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Our Ref: PGH/Cabinet  
Date: 4 July 2014

## Notice of Meeting

### CABINET

**Date:** Tuesday 15 July 2014

**Time:** 19.00hrs

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

<b>Members of the Cabinet</b>	<b>Cabinet member areas of responsibility</b>
R.L. Watts (Chairman)	Leader of the Council, Strategy and Human Resources
P. Forbes-Forsyth (Vice-Chairman)	Deputy Leader, Community Safety, Young People, Leisure and Culture
T.J.M. Evans	Finance
N. St. J. Gething	Economic Development and Fixed Assets
V. J. Leighton	Planning and Corporate Development
A. J. Mitchell	Environment (including Parks and Waste Management)
D. Patel	Parking services and ICT
J. M. Pinkerton OBE	Housing, Health, Wellbeing and Independent Living
J. R. Sexton	Communications and Procurement



## AGENDA

Description	Page Number
<b>1. Apologies for absence</b>	
To receive any apologies for non-attendance.	
<b>2. Minutes</b>	
To confirm the minutes of the meeting held on 24 June 2014.	1 - 7
<b>3. Disclosures of Interest</b>	
To receive any disclosures of interest from members in accordance with the Council's Code of Conduct for members.	
<b>4. Replacement payment system for Elmsleigh surface and multi-storey car parks - Key Decision</b>	
Councillor Patel	8 - 13
<b>5. Leisure Centre Needs Analysis</b>	
Councillor Forbes-Forsyth	14 - 17
<b>6. Developing a Housing Strategy for Spelthome BC</b>	
Councillor Pinkerton OBE	18 - 57
<b>7. Contract for monitoring of calls from the Spelthome Alarm Network (SPAN)</b>	
Councillor Pinkerton OBE	58 - 59
<b>8. Energy Procurement - Laser 2016-2020</b>	
Councillor Mitchell	60 - 66
<b>9. Economic Development LGA update</b>	
Councillor Gething	67 - 107
<b>10. Balliff Contract Review</b>	
Councillor Evans	108 - 111
<b>11. Review of Discretionary Compensation Policy</b>	
Councillor Watts	112 - 127
<b>12. Leader's Announcements</b>	
Councillor Watts	

**13. Issues for future meetings**

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

**14. Urgent Items**

To consider any items which the Chairman considers as urgent.

## **Minutes of Cabinet**

**24 June 2014**

### **Present:**

Councillor R.L. Watts, Leader of the Council, Chairman of the Cabinet and Cabinet Member for Strategy and Human Resources  
Councillor P. Forbes-Forsyth, Deputy Leader and Cabinet Member for Community Safety, Young People, Leisure and Culture  
Councillor T.J.M. Evans, Cabinet Member for Finance  
Councillor N. Gething, Cabinet Member for Economic Development and Fixed Assets  
Councillor V.J. Leighton, Cabinet Member for Planning and Corporate Development  
Councillor J.M. Pinkerton OBE, Cabinet Member for Housing, Health, Wellbeing and Independent Living  
Councillor J. Sexton, Cabinet Member for Communications and Procurement

**Apologies for absence:** Councillor D. Patel, Cabinet Member for Parking services and ICT

**Councillors in attendance:** Councillors I. Beardsmore and F Ayers

### **2065. Minutes**

The minutes of the Cabinet meeting held on 15 April 2014 and the Extraordinary Cabinet meeting held on 12 May 2014 were agreed as correct.

### **2066. Disclosures of Interest**

There were none.

### **2067. Street cleansing vehicles tender – Key Decision**

Cabinet considered a report on a proposal to procure five specialist street cleansing vehicles.

**RESOLVED** that Cabinet:

- Authorises the Head of Streetscene to procure five specialist street cleansing vehicles through a framework agreement for a period of three years commencing in November 2014.
- Delegates the final selection of the vehicles and the contractor to the Head of Streetscene in consultation with the portfolio holder.
- Authorises the Head of Streetscene to continue to use Riverside truck rental to carry out scheduled and unplanned maintenance on all Council owned and leased fleet vehicles.

### **Reason for the decision:**

Cabinet noted the consequences of retaining the current fleet of vehicles which, over a short period of time, will deteriorate and be subject to 'down time' and therefore less working time.

**2068. Sale of land at Kingston Road, Ashford to Surrey County Council – Key Decision**

Cabinet considered a report on a proposal to sell the freehold on the piece of land in Kingston Road, Ashford to Surrey County Council.

Councillors Ayers and Beardsmore spoke against the proposal.

**RESOLVED** that Cabinet authorises the Joint Head of Asset Management, in consultation with the Portfolio Holder, to secure the unconditional sale of the freehold site at Kingston Road, Ashford to Surrey County Council, subject to valuation advice.

**Reason for the decision:**

Cabinet noted that the sale of the land would realise an enhanced capital receipt for the Council.

**2069. Sale of freehold land at Annett Close – Key Decision**

Cabinet considered a report on a proposal to sell the freehold title of a small parcel of land at Annett Close, Upper Halliford to Denton Homes Ltd.

**RESOLVED** that Cabinet agrees to the sale of the freehold title to this small parcel of land to Denton Homes Ltd. for an agreed sum of £165,000.

**Reason for the decision:**

Cabinet noted that the sale of this land to the developers will enable a residential development to go ahead.

**2070. Treasury Management Annual Report 2013-14**

Cabinet considered a report on the treasury management performance during 2013-14.

**RESOLVED** that Cabinet notes the contents of the report.

**2071. Capital Outturn 2013-14**

Cabinet considered a report on the provisional Capital Outturn for 2013-14.

**RESOLVED** that Cabinet notes the contents of the report.

**2072. Revenue Outturn 2013-14**

Cabinet considered a report on the provisional Revenue Outturn for 2013-14.

**RESOLVED** that Cabinet notes the contents of the report.

**2073. Land adjacent to 355 London Road, Staines-upon-Thames**

Cabinet considered a report on a proposal to lease the land adjacent to 355 London Road, Staines-upon-Thames.

**RESOLVED** that Cabinet agrees to accept the tender from Mr Ball in the sum of £10,250 pa for a term of 10 years.

**Reason for the decision:**

Cabinet noted that the site has been lying empty for some years and that letting it will bring in additional income for the Council.

**2074. Legal Services Partnership with Reigate and Banstead Borough Council**

Cabinet considered a report on a proposed partnership project between Spelthorne and Reigate and Banstead's Legal Services.

**RESOLVED** that Cabinet:

- Notes the anticipated benefits of the Council's proposed partnership project for Legal Services.
- Endorses, in principle, the Council's commitment to a Legal Services partnership with Reigate and Banstead BC.
- Delegates authority to the Chief Executive to progress the partnership proposal to a more detailed stage.
- Notes that updates will be provided to Cabinet at a future date when progress has been made on the implementation of the project.

**Reason for the decision:**

Cabinet noted that the proposed partnership arrangements would mean financial savings for the Council and a better quality of service for residents and councillors alike.

**2075. Appointments to Outside Bodies, Surrey County Council Spelthorne Local Committee and Working Groups 2014-15**

Cabinet considered a report on the proposed appointments of representatives to Outside Bodies, Surrey County Council Spelthorne Local Committee and Working Groups 2014-15.

**RESOLVED** that Cabinet appoints representatives to Outside Bodies, Surrey County Council Spelthorne Local Committee and Working Groups 2014-15 as shown in Appendix A of the report.

**2076. Leader's Announcements**

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

Cllr Joanne Sexton gave an interview to Brooklands Radio on Wednesday 18 June and spoke on a range of subjects including why she became a councillor and issues affecting her ward.

The floods which caused such terrible devastation for the Borough earlier in the year were the topic of discussion at the Community Flood Meeting held on the evening of Thursday 5 June at Spelthorne Leisure Centre. The public meeting, the first of its kind to be organised by a Surrey council, involved all the key agencies responsible for managing the flood crisis and recovery effort and was attended by over 800 people.

The Bulletin magazine was delivered to all homes in the Borough between 7-10 June. It includes the rubbish and recycling calendar and articles about the development of Staines-upon-Thames and the new Housing Allocations Policy.

Agreement has been reached to trial the use of pavement stencils as a way of reminding dog owners to clear up mess left by their pets. It involves spraying the pavement where dog mess has been left with a message warning owners that dog fouling can result in a fine. It will be trialled in the Hengrove area of Ashford.

The Food Hygiene Rating Scheme continues to work well in the Borough and many businesses are striving to improve their scores. Ashton Lodge, a nursing home in Sunbury, has recently been given a '5' rating (very good) having previously been rated as '1' (urgent improvement necessary).

Waste tonnages are steadily falling which has resulted in lower processing costs for the Council. Waste has decreased by almost 10% in the three years between 2009/10 and 2012/13 and this decrease has continued in the first three quarters of 2013/14 (figures for Q4 not yet available).

The Neighbourhood Supervisor for Stanwell Moor, Stanwell Village, Stanwell and parts of Ashford has reported some success in dealing with fly tipping. Concrete rings have been placed at the edge of the wooded area of Horton Road (near the junction with Leylands Lane) to deter vehicles from entering and tipping. Using the Community Payback team, litter has also been cleared and regeneration work is taking place to help restore this area of semi-woodland to its former glory.

Spelthorne's Environmental Health team recently worked with Surrey Police and A2 Dominion (A2D) to prevent an illegal rave taking place at an A2D property in Sunbury over the weekend of 17-18 May. Surrey Police received intelligence about the party via social media and Environmental Health served a notice on the party organiser to prevent a likely noise nuisance.

Spelthorne's Environmental Health team received thanks from Sunbury residents when it arranged for fly tipped building rubble, left in a communal garage area, to be removed by the Council's Streetscene team.

Amy Webster of Vernon Court Stanwell pleaded guilty to failing to notify a change of circumstances to Spelthorne Council and the DWP in that she had married in 2011. She received a 12 month conditional discharge and 200 hours community service at Guildford Magistrates Court on 7 May. This was the culmination of months of hard work from the Housing Benefit fraud team and DWP.

Joanne Hodgson of 33 Metcalf Road Ashford pleaded guilty to fraudulently claiming Income Support, Housing Benefit and Council Tax Benefit whilst living with an undeclared partner. She will be sentenced at the Crown Court on 27 June.

The Greeno Day Centre celebrated its 25<sup>th</sup> anniversary on 15 May with an event attended by over 90 local people and the Mayor of Spelthorne.

The Fordbridge Centre organised a railway outing for members on Saturday 14 June to commemorate the 70th anniversary of D-day and the 100th anniversary of World War I.



An illegal gaming machine was seized from a pub in Shepperton on 12 May. By their very nature, illegal gaming machines often fail to comply with Gambling Act licensing objectives which are aimed at ensuring gambling is conducted fairly and openly, protecting children and vulnerable people from being harmed or exploited by gambling, and keeping crime out of gambling.

The Council Tax collection rates (cumulative) up to end of May 2014 were:-

- Council Tax: 26.4% (26.4% in May'13)
- Council Tax Support: 17.5% (15% in May'13)
- Business Rates: 24.39% (23% in May'13)
- 6 hardship claims received - 2 approved

Recycling bank improvements have been completed, with more attractive and easier to use bin housings installed. This is already reducing levels of contamination.

Laleham Park - further public consultation is underway and is happening in libraries across the Borough from 16-24 June. The consultation details will also appear on the website and in the noticeboards until 29 June.

18 out of the 20 possible primary and infant schools are now receiving food waste collections. Food waste roadshows at local schools are on-going and continue to be exceptionally well received. A presentation was also recently given to Carers Support to help carers cut down on food waste. Larger roadshows incorporating both food waste and energy efficiency will be starting this week at local supermarkets.

Working with Action Surrey, the Environment team have installed 99 energy efficiency improvements in homes across Spelthorne. A Joint bid with Action Surrey and Green Deal Communities has also been successful and will provide more than £2m to assist homeowners across Surrey.

Cavity wall and loft insulation will be installed at the Fordbridge and Greeno Day Centres and Shepperton Village Hall.

A contractor has been brought in to enforce mooring restrictions at Ryepeck Meadow and Council owned land in Shepperton. The issue of unauthorised mooring has been a source of concern for some time and this action has been welcomed by many.

Four enforcement notices have been served in relation to unauthorised development on Green Belt land near Gleneagles Close in Stanwell.

Spelthorne Council, as part of the Search Moves group, is inviting all residents who are currently on the Housing Register to re-apply. This will allow the Council to re-assess existing housing applications in line with the new Common Allocations Policy which is due to go live on 21 July. The deadline for re-applications is 14 July.

Leisure Services is entering 28 teams (200 children) for the P&G Surrey Youth Games on 21 and 22 June. The teams were selected from more than 500 applicants who participated in the free coaching programme which ran between April and June.

Leisure Services in partnership with the British Tennis Coaching Academy is holding free coaching sessions at Fordbridge Tennis Courts as part of the Great British Tennis Weekend on 28 and 29 June.

The organisers of the Staines 10K road race are giving £6,000 to local charities.

The Spelthorne Summer Events leaflet compiled by Leisure Services has been distributed throughout the Borough advertising many free or low cost activities such as arts festivals, music events, school fetes and Staines-upon-Thames Day.

Housing Benefits and Leisure Services have worked together to provide vouchers toward the cost of summer holiday play schemes to over 150 Spelthorne families in receipt of benefits.

### **2077. Issues for Future Meetings**

There were none.

### **2078. Urgent items**

There were none.

### **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 27 June 2014***



**Cabinet****15 July 2014**

<b>Title</b>	Replacement payment system for Elmsleigh surface and multi-storey car park		
<b>Purpose of the report</b>	To make a recommendation to Council on a Key Decision		
<b>Report Author</b>	Tomasz Sapinski/Sandy Muirhead		
<b>Cabinet Member</b>	Councillor Daxa Patel	<b>Confidential</b>	No
<b>Corporate Priority</b>	Council Assets		
<b>Cabinet Values</b>	Opportunity and Accountability		
<b>Recommendations</b>	<b>Cabinet is asked to recommend Council to agree to capital funding of an additional £40,000 to allow installation of a replacement payment system for Elmsleigh Multistorey and surface car parks.</b>		

**1. Key issues**

- 1.1 The current pay on foot payment equipment at the Elmsleigh multi storey car park is at the end of its life having been in place for 9 years. It is a limited system and frequently has problems resulting in significant maintenance costs
- 1.2 The current system is inconvenient to customers due to it “crashing” on a regular basis and its inability to accept credit or debit cards leading to dissatisfaction by customers.
- 1.3 There is currently a loss of income after 7pm when people can leave the car park for free after parking there all day as the barriers have to be raised. Income is important to Council from car parks but investment is required to maintain that income and retain customers.
- 1.4 As a result in early 2013 a tender exercise was undertaken to replace the system with a seemingly seamless and easy to use system involving automatic number plate recognition (ANPR) and no barriers to the car park. However, as we were entering discussions with the preferred supplier we received inklings due to recent instalments in other Council car parks that using the system with ANPR alone and with no barriers may present some enforcement issues.
- 1.5 As a result we sought Counsel Opinion and the advice was not to proceed as under the Traffic Management Act 2004 it was not clear that ANPR operations in a car park without barriers would be legally enforceable.
- 1.6 At that stage we entered a restructure of parking due the manager leaving which led to re-tendering at the end of 2013 and then progress was slowed due to the flooding and recovery. The tenders received back were more than

in the original budget. The bids differed quite markedly and ranged in price from £110,000 to £145,000.

The latest procurement has progressed as follows:

<b>Stage</b>	<b>Number of suppliers</b>	<b>Notes</b>
Number of suppliers who view the opportunity on the South East Business Portal	26	This was an open tender so any company could submit a tender, therefore you expect a lot of views of the opportunity on the portal. This was the case and included companies just seeing whether it was a solution they could provide.
Number of Suppliers who viewed the opportunity and then specifically opted out on the South East Business Portal	5	The reasons for opting out of the tender included issues with systems interfacing with our enforcement software and simple responses that the supplier could not supply the system we require.
Number of Suppliers who did not respond	16	This was expected with an open tender.
Number of tenders received on time	4	
Number of tenders not received in time	1	There appeared to be technical issues at the supplier's end which meant that they could not submit the tender on time. When this was finally submitted not all documents were supplied.

## 1.7 The evaluation of the tenders was as follows:

Criteria	Maximum % score	A	B	C	D
Price	60%	60% (lowest price £110k)	47%	46%	41% (highest price £145k)
Method Statement 1 (standards and procedures, customer satisfaction, continuous improvement and value added and business continuity and disaster recovery)	10%	8%	6%	8%	8%
Method Statement 2 – (how the specification will be delivered)	20%	20%	12%	12%	16%
Method Statement 3 – (Resourcing, Account management and governance and sub-contracting)	10%	8%	6%	6%	8%
TOTAL SCORE	100%	96%	71%	76%	73%

**2. Options analysis and proposal**

## 2.1 The Council has the option to:

- (a) To agree to the additional budget and award the contract to company A as the highest scoring tenderer;
- (b) not continue with the procurement.

- 2.2 If option A is followed there is a risk that others might challenge the procurement, however the risks are mitigated as there has been a robust tender evaluation and it is clear that company A have scored the highest and the scoring can be justified.
- 2.3 If option B is followed there is a high risk of continued failure of the pay on foot system, customer dissatisfaction and continued high maintenance and staffing costs, plus loss of income as customers move away.
- 2.4 The proposed new system will allow
- Improved customer facilities and payment methods (including pre-booking on line payments). Improved opportunities to allow payments in shops thus facilitating encouragement of customers to use the car parks. Improved revenue as a result of more shoppers wishing to park in the car park and also prevention of loss of income for those waiting for the barrier to rise at 7pm so they don't have to pay despite being parked on site all day. Savings of £20k/year on maintenance
  - Due to system reliability reduction in car parking administrators by one producing savings of £23k/year
  - Payback of 2.6 years on system that should operate successfully for minimum of 10 years.
  - Requirement of extra capital funding of £40k to allow for system to be installed at a cost of £110k. Current capital available is £70k
- 2.5 The proposed system of company A is a dynamic web, pay by phone and virtual system of issuing permits and season tickets. So it has the ability to provide a seamless service for customers but being a new style system there are risks in communication and service. These will be mitigated with careful promotion of the new scheme well in advance of installation.
- 2.6 Not to install a new system will lead to further cost in terms of customer dissatisfaction and therefore their migration to other car parks with loss of income. Savings will not be achieved in operating and staff costs.

### **3. Financial implications**

- 3.1 Company A provide a good system combined with innovation on web and pay by phone access for customers. However, all the tenders received were a significant increase on funds available.
- 3.2 However, in installing a new system at £110,000 would not only provide a significant opportunity to increase income but also save £43k per year resulting in a payback of 2.6 years.
- 3.3 To allow the system to be implemented this report is requesting capital funding of £40k.

### **4. Other considerations**

- 4.1 Car park income is vital and to achieve a successful business in terms of generating income investment is required to ensure continued improvement on current income levels The proposed system's main features are summarised in Appendix 1 and it gives SBC the opportunity to provide a more



progressive and flexible system leading to increased use of cashless parking thus reducing cash collection costs.

**5. Timetable for implementation**

- 5.1 If approved the contract could be awarded and implementation commence August with 8 weeks installation time and will include extensive promotion/explanation of the scheme.

**Background papers:** There are none.

**Appendix 1:** Main features of proposed system

## Appendix 1 Main features of proposed system

### Park, pay and go

#### Key features

Barrierless ANPR service (within TMA) that operates 24/7/365

There will be no need for CEOs to enforce on the sites. The council can use the ANPR/user friendly cashless technology and pay and display machines

Flexibility to allow drivers to pay at any time up to midnight from their own home

Motorist can pay for parking in following ways:-

- Autopay - automatic payment option meaning customers drive in and the car park automatically debits payment from their cards with zero interaction with the payment system
- Brand new pay and display machines with clear 17" protected screens on pay machines which assist all and also allow for advertising
- Phone and Pay on exit - payment amount calculated for exact time used - just like "Pay on Foot"
- Pay by Cash
- Phone App
- Online
- SMS

The proposed service ensures that those motorists who currently simply wait for the barrier to be lifted every day at Elmsleigh car park (and thus don't pay for parking) can no longer abuse SBC.

#### Free up CEOs

All overheads currently being incurred will be removed

Facility allows issuing of virtual permits and season tickets thus reducing administration costs.

There will be no other costs to the Council (i.e. management, maintenance licences etc.) for this service.

By operating a fully automated enforcement system that delivers all aspects of the Council's requirement, Company A believe that virtually every motorist who does not keep to the Council's rules will receive a PCN. This will be achieved by introducing automation which will ensure efficiency. Therefore Company A's financial proposal is that Spelthorne Borough Council will receive the first tranche of PCN payments up to the current level that the Council is currently achieving. Only once PCN income is generated above this level, will we commence the share of PCN income. PCN income above your current level will be shared 75% to Company A, 25% to Spelthorne Borough Council, but note no maintenance costs.

Minimises cash transactions so reducing current issues with cash collection, cost of cash collection and theft, thereby enhancing income to the Council.

Future options include ability to pay at retailers (or retailers to offer discount).

**Cabinet****15 July 2014**

<b>Title</b>	Leisure Centre Needs Analysis		
<b>Purpose of the report</b>	To make a decision		
<b>Report Author</b>	Claire Moore		
<b>Cabinet Member</b>	Councillor Penny Forbes-Forsyth	<b>Confidential</b>	No
<b>Corporate Priority</b>	Delivering quality of life services		
<b>Cabinet Values</b>	Community and Opportunity		
<b>Recommendations</b>	<p>Cabinet is asked to:</p> <ul style="list-style-type: none"> <li>• Note the needs analysis report which indicates a requirement for the provision of a leisure facility.</li> <li>• Request a specification for a feasibility study.</li> <li>• Approve the marketing of the specification.</li> <li>• Decide on the future direction on the basis of the specification.</li> </ul>		

**1. Key issues**

- 1.1 The current leisure centre contract comes to an end in March 2021. The existing leisure contractor has already indicated that they are unlikely to be interested in the optional 5 year extension to the contract due to the rising maintenance costs of the Spelthorne Leisure Centre building, which are already very high.
- 1.2 The last condition survey undertaken in 2005 stated that 2021 is likely to be the end of the life of the Spelthorne Leisure centre building. The pool will be 50 years old in 2021 and much of the rest of the building will be over 30 years old. Therefore, there is a need to look at future provision as based on experience elsewhere the process from start to finish can take about 7 years.
- 1.3 The first step in the process, now complete, was to undertake a needs analysis of what is likely to be needed in the future. The full needs analysis report is located in the members' room. The results indicate that there is a demand for a facility providing a range of activities on a pay and play basis. Pay and Play allows users to go to the centre and pay for an individual activity session rather than in a private facility where there are usually membership fees and ongoing costs for programmes/sessions.
- 1.4 The next step regarding future leisure centre provision is to undertake a feasibility study to determine in more detail requirements, including:-
  - location and size of development,

- sports and amenity provision
- indicative costs and sources of funding
- delivery models for providing facilities.

- 1.5 A specification for the feasibility study has been drawn up indicating the Council's requirements for the study.
- 1.6 On completion of the feasibility study a report would be submitted which would detail the next steps in terms of funding and build. This would lead to a development stage.
- 1.7 The final stage would be the project build.

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

- 2.1 It is proposed that the specification for the feasibility study is approved so that it can be marketed, a consultant appointed and the scheme can be formally set up as a project.
- 2.2 This option is proposed as the evidence of the needs analysis demonstrates there is need to continue the provision of public pay and play leisure centre facilities beyond March 2021 in line with the findings of the needs analysis.
- 2.3 The alternative option is to decide that Spelthorne Council will not provide a public leisure centre facility beyond the end of the current contract in 2021. This option would mean no large investment will be required. The disadvantage of this option is that Spelthorne would need to deal with the dissatisfaction from residents when a popular and well used facility is closed and not replaced with an option affordable to all. The health and wellbeing of residents could also decline if leisure facilities are not provided locally as will their satisfaction level with where they live. With increasing focus on the preventive health agenda which involves physical activity there is likely to be increasing demand for such facilities.

## **3. Financial implications**

- 3.1 If the specification for the feasibility study is agreed the cost of appointing the appropriate person(s) will be taken forward. Outline fees for consultants have been received which indicate that the cost to carry out the study in accordance with the specification is likely to be in the region of £22,000 although indications have been made that there may be firms that offer free feasibility studies and this will be investigated further. Final quotes won't be known until the consultants have seen the specification. The needs analysis results have been discussed by the asset management officers group and agreed that a feasibility study is required to evaluate the best options going forward.
- 3.2 Based on the cost of recently built leisure centres elsewhere and Sport England's facility cost guidance, indicative costs of building a new leisure facility incorporating the facility mix suggested by the needs analysis are likely to be upwards of £13million. The feasibility study would develop costs in more detail and develop potential funding mechanisms. Options could range from provision by the Council, the Council entering into a partnership, through to wholesale outsourcing depending on the activity mix.

3.3 There is the potential for a centre to generate revenue income but the amount of income generation is likely to depend on funding mechanisms and the amount of investment from the council. The market would need to be tested to determine income generation potential, but a feasibility study would identify viable funding models. The current income from the leisure centre contract is approximately £225,000 per annum, though this figure is subject to fluctuation on an annual basis.

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

4.1 The Spelthorne leisure centre continues to provide a valuable service to the public and helps keep residents active and improve their health and wellbeing. According to the Department of Health physical inactivity is currently estimated to cost the NHS between £1 and £1.8 billion per annum. In addition the cost of lost productivity to the wider economy is estimated at around £6.5 billion meaning the combined cost of lack of exercise to the UK is approximately £8.3 billion per annum. Therefore encouragement of physical activity assists the wider economy.

4.2 The site of the leisure centre would be reviewed in the context of any future development at Knowle Green.

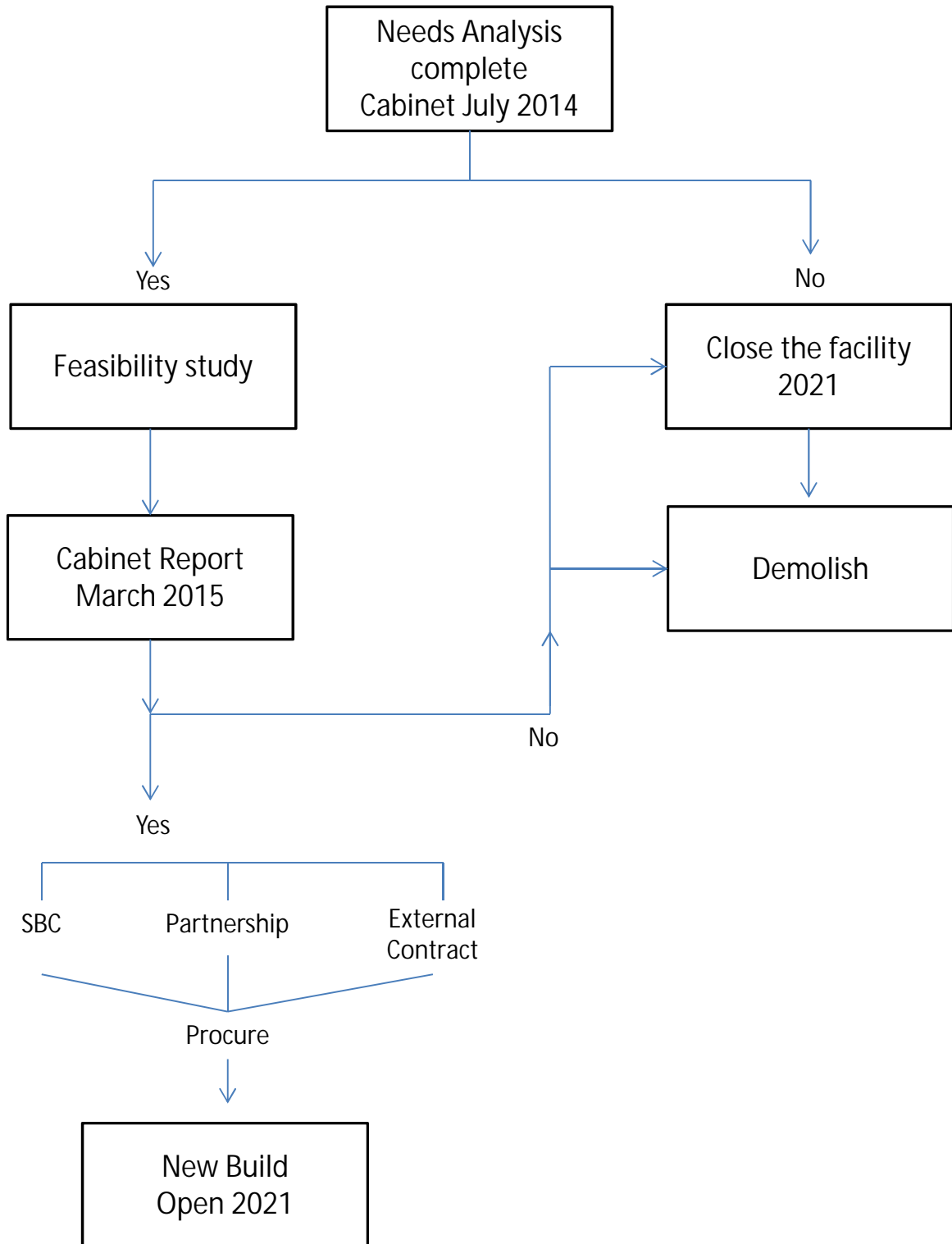
#### **5. Timetable for implementation**

5.1 Based on the experience of other local authorities, to replace a leisure centre can take, from feasibility to the completion of build, between 6 and 7 years. It is therefore important to go through the feasibility stage so we have something to consider whether that be building ourselves, partnering, or using an external provider. This stage would be completed with a report to Cabinet in April 2015.

**Background papers:** There are none

**Appendices:** An outline specification for the feasibility study (to follow)  
Flowchart of stages in assessment of building a leisure centre (attached)  
Spelthorne Leisure Facilities – An Assessment of Need (Members' room)

## Spelthorne Leisure Centre Next steps for future provision



**Cabinet****15 July 2014**

<b>Title</b>	Developing a Housing Strategy for Spelthorne		
<b>Purpose of the report</b>	To make a decision		
<b>Report Author</b>	Liz Borthwick		
<b>Cabinet Member</b>	Councillor Mrs Jean Pinkerton OBE	<b>Confidential</b>	No
<b>Corporate Priority</b>	Creating opportunity and prosperity for our borough		
<b>Cabinet Values</b>	Community and Opportunity		
<b>Recommendations</b>	<p>Cabinet is asked to:</p> <ol style="list-style-type: none"> <li>1. Note the report attached and agree the recommendations set out in Section 9.0 (Appendix 1) and the action plan.</li> <li>2. Agree a policy and procedure for the discharge of the homelessness duty into the private rented sector as set out in Appendix 3.</li> <li>3. Agree to consult partners and the public on the draft housing strategy.</li> </ol> <p>With the growing cost to the Council, and social issues associated with placing families into bed and breakfast because of a lack of temporary private sector rented properties, Cabinet is asked to request that Officers, in consultation with the portfolio holder, prepare a report for October's Council detailing practical and financial solutions to this problem, as outlined in Appendix 1, para. 6.7 of the report.</p>		

**1. Key issues**

1.1 The brief was to develop a housing action plan that identified practical solutions to solve two significant challenges facing the Council; how to increase both the supply of temporary accommodation and the availability of affordable private rented sector accommodation. The review took account of the following drivers

- Pressure on SBC budgets and value for money considerations.
- Legal requirements relating to Homelessness strategies and development of planning guidance.
- Demand for affordable housing and temporary housing for homeless households significantly outstripping supply.

- Medium term financial strategy requirements to explore opportunities for income generation.

## 2. Options analysis and proposal

- 2.1 Detail the pros and cons of the options available and which one is being proposed. Include the risk assessment.

	<b>Options available</b>	<b>Implications of the approach and risk assessment</b>	<b>Proposal</b>
Housing strategy and associated homelessness and Private Rented Sector (PRS) strategies. Pg 18-22 Rec. 9.1. 9.2	Do nothing and keep current strategies.  Agree to revised strategy	Legal requirement to develop a homelessness strategy and to provide planning guidance.	Agree revised housing strategy as framework for the development of a new homelessness strategy and PRS strategy.
Discharging homelessness duty into the PRS Pg 15-16 Rec. 9.3	Maintain current approach to accepting duty.          Utilise new power to discharge duty into the PRS	Significant problems in securing temporary homes.  Safeguarding issues relating to out of borough placements.  Costs escalating so risk to SBC budget.  Homelessness seen as accepted route to securing access to social housing.  Will save money.  Places focus on preventing homelessness.  Establishes different relationship with private landlords.  When necessary enables SBC to secure properties	Agree policy to discharge duty into the Private rented sector.



		outside borough. Ensures level playing field for applicants for social housing.	
Prepare the case for the establishment of a Local Asset Based vehicle. Pg 13-15 Rec. 9.4	Do nothing.  Using available landholdings in Staines town centre and at Knowle Green, develop a business case for an LABV.	The current approach at Staines Town Centre is driven by the Medium Term Financial strategy and there is already a focus on income generation. Using a LABV could deliver a long term financial benefit to SBC.  Land values are currently strong and there is a market need for housing, the economic indicators are currently positive and further driven by developments at Heathrow and cross rail.	Develop a LABV proposal.
Develop a Local Housing Company as a vehicle for acquiring a portfolio of private rented accommodation. Pg 17 Rec 9.4	Do nothing.  Develop a Local housing company.	SBC struggles to secure affordable temporary accommodation.  SBC is already using park buildings for temporary accomm. (in partnership with A2D as managing agent).  Provides an investment and budget saving opportunity for the Council. Risks relate to high cost	Subject to the development of a full business case, agree to develop a Local Housing

		<p>of purchase and low interest rates. The business case would need to include sensitivity analysis.</p> <p>Housing management competency is no longer available in-house.</p>	Company
<p>Develop a local (private rented homes )lettings agency either as in-house service or as externalised partnership. (possibly with Rentstart). Pg 17 Rec. 9.5</p>	<p>Do nothing and continue to secure properties through estate agents.</p> <p>Accept the business case for the benefits of running (or funding a separate) local letting agency.</p>	<p>It is difficult to secure affordable PRS. Landlords reluctant to take on benefit cases.</p> <p>Would enable SBC to secure property direct and to manage the process end to end. Ties in with the proposal to discharge duty.</p> <p>Enables development of strong relationship with landlords and could encourage them to invest further and attract new investors.</p> <p>Shares risk between landlords and Council.</p>	<p>Agree to establish local lettings agency.</p>

### 3. Financial implications

- 3.1 To date the Council is spending in the region of £140k per annum on funding temporary accommodation. Each key element of the action plan will require a business plan to be prepared and presented to MAT.

### 4. Other considerations

- 4.1 Housing and homelessness is a key issue for the South East. M3 have prepared a housing review and there is the duty to cooperate.
- 4.2 There is an expectation that Local Authorities consult on their housing strategy, given the extent of the recommendations contained in this report it is

important that we engage actively with partners and the community. A communications plan will also be developed.

**5. Timetable for implementation**

5.1 An action plan is attached as Appendix two.

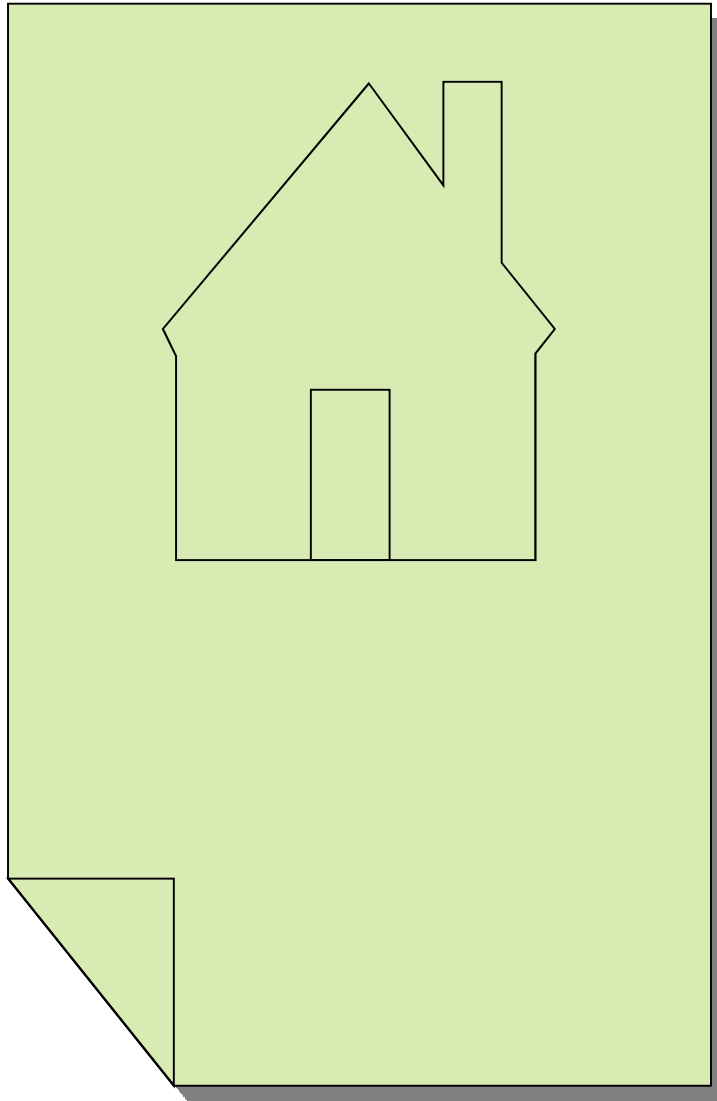
**Background papers:** There are none.

**Appendices:**

**1. Housing Advisers report 'Developing a new Housing Strategy for Spelthorne Borough Council.**

**2. Action Plan**

**3. Draft policy for the discharge of the homelessness duty into the private sector**



**Increasing the supply of affordable temporary accommodation and encouraging the development of the private rented sector.**

## **Increasing the supply of affordable temporary accommodation and encouraging the development of the private rented sector.**

### **1.0 Purpose of the report.**

1.1 This report summarises the findings from a review of the Council's approach to securing temporary accommodation and increasing the supply of private rented homes. It recommends the development of a whole systems approach to housing and a new Spelthorne Borough Council housing strategy. It includes an action plan to deal with the presenting problem and other related matters identified by the Housing Adviser in the course of the project.

### **2.0 Introduction.**

2.1 The brief to the Housing Adviser was to develop a housing action plan that identified practical solutions to solve two significant challenges facing the Council; how to increase both the supply of temporary accommodation and the availability of affordable private rented sector accommodation.

2.2 The review was prompted by the sharp increase in homelessness applications to the Council in 2012/13 and 2013/14 and the expectation that the numbers will continue to increase. There has also been a significant increase in the number of households accommodated in emergency accommodation, in mainly Bed and Breakfast units outside the borough, and officers are struggling to secure affordable private rented sector lets as temporary accommodation or as suitable offers for those presenting as homeless. Floating support to vulnerable homeless households is provided although officers remain concerned about the quality of temporary accommodation and the safeguarding risks.

2.3 The budget impact of homelessness is significant and represents a growing risk to the Council. This comes at the same time as the Council is making preparations for further significant budget reductions. The medium term financial strategy (October 2013) also gives weight to the Council's wish to develop income generation opportunities.

2.4 The approach taken by the Housing Adviser

- Review of key SBC documentation.
- Interviews with all the Lead Members and key officers in Spelthorne;
- A desktop review of how other Councils in the Southeast have responded to the challenges of homelessness and development of the Private Rented Sector
- Meetings with external partners including Surrey County Council; Homes and Communities Agencies.

- Meetings with preferred Register Partners and specialist developers of private rented accommodation.
- Workshop with Cabinet Members and senior officers.

2.5 As a starting point for this project it is important to recognise the challenge and complexity of the housing responsibilities given to Local Authorities and, although Spelthorne has long since transferred responsibility for Council housing to A2D, many functions remain:

- Responsibility as the 'strategic authority' for housing and required to conduct regular reviews relating to assessing housing needs and housing conditions.
- Role as an enabling authority through the development of the Local development plan; local planning guidance and the determination of planning and Building/ development applications.
- Enabling role as part of planning negotiations to secure S106 agreements and delivery affordable housing units in line with planning guidance.
- Regulation of housing relating to health and safety and housing conditions
- Registration of Homes in Multiple occupation
- Requirements to ensure empty homes are brought back into use.
- Provision of grants including Disability facility grants; home improvement grants and energy efficiency grants (subject to government funding)
- Management of the Housing register; the allocation policy and the system of allocation
- Duties relating to homelessness including prevention; assessment of those in housing need and provision of emergency and temporary accommodation.
- Duties relating to the provision of housing advice.

2.6. Taken together these responsibilities touch on all types and aspects of housing. Councils have a significant role to play in shaping the housing available in a locality but in two key aspects they have no control; these relate to the impact of the economy and housing market and the second is the impact of central government policy. One way to think about this is as a housing ecosystem where changes in any one dimension can have a profound impact on other parts of the system. This needs to be kept in mind as the Council attempts to deal with the current housing challenges facing Spelthorne.

### **3.0 Context for the review 1. Place and tenure.**

3.1 Spelthorne Council is located in North West Surrey and borders the London boroughs of Hillingdon, Hounslow and Richmond and the Berkshire boroughs of Slough, Windsor and Maidenhead, and the Surrey boroughs of Runnymede and Elmbridge.

3.2 It is relatively small (approximately 20 square miles) and densely populated with Heathrow to the immediate north and the River Thames forming the southern boundary. The borough is within the curtilage of the M25, and the M3 runs through Sunbury upon Thames. 42% of the borough is either water or green belt. There are significant areas designated as flood plain. Overall there is very little land available for new build developments.

3.3 Spelthorne has a population of 95,000 (Census 2011) and there are 41,200 dwellings. Average income levels are at £29,000 this is low compared to the rest of Surrey.

3.4 The review has been done against a backdrop of low interest rates and growing recognition of the negative impact of housing demand significantly outstripping supply. Within London, and the boroughs surrounding the city, there has been a significant growth in the private rented sector (PRS) as more investors see it as an investment option. Nationally 80% of PRS properties are owned by thousands of individual landlords with only 1% of landlords owning more than 10 properties (Montague report).

Essentially the PRS is a 'cottage' industry and there are other limitations:

- Constrained access as landlords are increasingly reluctant to take on benefit claimants as tenants.
- Short term tenancies as the norm.
- Affordability, with rent on average 17% more than the cost of a mortgage for the same property (nationally).
- Poor conditions; estimated 40% below decent homes standards
- Lack of freedom of choice especially for low income households

Savilles report that the rented sector nationally has grown by 72% in the last ten years; and that by 2016 one in five households will be accommodated in the sector. Across the country there are already as many private rented homes as social rented and it is anticipated that this will continue to grow over the next five years (Savilles).

3.5 Most commentators agree that the UK population continues to aspire to homeownership as the tenure of choice but there is now a growing affordability gap; the Office for National Statistics reported in May this year that nationally housing inflation for the year to March was running at 8% and in London at 17% with the average home nationally worth £252k and within the M25 £459k.

3.6 The recent Enterprise M3 Partnership report on Housing needs (2014) noted that although the DCLG recommend a loan to salary ratio for mortgages of 3.5x earnings, the reality is that in the Southeast on average the requirement is 8.3 times and in the M3 partnership region 9.7 times. This takes homeownership out of the range of the vast majority of first time buyers and those hoping to step-up to larger family homes.

3.7 The situation is made even more complicated by the affordability gap not being limited to aspiring owner occupier. The Enterprise M3 Partnership reported that the average two bed property across nearly all tenure offers was in excess of the average earnings in the area.

Tenure type (all average two bed)	Household income requirement
Buy outright	£50,623
Low cost home ownership	£39,550
Private rented home	£50,734
Affordable rented home (80% of market rent)	£40,587
Social rent (based on £120/wk and income at Universal Credit level) <i>Added by consultant for completeness</i>	£26,000

It is generally recognised that affordable rent levels (set as up to 80% of market rent) with the new provision for fixed term tenancies in social rented housing has narrowed the market between 'social' and private rented housing.

3.8 Housebuilding is a major contributor to economic growth, the Montague report (2012) estimated that £1m spent on house building supports 12 additional jobs per year (7 directly and 5 indirectly) and for every £1 invested in construction £2.60 is generated elsewhere in the supply chain.

The Enterprise M3 partnership report identified constraints to the delivery of new homes:

- Market conditions have to be favourable, especially for mixed tenure developments that can struggle with viability.
- Schemes where land needs to be assembled and negotiations are with multiple owners.
- Sites where tenants need to be relocated (or leaseholders bought out)
- Infrastructure requirements, including flood plain management and remediation.
- Adverse community sentiment relating to the proposal.

But it also set out the strategic benefits of delivering additional homes:

1. Maintains diverse population base and supports labour mobility and recruitment and helps economic growth
2. Ensures the availability of sufficient public and private services to expand the local income base.



3. Supports Local Authorities through new homes bonus (and ongoing Council tax income)
4. Ensures social cohesion by enabling affordable units.

#### **4.0 Context for the review 2. Government policy.**

**4.1. National Housing Strategy (2011)** 'Laying the Foundations, a housing strategy for England'. This provided the framework for the current Government policy on housing. The focus was on tackling housing shortage, boosting the economy, creating jobs and giving people the opportunity to get on to the housing ladder. The strategy led to the introduction of the Homebuy programme aimed at first time buyers; the Build to rent programme that provides loans to developers wanting to build private rented sector homes; reforms to Council Housing revenue accounts and facilitation of real estate investment funds.

**4.2 Localism Act (2011)** introduced new freedoms and flexibilities for local government. It included a number of measures relating to housing:

- General power of competence to local government to enable innovation and the development of new ventures.
- Reforms to the planning system including neighbourhood planning; end of sub regional plans and introduction of a 'duty to cooperate'.
- Reforms to ensure decisions about housing are taken locally including enabling Councils to establish their own allocation policies for social housing; fixed term tenancies for social housing allocation; discharging the homelessness duty into the private sector; national homeswap scheme; and a new regulatory and complaints framework for social housing tenants.

**4.3 Welfare reform Act (2012)** introduced a wide range of reforms designed to make the benefits and tax credits system fairer and simpler, improving financial incentives to encourage work. The main challenges for landlords, tenants and the Council include:

- The introduction of capped universal credit, which will include a housing element and is paid monthly directly to the tenant not the landlord.
- Housing benefit property size criteria that means the reduction of benefit to working age households who are under occupying
- Changes to the Local Housing Allowance so that housing costs are set at the 30<sup>th</sup> percentile cost (as opposed to the 50<sup>th</sup> percentile) and includes an increased age threshold from 25yr to 35yr so that single claimants are only entitled to the shared room rate.

**4.4 Right to Buy and Help to Buy schemes.** In 2012 the Government increased cash incentives for right to buy applicants from £16,000 to £75,000 thereby enabling many more social housing tenants to be able to buy their own homes. They also introduced a new equity loan scheme aimed at first time buyers called 'Help to Buy'. This scheme enabled buyers with a 5%

deposit and the capacity to raise a 75% (loan to value) mortgage to access the remaining 20% as an interest free loan for five years; the ceiling on the value of the property was set at £600,000.

**4.5 Public subsidy for new housing.** As part of the Governments package of public sector cuts, in 2011 the DCLG through the Homes and Communities agency changed its approach to grants for social housing developments. This required developers and housing associations to build units at lower levels of subsidy and to let them at a new 'affordable rent level' of 80% of market rent levels in the area. The model was based on the view that developers and housing associations could raise capital from investors and, on the basis of sharing benefits and risks, guarantee a return on investment and generate surplus for the development of further stock. The HCA also introduced new funding support for the development of private rented homes through the Build to Rent programme; the most recent round had a budget of £1billion and a target to build 10,000 new homes by 2015.

**4.6 Making every contact count (2012).** In 2010 the Minister for Housing set up an interdepartmental Ministerial Group on homelessness, the focus of their work was on developing a cross sector response to homelessness with an emphasis on prevention. The final report identified ten local challenges, these are now known as the 'homelessness gold standard' and provide a benchmark for local authority homelessness services.

1. To adopt a corporate commitment to prevent homelessness which has buy in across all local authority services.
2. To actively work in partnership with voluntary sector and other local partners to address, support, education, employment and training needs
3. To offer a Housing Options prevention service to all clients including written advice.
4. To adopt a No Second Night out model or an effective local alternative.
5. To have housing pathways agreed or in development with each key partner and client group that include appropriate accommodation and support.
6. To develop a suitable private rented sector offer for all client groups, including advice and support to both client and landlord.
7. To actively engage in preventing mortgage repossessions including through the Mortgage Rescue Scheme
8. To have a homelessness strategy which sets out a proactive approach to preventing homelessness, reviewed annually to be responsive to emerging needs
9. To not place any young person aged 16 or 17 in Bed and Breakfast accommodation
10. To not place any families in Bed and breakfast accommodation unless in an emergency and for no longer than six weeks.

**4.7 Review of the barriers to institutional investment in private rented homes (Montague report 2012).** Sir Adrian Montague was asked to look into how the Government might facilitate rapid development of the PRS through

capital investment vehicles. The report agreed that there was real potential for investment in large scale developments of purpose built rented housing and made three key recommendations:

- Ensure that Local Authorities use the planning system to encourage and facilitate PRS developments
- Ensure that Central Government releases land holdings for PRS, with a particular focus on London.
- Government to provide carefully targeted incentives to stimulate rapid development of new business models from a range of promoters- public sector landowners, registered providers, or private sector housebuilders.

The report was followed by a HCA funded 'Build to rent' programme in 2012 worth £200m and in 2013 worth £1b, these are fully recoverable commercial investment pots available to fund up to 50% of eligible development costs with returns to Government being realised upon refinancing or sale of a developers interest to an institutional investor. A2D in association with Crest Nicholson were successful in the first round and are building a PRS development of 46 apartments in Bristol, this is part of A2Ds strategy to develop/acquire 1,000 private rented homes over the next five years.

4.7 The impact of all of these policy initiatives has been substantial.

## **5.0 Facts and figures relating to housing in Spelthorne.**

### 5.1 Tenure mix across the borough (Census data)

Tenure Type	2001	2011
Owned outright	32.78%	33.9%
Mortgaged	45.10%	38.6%
Private rented	9.07%	12.6%
Social housing	11.82%	12.4%
Shared ownership	1.23%	1.4%

Observation: Although not as pronounced as in London, there has been a shift in tenure from owner occupation into private rented accommodation and it is reasonable to expect that the figure will have grown in the last three years as more small investors move into the buy to let market.

## Appendix One

## 5.2 Numbers of households on SBC housing register against number of allocations per year

	2011	2012	2013	
Number of households on register	1,546	1,933	2,184	
Number of homes allocated	265	241	207	

Observation; demand for social housing continues to increase as the cost of home ownership and private renting continues to climb out of the reach of households living on or near the average household income in the borough.

## 5.3 Average house purchase costs in SBC (data from Home.co.uk)

	2007	2014	Income required to access (assume 20% deposit and rest as mortgage as 3.5 x household income)
Detached	£265,964	£389,742	Deposit £78k Income £89k
Semi	£225,000	£321,669	Deposit £64.5k Income £73.5k
Terraced	£185,000	£258,825	Deposit £52k Income £59k
Flat	£176,564	£195,095	Deposit £39k Income £56k
All	£220,142	£289,186	Deposit £58k Income £66k

Observation; ownership is now out of the reach of most working household. The average deposit by first time buyers in London is now £64,000 (Council of Mortgage lenders August 2013)

## 5.4 Number of social housing units sold (SBC finance department)

	2011/12	2012/13	2013/14
A2D homes	2	2	2

Observation. The increase in discount means that there is a significant incentive for tenants opting for the 'right to acquire' their homes. It is estimated that 35-45% of properties sold under the right to buy end up being privately rented homes with a large percentage of the renting residents relying on housing benefits.

## 5.4 Average cost of renting in Spelthorne.

Size of property	Average rent levels 2014
Studio flats	£630 pcm
One bed	£808 pcm
Two bed	£1,113 pcm
Three bed	£1,335 pcm
Four bed	£1,450 pcm

Observation - Rent increases are likely to be over 18% by 2017 and in London 24%. Rental yields average 4.7% per year. The average London rent rose at 2.8 times the rate of the average salary.

## 5.5 Number of new build completions (net of losses) in Spelthorne.

## Appendix One

Year	Private	Housing Association	Total
2008/9	130	57	187
2009/10	168	43	211
2010/11	87	52	136
2011/12	75	84	159
2012/13	127	43	170

Observation- Spelthorne continues to enable new developments through the planning process.

#### 5.6 Number of homelessness applications and acceptances.

	2009/10	2010/11	2011/12	2012/13	2013/14 *
Homelessness applications made to SBC	7	9	28	101	137
Homelessness acceptances	1	2	7	39	89
Percentage of applications accepted as duty	14%	22%	25%	38.6%	65%

\*These figures include 15 households who were placed in temporary accommodation in 2010 and 2011 but for whom we only accepted the duty in 2013/14.

Observation- There has been a significant increase in the number of homeless households presenting themselves to the Council as landlords decide to sell their properties or refuse to take housing benefit claimants who are now no longer able to have their benefits paid directly to their landlord.

## Appendix One

## 5.7 Number of households in Bed and Breakfast (and annex type) accommodation and average length of stay.

	2010/11	2011/12	2012/13	2013/14
Number of households in Bed and Breakfast	7	18	24	45
Average length of stay (weeks)	44 nighta	31 nights	76 nights	102 nights

Observation; there has been a substantial increase in the number of households in B and B and the average length of stay. This is last resort housing and ideally should be limited in use and duration. The cost is not fully met from Housing benefit so the general fund is currently subsidising this accommodation at £140k per year.

## 5.8 Local Housing Allowance (LHA) levels in Spelthorne.

Current LHA levels monthly (April 2014-March 2015):

Shared accommodation (single people under 35)	£364
One bedroom	£722.54
Two Bedroom	£923.82
Three Bedroom	£1187.03
Four Bedroom	£1594.32

Observation. As part of the reforms to the welfare benefits system, the DWP introduced new LHA levels pegged to the 30<sup>th</sup> Percentile cost for private rented homes in the area, they had previously been set at the 50% level. The LHA determines the benchmark for the fixing of Housing benefit payments to all claimants. This means that residents in receipt of housing benefit can now only afford one in three properties of the type they need. It also means that landlords have become increasingly reluctant to accept benefit claimants as tenants. It is becoming almost impossible to source private sector accommodation in Spelthorne at these prices.

## 5.9 Use of discretionary housing allowance.

2013/14	Sum allocated £220,000
Number of applicants	346
Number of applicants accepted	322
Average sum spent per household	£549.71
Amount of money underspent	£25,000

Observation; The DHA provides a valuable resource to help support households where their housing costs exceed their income (or payment available through housing benefit). In discharging the duty into the PRS there is likely to be an increased call on this budget.

## **6.0 How are other authorities responding to the housing crisis?**

6.1 The change to the legislative and financing arrangements in housing has led to a period of innovation in local authority approaches. In this section we highlight some examples that could provide pointers to the approach you could be taking here in Spelthorne.

### **6.2 General power of competence and the development of Local Housing Companies and joint venture companies (limited liability partnerships) with Housing Associations, private developers and institutional investors.**

The general power of competence is a power available to local authorities in England to do “anything that individuals generally may do”. It was provided for in the Localism Act 2011 and replaces the well-being powers in the Local Government Act 2000. It has enabled Councils across the country to innovate in order to better meet the needs of their local communities, this includes a number of Councils establishing their own ‘Local Housing Companies’ or ‘Joint venture partnerships’ dedicated to the development or acquisition of homes including for rent.

There is a huge variety of approaches adopted by Councils and the ‘golden rule’ is that ‘objectives (desired outcomes) should come first, vehicle comes later’:

- Joint ventures
- Local Housing companies
- Private Finance initiative
- Local asset backed ventures
- Community Land trusts
- RSL/developer partnerships



## Appendix One

The typical scenario for a Local Housing Company is where a Council establishes a separately constituted company with the Council as the single shareholder. There is a transfer of assets or finance to the company, this provides the basis for the purchase of properties. Once established the asset and income stream provide security for raising loans that can be used to deliver further development/acquisition. The properties are let as private rented homes as assured shorthold- tenancies, the term being determined by the landlord; there is no right to buy/acquire. The day to day management of the properties is usually delivered through a contract with an external partner. All of the risks are held by the single shareholder.

## Examples;

- Newham Council transferred 450 properties from the Council stock which then formed the basis for a new Housing Association 'Local Space' to raise £200m and to acquire a further 1,000 homes across East London, these homes are let at LHA levels on a mix of temporary and Assured Shorthold tenancies.
- Enfield Council has recently approved a proposal to establish a Local Housing Company that will purchase 500 homes over a three year period using a start-up loan from the Council and then borrowing from either PWLB or external finance. Rents would be set at LHA levels and the management of the stock is through a contract with an external provider.

Joint venture enterprises are typically characterised by equal shares and equal representation on a management board between the public sector and private sector partners with a shared vision enshrined in an agreed business plan. Again the Local Authority transfers an asset into the partnership and the private sector partners bring in finance and technical expertise and capability to deliver and manage the homes developed. The terms normally last at least 20 years. The Royal Chartered Institute of Surveyors have noted 'The evolution of Local Asset backed vehicles has been at a measured pace-the relatively slow rate of take-up is due to a number of factors, including the perceived cost and complexity of creation, a small pool of advisers with relevant experience, the challenges of implementing change in the public sector, the attachment that organisations have to real estate and the challenges in quantifying benefits in advance of procurement.'

## Examples:

- Slough Borough Council and Morgan Sindall (50/50 share arrangement) established a partnership to create a £1billion backed enterprise aiming to deliver 525 new homes, new library, Civic Space, secondary school and leisure centre.
- Aylesbury Vale District Council and Guildhouse, delivering 292 units (commercial and retail units) and generating around £3.6m of rental income for the Council per annum.
- Bournemouth Council and Morgan Sindall have formed a public/private partnership called the Bournemouth Development Company with 50/50 shares. The Council have identified 16 sites for development and the land values are matched by capital investment raised by the

commercial partner. The project includes housing, retail and leisure developments over a twenty year timetable.

The other remaining option in this arena are the more usual joint partnerships between housing association/ developers and LA to deliver new build schemes. In these instances the LA provides land for a nil consideration; the development delivers a mixed tenure scheme and there is an overage agreement to ensure that profits above the agreed cap are secured by the LA. This type of approach was adopted with the Stanwell project. Clearly there can be variations on this kind of arrangement with the LA seeking return on the basis of rental income instead of or as well as a capital receipt and the usual package of S106 benefits.

Examples:

- West Berkshire Council and Thames Valley Housing have created a partnership that is delivering a mixed development of 150 units including 55 shared ownership units and 18 affordable rent units
- Luton Council and Catalyst Housing with Wates Living Space have formed a partnership in 2011 that will deliver 600 new homes over a nine year period, these include 450 affordable homes and 150 private homes for outright sale.
- Woking Council (PFI project) entered into a partnership with Thames Valley Housing and Kier to develop 373 homes of which 224 will be affordable under the name of Evolution. There is a management contract for 25 years with Thames Valley Housing.

#### **6.4 Reviewing their approach to homelessness and the option to discharge duty into the Private Rented Sector.**

As previously noted the Localism Act included provisions to enable Councils to make local decisions relating to dealing with homeless households and in determining local allocation policies.

On the matter of discharge of duty, the Act allows local authorities to decide that when a duty is accepted under the homelessness criteria you can agree a policy that allows the Council to discharge that duty into the private sector **without** requiring the agreement of the applicant.

The Government issued guidance and regulations relating to how discharge should be managed; this included requirements relating to physical condition of the property; Landlord behaviour as a 'fit and proper person'; health and safety requirements; licencing of Homes in Multiple occupation and a written tenancy agreement of at least 12 months. The expectation is that accommodation will be secured in the borough but that may not be possible, the regulations require that you consider the distance from the borough, the significance of the disruption to employment, caring responsibilities or education, the proximity of medical facilities and support and the proximity and accessibility of local services, amenities and transport. When all of this is taken into account, out of borough placements are permissible. Boroughs are

required to inform other Councils when they make a placement in their borough.

Examples:

- Broadlands Council (Norfolk), policy adopted in May 2013. On enquiry we were told that to date the option of discharge has not had to be used as applicants accepted the option of PRS as a reasonable offer.
- Oxford City Council, policy adopted in February 2013
- Winchester Council, policy adopted in March 2013

The other key development for Local Authorities relates to the statutory requirement that each Council adopt a homelessness strategy. There is also an expectation that the strategies adhere to the requirements of the gold standards set out 'Making every contact count'. Winchester Council have been funded as the pathfinder for this initiative. Councils have adopted two approaches to drafting; some have produced integrated Housing and Homelessness Strategies and others have standalone homelessness strategies.

## **6.5 Reviewing their approach to allocation**

Following the Localism Act and in preparation for the development of the joint choice based lettings scheme with Elmbridge, Spelthorne made changes to the allocation policy in line with the powers from the Act. There are significant safeguards required as set out in Government guidance relating to 'preferential treatment' for designated cases including those for whom you have accepted a duty. The policy would need to be revisited as part of a change of approach to discharge of duty as you will need to agree how you intend to deal with households who have voluntarily taken a private rented home as part of a prevention activity, and those who have been discharged into private rented sector following acceptance of the duty.

Further there are some authorities that have gone considerably further than Spelthorne when framing their policies. In the main this is in response to extreme pressure on the housing register and the desire of Local Authorities to shape communities.

Some of the features included in other Councils' policies

- Increases in length of time qualification for 'local connection' up to five years.
- Requirements relating to work (including voluntary work or caring responsibility).
- Limitation on time available for certain types of applicants (including households in temporary/emergency accommodation) to bid prior to getting a direct offer.

## **6.6 Establishing local lettings agencies and incentivising landlords**

The Housing Act 1996 placed a duty on Local Authorities to provide accommodation to people who are judged to be homeless and to have a priority need for accommodation, since then Councils have developed a range of mechanisms for securing temporary accommodation. This has included contractual arrangements with landlords directly by way of 'private sector leases' or through Housing associations taking on leases and then letting to Local Authority nominees.

A large number of Councils have developed incentive packages to attract landlords and there is also a network of 'Private Sector rental access schemes' delivered by Councils and the third sector. At Spelthorne you currently use a mixed approach; you have some secured leases through A2D and you facilitate support to single homeless people through the 'Rentstart' project and the in-house rent support project.

Examples of Local lettings agencies run by Councils include:

- Stroud District Council 'Smart Rent' scheme in partnership with Gloucestershire Housing Association and English Churches Housing Group.
- Hillingdon Council 'Finders Fee' scheme
- Bournemouth and Poole Council with Homes 4 Let, a not for profit lettings agency, it currently has 151 properties.

### **6.7 Local Authorities setting up as 'landlords of private rented stock acquired through conversions, purchase or new build'.**

Here in Spelthorne you have already started the task of converting properties for use as temporary accommodation. You could take this model further and use capital reserves or prudential borrowing to purchase properties and let these are LHA levels. As noted earlier some Councils are doing this through separate 'Housing companies' this ensures that properties are not vulnerable to right to buy applications.

Examples from elsewhere include:

- Enfield Council Local Housing Company purchasing street properties in and outside the borough for use as temporary accommodation.
- Brent Council partnership with their Arms Length Housing Management organisation, used capital reserves to purchase a block of flats 'off plan' for use at sub-market rent levels, these are managed by the arms length housing management organisation.
- Chelmsford Council have purchased ten properties a year, these are retained within the portfolio of the Council and used as temporary accommodation lets. The asset generates a surplus that goes back to the Council.

Local Authorities also have powers under the Housing Act 1985 and the Town and Country Planning Act 1990 to make 'compulsory purchase orders'. This can enable the Council to demolish unfit housing; acquire individual empty dwellings for continued use as housing or to acquire a poor quality housing site for redevelopment and regeneration.

## **6.8 Enabling private developers to build private rented homes in key town centre sites as part of economic regeneration strategies.**

Within the context of planning law and Local Development plans, local authorities are required to enable and approve housing developments with provision for mixed developments including affordable housing. Spelthorne has an agreed policy and has delivered a good number of new homes over the last few years and has accepted 'commuted sums' for developments off-site. The DCLG/HCA have recently placed a greater emphasis on the development of the private rented sector and encouraged capital investment through banks and institutional investors.

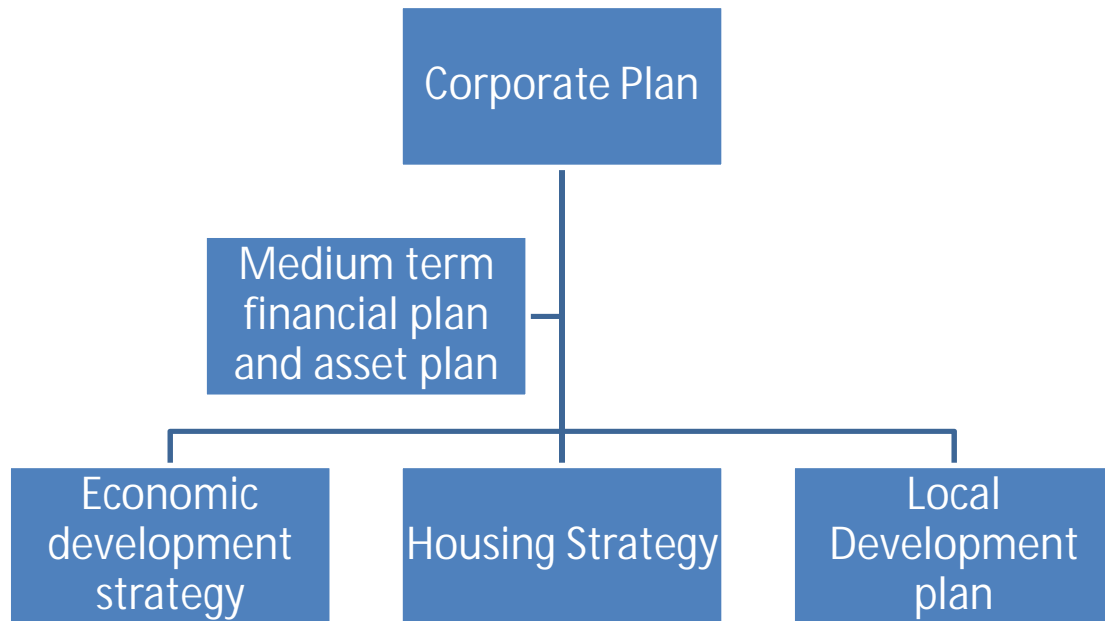
The Montague report (2012) raised concerns relating to planning considerations for S106 and affordable housing because rental yields are delivered over time and are not as high or immediate as outright sales. Some Councils have taken a proactive approach to new PRS developments and have assessed the case for accepting planning applications that deliver less S106 but deliver more in terms of economic and social gains to the locality.

Examples:

- Bristol Council (development with A2D and Crest Nicholson)
- Newham Council (development with Fizzy Living a subsidiary company of Thames Valley Housing Association)

## **7.0 Developing a whole systems approach to housing services.**

7.1 The Housing Strategy can be viewed as a 'foundation strategy' for the Council; it impacts on all residents in the borough and provides the starting point for the building of communities. So much of what succeeds and what fails in an area is dependent on the type and mix of housing. The corporate housing strategy is where the Council sets out its collective vision for housing in the area.



7.2 The current Spelthorne Housing Strategy (2010-14 and updated in 2013) identifies four priorities:

1. To ensure the provision of affordable housing throughout the Borough in order to meet a range of local needs and through a mix of property types, sizes and tenures.
2. To improve the housing options of clients through the introduction of a choice-based lettings scheme.
3. To improve the housing options services to clients through the prevention of homelessness
4. To address the issues of 'decent' homes, independent living for vulnerable people, and the availability of suitable properties in the private rented sector.

The corporate Housing strategy should be supported by a body of evidence of needs and housing conditions:

- Housing conditions and needs survey, last commissioned in 2006
- Housing market assessment 2006
- Census 2011

and a set of sector specific strategies

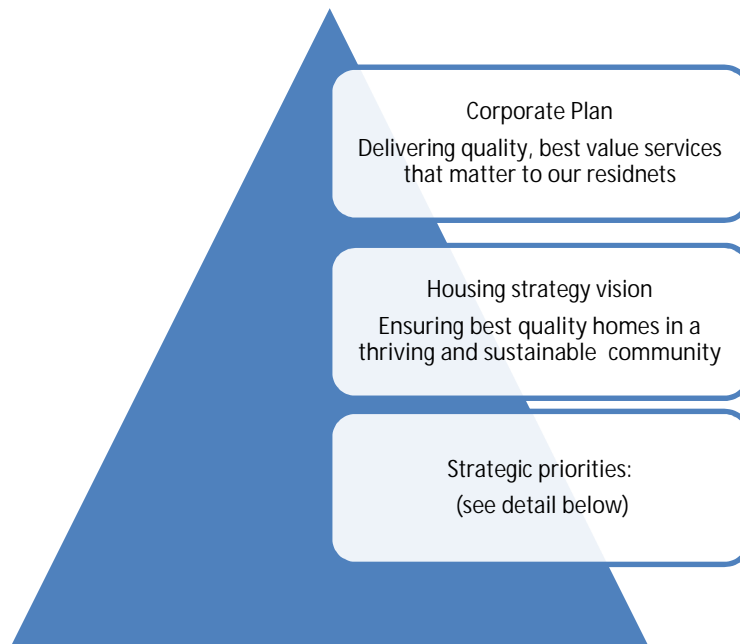
- Homelessness strategy, this is a requirement of the Housing Act and should set out how the Council intends to prevent homelessness and discharge its duty for accepted households. Currently there is no strategy agreed.
- Private Sector strategy, setting out the approach the council will take to the regulation of the private rented sector and its use for discharging homeless families under PRS orders; it also provides a vehicle for considering how the Local Authority can help promote the

development of more private rented accommodation. Currently there is no strategy agreed.

- Tenancy strategy; this deals with what types of tenancies the authority want to social housing providers in the area including probation and fixed term tenancies. Strategy agreed by SBC in December 2012.
- Allocation Policy; under the provisions of the Localism Act, but mindful of the legal requirements relating to homeless households and people in extreme housing need, Councils can now establish local criteria for allocations, and a choice-based lettings scheme. Policy agreed by SBC in 2011.
- Enabling policies relating to the planning process; these are part of the Local development plan and the suite of planning guidance documents that support that document. The 'Housing size and type supplementary planning document' gives evidence of demand and establishes targets for cross tenure developments. Policy agreed by SBC in 2012.
- Special needs/vulnerable residents and supporting people; these strategic priorities are the responsibility of the County and are summarised in the Joint strategic needs assessments for each client group. Spelthorne needs to ensure that it has linked to the requirements of these plans when determining housing provision in the area.

Even in the last twelve months the housing situation has become more critical so this is a good moment to be reviewing your approach. A key question to Members is what degree of priority do you want to give to housing? This report recommends that you develop a more strategic approach to dealing with housing need; this should ensure clarity of overall vision and synergy between the various strands of the strategy. What follows is intended to help kick-start that process.

## **8.0 Defining the overarching Housing Strategy for Spelthorne Borough Council.**



**The strategic priorities below pave the way for a refreshed approach to housing in Spelthorne. The new features are highlighted beside each element.**

### **8.1 Strategic priorities (in bold):**

#### **1. Increase the supply of new homes and improve the tenure mix especially the provision of more private rented accommodation.**

This makes explicit the desire to actively increase the number of private rented homes in the borough. It also paves the way for the development of a SBC 'Local Housing Company' that develops and delivers privately rented homes and generates an income stream for the Council.

#### **2. Improve the quality of existing homes.**

This provides a focus on improvements in the private rented sector as an enabling requirement for the discharge of the homeless duty into that sector. It also fits with your continuing commitment to maintaining independence of vulnerable and elderly homeowners and ensuring high standards are maintained in social housing units managed by A2D and other Registered Providers operating in the borough.

#### **3. Prevent homelessness**

The focus here will be on attaining the 'gold standard' (DCLG) for homelessness services with a focus on prevention and agreeing a new policy on the discharge of duty into the PRS, thereby seeking to end the use of temporary accommodation except in exceptional circumstances. This in turn requires a new approach to the PRS with a focus on decent homes; quality, regulation and facilitation of the sector by the LA. This will also enable SBC to support the three borough



initiative (Runnymede; Elmbridge and SBC) to develop a Winter shelter so that SBC can comply with the standard relating to 'no second night out' for rough sleepers.

**4. Support residents to access affordable, well-managed market rent and social rented properties.**

Linked to above but also allows for the development of the SBC Lettings Agency that will work directly with local landlords to secure more affordable accommodation for those presenting as homeless.

**5. Prioritise local authority allocated homes to those who contribute.**

The decision to discharge the homelessness duty into the PRS will have an impact on your current allocation policy as you will need to determine how you want to deal with households for whom you have either diverted into the PRS through prevention work and those for whom you have discharged the duty into the PRS. But you could also use the opportunity to decide if you want to make any other changes to the criteria to include for example further requirements relating to working/volunteering/caring; level of household income and savings; length of time allowable for bidding prior to direct offers.

**9.0 Recommendations.**

**9.1 Develop and consult on a comprehensive Housing strategy for Spelthorne.**

Review evidence from the most recent housing needs surveys; housing conditions survey; housing needs assessment and Census and then commit to writing a new Housing strategy that sets out the Council's approach to responding to housing needs and aspirations; this should be linked to corporate priorities and the economic vision of the Council. Further work can then be commissioned to update the underlying evidence. You will need to ensure you have consulted on the findings and approach. The adoption of the Housing Strategy is a key decision for the Council.

**9.2 Develop associated housing strategies for homelessness services and Private Sector Housing.**

Commit to producing a homelessness strategy that focuses on prevention, complies with the 'gold standard' and addresses the new power to discharge duty into the Private rented sector. Follow that strategy with a Private Sector Strategy that describes the approach Spelthorne will take to discharge its duty into the Private rented sector and also how you intend to support the delivery of high quality private rented homes and the ongoing independence and sustainability of homes for vulnerable and elderly people.

**9.3 Agree a policy and procedure to enable the discharge of the homelessness duty into the Private rented sector. (Appendix three)**

**9.4 Using the provisions available through the Localism Act explore the opportunities for developing a Local Asset backed vehicle and a Local Housing Company.**

- (1) The Council continues to own substantial land assets and has a commitment to developing income generation opportunities. There is currently a rising market in property, and investors (UK and overseas) are increasingly interested in equity based products. The Council should consider preparing a business options report that tests out the benefits and risks of approaches to the development of key sites as an asset based venture.
- (2) Alongside the asset based vehicle the Council should also consider using a housing company arrangement to enable the management and purchase of a portfolio of homes for rent. This could be funded from SBC reserves and then enabled to raise capital finance through either the Public Works Loan Board or private finance. These homes could then be used for temporary accommodation or on Assured Shorthold Tenancy terms for the discharge of the homelessness duty.

**9.6 Develop a Spelthorne Local Lettings Agency.** A business case is being prepared.

**9.7 In the light of the decision to discharge the homelessness duty into the PRS, the Council should review the allocation plan to ensure that it fully reflects the changed approach.**

**9.8 Consult partners and stakeholder on the new approach.** There is an expectation that Local Authorities consult on their Housing strategy and given the extent of the recommendations it would be appropriate to organise a one day Housing Strategy conference that enables everyone with an interest to come together and contribute their views. This should happen before final decisions.

**10.0 Equalities impact assessment.**

10.1 The Impact Assessment will be available for the Cabinet meeting.

**11.0 Expected outcomes and response to the presenting problem.**

11.1 The recommendations are intended to deliver the following outcomes:

- Ensure a strategic based approach to managing the Spelthorne Borough Council housing responsibilities.
- Decrease demands for temporary accommodation through discharging duty into the PRS.
- Increase the number of private sector landlords willing to let their properties through the Council.

- Save money in the revenue account and secure equity and income for the Council.
- Increase stock including private rented homes at submarket rents.

## **12.0 Comments of the Chief Finance Officer**

As the report has highlighted accommodating homelessness is a growing budget pressure for the Council. As a consequence of the public sector deficit reduction, programme funding for local government is continuing to be reduced. The Council is preparing for the possibility that by 2020 it will cease to receive any Revenue Support Grant. In that context we need to be looking to generate new income streams and some of the recommendations in this report would potentially help achieve this. So I support the recommendations set out in the report. Clearly a considerable amount of resource and appropriate expertise will be required to work up and develop a number of the recommendations. Both the resources required to deliver the recommendations and the projected ongoing revenue benefits will, if the recommendations are approved, be fed into the autumn outline budget and the 2015-16 budget process. Some initial supplementary funding on an invest to save basis may be required from reserves in 2014-15.

## **13.0 Comments of the Head of Corporate Governance.**

## **14.0 Comments of the ACX (Housing)**

Housing is a fundamental need for the residents of Spelthorne. The risk of homelessness adds growing pressures to the Council's budget but can result in even greater costs to society. The Housing Action Plan will help to support the housing needs of our residents in the future with the potential to provide an income stream which can be used for re-investment.

Bernadette O'Shea June 2014

## Action Plan

Action	Tasks and steps	Resources required	By who?	By when?	Desired outcomes.
Develop a new housing strategy for SBC	Seek Cabinet approval for strategic priorities.			June/July 2014	Refreshed strategy provides framework for action plan.
	Prepare strategy for consultation with partners and stakeholders (this to include Homelessness strategy and Private Sector strategy).	Powerpoint presentation prepared for consultation event.	L Borthwick (with K Sinclair, T Willmott-French, B O'Shea)	July 2014	Implementation of the strategy will mean costs are reduced.  Income generated through Local Housing Company and Local Asset backed vehicle.
	Taking into consideration views from the consultation, agree final strategy.	Revised strategy prepared.	L Borthwick/ K Sinclair	September 2014	Changes in perception of community.
Develop a new Homelessness Strategy and policy on 'discharging duty into the Private	Seek Cabinet approval for strategic priorities.			June/July 2014	Partnership sign-up to preventative approach.

rented sector'.	Draft strategy document prepared with implementation plan.	Commission to Housing Consultant.	B O'Shea	July 2014	Homelessness Forum established and focused on actions to prevent homelessness.
	Draft policy and procedure for the discharge of duty into the PRS.	Commission to Housing Consultant.	B O'Shea	June/July 2014	Phased end of use of B and B accommodation.
	Consultation (see above)	As above.	As above.	September 2014	Duty discharged into PRS.  PRS letting agency in operation and securing homes for discharge.  SBC compliant with DCLG 'Gold standard'
Develop a new Private Sector Housing strategy.	Seek Cabinet approval for strategic priorities.			June 2014	Focus regulatory and enabling activity on high risk owner occupiers and the private rented sector.
	Draft strategy document with	Commission to housing consultant.	B O'Shea	July 2014	

	<p>implementation plan.</p> <p>Consultation (as above)</p>	As above.	As above.	July 2014	<p>Bring empty homes and under-utilised buildings back into use.</p> <p>In partnership with other agencies, enable affordable warmth activity across the borough.</p> <p>Support the work of the SBC lettings agency in securing private rented homes.</p>
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<p>Develop the business case for a Local Asset backed vehicle.</p> <p>Could include Knowle Green and Bridge Street.</p>	<p>Prepare outline specification for proposal including land holdings available to be considered as the Council's contribution.</p> <p>Establish project Board and identify roles and responsibilities.</p> <p>Commission specialist advice relating to value of the asset, estimate of desired outcomes from the venture, risk assessment, delivery plan and approach to procurement of venture partner.</p>	<p>Senior officer team will need to be established</p> <p>Member and officer time commitment.</p> <p>Pump-priming money will be required to fund assessment and options appraisal.</p>	<p>L Borthwick/ T Collier/ H Morgan</p> <p>L Borthwick</p> <p>Project Board nominees</p>		<p>Provide an ongoing income stream for the Council whilst extending the property portfolio of the Council.</p> <p>Deliver mixed development housing including affordable housing and private rented homes.</p> <p>Regenerate Staines town centre and other sites in the borough.</p>
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	<p>Hold a prospective partners event and issue invitation to bid.</p> <p>Complete procurement exercise, devise agreement and establish LABV.</p>	<p>Venue to be booked, site visits organised, outline prospectus prepared for circulation.</p> <p>Tender evaluation panel to be convened with specialist advice.</p>	Project Board		
<p>Develop business case for a Local Housing Company that purchases existing properties and manages converted properties from the Council, or builds prefabricated 'pod' type accommodation on SBC sites.</p>	<p>Prepare outline business case including variety of options and estimate of investment needed for start-up and likely return on investment over first five years.</p> <p>Develop governance model and prepare documentation for establishment of company.</p>		<p>L Borthwick/ T Collier/ M Graham</p> <p>L Borthwick/ M Graham</p>	<p>June 2014</p> <p>November 2014</p>	<p>Provide an ongoing income stream for the Council and an equity based investment product.</p> <p>Increase access to temporary accommodation at LHA levels and provide suitable accommodation for the discharge of duty into the private sector.</p>



	Secure Cabinet/Council approval for establishment of company.		L Borthwick		
Establish local lettings agency.	Secure Cabinet approval for outline business case.  Complete assessment of models for delivery (internal/external).  Recruit/redeploy staff and launch product.		B O'Shea  L Borthwick/ K Sinclair/ T Collier  K Sinclair	September 2014	Work with landlords to secure good quality private rented homes for use by homeless households and those presenting in housing need.  To enable the Council to discharge duty into the PRS.  To encourage new investors into the PRS sector.

## Appendix 3

### **Policy to enable the discharge of the homelessness duty into the private sector.**

#### **1. Background**

- 1.1 Provisions in the Localism Act 2011 give Local Authorities more scope to place homeless households in private rented homes. These powers also provide an opportunity to build stronger links with local landlords and raise the general standards of rented homes in the borough.
- 1.2 The DCLG issued supplementary guidance relating to this power in November 2012 (1) and a Homelessness (Suitability of accommodation) (England) Order relating to the quality of accommodation to be provided. Officers are required to have regard to these requirements when seeking to discharge the full homelessness duty into the private rented sector. The powers came into effect from 9<sup>th</sup> November 2012.

#### **2. The legal position**

- 2.1 The Localism Act allows local authorities to fully discharge the main housing duty by a 'private rented sector offer' (s193 (7AA)-(7AC) Housing Act 1996 as amended by 2.148(5)-(7) Localism Act 2011). This must be an offer of assured shorthold tenancy with a minimum fixed term of 12 months.
- 2.2 This report recommends that Spelthorne Borough Council assesses each statutorily homeless household to establish whether an offer of a tenancy in the private rented sector may be suitable for the purpose of discharge of the duty.

#### **3. Spelthorne Borough Council policy statement.**

- 3.1 **Spelthorne Borough Council will consider a 'private sector offer' (PSO) to end the homelessness duty in all cases. If an options officer considers that a PSO is appropriate to the needs of the applicant, and if suitable accommodation can be secured, then such an offer will routinely be made.**

**This will be considered the household's one offer of suitable accommodation and whether the household accepts or refuse this offer, it will discharge the Council's statutory homelessness duty.**

- 3.2 This policy sends a clear message that homelessness will no longer give a guarantee that homeless households will receive an offer of social housing. This supports the current approach to preventing homelessness wherever possible, and to encourage applicants to apply for housing through the housing register route, rather than the homelessness route.

### 3.3 This policy fits with the SBC (draft) Housing Strategy objectives:

- Prevent homelessness
- Support residents to access affordable, well-managed market rent and social rented properties
- Prioritising local authority allocated homes to those who contribute.

### 3.4 This policy fits with the (draft) Homelessness strategy vision:

- Preventing homelessness
- Increasing the supply of suitable accommodation and enabling wherever possible the discharge of duty into the private rented sector.
- Ensuring that support is available to people whilst they are homeless.

And the strategic objectives especially:

- Develop and provide a comprehensive housing options prevention service
- End the use of Bed and Breakfast accommodation for families
- Facilitate the discharge of duty to the PRS
- Develop a PRS offer through a SBC lettings service and with local lettings agents.

### 3.5 This policy will comply with:

- Part 7 of the Housing Act 1996, as amended by the Homelessness Act 2002
- The Localism Act 2011
- Homelessness (Suitability of accommodation) (England) Order 2012
- Homelessness Code of Guidance for local authorities 2006
- Equality Act 2010

## **4. Applying the policy.**

4.1 Each case will be considered on its own merits. This policy seeks to ensure that both a comprehensive needs assessment and risk assessment are carried out for each household. All households will be assessed based on their individual housing needs. This policy will ensure that there is no discrimination on the grounds of: age; disability; gender reassignment; marriage and civil partnership; pregnancy and maternity; race; religion and belief; gender; sexual orientation. In considering the individual circumstances of each household, housing options officers will consider the following guidance:

- We will not usually make a PSO if the applicant is vulnerable, requiring supported accommodation, or who is considered unlikely to be able to sustain a private rented tenancy.
- We would not usually make a PSO if the applicant or a member of their household requires significant disabled adaptations to make the property suitable.

- We would not usually make a PSO if the applicant was previously a social housing tenant and who has fled domestic violence; other violence; or harassment.
- We will also consider the affordability of the accommodation, having regard to Housing benefit/Local housing allowance rates and the overall benefit cap that could be applied to the household. This is likely to have an implication for larger families where a PSO may be inappropriate on the grounds of cost.

4.2 Length of the tenancy, the guidance requires that PSO should secure assured shorthold tenancies for 12 months but in SBC the Council will try to secure two year agreements with landlords wherever possible.

4.3 In the event that accommodation provided under a PSO is lost unintentionally within two years of tenancy commencement, the Council will owe a 're-application' duty which will require that alternative accommodation is secured for the applicant. This duty will apply regardless of whether there has been any change to the priority need status of the household. It should also be noted the household should be treated as threatened with homelessness from the date the notice is issued, and treated as homeless from the date the notice expires.

## **5. Suitability of private sector offers.**

5.1 Under this policy the Council will make 'suitable' offers of private rented accommodation in order to discharge the homelessness duty. In assessing the suitability of the accommodation the Council will comply with the relevant legislation, associated case law and the Code of Guidance as it relates to location, conditions and affordability.

5.2 Location.

Securing affordable private rented accommodation in the borough is a challenge. The Localism Act does allow authorities to discharge their duty to PSO outside the borough without the express agreement of applicants but is under an obligation to take account of the 'suitability' of the accommodation as set out in the Homelessness (Suitability of accommodation) (England) Order 2012-Part 1.

*'In determining whether accommodation is suitable for a person, the local housing authority must take into account the location of the accommodation including:*

- *Where the accommodation is situated outside the district of the local housing authority, the distance of the accommodation from the district of the authority*
- *The significance of any disruption which would be caused by the location of the accommodation to the employment, caring responsibilities or education of the person or members of the persons household*

- *The proximity and accessibility of the accommodation to medical facilities and other support which*
  - (a) *Are currently used by or provided to the person or members of the person's household and*
    - *,the person's household and*
  - (b) *The proximity and accessibility of the accommodation to local services, amenities and transport.*

### 5.3 Property Condition and Management.

The Homelessness (Suitability of accommodation) (England) Order 2012 Part 2 sets out a list of requirements relating to the property and its management that must be met in order for the property to be suitable.

Accommodation offered should be in a 'reasonable physical condition' and suitable in relation to:

- Certain electrical regulations
- Fire safety
- CO poisoning, with Carbon monoxide alarms fitted
- HMO licensing
- Valid Energy performance certification
- Gas safety record
- That a written tenancy agreement will be provided
- And that the landlord is a fit and proper person to act in the capacity of a landlord.

There is no requirement in the suitability order for a technical inspection to be undertaken by a qualified officer but it is recommended that all properties are visited by an officer from either the SBC lettings agency or Housing Options team or undertaken by an agent authorised by the Council. Where a concern is identified that a Category 1 hazard may be present the matter will be referred to the Senior environmental officer for a technical assessment under Section 4 of the Housing Act 2004.

### 5.4 Affordability.

For the property to be suitable it must be affordable under the terms set out in the Homelessness (Suitability of Accommodation) Order 1996 (SI 1996 No 3204). In assessing affordability the Council will consider not only if it is affordable now but whether it will be affordable in the next 12 months if it is known that the household based on their known circumstances is likely to receive a reduction in income due to changes in benefit entitlement due to welfare reform.

An individual affordability assessment will be undertaken for each applicant to be certain they can afford the housing without being deprived of basic essentials such as food, clothing, heating, transport and other essentials and in so doing will take account of cost resulting from the location of the accommodation.

In considering affordability the Council will need to consider access to Discretionary Housing Payments which may reduce any rent shortfall to a level where the rent is affordable.

**6. Refusal or failure to respond to an offer of suitable accommodation.**

- 6.1 The suitability of accommodation made available under a PSO is subject to a right to review, and applicants also have a right of appeal to the County Court on a point of law if they remain dissatisfied with the outcome.

**Cabinet****15 July 2014**

<b>Title</b>	Contract for the monitoring of calls from the Spelthorne Alarm Network (SPAN)		
<b>Purpose of the report</b>	To make a decision		
<b>Report Author</b>	Victoria Statham, Principal Solicitor and Janice Lowin, Independent Living Operations Manager		
<b>Cabinet Member</b>	Councillor Mrs Jean Pinkerton OBE	<b>Confidential</b>	No
<b>Corporate Priority</b>	Delivering quality of life services		
<b>Cabinet Values</b>	Community		
<b>Recommendations</b>	<b>Cabinet is asked to delegate the appointment of a suitable contractor to the Head of Housing and Independent Living in consultation with the Portfolio Holder.</b>		

**1. Key issues**

- 1.1 The Council has been running a very successful alarm system for a number of years. This allows vulnerable members of the community to have various sensors and alarm call buttons so that if for example they fall or fail to take relevant medication a call will be made to the call handling centre and appropriate action is then taken by the operative taking the call. The operative will call the key holders to the property, call the emergency services or take any other action as appropriate.
- 1.2 The call handling has been undertaken for a number of years by Mole Valley District Council. They have provided a very good service. The market has been tested over the years with tender processes and Mole Valley has been successful in retaining the contract each time.
- 1.3 The current contract with Mole Valley is due to expire. Therefore the Council needs to undertake a further tender process. Due to the value of the contract Standing Orders state that there should be a shortlist process, with that shortlist being approved by Cabinet and then the selection of the final contract is delegated to the Assistant Chief Executive in consultation with the Portfolio Holder.
- 1.4 There is a limited market of operators in this sector and therefore it would be more beneficial to undertake a tender process which allowed all potential providers to submit a full tender for evaluation rather than firstly undertaking a shortlist procedure which would only limit numbers based on financial stability and suitability. All elements of the financial stability and suitability will be assessed alongside the call handling arrangements that they would propose.

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

2.1 It is proposed that Cabinet agrees to the exemption to Contract Standing Orders to dispense with the requirement to shortlist and to have the shortlist approved by Cabinet. This would allow a full evaluation of all potential providers in the market. This will ensure that the best quality solution is provided for the best price.

2.2 The Council could undertake a two stage procurement processes with a shortlist first being agreed, however this will increase the time of the procurement. There is considerable work in transferring the call handling to another provider and there needs to be a long lead in time, if a two stage processes is used and time is extended, it would mean that the contract with Mole Valley would need to be further extended as there cannot be a break in service.

## **3. Financial implications**

3.1 It is anticipated that the tender price received will fall within the current budget of £19,800 per year.

## **4. Other considerations**

4.1 To ensure that a provider is selected that can provide a high level of quality of service, the evaluation criteria will be carefully put together. This is an essential service to a large number of residents and the quality of the service provided is critical to the success of the system.

## **5. Timetable for implementation**

5.1 If the exemption from Contract Standing Orders is agreed the indicative timetable for the new contract is as follows:

- (a) **Tender issued 16 July 2014**
- (b) **Tender return 13 August 2014**
- (c) **Decision on provider 3 September 2014**
- (d) **Contract start date 8 September 2014**

### **Background papers:**

There are none.

### **Appendices:**

There are none.



# Cabinet

## 15 July 2014



<b>Title</b>	Energy Procurement - Laser 2016-2020		
<b>Purpose of the report</b>	To make a decision		
<b>Report Author</b>	Francesca Nesbitt		
<b>Cabinet Member</b>	Councillor Tony Mitchell	<b>Confidential</b>	No
<b>Corporate Priority</b>	Value for money Council		
<b>Cabinet Values</b>	Opportunity		
<b>Recommendations</b>	<b>Cabinet to support officers' recommendation and continue to purchase in advance with Laser for 2016-2020</b>		

### 1. Key issues

- 1.1 The council needs to continue to improve their methods of energy procurement. This report identifies the way this could be achieved.
- 1.2 Laser is a public sector energy buying group and part of Kent County Councils commercial services division.
- 1.3 Spelthorne's current electricity and gas supply is procured through Local Authorities South East Region (LASER). The current agreement with LASER ends in October 2016. We are recommending we continue to purchase in advance (PIA) through Laser, for the reasons outlined in Table 1.

Table 1: Pros/Cons comparison for Purchase in Advance

Pro's	Con's
<ul style="list-style-type: none"> <li>• Comprehensive approach includes services from contract inception to invoice validation and payment</li> <li>• As part of KCC there is no profit margin built in</li> <li>• Instability of global energy has increased prices, PIA would protect us from.</li> <li>• Risk management approach</li> <li>• Benchmarked prices</li> <li>• Aggregated Energy spend</li> <li>• Market purchases</li> <li>• Load variance provisions</li> <li>• Transparency of pricing</li> </ul>	<ul style="list-style-type: none"> <li>• By Purchasing in Advance we are insulating ourselves from fluctuating energy prices, however if there is an unlikely decrease in energy prices we will not benefit.</li> </ul>

## 2. Options analysis and proposal

Laser procures energy in two ways, either Purchase in Advance (PIA) or Purchase within period (PWP). These are called basket options. The baskets have different approaches to forward buying energy. After considering the pro's and con's as outlined in table 2 our preferred choice is Purchase in Advanced (PIA)

Table 2 Comparing pros and cons for PIA and PWP

	Pro's	Con's
Purchase in Advance (PIA)	<p>Can set budget based on fixed &amp; firm price, more effectively</p> <p>Possible that we could buy at bottom of market and make savings</p> <p>Guarantee's price for fixed period in very uncertain times</p>	<p>Future prices could be lower – although this is extremely unlikely</p>
Purchase within Period (PWP)	<p>Greater market opportunity</p>	<p>Lower budget certainty</p>

- 2.1 The purchase in advance (PIA) is the preferred option for the Local Government which many councils including Kent County Council have chosen for their sites.
- 2.2 In addition to the above Laser delivers a number of extra benefits including, aggregation, flexible purchases, reviews of usage volumes, load variance provisions, transparency of pricing, no payment on incorrect bills, variety of invoice and payment options, no limitations on flexible purchase and renewable electricity.

## 3. Financial implications

Current budgeted spend for 2014-15 for each of gas and electricity is: electricity £206,100 and Gas £53,400. In total, Laser estimate that they have reduced Spelthorne's energy spend by £18.0k per annum.

Table 3: Comparison of average maximum market price against Lasers achieved price.

	Maximum market price	Laser achieved price
PIA Gas	8 pence per therm	5 pence per therm
PWP Gas	7 pence per therm	5 pence per therm
PIA Electric	£60 mwh	£45 mwh
PWP Electric	£60 mwh	£47 mwh

3.2 As well as saving us money through lower energy prices Laser also saves us resources and time spent on monitoring and searching for energy providers. In other areas, local authorities have dedicated officers that are employed to solely manage the energy usage of council assets.

**4. Other considerations**

With Laser we can monitor our consumption more effectively thus allowing us to identify anomalies and opportunities for reducing consumption and therefore costs.

**5. Timetable for implementation**

We are to inform Laser of our decision (to Laser) by October 2014.

**Background papers:**

Surrey utility contract analysis

Date Dec 2010 - Feb 2011

### Electricity

#### Half hourly sites

	Number of MPANS	Site?	Approx consumption KWh/yr	Type of contract. Flexible or fixed rate?	Contract Expiring date	Provider?	Supplier?	Standing charge	Day rate	Night rate	Green energy contract?	Payment method	
1	Elmbridge	1	Civic Centre	1150000	Fixed	End Oct 2011	M&C Energy Group	EON	58.24	8.06	5.04	Yes	BACS
	Epsom & Ewell	1	Town Hall	750000	Fixed	30/09/2012	Laser	Scottish and Southern	72.88	8.764	6.02	Yes	Direct Debit
	Epsom & Ewell	1	Bourne Hall	321000	Fixed	30/09/2012	Laser	Scottish and Southern	72.88	8.878	6.055	Yes	Direct Debit
2	Epsom & Ewell	1	Ebbisham Centre	391000	Fixed	30/09/2012	Laser	Scottish and Southern	72.88	8.751	6.023	Yes	Direct Debit
3	Guildford	2	Millmead House	810000	Fixed	31/10/2011	Laser	EON	13.08	8.558	5.06		BACS
		1	Woking Road Depot	400000	Fixed	31/10/2011	Laser	EON	43.16	8.485	5.142		BACS
		1	Cobbetts Cl. Traveller Site	267000	Fixed	31/10/2011	Laser	EON	40.47	8.137	5.229		BACS
		1	Bedford Road MSCP	660000	Fixed	31/10/2011	Laser	EON	43.16	7.999	5.081		BACS
		1	Castle Car Park	710000	Fixed	31/10/2011	Laser	EON	43.16	7.87	5.102		BACS
		2	Spectrum Leisure Centre	6600000	Fixed	31/10/2011	Laser	EON	69.74	7.74	4.931		BACS
		1	Lido	183000	Fixed	31/10/2011	Laser	EON	43.15	7.633	5.114		BACS
	Mole Valley	1	DORKING HALLS	382,568	Flex	30.09.11	Laser	Npower	0.1144	8.423	5.331	Yes	
4	Mole Valley	1	PIPPBROOK OFFICES	670,314	Flex	30.09.11	Laser	Npower	0.1144	8.288		Yes	
5	Waverley	1	The Bursys	630000	Fixed	30/09/2011	Laser	EON	36.56	8.59	5.29	Yes	BACS
6	Spelthorne	1	Council Offices	478790	Flexible	30-Sep-12	Laser	Npower	2.53 (£ p.m.)	8.688	5.483	YES	BACS
	Reigate	1	Town Hall	979000	Flexible Locked (Purchase in advance PIA)	31/09/12	Laser	Npower	26.25 (data processing) + 3.43 (fixed charge) + 115.56 (availability capacity 180kVa@64.2p/kVa)	8.231	5.305	Yes	BACS
7	Reigate	1	Harlequin	395800	Flexible Locked (Purchase in advance PIA)	31/09/12	Laser	Npower	26.25 (data processing) + 128.40 (availability capacity 200kVa@64.2p/kVa)	8.186	5.306	Yes	BACS
	Surrey H	1	Surrey Heath House	915000	Flexible PIA	30/09/2012	Laser	Scottish and Southern		8.904	5.408	no	direct debit
	Surrey H	1	Multi Storey Princess Sq	754000	Flexible PIA	30/09/2012	Laser	Scottish and Southern		8.51	5.407	no	direct debit
8	Surrey H	1	Arena Leisure Centre	238000	Flexible PIA	30/09/2011	eon	eon		7.321	4.643	No	Via contractor
9	Runnymede	1	Civic Centre, KT15 2AH	1,034,847	Fixed	30/09/2011	Laser	Npower	3.48pm	8.142	5.294	Yes	BACS
10	Tandridge	1	Council Offices	530000	Fixed	30/09/2012	Setsquare Energy Solutions Ltd	Scottish and Southern	54.22	8.514	5.244	?	Direct Debit
11	Woking	1	Civic Offices	961,420	Fixed	2025	Thamesway	Thamesway	135.02	9.3919	6.1252	Yes	BACS
	Woking	1	Leisure Centre & Pool	1850000	Fixed	2025	Thamesway	Thamesway	73.03	7.7892	5.3882	Yes	BACS
	Woking	1	Shoppers Car Parks	1190000	Fixed	2025	Thamesway	Thamesway	117.6	7.7892	5.3882	Yes	BACS
	Woking	1	Brockhill	272000	Fixed	2025	Thamesway	Thamesway	130.13	9.3919	6.1252	Yes	BACS
12	Surrey CC	46	Various	23,407,651.00	Flexible	30/09/2011	Laser	Npower	43.20	8.378	5.337	No	Mix
13	Surrey Police	1	Mount Browne	3423583	Flex - PIA	30/09/2012	Laser	Npower	41.76	8.113	5.278	No	BACS
	Surrey Police	1	Guildford	901364	Flex - PIA	30/09/2012	Laser	Npower	41.76	8.08	5.279	No	BACS
	Surrey Police	1	Woking	654978	Flex - PIA	30/09/2012	Laser	Npower	41.76	8.065	5.278	No	BACS
	Surrey Police	1	Staines	945693	Flex - PIA	30/09/2012	Laser	Npower	30.36	8.278	5.392	No	BACS
	Surrey Police	1	Farnham	198097	Flex - PIA	30/09/2012	Laser	Npower	30.36	8.432	5.392	No	BACS

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#### Monthly sites

	Number of MPANS	Site?	Approx consumption KWh/yr	Type of contract. Flexible or fixed rate?	Contract Expiring date	Provider?	Supplier?	Standing charge	One rate sites	Day rate	Night rate	Green energy contract?	Payment method	
1	Elmbridge	1	Drewitts Car Park	17000	Fixed	Aug-12	M&C Energy Group	Scottish Power	37	7.41	4.7	No	BACS	
	Elmbridge	6	Social Centres	210000	Fixed	Aug-12	M&C Energy Group	Scottish Power	37	7.06	4.7	No	BACS	
2	Epsom & Ewell	1	Longmead Social Centre		Fixed	30/09/2012	Laser	EDF	77.81	9.1640		No	Direct Debit	
	Epsom & Ewell	1	Longmead Depot		Fixed	30/09/2012	Laser	EDF	77.81		9.5090	5.99	No	Direct Debit
	Epsom & Ewell	1	Playhouse		Fixed	31/12/2011	Energy Team	Scottish and Southern	93.79	8.51		No	Direct Debit	
	Epsom & Ewell	2	Ashley C Park and CoxLane Caravan Site		Fixed	31/12/2011	Energy Team	Scottish and Southern	93.79		8.6500	5.59	No	Direct Debit
	Epsom & Ewell	1	Hook Road C Park		Fixed	31/12/2011	Energy Team	Scottish and Southern	93.79		8.4800	5.55	No	Direct Debit
4	Guildford	20	Various		Fixed	30/09/2012	EDF Energy	EDF Energy	77.81	9.765 - 8.9624	5.3698 - 5.708		BACS	
5	Mole Valley	1	Fairfield Day Centre	31,254	Flex	30.09.11	Laser	Npower	0.45218	7.748		No		
	Waverley	1	Blundon court		Fixed	30/09/2011	Laser	Scottish and Southern	76.8	8.538		No	BACS	
	Waverley	1	Dower House		Fixed	30/09/2011	Laser	Scottish and Southern	31.6	8.538				
	Waverley	1	Farnham Museum		Fixed	30/09/2011	Laser	Scottish and Southern	31.6	8.018				

Waverley	1	Moat Lodge		Fixed	30/09/2011	Laser	Scottish and Southern	31.6	7.928				
Waverley	1	Riverside Court		Fixed	30/09/2011	Laser		31.6	7.988				
Waverley	1	Rolston House		Fixed	30/09/2011	Laser		31.6	8.018				
Waverley	1	Shepherds Court		Fixed	30/09/2011	Laser		31.6	8.018				
Waverley	1	Bowing House		Fixed	30/09/2011	Laser	Scottish and Southern	31.6	7.988				
Waverley	1	Way Court		Fixed	30/09/2011	Laser		31.6	7.988				
Waverley	1	Woolmer Hill		Fixed	30/09/2011	Laser		31.6	8.538				
6 Spelthorne	1	Whitehouse Depot	102,187	Flexible	30-Sep-12	Laser	Npower	£ 13.75		9.102	6.194	YES	BACS
Spelthorne	1	Fordbridge Day Centre	74,340	Flexible	30-Sep-12	Laser	Npower	£ 10.65	8.943			YES	BACS
Spelthorne	1	Staines Day Centre	49,158	Flexible	30-Sep-12	Laser	Npower	£ 10.65	8.943			YES	BACS
Spelthorne	1	Church Rd MSCP	90,154	Flexible	30-Sep-12	Laser	Npower	£ 10.65	8.73			YES	BACS
Spelthorne	1	Elmsleigh MCSP	426,432	Flexible	30-Sep-12	Laser	Npower	£ 10.65	8.73			YES	BACS
Spelthorne	1	Lammas Rec grnd Pavillion	26,713	Flexible	30-Sep-12	Laser	Npower	£ 10.65		9.493	6.437	YES	BACS
Spelthorne	1	Memorial Gardens Rec grnd	89,130	Flexible	30-Sep-12	Laser	Npower	£ 10.65	8.73			YES	BACS
Spelthorne	1	Tothill MSCP	247,751	Flexible	30-Sep-12	Laser	Npower	£ 10.65	8.73			YES	BACS
Spelthorne	6	Various unmetered		Fixed			EDF / Southern Electric	£ 12.59				YES	BACS
Reigate	1	Town Hall Extension	85000	Flexible Variable (Purchase in period PWP)	31/09/12	Laser	Npower	13.4		9.355	6.211	Yes	BACS
Reigate	1	Regent Hall Community Centre	90000	Flexible Variable (Purchase in period PWP)	31/09/12	Laser	Npower	13.4		9.355	6.211	Yes	BACS
Reigate	1	Earlswood Depot	207000	Flexible Variable (Purchase in period PWP)	31/09/12	Laser	Npower	13.4		9.438	6.177	Yes	BACS
Reigate	1	Bancroft Road Car Park	188000	Flexible Variable (Purchase in period PWP)	31/09/12	Laser	Npower	13.4		9.438	6.177	Yes	BACS
7 Reigate	1	Clarendon Road Car Park	125000	Flexible Variable (Purchase in period PWP)	31/09/12	Laser	Npower	13.4		9.411	6.165	Yes	BACS
Surrey H	1	Camberley Theatre	360000	Flexible PIA	30/09/2012	Laser	N Power	34.998	8.045			No	Direct Debit
Surrey H	1	Kalima Gypsy site	120000	Fixed	?	Southern	Southern		12.47			No	Direct Debit
8 Surrey H	1	Knoll Road car park	230000	Flexible PIA	30/09/2012	Laser	N Power	34.998	8.312			No	Direct Debit
9 Runnymede	1	Eileen Tozer Day Centre, KT15 2AF	57,309	Fixed	30/09/2011	Laser	Npower	13.75		8.634	5.828	No	BACS
Runnymede	1	Floral House, KT16 9EE	169,869	Fixed	30/09/2011	Laser	Npower	13.75		8.243	5.243	No	BACS
Runnymede	1	Manor Farm Day Centre, TW20 9HR	85,263	Fixed	30/09/2011	Laser	Npower	10.65		9.117	6.061	No	BACS
Runnymede	1	The Hythe Centre, TW18 3HD	54,311	Fixed	30/09/2011	Laser	Npower	10.65	8.567			No	BACS
Runnymede	1	Wooham and New Haw Day Centre, KT15 3ET	97,788	Fixed	30/09/2011	Laser	Npower	13.75		8.726	5.818	No	BACS
Runnymede	1	The Chertsey Hall, KT16 9DR	49,070	Fixed	30/09/2011	Laser	Npower	1.86		8.745	5.72	No	BACS
10 Tandridge													
11 Woking													
Surrey CC	51	Various	4,331,270.00	Flexible PIA	30/09/2011	Laser	Npower	12.115	8.298			No	Mix
12 Surrey CC	58	Various	6,638,630.00	Flexible PIA	30/09/2011	Laser	Npower	12.847		8.7163	5.8196	No	Mix
13 Surrey Police	1	Banstead		Flex - PIA	30/09/2012	Laser	Npower	165.00		8.694	5.694	No	BACS
Surrey Police	1	Camberley		Flex - PIA	30/09/2012	Laser	Npower	127.80		9.076	5.876	No	BACS
Surrey Police	1	Caterham		Flex - PIA	30/09/2012	Laser	Npower	165.00		8.697	5.789	No	BACS
Surrey Police	1	Dorking		Flex - PIA	30/09/2012	Laser	Npower	165.00		8.697	5.789	No	BACS
Surrey Police	1	Epsom		Flex - PIA	30/09/2012	Laser	Npower	165.00		8.694	5.694	No	BACS
Surrey Police	1	Esher		Flex - PIA	30/09/2012	Laser	Npower	165.00		8.694	5.694	No	BACS
Surrey Police	1	Godalming		Flex - PIA	30/09/2012	Laser	Npower	127.80		9.119	5.913	No	BACS
Surrey Police	1	Godstone Server		Flex - PIA	30/09/2012	Laser	Npower	165.00		8.697	5.789	No	BACS
Surrey Police	1	MSE Godstone		Flex - PIA	30/09/2012	Laser	Npower	165.00		8.694	5.694	No	BACS
Surrey Police	1	Reigate		Flex - PIA	30/09/2012	Laser	Npower	165.00		8.697	5.789	No	BACS
Surrey Police	1	Sunbury		Flex - PIA	30/09/2012	Laser	Npower	127.80		9.076	5.876	No	BACS
Surrey Police	1	Leatherhead		Flex - PIA	30/09/2012	Laser	Npower	22.32		8.716	5.691	No	BACS

Quarterly sites

	Number of MPANS	Site?	Approx consumption KWh/yr	Type of contract. Flexible or fixed rate?	Contract Expiring date	Provider?	Supplier?	Standing charge	One rate sites	Day rate	Night rate	Green energy contract?	Payment method
1 Elmsbridge	38	Various		Fixed	30/09/2012	Laser	EDF	25.98		9.29	6.03	No	BACS
2 Epsom & Ewell	1	Nonsuch		Fixed	30/09/2012	Laser	EDF	29.82		10.13	7.37	No	Direct Debit
Epsom & Ewell	8	Various		Fixed	31/12/2011	Energy Team	Scottish and Southern	37.95		8.79	5.74	No	Direct Debit
Epsom & Ewell	3	Various		Fixed	31/12/2011	Energy Team	Scottish and Southern	19.17	8.57			No	Direct Debit
Epsom & Ewell	19	Various		Fixed	31/12/2011	Energy Team	Scottish and Southern	36.72	8.62			No	Direct Debit
Epsom & Ewell	1	Court Rec Pav		Fixed	31/12/2011	Energy Team	Scottish and Southern	37.96		8.84	5.74	No	Direct Debit
Epsom & Ewell	1	Horton C Park		Fixed	31/12/2011	Energy Team	Scottish and Southern	20.4		9.24	5.94	No	Direct Debit
3 Guildford	272	Various		Fixed	various	EDF & SSE	EDF & SSE	25.38	8.57 to 9.6727	9.1878	5.9		DD & BACS
Mole Valley	2	2 Rear Car Park	31,551	Fixed	30.09.12	Laser	EDF	13.96		10.963		No	
Mole Valley	1	Amenity Depot Station Road	23,896	Fixed	30.09.12	Laser	EDF	13.96		11.16		No	
Mole Valley	1	Car Park	25,041	Fixed	30.09.12	Laser	EDF	13.96		11.123		No	
Mole Valley	3	Cemetery Mess Room	3300	Fixed	30.09.12	Laser	EDF	31.49		10.499		No	
Mole Valley	1	Council Depot	1,289	Fixed	30.09.12	Laser	EDF	31.49		10.434		No	
Mole Valley	1	Dorking Depot	153,905	Fixed	30.09.12	Laser	EDF	16.84		10.614	7.36	No	
Mole Valley	1	Help Shop	46,086	Fixed	30.09.12	Laser	EDF	13.96		10.77		No	
Mole Valley	1	MVC	4,757	Fixed	30.09.12	Laser	EDF	13.96		14.413		No	
Mole Valley	1	Old Canary Wharf	2,824	Fixed	30.09.12	Laser	EDF	31.49		10.388		No	
Mole Valley	1	Park House	231,182	Fixed	30.09.12	Laser	EDF	13.96		10.434		No	

Mole Valley	1	Pixham Depot	37,705	Fixed	30.09.12	Laser	EDF	21.79		11.000	7.682	No	
Mole Valley	3	Public Conveniences	25,041	Fixed	30.09.12	Laser	EDF	13.96		11.123		No	
Mole Valley	1	Pump Station	25,041	Fixed	30.09.12	Laser	EDF	13.96		11.123		No	
Mole Valley	2	Sports Ground Pavilion	55,090	Fixed	30.09.12	Laser	EDF	21.79		11.019		No	
Mole Valley	1	Sports Pavilion	25,041	Fixed	30.09.12	Laser	EDF	13.96		11.123		No	
4 Mole Valley	2	Toilet blocks	25,041	Fixed	30.09.12	Laser	EDF	13.96		11.123		No	
5 Waverley	77	Various		Fixed	30/09/2011	Laser	Scottish and Southern		13			No	BACS
6 Spelthorne	22	Various		Flexible	30-Sep-12	Laser	Npower	1.7	9.29			No	BACS
Spelthorne	7	Various		Flexible	30-Sep-12	Laser	Npower	1.83	8.797			No	BACS
Spelthorne	3	APC Sunbury		Flexible	30-Sep-12	Laser	Npower	1.7		9.855	8.425	No	BACS
Spelthorne	1	APC Shepperton		Flexible	30-Sep-12	Laser	Npower	0.63	6.562			No	BACS
Spelthorne	2	Various Unmetered		Fixed			EDF / Souther Electric	18.15	9.020 / 12.259			No	BACS
7 Reigate	16			Flexible Variable (Purchase in period PWP)	31/09/12	Laser	Npower	5.44	9.034			Yes	BACS
Reigate	1			Flexible Variable (Purchase in period PWP)	31/09/12	Laser	Npower	5.16	9.472			Yes	BACS
Reigate	12			Flexible Variable (Purchase in period PWP)	31/09/12	Laser	Npower	5.44	8.564			Yes	BACS
Reigate	2			Flexible Variable (Purchase in period PWP)	31/09/12	Laser	Npower	5.52		9.405	6.156	Yes	BACS
Reigate	2			Flexible Variable (Purchase in period PWP)	31/09/12	Laser	Npower	5.44		9.4	7.06	Yes	BACS
Reigate	1			Flexible Variable (Purchase in period PWP)	31/09/12	Laser	Npower	5.52		8.935	5.686	Yes	BACS
8 Surrey H													
9 Runnymede	1	Oaklands Court, KT15 2TF	14,726	Fixed	30/09/2011	Laser	EDF Energy	9.88pm		8.6401	5.6427	No	BACS
Runnymede	1	Hampshire Court Blocks G to H, KT15 2NG	4,848	Fixed	30/09/2011	Laser	EDF Energy	9.88pm		8.635	5.691	No	BACS
Runnymede	1	Middlesex Court Landlord Lighting Block, KT15 2NN	8,064	Fixed	30/09/2011	Laser	EDF Energy	9.88pm		8.6246	5.6814	No	BACS
Runnymede	1	Stairway Lighting 9-16 Collingsbourne, KT15 1TS	6,377	Fixed	30/09/2011	Laser	EDF Energy	9.88pm		8.6287	5.6842	No	BACS
Runnymede	1	Lyne Crossing Road, KT16 0AT	1,616	Fixed	30/09/2011	Laser	EDF Energy	9.88pm		8.7862	5.7902	No	BACS
Runnymede	1	Landlords Lighting ST Annes Close, KT16 9DX	15	Fixed	30/09/2011	Laser	EDF Energy	9.88pm		16.9531	15.7566	No	BACS
Runnymede	1	Landlords Supply Cowper Close, KT16 9EA	3,873	Fixed	30/09/2011	Laser	EDF Energy	9.16pm	8.4204			No	BACS
Runnymede	1	Landlords Supply 111-115 Grove Road, KT16 9DJ	740	Fixed	30/09/2011	Laser	EDF Energy	9.40pm	8.5561			No	BACS
Runnymede	1	Stairway Lighting Lasswade Court, KT16 9EU	1,987	Fixed	30/09/2011	Laser	EDF Energy	9.40pm	8.4516			No	BACS
Runnymede	1	Block 1 Flats 1-4 Vincent Close, KT16 9JG	2,997	Fixed	30/09/2011	Laser	EDF Energy	9.40pm	8.4312			No	BACS
Runnymede	1	Landlords Supply 139-145 Grove Road, KT16 9DJ	540	Fixed	30/09/2011	Laser	EDF Energy	9.40pm	8.6058			No	BACS
Runnymede	1	Staircases 1-8 Lincombe Court, KT15 1RX	1,957	Fixed	30/09/2011	Laser	EDF Energy	9.40pm	8.4527			No	BACS
Runnymede	1	Landlords Supply Rickman Court, KT15 2XQ	15	Fixed	30/09/2011	Laser	EDF Energy	9.40pm	16.3869			No	BACS
Runnymede	1	Block Landlords Supply F2, 42-64 Orchard Way, KT15 1LW	4,745	Fixed	30/09/2011	Laser	EDF Energy	9.40pm	8.4152			No	BACS
Runnymede	1	LandLords Supply 1/8 Collingbourne High Street, KT15 1TS	3,204	Fixed	30/09/2011	Laser	EDF Energy	9.40pm	8.4281			No	BACS
Runnymede	1	Flats 5-8 Vincent Close, KT16 9JG	2,997	Fixed	30/09/2011	Laser	EDF Energy	9.40pm	8.4312			No	BACS
Runnymede	1	Block A Middlesex Court, KT15 2NN	3,822	Fixed	30/09/2011	Laser	EDF Energy	9.40pm	8.4209			No	BACS
Runnymede	1	59-69 Brighton Road, KT15 2AH	6,501	Fixed	30/09/2011	Laser	EDF Energy	9.40pm	8.409			No	BACS
Runnymede	1	Block B-C Middlesex Court, KT15 2NN	4,253	Fixed	30/09/2011	Laser	EDF Energy	9.40pm	8.4189			No	BACS
Runnymede	1	Block 4 Flats 13-16 Vincent Close, KT16 9JG	2,997	Fixed	30/09/2011	Laser	EDF Energy	9.40pm	8.4312			No	BACS
Runnymede	1	Landlords Supply 117-123 Grove Road, KT16 9DJ	1,771	Fixed	30/09/2011	Laser	EDF Energy	9.40pm	8.4599			No	BACS
Runnymede	1	Landlords Supply 58,60,62,64 ST Anns Road, KT16 9DZ	447	Fixed	30/09/2011	Laser	EDF Energy	9.40pm	8.652			No	BACS
Runnymede	1	Blocks J-K Sussex Court, KT15 2NF	6,588	Fixed	30/09/2011	Laser	EDF Energy	9.40pm	8.4087			No	BACS
Runnymede	1	Landlords Supply Block F 136-158 Orchard Way, KT15 1LW	5,548	Fixed	30/09/2011	Laser	EDF Energy	9.40pm	8.412			No	BACS
Runnymede	1	Landlords Supply 147-153 Grove Road, KT16 9DJ	608	Fixed	30/09/2011	Laser	EDF Energy	9.40pm	8.5936			No	BACS
Runnymede	1	Staircase Lighting 17-24 Collingsbourne, KT15 1TS	3,633	Fixed	30/09/2011	Laser	EDF Energy	9.40pm	8.4229			No	BACS
Runnymede	1	Block 3 Flats 9-12 Vincent Close, KT16 9JG	2,997	Fixed	30/09/2011	Laser	EDF Energy	9.40pm	8.4312			No	BACS
Runnymede	1	Chertsey Recreation Ground, KT16 9BW	183	Fixed	30/09/2011	Laser	EDF Energy	9.40pm	9.0395			No	BACS
Runnymede	1	Public Toilets, KT16 0AG	12,625	Fixed	30/09/2011	Laser	EDF Energy	9.40pm	8.3997			No	BACS
Runnymede	1	Sports Pavilion, KT16 0NQ	6,259	Fixed	30/09/2011	Laser	EDF Energy	9.40pm	8.4088			No	BACS
Runnymede	1	Landlords Supply 46A Station Road, KT15 2AF	725	Fixed	30/09/2011	Laser	EDF Energy	9.40pm	8.5597			No	BACS
Runnymede	1	Public Convenience/Addlestone, Kingthorpe Gardens, KT15 1RW	15	Fixed	30/09/2011	Laser	EDF Energy	9.40pm	16.3869			No	BACS
Runnymede	1	The Pavilion, KT15 2AH	1,064	Fixed	30/09/2011	Laser	EDF Energy	9.40pm	8.5035			No	BACS
Runnymede	1	Landlords Lighting 10-18 Page Croft, KT15 2HD	23,896	Fixed	30/09/2011	Laser	EDF Energy	9.40pm	8.4011			No	BACS
Runnymede	1	Landlords Supply Flat 7-10 Ilex House, KT15 3HX	8,219	Fixed	30/09/2011	Laser	EDF Energy	9.40pm	8.4115			No	BACS
Runnymede	1	Middlesex Court Block E-F, KT15 2NN	29,276	Fixed	30/09/2011	Laser	EDF Energy	9.40pm	8.4			No	BACS
Runnymede	1	Landlords Lighting 1-9 Page Croft, KT15 2HD	23,896	Fixed	30/09/2011	Laser	EDF Energy	9.40pm	8.4011			No	BACS
Runnymede	1	Landlords Lighting Audley House, KT15 1SB	13,108	Fixed	30/09/2011	Laser	EDF Energy	9.40pm	8.4054			No	BACS
Runnymede	1	Southam House, Landlords Lighting Flats 17-32 Park, KT15 1RU	14,073	Fixed	30/09/2011	Laser	EDF Energy	9.40pm	8.4048			No	BACS
Runnymede	1	New Leisure Centre, Jubilee School, KT15 1TE	75,431	Fixed	30/09/2011	Laser	EDF Energy	9.40pm	8.3972			No	BACS
Runnymede	1	Prairie Close, KT15 2TN	25,041	Fixed	30/09/2011	Laser	EDF Energy	9.40pm	8.3947			No	BACS
Runnymede	1	WC and Stair Lighting, 155 Station Road, KT15 2AT	25,041	Fixed	30/09/2011	Laser	EDF Energy	9.40pm	8.3947			No	BACS
Runnymede	1	WC and Stair Lighting, 155 Station Road, KT15 2AT	25,041	Fixed	30/09/2011	Laser	EDF Energy	9.40pm	8.3947			No	BACS
Runnymede	1	Alarm System at 61 Vernon Close, KT16 0JD	23,896	Fixed	30/09/2011	Laser	EDF Energy	9.40pm	8.3951			No	BACS
Runnymede	1	Central Depot Fordwater Road, KT16 8HQ	312,538	Fixed	30/09/2011	Laser	EDF Energy	61.06pa	8.3594			No	BACS
Runnymede	1	BOWLS Pavilion Heathervale Recreation Ground, KT15 3NW	12,607	Fixed	30/09/2011	Laser	EDF Energy	61.06pa	9.6264			No	BACS
Runnymede	1	Pumping Station, Chertsey Recreation Garden, KT16 9LY	3,753	Fixed	30/09/2011	Laser	EDF Energy	61.06pa	12.7402			No	BACS
Runnymede	1	The Orchard, KT16 8PS	25,926	Fixed	30/09/2011	Laser	EDF Energy	89.64pa		9.1692	6.1308	No	BACS
Runnymede	1	Surrey Towers Landlords Supply, KT15 2NH	212,045	Fixed	30/09/2011	Laser	EDF Energy	89.64pa		8.6035	5.5652	No	BACS

Runnymede	1	Ottershaw Youth Club, KT16 0NQ	36,407	Fixed	30/09/2011	Laser	EDF Energy	61.06pa	8.7632			No	BACS
Runnymede	1	Memorial Meeting Hall, KT16 0NQ	44,863	Fixed	30/09/2011	Laser	EDF Energy	61.06pa	8.677			No	BACS
Runnymede	1	Pumping Station Recreation Lodge, KT16 9LR	5,689	Fixed	30/09/2011	Laser	EDF Energy	61.06pa	11.2317			No	BACS
Runnymede	1	Abbeyfield Pavilion, KT16 8PS	20,515	Fixed	30/09/2011	Laser	EDF Energy	61.06pa	9.1172			No	BACS
Runnymede	1	W Davies Pavilion, KT15 3AN	66,957	Fixed	30/09/2011	Laser	EDF Energy	61.06pa	8.5547			No	BACS
Runnymede	1	Gogmore Farm, KT16 9BG	60,773	Fixed	30/09/2011	Laser	EDF Energy	61.06pa	8.58			No	BACS
Runnymede	1	Commercial Building Windsor Street, KT16 8AS	10,250	Fixed	30/09/2011	Laser	EDF Energy	89.64pa		10.1551	7.1157	No	BACS
Runnymede	1	Landlords Supply Fair Oaks Court, KT15 1SP	5,948	Fixed	30/09/2011	Laser	EDF Energy	89.64pa		11.3331	8.2963	No	BACS
Runnymede	1	Hall Lighting Heatherfields, KT15 3NW	117,623	Fixed	30/09/2011	Laser	EDF Energy	89.64pa		8.68	5.596	No	BACS
Runnymede	1	Old Cricket Pavilion, Chertsey Recreation Ground, KT16 9BW	3,123	Fixed	30/09/2011	Laser	EDF Energy	61.06pa	13.636			No	BACS
Runnymede	1	Surrey Towers, Tenants Meeting Room, KT15 2NH	15,281	Fixed	30/09/2011	Laser	EDF Energy	61.06pa	9.3952			No	BACS
Runnymede	1	Landlords Supply 1-31 Beomonds Herriot Road, KT16 9BX	72,765	Fixed	30/09/2011	Laser	EDF Energy	89.64pa		8.7681	5.6832	No	BACS
Runnymede	1	Flat The Orchard, KT16 8PS	13,477	Fixed	30/09/2011	Laser	EDF Energy	61.06pa	9.5407			No	BACS
Runnymede	1	Chertsey Museum, KT16 8AT	75,872	Fixed	30/09/2011	Laser	EDF Energy	61.06pa	8.5254			No	BACS
Runnymede	1	Landlords Supply Block 1 Darley Dene Court, KT15 2NU	274,839	Fixed	30/09/2011	Laser	EDF Energy	89.64pa		8.5855	5.5472	No	BACS
Runnymede	1	Victory Park Pavilion, KT15 2AH	66,930	Fixed	30/09/2011	Laser	EDF Energy	61.06pa	8.5548			No	BACS
Runnymede	1	Cemetery Office Eastworth Road, KT16 8DS	38,407	Fixed	30/09/2011	Laser	EDF Energy	61.06pa	8.7632			No	BACS
Runnymede	1	Cemetery Office Chapel Road, KT16 8DS	6,721	Fixed	30/09/2011	Laser	EDF Energy	89.64pa		11.0109	7.9731	No	BACS
Runnymede	1	Runnymede Borough Council Pumping Station, KT15 2JS	36,407	Fixed	30/09/2011	Laser	EDF Energy	61.06pa	8.7632			No	BACS
Runnymede	1	Orchard Nurseries, KT16 8PS	27,635	Fixed	30/09/2011	Laser	EDF Energy	89.64pa		9.1293	6.0908	No	BACS
Runnymede	1	Cemetery Chapel (B), Green Lane, KT15 2TD	30,962	Fixed	30/09/2011	Laser	EDF Energy	89.64pa		9.0644	6.0262	No	BACS
Runnymede	1	J Kirkham Pavilion, KT16 9LR	59,397	Fixed	30/09/2011	Laser	EDF Energy	89.64pa		8.806	5.7679	No	BACS
10 Tandridge													
11 Woking													
Surrey CC	136	Various		Fixed	30/09/2012	Laser	Scottish and Southern	14.22	9.54			No	Mix
Surrey CC	26	Various		Fixed	30/09/2012	Laser	Scottish and Southern	23.03		9.77	5.84	No	Mix
Surrey CC	153	Various		Fixed	30/09/2012	Laser	EDF		8.86			No	Mix
12 Surrey CC		Various		Fixed	30/09/2012	Laser	EDF			9.25	6.02	No	Mix
13 Surrey Police	85	Various		Flex - PIA	30/09/2012	Laser	EDF	64.79	11.67	11.94	8.64	No	BACS

## Gas

	Number of MPRs	Site?	Approx consumption/yr	Type of contract. Flexible or fixed rate?	Contract Expiring date	Provider?	Supplier?	Standing charge	Rate	Payment method
1 Elmbridge	7	Civic Centre and Social Centres		Fixed	31.08.2011	M&C Energy Group	CNG (Contract Natural Gas)	none	2.7401	BACS
2 Epsom & Ewell	13	Various		Fixed	30.6.2012	Laser	Corona Energy	none	2.841	Direct Debit
Guildford	1	Spectrum	9000000	Fixed	30.9.2011	Laser	Corona Energy		2.21	BACS
3 Mole Valley	33	Various		Fixed	30.9.2012	Laser	SSE & British Gas		2.5 - 2.88	BACS
Mole Valley	2	Council Curtis Road Depot	696,883	Flex PIA	30.09.12	Laser	British Gas	none	2.602	
Mole Valley	2	Council Offices Pippbrook	637,938	Flex PIA	30.09.12	Laser	British Gas	none	2.463	
Mole Valley	1	Dorking Halls	826,080	Flex PIA	30.09.12	Laser	British Gas	none	2.558	
Mole Valley	1	Fairfield Day Centre	104,259	Flex PIA	30.09.12	Laser	British Gas	none	2.868	
Mole Valley	1	Park House	22,780	Flex PIA	30.09.12	Laser	British Gas	none	3.245	
Mole Valley	1	Park House	38,981	Flex PIA	30.09.12	Laser	British Gas	none	3.215	
Mole Valley	1	The Vestry	52,002	Flex PIA	30.09.12	Laser	British Gas	none	3.225	
4 Mole Valley	1	Vincent Drive (1)	123,694	Flex PIA	30.09.12	Laser	British Gas	none	2.704	
5 Waverley	13	The Burys + various others		Fixed	13/10/2011	Laser	Corona energy	none	2.471	BACS
6 Spelthorne	10	Various		Flexible	30-Sep-12	Laser	British Gas	None	3.338	BACS
7 Reigate	9	Various		Flexible Locked (Purchase in advance PIA)	31/09/11	Laser	British Gas	none	See comment	BACS
Surrey H		Surrey Heath house	185,000kw	flexible	30/09/2012	Laser	British Gas	None	2.834	Direct Debit
8 Surrey H		Arena Leisure centre	3250259kw	flexible	31/10/2011	Eon	eon	None	2.41	contactor
Runnymede	1	Beomonds, KT16 9BU	426,642	Fixed	30/09/2012	Laser	British Gas	None	2.165	BACS
Runnymede	1	Chertsey Depot, KT16 8HH	82,769	Fixed	30/09/2012	Laser	British Gas	None	2.409	BACS
Runnymede	1	Chertsey Hall, KT16 9BU	329,178	Fixed	30/09/2012	Laser	British Gas	None	2.172	BACS
Runnymede	1	Civic Centre, KT15 2AH	475,000	Fixed	30/09/2012	Laser	British Gas	None	2.248	BACS
Runnymede	1	Egham Leisure Centre, TW20 8NL	333,452	Fixed	30/09/2012	Laser	British Gas	None	2.348	BACS
Runnymede	1	Eileen Tozer Day Centre, KT15 2AN	108,015	Fixed	30/09/2012	Laser	British Gas	None	2.366	BACS
Runnymede	1	Elderly Care Unit, TW20 0PH	301,053	Fixed	30/09/2012	Laser	British Gas	None	2.341	BACS
Runnymede	1	Floral House, KT16 9BP	927,337	Fixed	30/09/2012	Laser	British Gas	None	2.115	BACS
Runnymede	1	Heatherfields, KT15 3NW	208,479	Fixed	30/09/2012	Laser	British Gas	None	2.372	BACS
Runnymede	1	Hythe Centre, TW18 3HD	103,815	Fixed	30/09/2012	Laser	British Gas	None	2.384	BACS
Runnymede	1	Manor Farm Day Centre, TW20 9HR	177,090	Fixed	30/09/2012	Laser	British Gas	None	2.366	BACS
Runnymede	1	The Orchard Day Centre, KT16 8PS	78,650	Fixed	30/09/2012	Laser	British Gas	None	2.411	BACS
Runnymede	1	The Woodham and New Haw Day Centre, KT15 3ET	250,655	Fixed	30/09/2012	Laser	British Gas	None	2.366	BACS
9 Runnymede	2	Thorpe Village Hall, TW20 8TE	56,560	Fixed	30/09/2012	Laser	British Gas	None	2.641	BACS
10 Tandridge	1	Council Offices	260000	Fixed	30/09/2012	Laser	British Gas	none	2.638	BACS
11 Woking										
Surrey CC	79	Various sites over 500,000 kWh	75,444,554.00	Flexible	30/09/2011	Laser	British Gas	None	2.539262006	Direct Debit
12 Surrey CC	434	Various sites under	74,192,583.00	Flexible	30/09/2011	Laser	British Gas	None	2.794590469	Direct Debit
13 Surrey Police	100	Various		Flex - PIA	30/09/2012	Laser	British Gas	none	3.183	BACS

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**Cabinet****15 July 2014**

<b>Title</b>	Local Government Association (LGA) Report on Economic Development		
<b>Purpose of the report</b>	To make a decision		
<b>Report Author</b>	Keith McGroary		
<b>Cabinet Member</b>	Councillor Nick Gething	<b>Confidential</b>	No
<b>Corporate Priority</b>	Creating opportunity and prosperity for our borough		
<b>Cabinet Values</b>	Opportunity and Self-Reliance		
<b>Recommendations</b>	<b>That the report is noted and is endorsed to the effect that officers report back to a future Cabinet with specific recommendations and business case for additional resources as required.</b>		

**1. Key issues**

- 1.1 Spelthorne Council has identified economic development as one of three key priorities for the Council (included in the Corporate Plan 2013 – 15). A Local Economic Assessment was been carried out in summer 2013, and an Economic Strategy for the Borough emerged from the information contained within that document. This was adopted in December 2013 and lays out a clear direction of travel with regards to the local economy. The Action Plan contains a series of realistic actions which will deliver real outcomes on the ground.
- 1.2 With funding support from the LGA (£7,000), an Advisor was appointed to improve the mechanisms the Council uses to support economic growth in the Borough. His specific remit was to review and advise on ‘key account management’ (effective business engagement with key employers), ‘inward investment’ and ‘the visitor economy’. The Advisor also reviewed existing resources, and has given advice on the key skills required to effectively deliver an enhanced economic development function. He will also be reporting on any funding opportunities that the Council may be able to access.

**2. Options analysis and proposal**

- 2.1 This report is for noting but Cabinet are asked to endorse the production of a future Cabinet report which will come back with a set of specific recommendations. Appendices 1 and 2 are draft reports on Key Account Management and Inward Investment. It will be noted that the reports set out a number of recommendations supported by Action Plans and an estimate of the resources required to deliver the recommendations. Officers would prioritise the recommendations and report back including associated costs

### **3. Financial implications**

- 3.1 There are no immediate costs associated with the report; however there are potential future financial implications. In the case of Inward Investment, if all the recommendations were approved, this would amount to £85k pa including 1 new post at £40k + on-costs. Implementation of the Key Account Management recommendations would amount to £8k which would include training and an independent evaluation.
- 3.2 Economic development is a corporate priority. The Council has also committed to delivering its Economic Strategy which these recommendations relate to. As part of the coming revenue budget process for 2015-16 the Council will need to consider whether it can align greater budget resources to support economic development and enable adoption of some or all of the proposals set out in the LGA Advisor's reports.

### **4. Other considerations**

- 4.1 In order to effectively deliver the agreed Economic Strategy and Council ambitions, further resources will undoubtedly be required. Currently there is a half post Economic Development Manager and an Apprentice Economic Development Officer responsible for delivering the Economic Strategy and related matters. Having considered the reports from the economic growth expert programme (LGA advisor), the Council will need to identify which of the recommendations should be prioritised and then decide on any additional resources for these to be effectively delivered.

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

- 5.1 The Action Plans prepared by the Advisor suggest an indicative timeframe of 12 months in the short term and 3 years medium term to deliver.

#### **Background papers:**

There are none.

#### **Appendices:**

Report from the LGA Advisor on Inward Investment

Report from the LGA Advisor on Key Account Management

# Spelthorne Borough Council Economic Growth Expert Programme An Approach to Inward Investment

May 2014



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1. Introduction
2. The inward investment 'arena'
3. Spelthorne's 'offer'
4. How can Spelthorne add value?
5. Action Plan
6. Skills and Resources

## **1. Introduction**

### **1.1 Background**

Attracting and retaining jobs and investment is fundamental to the economic performance of an area. Business investment – both inward investment and local business retention and growth – is central to Spelthorne’s ambitions of growing the borough’s economy and increasing employment, prosperity and well-being. The Spelthorne Economic Strategy sets out a clear narrative about the current and future prospects for the local economy and outlines 4 priority themes from the assessment to guide future economic development and interventions. The themes are:

- Implementing and maintain a capacity for growth.
- Developing skills and employability
- Supporting business
- Improving infrastructure

In a competitive market for inward investment, locations need a distinctive offer and a sustained plan of investment promotion activities. If the Council is to realise the potential for growth, it needs to be more pro-active in attracting new businesses to the borough. However, resources are limited and the attraction of new companies, jobs and investment cannot be delivered by any one organisation in isolation; a real partnership approach is required between both the public and private sectors.

### **1.2 Economic Growth Adviser programme**

With support from the Local Government Association’s (LGA) Economic Growth Adviser programme, the Council secured resources to assist develop and optimise the value of its resources within economic development to drive forward the Economic Development Strategy.

Following the appointment of Rubicon Regeneration Ltd in the role of Economic Growth Adviser, a series of discussion papers have been prepared to assist the Council take forward the Economic Development Strategy.

This paper sets out a suggested approach and role for Spelthorne Borough Council in the inward investment arena including:

- Setting the scene in terms of the inward investment ‘arena’
- Assessing Spelthorne’s competitive advantages
- Reviewing current inward investment activities
- Outlining an Action Plan on how Spelthorne can add value to inward investment activities, and

- Making future recommendations on the way forward, specifically regarding skills and resources

The timing of this discussion document is appropriate as it corresponds with Council plans to prepare a communications plan to raise awareness among the business community of the benefits of choosing Spelthorne as a business location. The Council is embarking on major plans to develop several sites in Staines-upon-Thames. Resources have been allocated with the objective of securing investment to support a mix of new developments, which best make use of the River Thames. The intention is to put in place an effective marketing plan to make Stains-upon-Thames the 'location of choice'.

## **2. The Inward investment ‘arena’**

### **2.1 Inward investment**

The promotion of inward investment means to attract businesses to an area from elsewhere in the country and from other countries. However, attracting inward investors is one of the most difficult, frustrating and riskiest of all LED strategies. As well as requiring significant resources, there is an increasingly competitive global market, with BRIC countries increasingly a source for as well as a recipient of international investment, and smaller emerging economies developing an increasing presence in the investment marketplace.

When locating a business, inward investors seek<sup>1</sup>:

- A stable, macro-economic climate
- A stable political and regulatory environment
- Market access and open competition
- A welcoming environment
- Available sites and/or premises
- Appropriate, available and reliable utilities and transportation
- Available skilled workforce
- Available local suppliers and resources
- Appropriate education, training and research facilities
- A good quality of life
- Manageable regulation and taxation systems
- Incentives scheme

Within this global market, ‘place’ and ‘people’ are becoming important drivers for investment; a high quality, connected location that has an attractive offer for both living and working is critical to investment success in higher value and knowledge-based industries. Access to a ready labour market of skilled people is also increasingly attracting businesses.

### **2.2 UKTI**

At a national level, the UKTI investment team provides information and advice on setting up in the UK, including the help that is available. Services in the area of inward investment includes:

- Segmentation and bespoke proposition development
- Access to Government and other networks relevant to the success of investment projects
- Targeted marketing to cover subjects such as the UK business environment, sectoral and sub-sectoral information and bespoke sales information

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<sup>1</sup> World Bank

- A systematic investor development programme to ensure UKTI remains a high value-adding partner for those investors growing their business in and from the UK.

In terms of inward investment delivery, the Government has contracted out its inward investment delivery service to PA Consulting in partnership with OCO Consulting and the British Chambers of Commerce. The specific role includes:

- Co-ordinate and manage foreign investment propositions on behalf of the UK;
- Provide sufficient geographically dispersed resource to support the FDI delivery arm for England;
- Provide direct relationship management and investor development, in association with international, national and local stakeholders.

The strategy set a target of a pipeline of around 750 foreign direct investment projects per annum (from 2012), of which 500 would be characterised as 'high value'.

### 2.3 Enterprise M3

The majority of the 39 LEPS see inward investment as a priority function and either have or are putting in place new delivery mechanisms.

Discussions with Enterprise M3 confirm the importance of attracting new inward investment into the region. The role of the LEP in this area is developing, with on-going discussions on how to improve coordination and collaboration across the region. One important priority is to explore further cross-LEP working in increasing inward investment.

Enterprise M3 is keen to strengthen the role and responsibilities of Invest in Hampshire and Invest in Surrey as the main delivery organisations for the LEP area in attracting and securing inward investment into the region. There is recognition, however, that resources are limited and elements of 'local' competition still exist.

Through the work of the Land & Property Group, Enterprise M3 has collected information and intelligence on the property 'offer' within the region. The group is made up of property professionals, commercial agents and developers, planning consultants and local authority economic development and estate officers. It meets as a forum to discuss property issues in order to advise the LEP and has taken responsibility for the Large Sites Assessment Study that gives a perspective on the development suitability and readiness of major sites. This group and its work will be a key resource and source of information for Spelthorne to help develop and deliver investment and promotion services.

**The Land & Property Group has been acting as a critical friend to growth towns in the LEP area (property group is providing advice / guidance to Runnymede). It is recommended that The Land & Property Group be invited to provide advice and guidance regarding future investment and development opportunities in Staines.**



## 2.4 Invest in Surrey (IIS)

Invest in Surrey was launched in October 2013, following discussions between Surrey Connects, the business led economic development company, Surrey County Council and UK Trade and Investment and partners in district and borough councils. The objective was to develop an effective inward investment strategy and delivery-arm for Surrey that will deliver economic growth and create new jobs.

Until then, Surrey didn't provide a service to actively manage enquiries or promote Surrey as a premier business location. In addressing this need, Surrey Connects, in partnership with Surrey County Council, has taken the lead to create this new inward investment service.

The new service provides a single point of contact for investors looking to relocate into the county from other parts of the UK or overseas. The service incorporates a new Invest in Surrey website, providing an easily accessible site for businesses considering investment in Surrey (<http://www.investinsurrey.co.uk/>).

To date, due to limited resources, the service has been re-active, responding to enquiries from UKTI and other sources. An important feature of the service is the development of key sector propositions, which include information and data on the sectors. These are:

- Computer, Gaming, Digital and Creative Technologies
- Electrical and Mechanical Engineering
- Financial, Business and Professional Services
- Pharmaceutical, Life Sciences and Healthcare
- Advanced Manufacturing.

IIS relies on a collaborative approach in working with local partners, specifically local authorities and agents, to respond to investor enquiries.

Spelthorne Borough Council already has a good working relationship with the agency particularly in responding to enquiries. **Areas for future development could include:**

- **Greater use of the Invest in Surrey 'brand' by the Council;**
- **Preparation of concise and consistent local intelligence and knowledge about the borough;**
- **Spatial knowledge specifically regarding planning and development in Spelthorne.**

## 2.5 Future collaboration

There are a number of partners and organisations involved in the investment arena. **Any new activity will need to be coordinated across these stakeholders, with Invest in Surrey retaining its 'lead' role. As well as collaboration across the public sector, it will be important to engage with the private sector, including commercial agents and**

**business location services, as they will have marketing channels, property intelligence and links with businesses seeking premises.**

## **2.6 Current activities**

Spelthorne Borough Council has responded to about 3 – 4 enquiries generated from IIS over the past 18 months to 2 years. The requests related to:

- General information about the borough
- Information regarding sites and premises, and
- Availability of incentives for potential investors.

To date, the response ‘process’ has been very ad hoc. No follow-up to the enquiry approach has been undertaken, so it is unclear as to the quality / relevance of the information provided and the outcome of the enquiry.

All enquiries must be handled professionally and confidentially to responding and connecting international and national businesses with the benefits of Spelthorne. **It is recommended that an enquiry handling protocol is established to introduce a step-change in the Council’s approach to enquiry handling. The approach would include:**

- **Providing individual advice, tailored to requirements;**
- **Fully understanding the investment interest**
- **Agreeing a timeframe for providing information**
- **Working with agents to review sites and premises to meet demand**
- **Providing information in an accessible and professional manner**
- **Ensuring follow-up and secure feedback on investment enquiry.**

## **2.7 Staines-upon-Thames Regeneration**

As already indicated, the Council is embarking on major plans to develop several sites in Staines-upon-Thames. Resources have been allocated with the objective of securing investment to support a mix of new developments, which best make use of the River Thames. The intention is to put in place a marketing plan to make Staines-upon-Thames the ‘location of choice’. A Regeneration Manager has been appointed to co-ordinate activities. A small resource has been allocated for developing a website and promotional material.

### **3. Spelthorne's competitive advantage**

#### **3.1 Local Economic Assessment: competitive strengths and weaknesses**

The Local Economic Assessment<sup>2</sup> outlines Spelthorne's competitive advantage, which includes excellent connectivity as well as other significant strengths in terms of the amount of business activity, diversity of business sectors, presence of growth sectors and a growing small business sector.

The main factors of competitive advantage include:

**Location and connectivity:** Spelthorne has excellent connections with the M3 and M25; the M4 is also only 5 minutes travel time away. The borough's connectivity is enhanced by its high level of rail access (with 6 railway stations in the borough).

**London Heathrow Airport:** Spelthorne is an integral part of the Heathrow 'economy'. Staines-upon-Thames is one of the closest town centres to Heathrow.

**Concentration of large employers / HQs:** The borough includes a number of large employers including BP at Sunbury, Shepperton Studios and Heathrow Airport.

**Competitive economy:** In terms of the UK Index of Competitiveness, the borough is in one of the most economically buoyant areas of the UK.

**Capacity for further growth:** The scope for business growth from both vacant premises and sites with planning permission represents significant capacity for growth.

The LEA confirmed that the economy was/is growing: 78% of businesses expected to expand their business in the next two years.

However, the assessment also indicated a range of issues and challenges in terms of competitive advantage, particularly costs, competitiveness, availability of finance and winning new business. The LEA also highlighted some issues around the need to improve the skills of the resident workforce. In addition, the level of business floorspace is relatively low at around 7.9%.

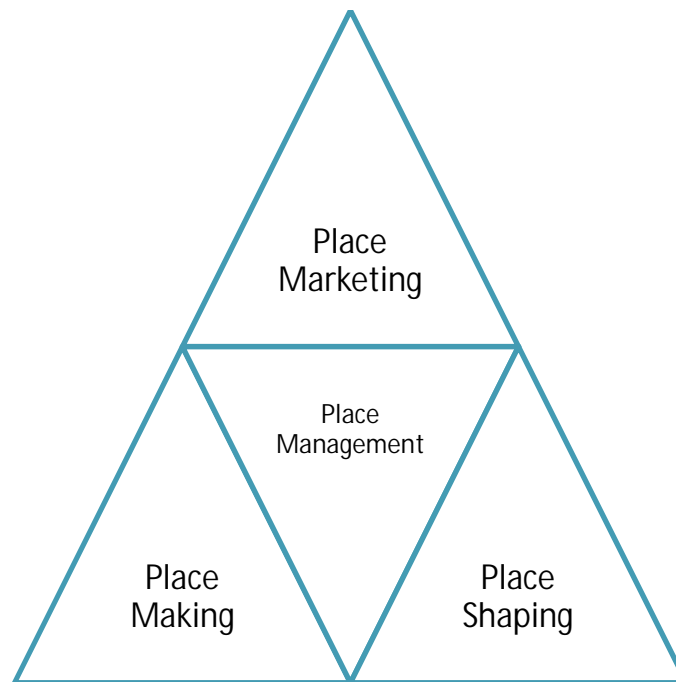
#### **3.2 Place Marketing**

The lack of any visibility for Spelthorne, outside of the immediate area, is a barrier. Getting on the radar of expanding companies and their advisors is a major issue, especially given the relative profile of surrounding towns and cities. Spelthorne also suffers from the lack of a distinctive offer to inward investors. Its key strengths and competitive advantage can also be claimed by other neighbouring towns, e.g. Bracknell, Woking, Reading and Slough.

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<sup>2</sup> Spelthorne Local Economic Assessment September 2013

There is no easy answer to improving 'brand' image and identity. Some areas are introducing Place Management Plans as a route to improving image and perceptions with a clear focus on delivering growth, investment and jobs. Place Marketing, along with Place Making and Place Shaping, is one of the three elements which form this holistic approach to Place Management.



Place Management is focused on following major factors:

- **Place Making** - Basic services are being provided and infrastructure maintained to the satisfaction of residents, businesses and visitors.
- **Place Shaping** - Attractions are maintained / extended to improve the quality of life to sustain current business and public support and to attract new investment, businesses or people.
- **Place Marketing**: Coordinated programme to change how people and businesses see the borough through a new communication programme.

A Place Marketing Strategy could provide the framework and long term vision needed to drive forward a co-ordinated marketing and promotional programme for Spelthorne, defined as:

- Marketing Spelthorne as somewhere that people want to visit, live, work and invest, by promoting its unique qualities in ways people can relate to.

- Developing coordinated approaches with key partners to marketing Spelthorne, improving perceptions both inside and outside of the borough, leading to growth of the local economy and enhanced reputation across the region.

As such, the Place Marketing Strategy would need to focus on three key themes:

**Invest:** Attracting inward Investment – activity to secure major development, attracting new occupiers, retaining and growing the existing business base

**Visit:** Boosting the visitor economy – maximising and growing the economic benefit of the visitor economy, focussing mainly on the town centre and countryside offer

**Live:** Attracting new residents and retaining existing residents that are able to contribute to economic growth.

**It is recommended that the developing marketing plans focused on Staines-upon-Thames needs to include work to develop a clear and distinctive ‘brand’ and offer that distinguish Spelthorne from competing locations.** The plan must:

- Promote the borough as it is now (focusing on our best / most locally distinctive aspects and marketing them to relevant target audiences),
- Sell the journey (raising awareness of our aspirations for development and growth, encouraging relevant target to get ‘on board’ with us at the start of the journey)
- Influence on-going plans for place making and place shaping activity to ensure it contributes towards the achievement of the shared place vision for the borough

#### **4. How can Spelthorne Borough Council add value?**

As already outlined, potential investors typically require support in: detailed local demographic intelligence; land, property and planning information; local skills and training resources; local location and property advice; engagement with relevant support from public agencies; and access to local supply chains and business networks.

Spelthorne has some issues regarding the investment offer, notably available and appropriate land and buildings; both in terms of move-on accommodation for growing firms and the lack of brown or green-field land available for development. However, the borough has a strong competitive advantage and has attractions for inward investors whether these are from overseas or elsewhere in the UK.

The 'offer' needs to showcase investment opportunities, define its value proposition and present these in an accessible and relevant way to potential investors. Clear compelling value propositions will help Spelthorne attract more enquiries and improve the conversion of opportunities to successful investments.

##### **Working within the delivery landscape**

What is clear is that Invest in Surrey is seen as the main agency responsible for promoting and attracting inward investment into the county and it is critical that Spelthorne works within the 'single-gateway' model. Spelthorne should align its inward investment activities to those of the LEP and IIS in a complimentary way.

The borough will need to position itself at a sub regional and county level with Enterprise M3 and IIS to ensure that it can showcase opportunities for FDI and attracting UK investment. Those areas with a well-articulated business-focused offer can proactively target the relevant sector teams at UKTI / IIS and help them achieve the targets they are under pressure to deliver. Regular up-dates, concise and relevant intelligence about the area will assist position Spelthorne as an eager, professional and trusted partner for UKTI and IIS in the region.

Selective marketing collateral needs to be prepared, which will be used to respond to enquiries providing distinct messages focusing on the strengths of the borough's offer.

##### **Focus on borough 'strengths'**

The area needs to take advantage of the opportunities that are arising from the upturn in the global economy. To be competitive, it is imperative that the borough projects a strong and convincing offer, with detailed sector propositions, which relate to IIS propositions.

It needs to have in place the capacity and expertise to respond to and 'land' leads, including those generated through the UKTI National Inward Investment Service and IIS.

The area has a wealth of key assets and the proposition is likely to focus on promoting these strengths and assets, specifically those which drive decision-makers, including:

- Gateway to London, the rest of the UK and across the globe;
- Pioneering innovators supporting new, leading edge industries;
- Access to lifestyle;
- A political will to drive forward a job growth agenda.

To clarify and differentiate the borough proposition, the approach to inward investment will need to focus on a 'deep-dive' to understand and refine the proposition, define sector strengths and consider the most effective ways of positioning the area and presenting the offer.

### **Land, planning policy and inward investment**

Planning policy is a key instrument in nurturing (or discouraging) inward investment activity and any location competing for new inward investment must have a reservoir of land and sites which can be quickly 'turned on' in response to actual or anticipated enquiries. A ready availability of the right quality of buildings or the ability to rapidly procure a bespoke building (e.g. for companies and others with special design requirements) is critical for inward investors.

One of the most significant factors in Spelthorne's success in attracting new investment will be its ability to demonstrate available land and premises for potential inward investors. The Council needs to develop a portfolio of sites and properties for potential investors. It also needs to prioritise employment sites in the developing LDF and develop a plan for bringing forward development and inward investment.

### **Target intermediaries**

In addition to UKTI, intermediaries such as location consultants, property professionals and recruitment consultants will also be an important target audience. Placing multiples at the heart of an inward investment strategy makes good sense and is a far more sustainable approach than conventional lead generation activities which are, by their very nature, hit and miss. A bespoke approach that builds long-term relationships will always bring more rewards than quick-fix mass mailings and telemarketing. Any future campaigns will need to raise awareness and understanding among that important audience.

Spelthorne, in collaboration with IIS and Enterprise M3, should target intermediaries in London and the south east. A programme to identify 20 regional inward investment and relocation intermediaries could be a starting point.

### **Proactive Marketing**

The Spelthorne 'offer' needs to be set within the IIS 'brand'; however, some basic marketing materials will need to be developed to help get the offer to target audiences.

The basic marketing collateral required would be:

- Spelthorne website
- Overview ebrochure (in pdf form as it gives more flexibility than a printed one)
- Presentation slides / templates providing concise information and intelligence about the borough
- Sectoral propositions (e.g. hotel development in Staines-upon-Thames)
- Social Media (e.g. Twitter account)

These marketing tools should be developed in collaboration with IIS and would be sufficient to begin to engage with partners and intermediaries as a first step in reaching out to potential investors.

### **Effective enquiry handling**

Inward investors typically assess several locations during their site selection process, and successful locations tend to be very effective in the way they deal with potential investors and their advisors. As well as developing a clear proposition, the Council will need to design and implement an efficient and professional response to incoming enquiries.

Consideration should be given regarding a 'soft landing' service to newly arriving companies, which will be a precursor for the development of a proactive aftercare or investor development service.

### **Investor Development (Aftercare)**

Helping existing companies, including new investors, to expand locally is an important element in the economic development of Spelthorne. The proposed Key Account Management approach to business engagement will need to include an effective Investor Development Service to ensure that new businesses feel welcomed and can be supported during 'settling in' phase.



## **5. Action Plan**

The Action Plan sets out a programme of actions (stages) for the Council to implement an approach to inward investment.

As indicated, there are a number of partners and organisations involved in the investment arena. The Council should actively engage and build relationships with UKTI and private sector inward investment / location agents. However, Spelthorne should be working closely with Invest in Surrey in terms of re-establishing the county as a destination for inward investment. Any new activity will need to be coordinated across stakeholders, with Invest in Surrey retaining its 'lead' role.

An indicative timeframe is included regarding each action.

Short: up to 12 months

Medium: 1-3 years

The Action Plan assumes that implementing the approach has secured the necessary approvals within the Council.

Action	Description	Resource	Timetable
<b>Inward Investment Services</b>			
1. Enquiry Handling	<p>Identify and promote a single point of contact for enquiries</p> <p>Develop an Enquiry Handling protocol in collaboration with IIS and other partners</p> <p>Create an enquiry record template to ensure all investment project information requirements are captured</p>	Existing	S
2. Follow-up / aftercare	<p>Develop a follow-up process to track enquiries</p> <p>Put in place a welcome programme to engage with new investors to the borough (linked to KAM approach)</p>	Existing	S/M
3. Incentives	<p>Investigate the cost, benefit and impact of incentives schemes to support inward investment into the borough (e.g. Golden Welcome Grant Aylesbury Vale <a href="http://www.investaylesburyvale.com/">http://www.investaylesburyvale.com/</a>)</p>	Existing	M

Action	Description	Resource	Timetable
<b>Marketing and Promotion</b>			
1. Place Marketing	Prepare a Place Marketing Strategy, with an initial focus on Staines-upon-Thames to include work to develop a clear and distinctive 'brand' and offer that distinguish Spelthorne from competing locations.	£10,000	S
2. Marketing Plan and Collateral	<p>Develop a marketing and promotional action plan in collaboration with IIS to include:</p> <p>Spelthorne investment website</p> <p>Overview ebrochure (in pdf form as it gives more flexibility than a printed one)</p> <p>Presentation slides / templates providing concise information and intelligence about the borough</p> <p>Sectoral propositions (e.g. hotel development in Staines-upon-Thames)</p> <p>Social Media (e.g. Twitter account)</p>	£30,000	S/M
3. Targeting intermediaries	<p>In collaboration with IIS and Enterprise M3, target intermediaries in London and the south east. A programme to identify 20 regional inward investment and relocation intermediaries could be a starting point.</p> <p>Organise a local Property Agents Forum to engage with local property agents and up-date them on proposed inward investment activities</p>	Existing	M

Action	Description	Resource	Timetable
<b>Land and Property</b>			
1. Land and Property database	Develop a database of premises and sites which includes new development sites and existing industrial estates and business centres	Existing	S
2. Market intelligence and trends	Improve knowledge and intelligence of the property market conditions and trends to help advice marketing and property activity	£5,000	M
3. Planning policy	Ensure that an adequate supply of employment sites is included in the developing LDF and develop a clear plan for bringing forward development for business growth	Existing	M/L
4. Land and Property Group (Enterprise M3)	Enterprise M3 Land & Property Group be invited to provide advice and guidance regarding future investment and development opportunities in Staines	Existing	S

## **6. Skills and Resources**

The task of attracting a series of inward investment to Spelthorne will be a difficult one. Actions to retain existing businesses and facilitate indigenous business growth will remain more cost effective in terms of resource allocation to support economic growth and development. Inward investment promotion, enquiry and project handling and after-care services require a significant amount of resources.

### **Skills**

The sort of skills and competencies required to manage and deliver an inward investment service include:-

#### Essential Knowledge

- In-depth knowledge of the business scene across Spelthorne and preferably London / SE England
- Experience of developing business strategies and reports
- Good understanding of a wide range of economic development issues

#### Essential Experience

- Experience of working in the private commercial sector
- Experience in delivering inward investment and business retention services

#### Skills

- Ability to develop practical solutions to a range of complex business problems
- Advanced influencing skills with a full range of stakeholders and handle relationships in a sensitive and effective manner
- Strong communication skills including the ability to make influential presentations and the ability to write papers that will be presented at Board level
- Confident, credible self-starter with the ability to deliver high value, complex projects
- Evidence of ability to work confidence to work at a very senior level

### **Staffing**

The work has not included a review of staff resources within Spelthorne Borough Council regarding capacity and skills. However, it would appear that economic development resources are stretched and that additional resources would be required take forward the pilot programme. The economic development theme lead will oversee and deliver much of this activity, working closely with the economic development team and Head of Regeneration. Resources will also be drawn from the communication lead to support the marketing, website and PR elements of the work.

It is recommended that at least 1 full-time inward investment officer would be responsible for driving forward this activity. Staff resources will be needed for:

- Proposition development and distribution
- Business engagement
- Sites and premises information up-dating
- Research and intelligence
- Enquiry handling

- Investment project management
- After-care
- Monitoring and evaluation

### **Funding**

Resource allocation has been made in Action Plan to deliver certain investment activities, as follows:

Place Marketing	£10,000
Marketing collateral	£30,000
Market intelligence and trends	£5,000
Staffing	£40,000 pa

# Spelthorne Borough Council Economic Growth Expert Programme Business Engagement: Key Account Management

May 2014



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## 1. Introduction

### 1.1 Background

The Spelthorne Economic Strategy sets out a clear narrative about the current and future prospects for the local economy and outlines 4 priority themes from the assessment to guide future economic development and interventions. The themes are:

- Implementing and maintain a capacity for growth.
- Developing skills and employability
- Supporting business
- Improving infrastructure

Delivery of the priority themes and promoting sustainable growth will depend on the Council developing a close relationship with its business community. Effective business engagement is essential if the Council is to inform its policies and programmes with an understanding of the needs and aspirations of the businesses community.

The local economy will be driven by private sector growth and it is important that the Council understands the objectives of its key businesses.

### 1.2 Economic Growth Adviser programme

With support from the Local Government Association's (LGA) Economic Growth Adviser programme, the Council secured resources to assist develop and optimise the value of its resources within economic development to drive forward the Economic Development Strategy.

A priority is the need to review business engagement activities and, based on good practice, identify a 'key account management' approach to business support.

This paper sets out a suggested approach and system of key account management for the Council, including:

- outlining the importance of business engagement
- providing examples of models of key account management
- identifying future options for Spelthorne
- setting out an outline proposal, and

- establishing skills and resource implications.

The adoption of a key account management approach to business engagement and support will need to align with the regional and sub-regional business support infrastructure. As such, key partners have been consulted in preparing this report, including Enterprise M3, Surrey County Council and Surrey Connects.

## **2. Business Engagement**

### **2.1 The importance of business engagement**

Local authorities can make a significant difference to their local economies by supporting enterprise to grow and create jobs. The value of good local authority consultation and engagement with the business community cannot be underestimated; poor consultation fosters mistrust amongst businesses and this in turn makes future business engagement with local authorities very difficult.

Business engagement can take the form of direct communication between the Council and individual businesses, and also occur through indirect relationships with intermediary bodies and business representative organisations, like the Federation of Small Businesses, Chambers of Commerce etc.

### **2.2 Current business engagement**

A range of departments within the Council engage with businesses on a number of different service requirements. In addition to the Economic Development Manager, the Chief Executive has regular meetings with key employers in the borough (e.g. BP, Shepperton Studios etc) as well as having quarterly meetings with town chambers. The Customer Service Team is responsible for fielding enquiries from businesses in the borough on a number of topics including business rates, funding enquiries, inspections etc. The Council in its regulatory functions also deals day to day with businesses from a planning, enforcement and advisory perspective. Other departments, including legal, asset management and procurement, have some interaction with businesses in the borough.

Through its economic development function, the Council established the Spelthorne Business Forum, a partnership between the business community and Spelthorne Council as a means of promoting economic growth within the borough. The purpose of the Forum is to support and facilitate networking and support; to raise awareness of the needs of local businesses and to provide a focus for discussion and joint working. The Forum is run by and belongs to each member, with the Council providing the meeting co-ordination.

The Council also works with local chamber fora, including:

- Ashford Chamber of Commerce
- Shepperton & District Business Community
- Sunbury Business Association

The Council is currently working with the chambers supporting the development of local economic strategies in each of the main centres.

There is currently no standard Council-wide system for recording business engagement including businesses contact details, records of discussions and agreed actions. This means that there is a danger that discussions with the same business are duplicated or contradictory information given or that actions are not followed up. This can leave the business with inconsistencies in approach and a poor impression of the Council.

However, the Council is planning to launch a new Customer Relationship Management System for both residents and businesses in the borough. **It is important that during the development phase, the move towards setting up a formal Key Management Account approach for businesses are included within the client management system.**

### **2.3 Small Business Engagement Accord**

In recognition of the importance of including small and medium sized business in decision-making, the Federation of Small Business established the Small Business Engagement Accord, which sets out an agreement process between the FSB and local authorities to engage and include small businesses in decision-making. Local authorities sign up to 14 Accord Principles (Appendix 1), which broadly promote the importance of listening to the views of small businesses. The Accord Principles include nominating business engagement champions from amongst the business community and within the council, as well as encouraging greater consultation with a wider range of business and community.

**It is suggested that the Council investigates whether it could sign up to the Accord Principles, which would demonstrate its commitment to working with businesses, specifically SMEs.**

### **3. Models of Key Account Management**

#### **3.1 Introduction: What is Key Account Management?**

Key Account Management is a proactive process whereby local authorities (or other 'support' organisations) develop a relationship with a key business to gain an understanding of the business and support it meet its growth aspirations. Existing businesses are identified as having significant potential for growth and are provided with an account management service, defined as an "intensive, proactive and bespoke service provided to those businesses with the greatest growth potential<sup>1</sup>." An account manager generally has business experience and work with the business by: providing advice on business planning; directing the business to sources of help to deliver its plan; and, where appropriate, developing tailored packages of support.

There are several successful models of key account management that are used by local authorities and Local Enterprise Partnerships (LEPs) to provide tailored advice to help businesses grow and achieve their growth potential.

Some larger regions / LEPs have adopted sector modelling, e.g. Scottish Development International, Birmingham LEP). Other smaller regions have taken a large company focus with some sectoral prioritisation (Tees Valley Unlimited, Leeds City Council).

A review of the various models and KAM initiatives reveals a number of core factors for success in respect of setting up a KAM service:

- Having a tangible and two way relationship;
- Having in place the skills, capacity and longevity to understand the business's strategic priorities;
- Helping businesses to achieve their strategic objectives and growth ambitions;
- Proactive approach highlighting opportunities and supporting organisations to safeguard or create future growth;
- Means of gathering and sharing intelligence;
- Signposting onwards to other public, private and 3<sup>rd</sup> sector organisations and improving collaboration;

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<sup>1</sup> National Audit Office

- Reporting regularly on the above to achieve corporate understanding of the organisations operating in the locality;
- Raising the profile and perception of the Council becoming more open, transparent and business friendly.

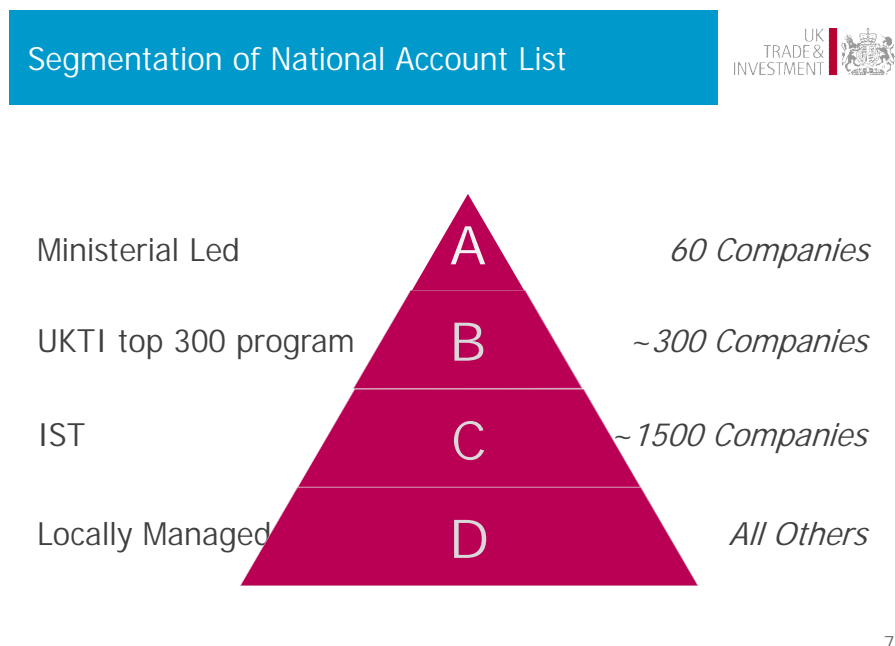
It is also clear that a KAM relationship should not circumvent statutory or legal requirements; neither should it become embroiled in minor requests.

Further analysis of KAM projects indicate 3 core issues for consideration:

1. The selection of high-growth businesses
2. The level of service offered
3. The range of service to be provided by the Council

### 3.2 UKTI ‘model’

The UKTI model for national account management, illustrated in the diagram below, demonstrates how key account management is carried out at different levels depending on the business.



**Ministerial Led** - The Strategic Relationship Management (SRM) Unit at UKTI owns the top ministerial led accounts (as of April 2012 this numbered 49). Some of these are foreign-

owned companies and relate to FDI. They are managed by Ministers and Senior Civil Servants.

**UKTI top 300 programme** - UKTI Business Group (BG) owns UKTI's top 300 accounts, which are deemed most strategically important to UKTI and often require HMG support. One of the Investment Services Team (IST) Heads of Account Management (HAM) has specific responsibility for liaising with UKTI BG at a strategic level for these accounts, but individual IST account managers will be involved in their virtual account management teams.

**Investment Services Team (IST)** - The IST account list contains around 2,000 accounts (including UKTI's top 300 accounts). The IST account list is ultimately owned by the Operations Director, but operationally the Senior Account Managers (SAMs) own the account lists for their sectors.

**Locally Managed** - Each DA/LEP will have their own account list covering their specific area of the UK. Accounts in IST's account list (and also the top 300 accounts) are likely to feature in these local area account lists. Local partners are engaged in the management of companies that are deemed strategic at a local/sub-national level, which cannot be accommodated on the IST account list.

### **3.3 Sub regional models**

Discussions with Surrey County Council, Surrey Connects and Enterprise M3 confirm support for a 'locally-owned' key account management approach.

The Surrey Business Leaders Network, launched by Surrey Connects 12 months ago, is a programme promoted by Surrey Connects to interact with largest companies in Surrey, i.e. those employing over 250+. SC has completed a list of top 250 companies by turnover and top 100 strategic companies to enable a key account management activity to be taken forward with local authority partners. Surrey Connects has limited resources to implement a KAM programme; the intention is that local authority partner would have ownership of the relationship through the Business Leaders Network.

**It is recommended that Spelthorne Council collaborates with Surrey Connects to identify and begin the process of relationship-building with the larger companies in the borough to identify and discuss growth aspirations.**

A key initiative within Enterprise M3 Strategic Economic Plan is the design and implementation of the Enterprise M3 Growth Hub. This will provide a focussed and coordinated business and skills support offer enabling all businesses to secure the information and advice they need to start, grow and develop their business. It will provide specific focus to those businesses operating within the Sci:Tech corridor and Step-up towns (of which Staines is one).

The Growth Hub will share a customer relations system and market / labour intelligence. Target businesses will be assigned a single relationship manager, who will coordinate the support from the individual programmes.

Although at an early development stage, the Growth Hub would provide a significant resource to account managers. The intention is to contact with a delivery partner to manage the Hub, who will need to extensively engage with a broad range of national, regional and locally based partners to ensure that the service is coordinated appropriately. **It is important that Spelthorne is aware of the Hub development and makes use of resources available within the portal and business intelligence unit.**



#### **4. KAM model for Spelthorne**

There is support for the Council to move to a more pro-active and structured approach to Key Account Management as a process of business engagement. The KAM model should focus on companies that represent the greatest opportunity for the economic growth of the borough. These are not necessarily the largest employers; they include firms with the greatest potential for expansion, as well as firms that may be considering disinvesting and reducing employment in the borough. It is important that a strategic relationship is achieved with smaller companies with growth potential

The KAM model should offer an integrated service with a dedicated resource coordinated through the economic development team. A portfolio of services / products will need to be developed, which meets business needs including:

- Support for expansion and other business support
- Supply chain development
- Recruitment and workforce/skills development
- Business rates advice
- Planning or regulatory advice
- Advice on funding
- Signposting

Any future model will need to ensure that a management information system is in place so that KAM is formalised and recorded and recorded on a system that is used across the Council.

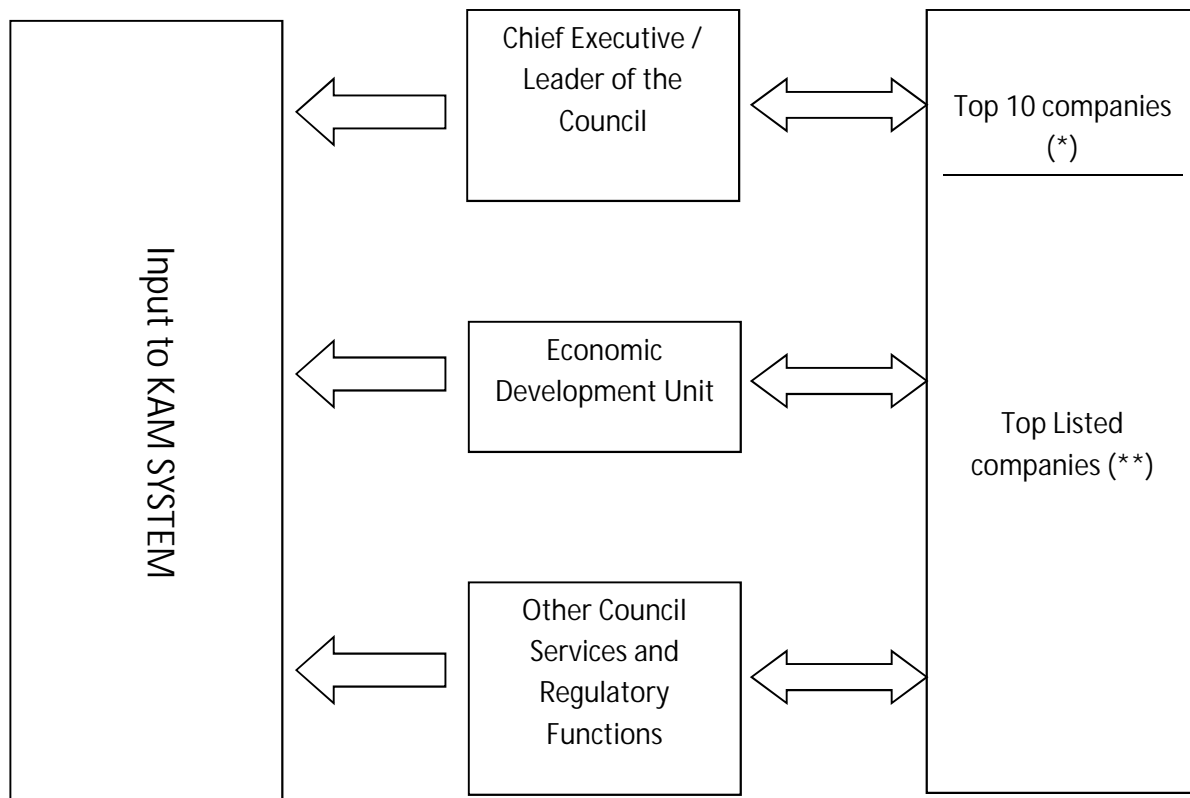
The KAM approach will need to dove-tail with regional initiatives (outlined in 3.3)

The model will also need to capture the Council's engagement with other businesses, which will continue on an ad hoc basis.

We set out below a number of models for consideration.

#### 4.1 Option 1: Adapted UKTI model

A number of local authorities have adapted the UKTI model to structured key account management in their area, with different management tiers of the Council carrying out key account management depending on the size and turnover of the company. The chart below outlines how the UKTI model could be adapted in Spelthorne.



(\*) The Top 10 companies would be sourced from the Business Leaders Network

(\*\*) Agreed criteria would need to be developed in collaboration with EM3 to identify the Top Listed companies with growth potential.

The model depends to a high level of coordination and recording of business information and intelligence within the Council. As already stated, the developing Customer Relations Management System being developed by the Council will be the tool capturing and exchanging information.

This is a tried and tested model. However, it would require an injection of funding to build the infrastructure and resource a central account management 'team'.

#### **4.2 Option 2: Pilot initiative**

An alternative approach is to develop a pilot approach based on the UKTI model. In the first instance, key account management is limited to around 20-25 of the largest and listed companies, each to be handled by one individual (until further resources are found).

The model would allow Spelthorne to 'shape' and organically develop the KMA process to identify the added value of KAM, whilst also having regard to its further development. It is likely to require some resources, but significantly less than Option 1.

#### **4.3 Option 3: Delivery through sub-regional model?**

This model would require Spelthorne to associate itself with a sub regional KAM delivery model. Currently, such a model doesn't real exist. The Business Leaders Network is still in its infancy and indeed recognises that local authority partners need to have ownership of the relationship.

**It is recommended that Spelthorne take forward Option 2, the 'pilot' approach based on the UKTI model.**

## 5. Action Plan

The Action Plan sets out a programme of actions (stages) for the design and implementation of a pilot Key Account Management approach, as recommended in section 4, i.e. a pilot approach based on the UKTO model.

A designed 'lead' will need to be identified within the Council, who will have responsibility for preparing a detailed project delivery plan including determining resource requirements, risk and delivery mechanism as well as liaising with Enterprise M3 and Surrey Connects.

An indicative timeframe is included regarding each action.

Short: up to 12 months  
Medium: 1-3 years

The Action Plan assumes that implementing the KAM approach has secured the necessary approvals within the Council.

Further actions for consideration by the Council include investigating whether it could sign up to the FSB Accord Principles, which would demonstrate its commitment to working with businesses, specifically SMEs. This is likely to have minor resource implications although may impact on the way the Council works and engages with SMEs.

Action	Description	Resource	Timescale
<b>Project Design / Inception Phase</b>			
1. Project Delivery Plan	Prepare a Project Delivery Plan for the KAM approach to include KPIs and output targets	Existing	S
2. Job Descriptions / Profiles	Prepare job descriptions / profiles for new KAM activities in line with Project Delivery Plan requirements	Existing	S
3. Engage Enterprise M3 and Surrey Connects in KAM proposal	Discuss KAM approach and delivery plan with Enterprise M3, Surrey Connects and SCC to ensure regional buy-in to KAM pilot programme	Existing	S
4. Prepare Contact database of target companies	Develop a pilot database of high growth companies using existing intelligence and resources, e.g.: <ul style="list-style-type: none"> <li>• SC database of 'largest companies'</li> <li>• Enterprise M3 database source of 'high growth' companies</li> <li>• Key growth companies known by CEO / ED team</li> </ul>	Existing	S
5. Enhance Customer Relations Management System	Design and implementation of standardised IT based system to record all activities by developing / enhancing the Customer Relations Management System. Efforts should be made to ensure links can be made with existing databases within the Council that record information on businesses. Agreement would need to be reached as to management of the database.	Existing	S
6. KAM business support and advice manual / directory	Prepare a KAM manual/directory, which defines the core support available through the account management approach, including: <ul style="list-style-type: none"> <li>• Direct support services to be available from the Council</li> <li>• Mapping of all business support advice and programmes available for businesses within the borough</li> <li>• Review information and intelligence available via the proposed Growth Hub</li> </ul>	Existing	S / on-going
7. Training and development	A critical success factor is for the account manager to establish individual credibility with businesses. A training programme will be required for Members, managers and officers who will carry out key account management on the process, services and interventions likely to be required. Briefings or training would be necessary so as to equip key account managers to be able to understand and confidently promote the Council's (and other partners) wide range of interactions and to promote a consistent approach.	£5,000	S / M

<b>KEY ACCOUNT MANAGEMENT</b>			
Action	Description	Resource	Timescale
<b>Project Launch Phase</b>			
8.Appointment / training of KAM staff	Implementation of staff roles and responsibilities to manage and deliver the pilot key account management approach	Depending on project plan	S
9. KAM 'soft' launch	Soft launch of pilot: <ul style="list-style-type: none"> <li>Local engagement of partners and stakeholders</li> <li>Letter to be send by CEO / Leader to all listed companies offering general KAM support</li> </ul>	Existing	S/M
10. Implementation and on-going review	12 month delivery of pilot programme	tbc	S/M
11.Project Evaluation	Internal evaluation of project following 18 month / 2 year delivery to include: <ul style="list-style-type: none"> <li>Review of KPIs</li> <li>Interviews with delivery staff</li> <li>Survey of beneficiaries</li> <li>Preparation of Project Evaluation report</li> </ul>	£3,000 (for external evaluation)	M
12.Re-launch	Re-launch / expansion of project depending on outcome of evaluation	tbc	M

## 6. Skills and Resources

Developing a key account management system for the Council would assist in driving forward the economic development strategy and demonstrate to partners, and the business community, the Council's commitment to business growth and development.

A review of other KAM programme shows that Account Managers need to demonstrate a range of skills, including marketing, finance, planning and project planning. They will also need to have a good understanding of the enterprise development support infrastructure in Surrey. Specific skills include:

- Business experience
- Good track record in business management
- Excellent spoken and communications skills
- Problem solving attitude.

The main recognised qualification in business support is SFEDI, the Small Firms Enterprise Development Initiative, the government-recognised UK sector skills body for business support and business enterprise. Founded in 1996, SFEDI's main role is to develop national occupational standards, which can be used for people who are offering business advice and support to enterprises. In an ideal world, at least one person in the KAM 'team' would have SFEDI accreditation.

The work has not included a review of staff resources within Spelthorne Borough Council regarding capacity and skills. However, it would appear that economic development resources are stretched and that additional resources would be required take forward the pilot programme.

As set out in the Action Plan, the majority of 'development' activities can probably be funded within existing budgets. Additional funds may be required for:

- Enhancing the Customer Relations Management System
- Designing and implementing a training programme,
- Marketing, and
- External evaluation (although this could be done in-house)

However, it is likely that the 'pilot' approach would require additional resources for developing the infrastructure, improving coordination and undertaking intensive support and account management with selective businesses. Further work will be required to cost the service. However, it is likely that a total 1.5 staff would be required to effectively test and develop the KAM approach at this pilot stage.

**Appendix 1:****The FSB Small Business Engagement Accord has the following 14 Principles:-**

1. Councils should nominate representatives to be “business engagement champions” whose role will be to ensure that the views of the local business community are considered at every stage of any consultation exercise.
2. Council “Business Engagement champions” should be tasked with creating effective links with all sections of the business community.
3. Councils should identify business owners that can be “engagement champions” within their local business community.
4. Councils should look to “front load” consultations in order to ensure that engagement with the business community happens at the earliest stages of any consultation exercise.
5. Local authorities must use recognized business organizations when consulting with small businesses.
6. Councils must not regard consultation with just one business or business organization as an adequate consultation.
7. Local, regional and central government should make consultation documents easier to understand and easier to respond to.
8. Consultation documents should use the correct language for the relevant audience.
9. Councils should employ a range of communication tools to promote better business engagement in consultations including, for example, utilizing consultation documents, newsletters, information on web sites, text messages, local media, or staff directly working with businesses.
10. To increase attendance at consultation events councils should give greater notice periods in advance of any meetings.
11. Consultation with the business community should not be limited to formal consultation exercises, but should be an ongoing dialogue. Councils should therefore look to hold at least one open meeting per quarter with local businesses and business organizations to encourage an open two-way exchange of information.
12. Councils should not underestimate the ability of the business community to deal with strategic issues and therefore there should be genuine consultation on an annual basis with small businesses to examine council spending plans for the following financial year.
13. Effective consultation should demonstrate to business owners the outcomes and the rationale behind the final decisions.



14. Councils should work with their Local Strategic Partnerships (LSPs) to ensure that they communicate and consult with their local small businesses and business representative organizations and take on board good practice examples from well run, existing LEPs.



**Cabinet****15 July 2014**

<b>Title</b>	Bailiff Contract Review		
<b>Purpose of the report</b>	To make a decision		
<b>Report Author</b>	Linda Norman		
<b>Cabinet Member</b>	Councillor Tim Evans	<b>Confidential</b>	No
<b>Corporate Priority</b>	Value for money Council		
<b>Cabinet Values</b>	Accountability		
<b>Recommendations</b>	Cabinet is asked to extend the existing Bailiff contract for Chandlers until 30 June 2018.		

**1. Key issues**

- 1.1 The Bailiff contract was again reviewed in June 2012 and the contract was extended to 30 June 2013 to enable the Courts and Enforcement Act 2007 to come into force with regards to up front Bailiff fees as this had again been delayed by Parliament.
- 1.2 The Ministry of Justice has implemented front fees for Bailiff services with effect from 6 April 2014.
- 1.3 As the Council do not pay for this service as the Bailiffs earn money from their statutory fees, it is difficult to value the contract in monetary terms but Chandlers have advised that fees earned are in the region of £100,000 a year and therefore responsibility falls to Cabinet with regards to appointing or retaining Bailiff services.
- 1.4 This is a service concessions contract so is outside the requirements of the Public Contract Regulations 2006 (EU Procurement).
- 1.5 Since January 2011, Chandlers have been used for collection of other Council debts, such as Parking and Housing Benefit overpayments. They have started work on Sundry debts collection from February 2012.
- 1.6 The service was reviewed in March 2012 and discussions were had with three other bailiff firms to see whether Spelthorne was still receiving an efficient effective service and maximising collection.
- 1.7 The Head of Customer Services as the Council's corporate debt lead and the Parking Manager felt that Chandlers performed well on collection rates.
- 1.8 Chandlers have developed their web-site and given secure access to Spelthorne staff to enable council staff to view and update accounts in real-time.
- 1.9 This means where there is a dispute with a debtor, Council staff can access the account and view the history of the account since it was passed to the

bailiffs. This often enables Council staff to make an informed decision as to the next course of action.

- 1.10 Spelthorne send and receive all information relating to corporate debt electronically in a secure and efficient manner.
- 1.11 Chandlers have provided free training sessions for new staff to explain what happens to the orders once they receive them, which helps Spelthorne staff, explain the process to debtor who may query with the office.
- 1.12 Chandlers provide monthly reports on performance and the Client Director visits Spelthorne quarterly to discuss any issues and training needs.
- 1.13 Chandler's collection rates on orders passed to them for 12/13;
  - 44.43% Council Tax
  - 83.40% Business Rates
  - 5.7% Housing Benefit overpayments
  - 4.6% Sundry Debt
  - 25.4% Parking
- 1.14 Parking have been awarded a five year contract with Surrey County Council for on street parking so it seems sensible to align the Bailiff contract with this one.
- 1.15 Parking fines form a large part of the revised contract and if Spelthorne were to remove this part of the contract, three months' notice would have to be given if parking were to be removed from this contract.

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

- 2.1 Extend the existing contract with Chandlers to 30 June 2018 and re-tender the whole contract in April 2018 to align with the parking contract with Surrey County Council and evaluate the impact of the new fee structure on the Council's budget. This is the preferred option
- 2.2 Split the existing contract and appoint a second firm on a trial basis to compare performance. However, three months' notice would have to be given to Chandlers to terminate the existing contract and senior staff would then have to monitor two contracts and ensure staff knew which bailiffs were dealing with which debts. There may also be a delay in setting up and testing interfaces between the Council and the additional firm which could affect collection rates.
- 2.3 Discussions were had with three other Bailiff firms during February 2012, and again in September 2013 (Bristow & Sutor, Equita and Confero collections) to ensure the existing contract was still value for money.
- 2.4 Grid analysis was used to ensure Spelthorne were achieving value for money and was developed on the services currently provided by Chandlers (See Appendix 1)
- 2.5 Chandlers still remain effective and are the only firm who would not charge commission on enforcing other debts and will provide staff and third party training free of charge. .

## **3. Financial implications**

- 3.1 If the contract is extended, there are no financial implications

- 3.2 If the contract is split, a budget provision will have to be made to pay commission on sundry and Housing Benefit overpayment debts.
- 4. Other considerations**
- 4.1 In October 2010, MAT approved the Corporate Debt Policy which included the use of Bailiffs for the enforcement of other corporate debts and to have a co-ordinated approach to debt collection across the whole Council.
- 4.2 Two firms had been selected on a trial basis, Chandlers and another firm . However the second firm had issues around the technological infrastructure required to send and receive information and payments in a secure environment and as such, only Chandlers proceeded with the trial.
- 4.3 By re-tendering bailiff services for Revenues in June 2014, the Council may not get value for money as the contract will again have to be reviewed once impact of the legislation regarding upfront fees is quantified and the future of Parking services is known.
- 4.4 Chandlers have worked with Spelthorne since 2001, they have a good relationship with the authority and collection rates are relatively high across all areas of work, particularly Business Rates which is critical to the financial stability of the Council. By extending the existing contract, there is no risk to the authority as Chandlers already provide an effective, efficient service and value for money.
- 4.5 There is a risk to collection rates if a new company is appointed as there may be a delay in setting up interfaces to enable secure electronic transfer of data.
- 4.6 There is also a risk that Chandlers may become complacent and not perform as well as previously but by monitoring the performance monthly and continuing with management meetings, this should not occur.
- 4.7 As the fees are prescribed by legislation, there is no merit in doing a joint procurement with other Surrey Authorities as the fees are payable by the debtor and as such, no reduction in contract is available through a joint procurement.
- 5. Timetable for implementation**
- 5.1 The existing contract should be extended to 30 June 2018 and the Council's overall requirements for Bailiff services should again be reviewed from April 2018 when more is known about the future of Parking services and the impact of Courts and Enforcement Tribunal Act 2007.

**Background papers:** There are none.

**Appendices:**

**Appendix 1 – Grid analysis of Bailiff firms**

## Appendix 1

## Grid analysis of Bailiff companies

Service	Chandlers	Company X	Company Y	Company Z
Performance Management reports	Yes	Yes	Yes	Yes
Secure electronic two way transfer of data	Yes	Yes	Yes	No
Real time secure access to Bailiff system	Yes	Yes	Yes	No
Automatic system updates of Bailiff mobile technology	Yes	Yes	Yes	No
Free staff training	Yes	No	No	No
Free annual CAB training	Yes	No	No	No
Certificated Bailiffs	Yes	Yes	Yes	Yes
Other Surrey Authorities	Runnymede Surrey Heath Mole Valley	Reigate & Banstead Runnymede Woking	No	Parking – Woking Tandridge
Able to deal with Housing Benefit overpayments	Yes Nil commission	Yes commission payable	Yes commission payable	Yes commission payable
Parking contracts	Yes	Yes	Yes	Yes

**Cabinet****15 July 2014**

<b>Title</b>	Review of Discretionary Compensation Policy (redundancy payments)		
<b>Purpose of the report</b>	To make a recommendation to Council		
<b>Report Author</b>	Jan Hunt, Head of Human Resources		
<b>Cabinet Member</b>	Councillor Robert Watts	<b>Confidential</b>	No
<b>Corporate Priority</b>	This item is not in the current list of Corporate priorities but still requires a Cabinet decision		
<b>Cabinet Values</b>	Accountability		
<b>Recommendations</b>	<b>Cabinet is asked to note the current arrangements and agree changes required as a result of the new Local Government Pension Scheme.</b>		

**1. Key issues**

- 1.1 Councils are required to have a policy on how they will exercise discretionary powers deriving from the Local Government (Early Termination of Employment) (England and Wales) Regulations 2006.
- 1.2 The Regulations cover payments made to staff who lose their jobs as a result of redundancy or in the interests of efficiency and set a maximum level of payment (104 weeks).
- 1.3 The current Policy was agreed in 2007, with a review of arrangements by Cabinet members in 2011 with no changes made. Arrangements should be kept under review to ensure the right balance between the cost to the public purse and the ability to manage organisational change and employee relations issues effectively. The Current Discretionary Compensation Policy is at **Appendix 1**.
- 1.4 The Discretionary Compensation Policy needs to be updated to reflect changes in the Local Government Pension Scheme from 1 April 2014 which means that some flexibility previously available is no longer possible (changed provisions relating to purchase of additional pension / augmentation of pension service).
- 1.5 Councils set their own Discretionary Compensation Policy and redundancy multipliers policy with a range of different approaches agreed depending on local circumstances. Comparative information from the Local Government Association's 2013 survey of early retirement and redundancy compensation and on the redundancy multipliers agreed by other Surrey Councils is attached at **Appendix 2**.

- 1.6 Redundancy payments cannot be less than the statutory amount but can be more if a redundancy scheme/policy is in place. The statutory scheme is to pay 0.5 week's pay for each full year worked age under 22, 1 week's pay for each full year worked between age 22 and 41 and 1.5 week's pay for each full year worked age 41 or older, with weekly pay capped at £464 per week, £24,195 per annum. The maximum redundancy payment under the statutory scheme is 30 weeks pay. Redundancy pay up to £30,000 is tax-free. Employees re-joining local government within 4 weeks of being made redundant are not entitled to a redundancy payment but retain continuous service.
- 1.7 The Government have indicated that they will introduce legislation during this parliamentary term which may affect discretions available to public sector organisations dealing with redundancies. The Queen's Speech on 4 June 2014 signalled that 'measures will be brought forward to limit excessive redundancy payments across the public sector' and to limit entitlement to redundancy payments when public sector employees re-join the same part of the public sector within a short period of time. Changes will be contained within the Small Business, Enterprise and Employment Bill which is planned to complete its passage through Parliament by March 2015 before the General Election.
- 2. Options analysis and proposal**
- 2.1 **Option 1** is to retain the current level of payments, with the Discretionary Compensation Policy updated to take account of changes to the Local Government Pension Scheme regulations from 1 April 2014. A revised Policy with the same level of compensation / redundancy payments is attached at **Appendix 3**.
- 2.2 The current Policy is to make redundancy payments at twice the statutory weeks, using the statutory redundancy payments matrix of age and length of service, with a maximum Spelthorne redundancy payment of 60 weeks' actual pay. This level of enhancement was agreed as a fair balance between reasonable compensation to the employee losing their livelihood and the financial cost to Spelthorne.
- 2.3 Few staff are eligible for the current Spelthorne maximum payment of 60 weeks' pay which applies only to staff who are at least 60 years old and have 20 years or more local government service.
- 2.4 **Option 2** is to amend the Discretionary Compensation Policy with a changed approach to redundancy payments. Statutory redundancy payments must be applied.
- 2.5 A reduction in the redundancy multiplier could reduce the likelihood of volunteers for redundancy coming forward, or mean it is more likely that staff will challenge proposals to delete their posts, with consequential employee relations difficulties and longer timescales.
- 2.6 **Option 3** is to await confirmation of the measures contained within the Small Business, Enterprise and Employment Act when passed and to review Spelthorne's policy in the light of the new legislation.
- 2.7 **Appendix 4** shows the Options in table form and **Appendix 5** illustrates the factors that will be taken into account when considering discretionary compensation on the grounds of efficiency.



### **3. Financial implications**

- 3.1 A financial appraisal of future salary savings, one-off redundancy payments and payback period is made in each redundancy case. There are on-going salary savings where posts are deleted and redundancies arise. In many cases the payback period is under 2 years with on-going salary savings thereafter.
- 3.2 The total costs of redundancy depend on the member of staff's age, length of service and whether they receive an automatic immediate pension payment on redundancy or leaving in the interests of efficiency.
- 3.3 Enhanced redundancy payments under the current Discretionary Compensation Policy are more generous than the statutory minimum terms but can contribute to posts being deleted and savings being realised at an earlier stage than would otherwise be the case. The payments include the statutory redundancy payment that must be paid.

### **4. Other considerations**

- 4.1 Permanent staff have a reasonable expectation of their employment continuing on an ongoing basis and will have made personal and financial commitments on that basis. Redundancy payments are a compensation payment for the loss of that employment.
- 4.2 Paying enhanced redundancy payments has helped Spelthorne to achieve organisational change involving the deletion of jobs with minimal employee relations disruption. It has helped bring forward volunteers for redundancy which has avoided time consuming and disruptive arrangements for selections for compulsory redundancy which could result in considerable employee relations friction and disruption and longer timescales.
- 4.3 Where councils have not adopted enhanced redundancy policies they often make compensation payments under different legal provisions (legally binding settlement agreements) which can result in higher payments being made and other direct costs.
- 4.4 The Equality Act 2010 allows redundancy payment schemes based on the Government's statutory redundancy provisions. Other payment arrangements based on age or length of service could be discriminatory.

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

- 5.1 Policy to be considered at Cabinet on 15 July 2014 with a recommendation to Council on 17 July 2014. The revised policy to come into effect one month after the amended policy is agreed and published. The existing (old) policy to be honoured for redundancies that have already been agreed under the old provisions.

#### **Background papers:**

There are none.

#### **Appendices:**

Appendix 1 - Discretionary Compensation Policy agreed 2007

Appendix 2 – Comparative information

Appendix 3 – Proposed amended Policy to take account of changes to the Local Government Pension Scheme

Appendix 4 - Options table

Appendix 5 – Factors to take into account when considering terminations on the grounds of efficiency

**Existing Discretionary Compensation Policy agreed in 2007****Appendix 1****The Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006****Policy Statement**

The policy sets out the arrangements for discretionary compensation to staff who are leaving employment due to redundancy or efficiency, including to

- Employees who are dismissed on the grounds of redundancy
- Employees who are retiring early in the interests of the efficiency of the service
- Employees whose employment is terminated in the interests of the efficiency of the service

Factors to be taken into account in awarding compensation to include

- Overall cost and reasonableness, including benefits to the Council Tax payer of the employee leaving the Council's service
- Financial savings to be incurred by the employee leaving the Council's service
- Ability to implement organisational change
- Employee relations considerations
- Fairness and consistency of approach
- Protecting the Council from legal challenge

<b>Discretion available under 2006 regulations</b>	<b>Spelthorne Policy – Redundancy</b>
Pay at actual week's pay  Lump sum payment up to 104 week's pay to include the statutory redundancy payment (ie up to 3.46 times the statutory amounts)  No added years	All Redundancy Payments to be calculated on the employee's actual week's pay  Redundancy payments at the end of a temporary fixed term contract to be at statutory weeks. Redundancy payments in other cases to be at twice the statutory minimum, using the government's redundancy payments calculator (to a maximum of 60 weeks). To be inclusive of the statutory redundancy payment.  Employees who are members of the Local Government Pension Scheme be given the option to

	<p>convert lump sum compensation payments into additional pensionable service on a strictly cost-neutral basis, in accordance with the formula published by the government. Decisions must be made before the last day of service with full costs of augmentation confirmed by Surrey County Council Pensions Unit. The statutory redundancy payment element cannot be converted.</p> <p>Redundancy payments to be agreed by the Chief Executive in consultation with the Leader or the Chief Financial Officer in consultation with the Leader as appropriate</p>
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<b>Discretion available under 2006 regulations</b>	<b>Spelthorne Policy – Efficiency of the service</b>
<p>Lump sum payment up to 104 week's pay</p> <p>No added years</p>	<p>A one-off lump sum payment, based on the merits of each individual case, up to the maximum of 104 week's pay. Only in exceptional circumstances would payments exceed 60 weeks pay (the maximum lump sum for redundancy).</p> <p>Employees who are members of the Local Government Pension Scheme be given the option to convert lump sum compensation payments into additional pensionable service on a strictly cost-neutral basis, in accordance with the formula published by the government. Decisions must be made before the last day of service with full costs of augmentation confirmed by Surrey County Council Pensions Unit.</p> <p>Compensation payments to be agreed by the Chief Executive in consultation with the Leader or the Chief Financial Officer in consultation with the Leader as appropriate</p>

This Policy is effective from 1 April 2007. The Policy will be kept under review. Any future changes to the policy will come into effect one month after the amended policy is agreed and published.

### **Local Government Pension Scheme Regulations Policy on Augmentation of Service under Section 52**

The Local Government Pension Scheme (LGPS) regulations give the discretion to augment pension service (award added years of pension service) at any point in the employment relationship. Spelthorne has adopted the discretion to be used in appropriate cases.

If augmentation is agreed under the LGPS regulations it is not possible to pay a lump sum under the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006.

#### **Redundancy**

Individuals will have the option of converting the discretionary element of the compensation payment to added years if they wish to do so, with decisions made before their last day of service. The discretionary element of the lump sum payment in the event of redundancy is the total amount less the statutory redundancy payment at actual weeks pay.

#### **Efficiency**

Where a lump sum compensation payment is made under the Discretionary Compensation regulations individuals will have the option of converting the lump sum compensation to added years service if they wish to do so, with decisions made before their last day of service. Spelthorne may augment service in exceptional circumstances agreed by the Chief Executive in consultation with the Leader or the Chief Financial Officer in consultation with the Leader, as appropriate to the case. Augmentation can only be granted where no compensation payments are made under the 2006 compensation regulations.

#### **Other cases**

Spelthorne may consider augmentation of service in other exceptional circumstances in cases agreed by the Chief Executive and Leader.

#### **January 2007**

**Comparative information****Appendix 2****1. Extract from the Local Government Association's 2013 survey of early retirement and redundancy compensation**

Calculation of lump sum compensation under the 104 weeks provision – multiplier of statutory redundancy pay and inclusive of statutory payments

Local authority staff being made redundant	2013	2012
x 1.5	28%	28%
x 2	23%	24%
x 2.5	4%	3%
x 3	1%	1%
Using other formula	43%	43%
Total	100%	100%
Base number of respondents	81	88
Local authority staff leaving/retiring on the grounds of efficiency of service	2013	2012
x 1.5	22%	27%
x 2	13%	14%
x 2.5	4%	2%
x 3	0%	0%
Using other formula	61%	57%
Total	100%	100%
Base number of respondents	46	49

**2. Redundancy multipliers agreed by Surrey Councils**

	Current multiplier	Previous multiplier	Date of change / comment
<b>Spelthorne</b>	<b>2</b>		
Elmbridge	2		
Epsom & Ewell	1		
Guildford	2	3	At least 8 years ago
Mole Valley	2		
Reigate & Banstead	1		Use Settlement Agreements
Runnymede	1.5	3.46 (to max of 104 weeks)	March 2011
Surrey Heath	2		
Tandridge	2		
Waverley	1.5	3 x length of service (not statutory matrix)	January 2011
Woking	2.2		
Surrey CC	1.5 to max of 40 weeks	3	April 2010, confirmed March 2013

**Revised Policy 2014****Appendix 3****The Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006****Policy Statement**

The policy sets out the arrangements for discretionary compensation to staff who are leaving employment due to redundancy or efficiency, including to

- Employees who are dismissed on the grounds of redundancy
- Employees who are retiring early in the interests of the efficiency of the service
- Employees whose employment is terminated in the interests of the efficiency of the service

Factors to be taken into account in awarding compensation to include

- Overall cost and reasonableness, including benefits to the Council Tax payer of the employee leaving the Council's service
- Financial savings to be incurred by the employee leaving the Council's service
- Ability to implement organisational change
- Employee relations considerations
- Fairness and consistency of approach
- Protecting the Council from legal challenge

<b>Discretion available under 2006 regulations</b>	<b>Spelthorne Policy – Redundancy</b>
Pay at actual week's pay  Lump sum payment up to 104 week's pay to include the statutory redundancy payment (ie up to 3.46 times the statutory amounts)  No pension added years	All Redundancy Payments to be calculated on the employee's actual week's pay  Redundancy payments to be at twice the statutory minimum, using the government's redundancy payments calculator (to a maximum of 60 weeks). To be inclusive of the statutory redundancy payment.  Employees who are members of the Local Government Pension Scheme will be able to use some of their lump sum compensation payment to fund additional pension on a self-funding

	<p>basis (LGPS Regulation 16 for voluntary funding of additional pension contributions). Decisions must be made before the last day of service with full costs of additional pension contribution confirmed by Surrey County Council Pensions Unit and met by the employee. The statutory redundancy payment element cannot be converted.</p> <p>Redundancy payments to be agreed by the Chief Executive in consultation with the Leader or the Chief Financial Officer in consultation with the Leader as appropriate.</p>
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<b>Discretion available under 2006 regulations</b>	<b>Spelthorne Policy – Efficiency of the service</b>
<p>Lump sum payment up to 104 week's pay</p> <p>No pension added years</p>	<p>A one-off lump sum payment, based on the merits of each individual case, up to the maximum of 104 week's pay. Only in exceptional circumstances would payments exceed 60 weeks pay (the maximum lump sum for redundancy).</p> <p>Employees who are members of the Local Government Pension Scheme will be able to use their lump sum compensation payment to fund additional pension on a self-funding basis (LGPS Regulation 16 for voluntary funding of additional pension contributions). Decisions must be made before the last day of service with full costs of additional pension contribution confirmed by Surrey County Council Pensions Unit and met by the employee.</p> <p>Compensation payments to be agreed by the Chief Executive in consultation with the Leader or the Chief Financial Officer in consultation with the Leader as appropriate.</p>

Agreed by Council XXX date XXX 2014.

This Policy is effective from XXX date XXX 2014. The Policy will be kept under review. Any future changes to the policy will come into effect one month after the amended policy is agreed and published.



**Local Government Pension Scheme Regulations 2013**  
**Policy on additional pension contributions (regulation 16) and award of additional pension (regulations 31)**

The Local Government Pension Scheme (LGPS) Regulations 2013 effective from 1 April 2014 give the discretion to fund additional pension contributions and award additional pension. Spelthorne's Pension Policy was agreed by Council on 24 April 2014 and is set out below.

**Funding of additional pension contributions (regulation 16 (2)(e) and 16 (4)(d))**

Spelthorne will not contribute to shared cost additional pension contributions.

Individuals who are awarded a discretionary compensation payment on redundancy or leaving on the grounds of efficiency will have the option of converting the discretionary element of the compensation payment to additional pension contribution if they wish to do so, with decisions made before their last day of service and fully-funded by the individual. The discretionary element of the lump sum payment in the event of redundancy is the total amount less the statutory redundancy payment at actual weeks pay.

**Award of up to £6,500 additional pension (at whole cost to the employer)**

Spelthorne may consider awarding additional pension in exceptional circumstances where it is in Spelthorne's interests and taking account of the employer costs of the additional pension. Cases to be agreed by the Chief Executive in consultation with the Leader for cases below Management Team level and by the Cabinet for cases at Management Team level.

**2014**

## Discretionary Compensation Policy – Options Table

## Appendix 4

Option	Advantages	Disadvantages/Risks
<p>Option 1</p> <p>Retain current policy to pay redundancy pay at twice statutory weeks and actual pay</p>	<p>Redundancy payments at higher level than statutory scheme gives a sense of security to staff during times of change</p> <p>Retains arrangements that have worked well over the years</p> <p>Retain arrangements that are well understood</p> <p>Ability to attract volunteers and therefore avoid or reduce the time required for consultation, selection for redundancy and dealing with appeals/challenges</p> <p>Able to achieve organisational change earlier than may otherwise be the case</p> <p>More transparent separation payments with fewer compromise payments which external sources of scrutiny (for example Public Accounts Committee) are critical of</p>	<p>Redundancy payments at higher level than in some other councils / than statutory scheme</p> <p>Potential for criticism that payments are more than statutory scheme</p>
<p>Option 2</p> <p>Amend (reduce) redundancy</p>	<p>Potential to reduce redundancy payment bill</p>	<p>More uncertainty/anxiety for staff during times of change and more concern about financial impacts of losing job</p> <p>Further diminution of Spelthorne's arrangements compared to some other councils which could affect staff perception of</p>

<p>payment policy</p> <p>Option 2 cont.</p> <p>Amend (reduce) redundancy payment policy</p>		<p>Spelthorne as an employer of choice</p> <p>Risk that we are no longer able to attract volunteers for redundancy or that staff selected for redundancy are more likely to appeal against selection for redundancy/challenge the need for change. A particular consideration given that the Council in the funding climate it is operating is necessarily going to need to undergo significant change over the next few years.</p> <p>Risk that there are delays in achieving organisational change and salary savings, with additional management and human resources opportunity costs</p> <p>Risk of deteriorating employee relations as restructures become more contentious</p> <p>Risk that cases are not agreed under the Discretionary Payments Policy but are negotiated individually as Settlement Agreements with increase in costs and potential increase in payments to individuals and less transparency than redundancy payments.</p> <p>Moving to any policy which did not follow the statutory redundancy payments scheme increases the risk of discrimination claims</p>
<p>Option 3</p> <p>Review Policy</p>	<p>Able to take account of the measures in the Small Business, Enterprise and Employment Bill/Act, announced in 2014 Queen's Speech relating to public</p>	<p>Delay (possibly up to the next general election) to reviewing and changing Spelthorne policy</p>

in the light of the Small Business, Enterprise and Employment Bill/Act	sector redundancies  Able to better understand the Government's definition of excessive redundancy payments in the public sector	
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**Discretionary Compensation Policy – Efficiency****Appendix 5****Guidance – Factors to consider in efficiency cases**

Spelthorne's Discretionary Compensation Policy sets out the arrangements for discretionary compensation to staff who leave employment due to redundancy or efficiency.

The policy states that a number of factors will be taken into account in awarding compensation in all cases to include:-

- Overall cost and reasonableness, including benefits to the Council Tax payer of the employee leaving the Council's service
- Financial savings to be incurred due to the employee leaving the Council's service
- Ability to implement organisational change
- Employee relations considerations
- Fairness and consistency of approach
- Protecting the Council from legal challenge.

The circumstances surrounding potential efficiency terminations could be more varied than in the event of redundancy (where a post is deleted / there is a reduction in requirement for a post at a certain level) and it is therefore not possible to provide a fully comprehensive list of what would constitute a justifiable case. Each case is considered on its merits and the following factors may be relevant:-

- Loss of skills/experience
- Pension fund strain costs (if relevant)
- Whether there is a business case to justify the costs in terms of organisational impact (e.g. are there opportunities for restructuring or using a post differently after the departure of the current post holder or which generate savings)
- Any compassionate grounds or other special circumstances
- The employee's ability to perform the job has been affected by changes which mean that it is difficult for them to adjust
- The job requires new skills or competencies that the employee does not have and where retraining or investment in future development would not be appropriate

- It would create internal job opportunities or allow succession planning
- It avoids a redundancy situation by allowing an employee to be redeployed to the vacancy created
- Whether the level of compensation is reasonable in relation to the employee's financial loss of livelihood taking into account their potential re-employability within and outside local government and at what level.

The list above is illustrative and not exhaustive, not all factors may be relevant to each case.

Consideration of cases must be demonstrably fair and the decision a reasonable one, following a balanced assessment of all relevant factors. Any discretionary payments agreed are made on the basis of individual circumstances of each case, and as such do not form a precedent for any future cases.