) being unaware of the defecation (whether by reason of not being in the vicinity or otherwise), or not having a device for or other suitable means of removing the faeces shall not be a reasonable excuse for failing to remove the faeces;
- (d) each of the following is a "prescribed charity":
  - (i) Dogs for the Disabled (registered charity number 700454);
  - (ii) Support Dogs (registered charity number 1088281);
  - (iii) Canine Partners for Independence (registered charity number 803680).

### **Penalty**

4. A person who is guilty of an offence under article 3 shall be liable on summary conviction to a fine not exceeding level 3 on the standard scale.

Dated: 15 December 2011

The common seal of Spelthorne  
Borough Council was  
hereunto affixed in the presence of:

Michael Graham  
Head of Corporate Governance

## **Schedule**

### **Part 1 – Roads, pavements, etc**

All roads, pavements and grass verges in the administrative area of the Borough of Spelthorne whether adopted or not as highways under the Highways Acts.

## **Part 2 – Recreation Grounds**

### **Recreation grounds governed by section 164 of the Public Health Act 1875**

Alexandra Road Recreation Ground – Sunbury  
Ashby Recreation Ground – Staines  
Ashford Recreation Ground  
Bishop Duppas Park – Shepperton  
Cedars Recreation Ground – Sunbury  
Echelford Recreation Ground – Ashford  
Feltham Hill Road Recreation Ground – Sunbury  
Fordbridge Park – Ashford  
Greenfield Recreation Ground – Laleham  
Groveley Recreation Ground – Sunbury  
Halliford Park – Shepperton  
Kenyngton Manor – Sunbury  
Laleham Park and Riverside Lands  
Littleton Recreation Ground  
Long Lane Recreation Ground – Stanwell  
Manor Park – Shepperton  
Memorial Gardens – Staines  
Old Bathing Field – Sunbury  
Poyle Children’s Recreation Ground  
River Ash Walk – Shepperton  
Rivermead Island  
Scott Freeman Gardens – Ashford  
Shepperton Recreation Ground  
Shrublands Recreation Ground – Ashford  
Splash Meadow – Shepperton  
Stanwell Moor Recreation Ground  
Stanwell Recreation Ground  
Staines Park  
Staines Riverside Walk  
Sunbury Park  
Swans Rest and Foreshore  
Town Lane Recreation Ground – Stanwell  
Victoria Jubilee Gardens – Staines  
Village Park – Stanwell  
Woodthorpe Recreation Ground – Ashford

## **Part 3 – Open Spaces**

### **Recreation grounds governed by section 15 of the Open Spaces Act 1906**

Brickle Green – Sunbury  
Flower Pot Green – Sunbury  
Kenyngton Manor Recreation Ground – Sunbury

Littleton Green – Shepperton  
Lower Halliford Green – Shepperton  
Moormede Park – Staines  
Russell Road Greens – Shepperton  
Stanwell Village Green  
Towing Path Greens – Shepperton  
Upper Halliford Green – Shepperton  
Windmill Green – Shepperton

#### **Part 4 – Open Spaces**

##### **Recreation grounds governed by sections 12 and 15 of the Open Spaces Act 1906**

Bishop Duppas Park – Shepperton  
Echelford Recreation Ground – Ashford  
Fordbridge Park – Ashford  
Hengrove Park – Ashford  
Kingslawn and Church Wharf – Sunbury  
Littleton Recreation Ground – Sunbury  
Rivermead Island – Sunbury  
Riverside Land – Ashford  
Stanwell Churchyard  
Studios Walk - Shepperton



**Spelthorne Borough Council**

**Clean Neighbourhoods and Environment Act 2005**

**Dog Control Orders (Prescribed Offences and Penalties etc) Regulations  
2006 (S.I.2006/1059)**

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**Spelthorne Borough Council (Dogs Exclusion) (General) Order 2012**

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Spelthorne Borough Council hereby makes the following Order:

1. This Order comes into force on 1 March 2012.
2. This Order applies to the land specified in the Schedule.

**Offence**

3. (1) A person in charge of a dog shall be guilty of an offence if, at any time, he takes the dog onto, or permits the dog to enter or to remain on, any land to which this Order applies unless:
  - (a) he has a reasonable excuse for doing so; or
  - (b) the owner, occupier or other person or authority having control of the land has consented (generally or specifically) to his doing so.
- (2) Nothing in this article applies to a person who:
  - (a) is registered as a blind person in a register compiled under section 29 of the National Assistance Act 1948; or
  - (b) is deaf, in respect of a dog trained by Hearing Dogs for Deaf People (registered charity number 293358) and upon which he relies for assistance; or
  - (c) has a disability which affects his mobility, manual dexterity, physical co-ordination or ability to lift, carry or otherwise move everyday objects, in respect of a dog trained by a prescribed charity and upon which he relies for assistance.



- (3) For the purposes of this article:
- (a) a person who habitually has a dog in his possession shall be taken to be in charge of the dog at any time unless at that time some other person is in charge of the dog; and
  - (b) each of the following is a “prescribed charity”:
    - (i) Dogs for the Disabled (registered charity number 700454);
    - (ii) Support Dogs (registered charity number 1088281);
    - (iii) Canine Partners for Independence (registered charity number 803680).

**Penalty**

4. A person who is guilty of an offence under article 3 shall be liable on summary conviction to a fine not exceeding level 3 on the standard scale.

Dated: 15 December 2011

The common seal of Spelthorne  
Borough Council was  
hereunto affixed in the presence of:

Michael Graham  
Head of Corporate Governance

## Schedule

### Part 1

Recreation grounds governed by section 164 of the Public Health Act 1875

Area	Extent of the area subject to restriction
Alexandra Road Recreation Ground – Sunbury	Fenced play area
Ashby Recreation Ground – Staines	Fenced play area Fenced sprayground Tennis courts
Ashford Recreation Ground	Fenced play area Tennis courts
Bishop Duppas Park – Shepperton	Fenced play area Tennis courts
Cedars Recreation Ground – Sunbury	Fenced play areas Tennis courts
Echelford Recreation Ground – Ashford	None
Feltham Hill Road Recreation Ground – Sunbury	Fenced play area
Fordbridge Park – Ashford	Tennis courts
Greenfield Recreation Ground – Laleham	Fenced play area
Groveley Recreation Ground – Sunbury	Fenced play area
Halliford Park – Shepperton	Fenced play area
Kenyngton Manor – Sunbury	Multi use games areas/fenced ball courts
Laleham Park and Riverside Lands	Fenced play area
Littleton Recreation Ground	Fenced play area Multi use games area
Long Lane Recreation Ground – Stanwell	Fenced play area Fenced ball court
Manor Park – Shepperton	None
Memorial Gardens – Staines	None
Old Bathing Field – Sunbury	Fenced play area

Poyle Children's Recreation Ground	None
River Ash Walk – Shepperton	None
Rivermead Island	None
Scott Freeman Gardens – Ashford	None
Shepperton Recreation Ground	Fenced play area
Shrublands Recreation Ground – Ashford	None
Splash Meadow – Shepperton	None
Stanwell Moor Recreation Ground	Fenced toddler play area Multi use games court
Stanwell Recreation Ground	Fenced play area Tennis courts
Staines Park	Fenced play area Tennis courts
Staines Riverside Walk	None
Sunbury Park	None
Swans Rest and Foreshore	None
Town Lane Recreation Ground – Stanwell	None
Victoria Jubilee Gardens – Staines	None
Village Park – Stanwell	Fenced play area
Woodthorpe Recreation Ground – Ashford	Fenced play area

## Part 2

Recreation grounds governed by section 15 of the Open Spaces Act 1906

<b>Area</b>	<b>Extent of the area subject to restriction</b>
Brickle Green – Sunbury	None
Flower Pot Green – Sunbury	None
Kenyngton Manor Recreation Ground – Sunbury	Multi use games areas/fenced ball courts
Littleton Green – Shepperton	None
Lower Halliford Green – Shepperton	None
Moormede Park – Staines	Fenced play area
Russell Road Greens – Shepperton	None

Stanwell Village Green	None
Towing Path Greens – Shepperton	None
Upper Halliford Green – Shepperton	None
Windmill Green – Shepperton	None

Part 3

Recreation grounds governed by sections 12 and 15 of the Open Spaces Act, 1906

<b>Area</b>	<b>Extent of the area subject to restriction</b>
Bishop Duppas Park – Shepperton	Fenced play area Tennis courts
Echelford Recreation Ground – Ashford	None
Fordbridge Park – Ashford	Tennis courts
Hengrove Park – Ashford	Fenced children play areas Multi use games area
Kingslawn and Church Wharf – Sunbury	None
Littleton Recreation Ground – Sunbury	None
Rivermead Island – Sunbury	None
Riverside Land – Ashford	None
Stanwell Churchyard	None
Studios Walk - Shepperton	Fenced play area



**Queen Elizabeth II Fields Challenge**  
**Cabinet: 13 December 2011**  
**Resolution required**  
**Report of the Assistant Chief Executive**  
**REPORT SUMMARY**

**How does the content of this report improve the quality of life of Borough Residents**

The Queen Elizabeth II Field project is an opportunity for the residents of Spelthorne to be part of a high profile national campaign which will mark the Queens Diamond Jubilee and also the London 2012 Olympics. The project will undoubtedly raise the profile of the parks and open spaces within Spelthorne and will hopefully encourage members of the public to make use of them.

It is hoped that there will be access to external funding, which is restricted to Queen Elizabeth II Fields, which may mean that further improvement can be made to parks. This could therefore improve facilities for local residents.

**Purpose of Report**

- To provide information about the Queen Elizabeth II Field challenge in order that cabinet can make a decision as to whether the council should designate one or more park or open space for QEII field status.
- To provide a list of proposed parks or open spaces that may be suitable for designation as a QEII playing field.

**Key Issues**

- To make a decision to designate one or more parks or open spaces or to decide not proceed.
- If proceeding – make a decision to nominate one or more parks or open spaces for designation as QEII playing fields.

**Financial Implications**

- There is no cost to the council, but there will be a cost associated with the staff time spent on this project. There is a possibility that there could be long term cost implications if a future development was prevented.

**Corporate Priority. A Cleaner and Greener Environment**

**Officer Recommendations**

**That the Cabinet approves the following parks for nomination as Queen Elizabeth II Fields in Trust:-**

**Orchard Meadow in Sunbury**  
**Stanwell New Start open space**

**Report Author: Lisa Stonehouse, Leisure Services Manager, 01784 446431**  
**Area of Responsibility: Liz Borthwick, Assistant Chief Executive, 01784 446376**  
**Cabinet member: Councillor Penny Forbes-Forsyth.**

## MAIN REPORT

### 1. BACKGROUND

- 1.1 The Queen Elizabeth II Fields Challenge is a UK wide programme to celebrate the Diamond Jubilee and the London Olympics. The aim is to permanently protect 2012 outdoor recreational spaces by 2012. Local Authorities have been invited by Fields in Trust to nominate outdoor recreational spaces to be protected as Queen Elizabeth II fields. Local Authorities can select one or more areas that they would like to designate as Queen Elizabeth II Fields. A variety of parks or open spaces can be eligible for instance the riverside in Kingston has been nominated, along with Claremont Gardens in Surbiton. Fields in Trust are planning a mass participation event 'Have a Field Day' on the spaces in June 2012. The Duke of Cambridge is the patron of Fields in Trust.
- 1.2 The project will undoubtedly raise the profile of the parks and open spaces within Spelthorne and will hopefully encourage members of the public to make use of them.
- 1.3 It is hoped that there will be access to external funding, which is restricted to Queen Elizabeth II fields, which may mean that further improvement can be made to parks, therefore improving the facilities for local residents.
- 1.4 Groveley Park in Sunbury Common was nominated as a King George V playing field many years ago. The King George's Fields Foundation was set up as a national scheme in March 1936 to commemorate the death of King George V.

### 2. KEY ISSUES

- 2.1 Cabinet needs to make a decision regarding whether a park or open space should be as a designated as a Queen Elizabeth II field.
- 2.2 If a decision is made to proceed. One or more parks or open spaces can be designated. The draft deed of dedication documents are provided by Fields in Trust (Appendix 1).
- 2.3 The possible options for designation are as follows:  
Sunbury – Orchard Meadow  
Stanwell – Stanwell New Start open space
- 2.3 There is a possibility of nominating alternative parks and open spaces. It is also possible to nominate a section of a park where there are several distinct areas of a park.
- 2.4 The Queen Elizabeth II status protects the park or open space for the use as specified in the legal paperwork. This does not necessarily restrict further development within the park if this is in keeping with the specified use, however there are other limitations on the use of the park in the future. These are explained below under legal implications.

### 3. OPTIONS ANALYSIS

- 3.1 **Option 1** - To make a decision to designate one or more parks or open space from the following options:  
Sunbury – Orchard Meadow  
Stanwell – Stanwell New Start open space

This would ensure that Spelthorne part of a high profile national campaign which will mark the Queens Diamond Jubilee and also the London 2012 Olympics. The project will undoubtedly raise the profile of the parks and open spaces within Spelthorne and will hopefully encourage members of the public to make use of them.

The open spaces listed above are a mixture of parks with sports pitches, recreation grounds and open spaces. The aim of the scheme is to purely protect open space.

- 3.2 **Option 2** - To make a decision not to proceed with the designation of a park or open space as a QEII playing field. This would mean that Spelthorne would not be part of the high profile national campaign and may receive some negative publicity as a result. There would be a saving regarding officer time and no risks regarding any proposed long term development within parks.

#### **4. PROPOSALS**

Option 1 is being proposed as this would ensure that Spelthorne part of a high profile national campaign which will mark the Queens Diamond Jubilee and also the London 2012 Olympics. The project will undoubtedly raise the profile of the parks and open spaces within Spelthorne and will hopefully encourage members of the public to make use of them.

#### **5. BENEFITS AND SUSTAINABILITY**

- 5.1 As discussed above.

#### **6. FINANCIAL IMPLICATIONS**

- 6.1 There is no direct cost to the council, but there will be a small cost associated with the staff time spent on this within Leisure Services and Legal Services. There will be a small cost for erecting the signs. The signs are provided free of charge. There is a possibility that there could be long term cost implications if a future development was prevented.

#### **7. LEGAL IMPLICATIONS / OTHER CONSIDERATIONS**

- 7.1 The draft legal document with annotation is provided by Fields in Trust (Appendix 1).
- 7.2 The Head of Corporate Governance advises that Members need to be aware of the long term implications of this scheme before making any decision to dedicate fields as outlined in this report. The Council will restrict its future decisions of the about the disposal and use of the site. Should the Council have plans in the future for the development of such a site then it would be constrained as to the actions it would be able to take. Notwithstanding the laudable objectives of this Diamond Jubilee project, this may not be in the wider interests of this borough. Fields in Trust representatives have however informed us that they are willing to work closely with the borough to provide guidance and advice to ensure that the nominations are considered carefully to avoid future restriction. The Corporate Governance and Asset Management teams will be included in these meetings.



- 7.3 Clause 4.1 is the main restriction. If Fields in Trust (FIT) were to allow future development on the chosen site the Council would have to:
- replace the property with a piece of freehold land approved by FIT which is of equivalent or better quality than the property with equivalent or better facilities than the property of the same or greater dimensions than the Property in the same catchment area as the Property and as accessible to the public as the property and applies the proceeds of any sale as are necessary to do so and to dedicate the replacement site on the same terms.
- 7.4 FIT state that they will take account of potential future change by guaranteeing flexibility in terms of specific location provided the specified criteria are met. They also state that it will not unreasonably withhold consent to disposal of the Property or the erection of any structures upon it, subject to its duty to perform its charitable objects and provided that the provisions of clause 4 of deed were complied with.
- 7.5 In a small urban borough like Spelthorne this is likely to be extremely difficult to achieve. Essentially it could mean that the chosen land is taken out of development potential for all time. To illustrate the consequences of such action, if the Open Space around Stanwell and Explorer Avenue had been dedicated as a King George Field then it would have been almost impossible to have undertaken the Stanwell New Start development. If an Open Space is dedicated now as a QEII field and happens to be in an area where the Council would wish to consider a similar approach to development (phased development, decanting, use of open space to replace it in a different way at the end of the project) then it could be severely restricted. Field in Trust would be able to provide further guidance and advice on this issue.

## **8. RISKS AND HOW THEY WILL BE MITIGATED**

- 8.1 Discussed above.

## **9. TIMETABLE FOR IMPLEMENTATION**

- 9.1 If a decision is made to go ahead the process to nominate a field or open space could start straight away in order that it is approved as soon as possible in 2012.

**Report Author: Lisa Stonehouse, Leisure Services Manager 01784 446431**

### **Background Papers:**

Annotated non-charitable deed of dedication draft document from fields in trust (Appendix 1)