

**Roberto Tambini
Chief Executive**

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Our Ref: GH/Cabinet
Date: 12 January 2011

NOTICE OF MEETING:

CABINET

DATE: THURSDAY 20 JANUARY 2011

TIME: 5.00 p.m.

PLACE: GODDARD ROOM, COUNCIL OFFICES, KNOWLE GREEN, STAINES

[Refreshments for Members will be made available in the Members' Room from 4.00pm]

TO: MEMBERS OF THE CABINET:-

Members of the Cabinet	Cabinet Member Areas of Responsibility
J.D. Packman [Chairman]	Leader of the Council
R.A. Smith-Ainsley [Vice-Chairman]	Planning and Housing
F. Ayers	Community Safety
S. Bhadye	Independent Living
C.A. Davis	Economic Development
G.E. Forsbrey	Environment
Mrs. D.L. Grant	Young People and Culture
Mrs. V.J. Leighton	Finance and Resources
Mrs J.M. Pinkerton	Communications

EMERGENCY PROCEDURE [THE LIFT MUST NOT BE USED]

In the event of an emergency the building must be evacuated. All councillors and staff should assemble on the Green adjacent to Broome Lodge. Members of the public present should accompany the staff to this point and remain there until the senior member of staff present has accounted for all persons known to be on the premises.

[PLEASE NOTE THAT THIS AGENDA IS AVAILABLE IN LARGE PRINT ON REQUEST TO GILLIAN HOBBS ON TEL: 01784 444243]

IMPORTANT PUBLIC NOTICE

MOBILE TECHNOLOGY – ACCEPTABLE USE

Use of mobile technology (e.g. mobile telephones, Blackberries, XDA's etc.) in meetings can:

- Interfere with the Public Address and Induction Loop systems;
- Distract other people at the meeting;
- Interrupt presentations and debates;
- Mean that you miss a key part of a decision taken.

PLEASE:

Either switch off your mobile telephone etc. **OR** switch off its wireless/transmitter connection and sound for the duration of the meeting.

THANK YOU FOR YOUR CO-OPERATION IN THIS MATTER.

AGENDA

	Page(s)
1. APOLOGIES FOR ABSENCE To receive any apologies for non-attendance.	
2. MINUTES To confirm the Minutes of the Meeting held on 23 November 2010.	5 - 10
3. DISCLOSURES OF INTEREST To receive any disclosures of interest from Members in accordance with the Council's Code of Conduct for Members.	
4. MINUTES OF THE SPELTHORNE YOUTH COUNCIL MEETINGS HELD ON 18 NOVEMBER AND 14 DECEMBER 2010. <i>[Councillor Mrs Grant]</i> To receive the Minutes of the Spelthorne Youth Council meetings held on 18 November and 14 December 2010.	11 - 14
5. RECOMMENDATIONS OF THE AUDIT COMMITTEE ON CORPORATE RISK MANAGEMENT <i>[Councillor Leighton]</i> To consider the recommendation of the Audit Committee held on 9 December 2010 on Corporate Risk Management.	15 - 25

- | | |
|--|------------------|
| 6. TREASURY MANAGEMENT STRATEGY – KEY DECISION | 27 - 40 |
| <i>[Councillor Mrs Leighton]</i> | |
| 7. OUTLINE BUDGET – KEY DECISION | To follow |
| <i>[Councillor Mrs Leighton]</i> | |
| 8. CAPITAL PROGRAMME – KEY DECISION | To follow |
| <i>[Councillor Mrs Leighton]</i> | |
| 9. STOCK CONDITION SURVEY– KEY DECISION | 41 - 46 |
| <i>[Councillor Ayers]</i> | |
| 10. CEMETERIES UPDATE – KEY DECISION | 47 - 52 |
| <i>[Councillor Mrs Grant]</i> | |
| 11. COMMUNITY LINK ACCOMMODATION | 53 - 58 |
| <i>[Councillor Mrs Pinkerton]</i> | |
| 12. POLLING STATIONS REVIEW | 59 - 62 |
| <i>[Councillor Davis]</i> | |
| 13. DRAFT CALENDAR OF MEETINGS 2011-12 | 63 - 70 |
| <i>[Councillor Packman]</i> | |
| 14. WRITE OFFS | 71 - 74 |
| <i>[Councillor Smith-Ainsley]</i> | |
| 15. ISSUES FOR FUTURE MEETINGS | |
| Members are requested to identify issues to be considered at future meetings. | |
| 16. URGENT ITEMS | |
| To consider any items which the Chairman considers are urgent. | |
| 17. EXEMPT BUSINESS | |
| To move the exclusion of the Press/Public for the following item(s), in view of the likely disclosure of exempt information within the meaning of Part 1 of Schedule 12A to the Local Government Act 1972, as amended by the Local Government (Access to Information) Act 1985 and by the Local Government (Access to information) (Variation) Order 2006. | |

18. **EXEMPT REPORT - CONTRACT FOR CASH IN TRANSIT [Gold Paper]** 75 - 78

[Councillor Leighton]

[Paragraph 3 – Information relating to the financial and business affairs of any particular person (including the Authority)]

19. **EXEMPT REPORT - PARTNERSHIP WITH TANDRIDGE HR AND PAYROLL PROVISION [Gold Paper]** 79 - 84

[Councillor Mrs Leighton]

[Paragraph 3 – Information relating to the financial and business affairs of any particular person (including the Authority)]

If you wish to read the report for an item, Ctrl and click on the underlined heading will take you to the report document.

MINUTES OF THE CABINET

23 NOVEMBER 2010

PRESENT:

Councillor J.D. Packman, (Leader of the Council and Cabinet Member)
Councillor R.A. Smith-Ainsley (Deputy Leader of the Council, Vice-Chairman of the Cabinet and Cabinet Member for Planning and Housing);
Councillor F. Ayers (Cabinet Member for Community Safety);
Councillor Mrs D.L. Grant (Cabinet Member for Young People and Culture);
Councillor Mrs. V.J. Leighton (Cabinet Member for Finance and Resources) and
Councillor Mrs J.M. Pinkerton (Cabinet Member for Communications)

Apologies: Councillors C.A. Davis (Cabinet Member for Economic Development) and G.E. Forsbrey (Cabinet Member for Environment);

In attendance: Councillors T.W. Crabb and R.W. Sider

1645. MINUTES

The Minutes of the Meeting held on 28 September 2010 were confirmed as a correct record.

1646. DISCLOSURES OF INTEREST

Councillor T.W. Crabb declared a personal interest in Agenda Item 5., to consider a petition received from the residents of The Avenue and Elmbrook Close, Sunbury on Thames as he lived in The Avenue, Sunbury. Councillor Crabb confirmed that although he had been a signatory to the petition, he had not been involved in the organisation of the matter.

1647. PARKING FEES AND CHARGES - KEY DECISION

The Cabinet considered a report on proposals for new charges in the Borough's Car Parks.

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

RESOLVED that Cabinet

- (1) Authorises the Head of Corporate Governance to make alterations to the off street car parking order and to publish notices in the local press to bring about the identified changes in charges for car parks in Staines and to increase the charging period in Riverside and Bridge Street car parks to 7.00am to 10.00pm;
- (2) Agrees the revised charges as set out in Appendix 1 to the report of the Assistant Chief Executive, subject to the results of the consultation exercise.

CABINET – 23 NOVEMBER 2010

1648. PETITION

The Cabinet considered a petition received from the residents of The Avenue and Elmbrook Close, Sunbury on Thames, seeking the removal of car parking charges from Orchard Meadow Car Park in that they are indirectly creating a safety risk in The Avenue.

The petition was presented to Council at its meeting on 22 July 2010 and was referred to the Cabinet for consideration and a response.

In accordance with Cabinet Procedure Rule 10.3 Councillor T.W. Crabb addressed the Cabinet in relation to this item.

RESOLVED that

1. charging should remain in force at Orchard Meadow Car Park, Sunbury;
2. the Head of Sustainability and Leisure be asked to arrange a meeting with Surrey County Council to discuss options available to alleviate the parking issues in The Avenue as raised in the petition received in July 2010 and
3. a report specifically addressing the issues raised on this matter be referred to Council for further consideration.

1649. MINUTES OF THE SPELTHORNE YOUTH COUNCIL MEETINGS – 16 SEPTEMBER AND 12 OCTOBER 2010

The Cabinet discussed the Minutes of the Spelthorne Youth Council meetings held on [16 September](#) and [12 October 2010](#).

RESOLVED to note the Minutes of the Spelthorne Youth Council meetings held on 16 September and 12 October 2010.

1650. MINUTES AND RECOMMENDATIONS OF THE LOCAL DEVELOPMENT FRAMEWORK (LDF) WORKING PARTY - 25 OCTOBER 2010

The Cabinet considered the Minutes and recommendations of the Local Development Framework Working Party held on [25 October 2010](#), relating to the Annual Monitoring Report 2010.

RESOLVED that Cabinet

1. approves the Annual Monitoring Report 2010 and
2. notes the work of the officers in preparing the Annual Monitoring Report.

1651. MINUTES AND RECOMMENDATIONS OF THE MEMBERS DEVELOPMENT STEERING GROUP – 27 SEPTEMBER 2010

The Cabinet considered the Minutes and recommendations of the Members Development Steering Group held on [27 September 2010](#).

RESOLVED that Cabinet approves the budget reduction for Members' training and development from £4,900 for 2010/11 to £4,500 for 2011/12.

CABINET – 23 NOVEMBER 2010

1652. TREASURY MANAGEMENT HALF-YEARLY REPORT 2010-11

The Cabinet considered a report on the treasury management activities for the first half year to 30 September 2010.

RESOLVED that Cabinet notes the Treasury Management half-yearly report 2010-11.

1653. REVENUE BUDGET MONITORING APRIL - SEPTEMBER 2010

The Cabinet considered a report on Revenue spend figures and how resources were spent on providing services for residents for the period April to September 2010.

RESOLVED that Cabinet notes the Revenue Monitoring report for the period April to September 2010.

1654. CAPITAL BUDGET MONITORING APRIL - SEPTEMBER 2010

The Cabinet considered a report on Capital spend figures for the period April to September 2010.

RESOLVED that Cabinet notes the Capital Monitoring report for the period April to September 2010.

1655. *PROPOSALS FOR NEW GOVERNANCE MODELS – KEY DECISION

The Cabinet considered a report on proposals for a new governance model and implementation of the new arrangements.

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

RESOLVED that Cabinet recommends to a Special Council on 16 December 2010 that:

1. The Leader and Cabinet model as set out in the Local Government Act 2000 (as amended by the Local Government and Public Involvement in Health Act 2007) and the published proposals set out in Appendix 1 to the report of the Monitoring Officer, be adopted with effect from the third day after the local elections in May 2011; and
2. The Head of Corporate Governance be authorised to make consequential changes to the Council's Constitution.

1656. *ADOPTION OF STATEMENT OF LICENSING POLICY 2011- 2014 - KEY DECISION

The Cabinet considered a report on adoption of Spelthorne's Statement of Licensing Policy 2011 – 2014.

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

RESOLVED that Cabinet recommends Council that the proposed Statement of Licensing Policy 2011-14 be adopted for implementation from 5 January 2011.

CABINET – 23 NOVEMBER 2010

1657. REVISION OF HACKNEY CARRIAGE AND PRIVATE HIRE LICENCE REQUIREMENTS POLICY

The Cabinet considered a report on revision of the hackney carriage and private hire requirements policy, following consultation, proposing to remove discounted licence fees for vehicles with swivel seats.

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

RESOLVED that Cabinet approves the proposed amendments to the Hackney Carriage and Private Hire Licence Requirements Policy with reference to the removal of the 50% dispensation for Private Hire or Hackney Carriage vehicles fitted with swivel seats.

1658. A PLAN FOR WASTE MANAGEMENT

The Cabinet considered a report on the completion of a review of the Surrey Joint Municipal Waste Management Strategy.

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

RESOLVED that Cabinet adopts the revised Surrey Waste Management Plan 2010, with the changes as proposed in Appendix 1 to the report of the Assistant Chief Executive.

1659. RE- LETTING OF ST MARTIN'S COURT HALL

The Cabinet considered an update report on the market testing exercise for St Martin's Court Hall and recommendations for its future use.

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

RESOLVED that Cabinet agrees to award a full repairing lease for fifteen years to The Kings Community Church for the annual sum of £17,500 per annum. The lease to include a break clause after two years of the term with a mutual rolling break of six months notice.

1660. REVENUE GRANTS

The Cabinet considered a report on recommendations for voluntary sector organisation funding for 2011/12.

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

RESOLVED that Cabinet agrees:

1. funding for the various organisations as set out in Appendix A to the report of the Assistant Chief Executive.
2. to receive a report on accommodation at the next Cabinet meeting.

1661. COMMUNITY ENGAGEMENT

The Cabinet considered a report on the most recent round of Have Your Say events and proposals for future community engagement events.

CABINET – 23 NOVEMBER 2010

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

RESOLVED that Cabinet agrees:

1. to replace the local Have Your Say events with theme specific meetings at central, sizeable venues but officers, councillors and partners to attend Resident Association meetings on an annual basis and
2. to also consider a range of communication channels accessible to different age groups to allow residents to engage with the Council through electronic media.

1662. EXEMPT BUSINESS

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

1663. EXEMPT REPORT - WRITE OFFS

[Paragraph 1 – Information relating to any individual]

Cabinet considered a report seeking approval to write off debts over the delegated amount contained in Standing Orders.

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

RESOLVED that Cabinet

1. approves the write off of debts in the cases listed in Appendix 1 of the report of the Assistant Chief Executive; and
2. gives retrospective authorisation for the debts written off in 2007

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;***

CABINET – 23 NOVEMBER 2010

- (4) ***To avoid delay in considering an item "called in", an extraordinary meeting of the Overview and Scrutiny Committee will be convened within seven days of a "call in" being received if an ordinary meeting is not scheduled in that period;***
- (5) ***When calling in a Cabinet decision for review the members doing so should in their notice of "call in":-***
- ***Outline their reasons for requiring a review;***
 - ***Indicate any further information they consider the Overview and Scrutiny Committee needs to have before it in order to conduct a review in addition to the written report made by officers to the Cabinet;***
 - ***Indicate whether, where the decision was taken collectively by the Cabinet, they wish the Leader or his nominee (who should normally be the Cabinet Member) or where the decision was taken by a Cabinet Member, the member of the Cabinet making the decision, to attend the committee meeting; and***
 - ***Indicate whether the officer making the report to the Cabinet or the Cabinet Member taking the decision or his/her representative should attend the meeting.***
- (6) ***The deadline of three working days for "call in" by Members of the Overview and Scrutiny Committee in relation to the above decisions by the Cabinet is the close of business on 30 November 2010.***

**SPELTHORNE YOUTH COUNCIL
MINUTES**

18 November 2010

Held in the Goddard Room/Room 201, Council Offices, Knowle Green, Staines

PRESENT:

Charles Brooker	Ian Doggett	David Porter
Adam Carr	Tara Goodfellow	Abby Roberts-Gould
Sophie Clark	Dominic Hillman	Matthew Sutch
Connie Cronin	Amir Miah	Charlie Whitley
George Daubney	Vivien Miller	

Apologies: Krissy Clark, Dan Hitch, Joe McVey, Lily O'Neill, Molly O'Neill and Olivia Ortega

In attendance:

Gail Lewis - SCC Youth Development Worker
Katie Gardner - SCC Youth Development Worker
Andy Holdaway - SBC Youth and Arts Manager

43/10 MINUTES

The minutes of the meeting held on 12 October 2010 were agreed as a correct record.

44/10 FEEDBACK FROM SCHOOL COUNCILS

The youth councillors, who represented their school councils, reported that the schools had not yet held a meeting.

45/10 MY SPELTHORNE

The youth councillors each completed a survey for the Surrey Youth Development Service inviting young people to "Have Your Say" about the services on offer and what they would like to have available in the area.

46/10 CHILDREN AND YOUNG PEOPLE PARTNERSHIP

The following youth councillors volunteered to attend the Children and Young People Partnership meeting on 2 December to report back on the work of the youth council: Connie Cronin, Tara Goodfellow and David Porter.

47/10 PROJECTS

In the absence of Leigh Middleton there was no further information on progress with the European Parliament trip. During research into costings for the trip the

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youth councillors ascertained that there were restrictions on such trips requiring a minimum group of 20 young people who must be over the age of 14.

In view of this, the Youth Council agreed to discuss their options at the next meeting.

A group of youth councillors discussed how they could increase advertising opportunities for jobs/activities for young people. They agreed specific actions to identify possible locations for, and costs of, youth notice boards in Staines.

**SPELTHORNE YOUTH COUNCIL
MINUTES**

14 December 2010

Held in the Council Chamber, Council Offices, Knowle Green, Staines

PRESENT:

Suzana Azemi	Dominic Hillman	David Porter
Tom Critchell	Dan Hitch	Nadia
George Daubney	Joe McVey	Matthew Sutch
Tara Goodfellow	Vivien Miller	Charlie Whitley

Apologies: Charles Brooker, Adam Carr, Ian Doggett and Abby Roberts-Gould

In attendance:

Leigh Middleton - SCC Youth Development

Andy Holdaway - SBC Youth and Arts Manager

48/10 MINUTES

The minutes of the meeting held on 18 November 2010 were agreed as a correct record.

49/10 FEEDBACK FROM SCHOOL COUNCILS

There was no relevant feedback from school councils for the youth council to note.

50/10 CABINET REPORT - 23 NOVEMBER 2010

The youth council noted the report of the Cabinet member for Young People and Culture on the work of the Cabinet. They noted the changes to "Have Your Say" meetings and how this could affect them.

51/10 PROJECTS

1. European Parliament trip.

- The group discussed their options in view of the restriction requiring a minimum group of 20 young people who must be over the age of 14.
- No replies received yet from MEPs but if they invited, the restriction didn't apply.
- Decided to postpone European Trip but write to find out how strict the 14+ rule is.

- Back-up plan to visit Westminster and MP instead. The group would work on this for now and see how it progressed. Bookings open on 19 January 2011.
- Next month the group will discuss what local issues questions they wish to ask Kwasi Kwarteng.

2. Jobs for young people

- Ian Doggett was not present at the meeting to comment on costs of notice boards. Andy to confirm.
- Possible locations identified with access to the widest audience in Staines: In bus station; by cinema; in Elmsleigh Centre and another located at Sunbury Cross.
- Dominic volunteered to draft a letter seeking permission for the boards to the relevant authorities.

3. Young Person's Discount Card

- The group drafted a letter to businesses to ask them if they would be interested in joining the scheme to offer discounts to holders of the card.
- Agreed to hand deliver the letters rather than post them to save cost and give more impact.
- Use existing citizen card as the discount card.
- Posters to be displayed in participating shop windows.

52/10 ANY OTHER BUSINESS

EMA - Andy explained that the EMA scheme was being scrapped by the government. There was no news to date on the replacement scheme but it was likely to be grant based and means tested by college.

CORPORATE RISK MANAGEMENT
RECOMMENDATION FROM THE AUDIT COMMITTEE

Cabinet: 20 January 2011
Report of the Audit Committee

Purpose of Report

To present the Cabinet with the recommendation made by the Audit Committee on the review of the Corporate Risk Register

- 1.1 The Audit Committee is responsible for considering the effectiveness of the authority's risk management arrangements, and receives regular reports on risk issues.
- 1.2 The policy/strategy, flowchart of responsibilities and Corporate Risk Register (**Appendix 1**) can be found on Spelnet, and the service risk registers can be found on global public folders.
- 1.3 The Corporate Risk Management Group revise the Corporate Risk Register on a quarterly basis. Actions required to reduce risks are shown together with officers responsible for implementing recommendations and deadlines.
- 1.4 The Audit Committee reviewed the revised Corporate Risk Register at its meeting on 9 December 2010 and noted and accepted the contents.

Audit Committee Recommendation

The Audit Committee recommends to the Cabinet: -

That the Corporate Risk Register, as submitted, be approved.

Contact: Deanna Harris, Head of Audit Services, 01784 446207

Area of Responsibility: Terry Collier, Assistant Chief Executive, 01784 446296

Cabinet member: Councillor Vivienne Leighton

APPENDIX 1

SPELTHORNE BOROUGH COUNCIL
CORPORATE RISK REGISTER – 2010/11 QUARTER 3

The register summarises the high level risks faced by the Council in relation to achieving the objectives and priorities as defined in the Council's corporate plan. The register sets out the control procedures in place to mitigate these risks, and identifies any further action needed to manage these risks effectively. Actions are assigned to appropriate officers with target dates for implementation.

Corporate Priority themes are referred to in the risk register.

Level of risk: Likelihood vs. Impact on a scale of 1 (lowest) to 4 (highest)

Risk Category	Risk / Consequences	Corp Priority	Level Of Risk	Control / Action	Owner ship	Target Date	Progress
1. Technology/ Infrastructure /Operations	Failure to align service objectives to corporate aims	All	3	<p>Controls: Service plans are derived from Community and Corporate Plans.</p> <p>Action: All Service Plans require updating annually and need to reflect corporate priorities.</p>	Service Heads	Dec 2010	Some. Nov 2010: Some service plans are outstanding. A report will be issued to MAT shortly.
2. Technology/ Infrastructure /Operations	Failure of projects due to poor project management arrangements.	All	3	<p>Controls: Project management principles and methodology agreed some years ago, although not consistently applied and scope for senior management to re launch on a corporate level.</p> <p>Actions: Review corporate reporting and management of projects; allocation of responsibilities and resources; corporate guidance; business case preparation and post implementation reviews.</p>	MAT	Ongoing	Ongoing
					MAT/DV/CS	Feb 2011	Ongoing. Nov 2010: The Project Manager is assisting in implementing recommendations.

Risk Category	Risk / Consequences	Corp Priority	Level Of Risk	Control / Action	Ownership	Target Date	Progress
3. Technology/ Infrastructure /Operations	3i.Security breaches, system failure, loss of data	All	3	<p>Controls: Back up and continuity arrangements managed by Steria and tested by Service Heads. IT security policies. Personal Commitment statement required from all staff. Contractual responsibilities of Steria. IT security group assess ongoing risks. IT disaster recovery test successfully carried out in June 2010.</p>	TC/HD	Ongoing	Ongoing
	3ii. Failure to meet the minimum security requirements of the Government Code of Connection resulting in termination of connection to any other government sites/data.	All	3	<p>Controls: COCO review group assess compliance with the Code of Connection</p> <p>Successfully passed security requirements of the Government Code of Connection. Application to meet standard 4.1 of COCO has been submitted.</p> <p>New firewall been installed.</p> <p>Independent health check completed in July 2009 –actions addressed. Further health check completed in October 2010. Additional security measures have been implemented, including encryption of laptops, CD'S and memory sticks, (memory sticks will be banned until they are 'white-listed' as known devices on the network), locking down USB ports and improved authentication for remote working. Dual factor authentication has been tested and a pilot is being rolled out.</p> <p>Action: Penetration testing to be conducted annually, in accordance with COCO requirements.</p>	TC/HD	Oct 2010	Actioned Nov 2010: Penetration testing and independent health check carried out in October 2010. Recommendations being addressed by Steria, and high risk issues actioned.

Risk Category	Risk / Consequences	Corp Priority	Level Of Risk	Control / Action	Ownership	Target Date	Progress
4. Financial	Poor return on long term investments /investments insecure in current climate.	All	3	Controls: Treasury Management strategy approved by Members. Aim to select counter parties of the highest credit quality; credit ratings monitored closely. Council's investments managed internally in consultation with Sector Treasury. Use Fitch ratings and criteria recommended by Sector Treasury. Regular monitoring and reporting of investment portfolio and returns achieved.	TC		
5. Technology/ Infrastructure /Operations	Disaster in Council buildings / Lack of continuity planning within services and reliance on individuals/ systems	All	3	Controls: The Health and Safety Officer chairs the gold corporate Business Continuity group under the guidance of the ACX (Brian Harris). The Health and Safety Officer is responsible for the coordination of business continuity plans.	Service Heads/ MAT /SM		Actioned/ Ongoing. Nov 2010: The Health and Safety Officer is updating the Gold corp Business Continuity plan. Business Continuity Forum will audit service Continuity Plans during 2010/11.
				A corporate training/desk top test was held in 2009 which focused on assessing the consequences of Pandemic flu on SBC services. The current focus is on consolidating this into the Business Continuity Plans. An action Plan is in place for the business continuity forum which is monitored.	Service Heads/ MAT/ SM		
				Action: The authority must ensure the plans are fully communicated, tested and updated regularly.	Service Heads/ MAT/ SM	Annual /ongoing	

Risk Category	Risk / Consequences	Corp Priority	Level Of Risk	Control / Action	Owner ship	Target Date	Progress
6. Environment	Disaster- major in borough, e.g. pandemic influenza, resulting in inability to provide services	Environment	4	<p>Controls: Emergency plan been updated Aug 09, acknowledging need for Deputy Officers to provide cover as appropriate. Annual review and testing of plan scheduled. Desk top testing exercise successfully completed in Dec 08 with lessons learnt fed into revised Emergency plan. Risk assessments completed and major incident flood plan been submitted to Surrey Local Resilience forum. Advice and training provided by Surrey Local Resilience forum and the PCT.</p>	LB/SM	Annual/Ongoing	<p>Actioned/Ongoing. Nov 2010: <i>Emergency Planning Officer is reviewing the Emergency Plan and arranging a further corporate training exercise for the early part of 2011.</i></p>
7. Environment	Uncertainty surrounding the financial /other consequences of contaminated land	Environment	4	<p>Controls: Legal duty to inspect land and prioritise action Progress reports issued to MAT outlining financial and other risks</p> <p>Action: A separate risk assessment is required to address contractual, financial/resources and legal/regulatory risks. Controls to reduce risks associated with potential lack of resources to undertake further detailed site investigations should be identified.</p>	LB/LO	Annual/ongoing	<p>Actioned/Ongoing. August 2010: <i>Risk assessment presented to Audit Cttee Dec2009. To be reviewed every two years (next due Sep 2011), or earlier if issues arise which would indicate the need for more prompt review.</i></p>

Risk Category	Risk / Consequences	Corp Priority	Level Of Risk	Control / Action	Owner ship	Target Date	Progress
8. Regulation/ Legal / Litigation	Health and Safety failing resulting in death or serious injuries to staff/public and legal action against the Council	All	4	<p>Controls: Managers responsible for conducting regular risk assessments Induction training for staff and policies clarify responsibilities Health and Safety Officer in post and reports relevant issues/legislation to Executive, MAT, CRMG, all staff, e.g. Corporate Manslaughter act and associated risks. Contract let to manage Legionella and progress reported to AMG and MAT as appropriate.</p> <p>Action: Procedure document required to clarify health and safety responsibilities/ arrangements where the authority leases out assets.</p>	DP	Aug 2010	<p>Actioned/ Ongoing. Nov 2010: Information held on the Council's SHE system for ongoing mgt by Health & Safety Officer and Asset Mgt. The general procedure document has been circulated to members of the CRMG for comment.</p>
9. Regulation/ Legal / Litigation	Failure to comply with employment legislation or statutory duty leading to possible compensation (unlimited), damage to reputation, Legal costs and significant officer time.	All	3	<p>Controls: Human Resources identify new employment legislation HR provide staff guidance on new/existing legislation and arrange training to ensure compliance Clear documented processes exist for Recruitment and Selection, and Managers Briefings provide opportunity to promote corporate procedures. Equality and Diversity working group set up</p>	Service Heads/ JH/ MAT		

Risk Category	Risk / Consequences	Corp Priority	Level Of Risk	Control / Action	Ownership	Target Date	Progress
10. Partner/ Contractor/ Commercial	Failure to obtain vfm / lack of transparency in awarding contracts	All	3	Controls: Performance measures in place and contractual safeguards - Management responsibility. Review of strategic and internal partnerships Contract guidelines (simplified version of CSO'S in place with compliance checklist). Partnership governance policy in place, and reminders issued to Service Heads on need to comply. Significant partnerships identified. Performance management and review committee to periodically review partnerships. E-tendering system Procurement and contract management training Procurement Officer in post (shared resource)			
	Contractual disputes and potential claims through poor documentation. Weak contract management resulting in Contractors/partners failing to deliver expected outcomes Weak partnership governance arrangements			Action May 2010: Risks relating to individual partnerships to be identified and reviewed, e.g. Asset Management partnership with Runnymede Borough Council.			
	Suppliers/ contractors go out of business, affecting the completion of contract works/service delivery, and ability to pay	All	3	Controls: Financial Services monitor the financial media in relation to larger companies and critical commercial partners that the authority engages with.	Service heads/MAT/T C	Ongoing.	Ongoing.

Risk Category	Risk / Consequences	Corp Priority	Level Of Risk	Control / Action	Owner ship	Target Date	Progress
	business rates.						
11. Economic/Social	Service planning difficulties due to changes in economic and social conditions beyond Council's control	Environment /Economic Development	3	Controls: Long term strategic planning Corporate and community plans linked to service plans New corporate priority themes	SM/BC	Ongoing	
12. Environment	Failure to deliver sustainable community strategy / deliver climate change strategy: -Contravening legislation (climate change act 2008) -Poor resilience to climate change by services and community -Services not adequately prepared for climate change, effecting service delivery.	Environment	3	Controls: Sustainability and Climate change strategy. Action plans prepared assigning tasks and targets to named officers, with timescales for delivery. Surrey wide climate change projects being developed, to be assigned as and when appropriate. Environmental impact assessments completed. Delivery board set up to monitor implementation of sustainability strategy and delivery of National Indicator 188 (Climate Change). Meetings held every six weeks and minutes available.	LB/SM	Ongoing	Ongoing

Risk Category	Risk / Consequences	Corp Priority	Level Of Risk	Control / Action	Ownership	Target Date	Progress
13. Financial	Fraud / theft (income, assets, payments), resulting in financial losses and damage to reputation of authority.	All	3	<p>Controls: Corporate Policies in place to help create a culture of honesty and ethical behaviour such as Whistle blowing, anti-fraud and corruption, employee code of conduct, gifts and hospitality, Register of Interest .</p> <p>Service risk assessments outlining control procedures and arrangements in place to prevent the risk of fraud or help detect it.</p> <p>Key controls include compliance with policies and procedures such as Fin Regs and CSO'S, management checks, segregation of duties, reconciliation processes for financial systems, good IT Security measures.</p>	Service Heads/ MAT	Ongoing	
	In current economic climate, increased risk that individuals will be tempted to perpetrate fraud.						
14. Technology/Infrastructure/Operations	Failure in service delivery due to over reliance on individuals eg Housing Options, Revenue and Benefit system administrator roles.	All	3	<p>Controls: In some services back up can be provided by other trained staff, documented procedures or support could be bought in.</p> <p>Action Aug 2010: MAT should ensure the Business Transformation Programme incorporates arrangements for centralisation of all system admin roles or have some alternative arrangements in place to provide back up in key service areas. This may involve additional funding.</p>	MAT	Aug 2010	<p>Some. Nov 2010: Measures have been introduced to provide back up in key service areas, e.g. the Revenue and Benefits System Administrator role could be performed by Steria if necessary. The Treasury Accountant is</p>

Risk Category	Risk / Consequences	Corp Priority	Level Of Risk	Control / Action	Ownership	Target Date	Progress
							<i>providing support to the Housing Options Manager on the Northgate Housing system.</i>
15. Regulation/ Legal/ Litigation	Failure by County to address Spelthorne referrals relating to vulnerable children.	All	3	<p>Controls: The Council has policy/procedures in place and all relevant staff have been trained. A meeting has been held between the ACX (LB) and Surrey County Council to discuss this issue, and the Leader has also met with the CX of Surrey County Council.</p> <p>Action Aug 2010: To check regular cases and report any outstanding issues to Surrey County Council .</p>	KS/DA	Ongoing	Actioned. Nov 2010: The Housing Options Manager regularly monitors cases/referrals and reports any outstanding issues to SCC. Any concerns are brought to the attention of the Service Head. Regular meetings with SCC and joint training provided.

Risk Category	Risk / Consequences	Corp Priority	Level Of Risk	Control / Action	Ownership	Target Date	Progress
16. Financial	Pressures on Housing Service as a result of changes in government policy to restrict housing benefit and general economic climate.	All	3	<p>Controls: Service Heads/ MAT/Members aware of possible risks. Internal structures being reviewed.</p> <p>Action Aug 2010: Service Heads/MAT to monitor, evaluate performance and recommend changes in staffing requirements as appropriate. Team Leader to issue report to Cabinet in September 2010 highlighting the possible impact of Local Housing Allowance changes.</p>	KS/DA/MAT	Oct 2010	Some. Nov 2010: A report was issued to Cabinet in November 2010 highlighting the possible impact of Local Housing Allowance changes.
17. Financial	Reduction in service delivery and possible loss of internal control as a result of savings required to balance budget	All	3	<p>Controls: ACX/MAT/Members aware of savings although these may change. Progress is being made to identify savings.</p> <p>A programme involving prioritisation of discretionary services and service review is currently under consideration.</p> <p>Management is responsible for maintaining internal controls. Any savings offered will be accompanied with summary of any foreseen associated risk.</p>	MAT/Service Heads	Ongoing	Ongoing.

Reviewed November 2010

**TREASURY MANAGEMENT STRATEGY STATEMENT
AND ANNUAL INVESTMENT STRATEGY 2011/2012 – KEY DECISION**

Cabinet: 20 January 2011, Council: 24 February 2011

Recommendation Required

Report of the Chief Finance Officer

EXECUTIVE SUMMARY

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

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

Purpose of Report

This report is to update members on the current treasury position and to set the Annual Investment Strategy and Prudential Indicators for 2011/12 to 2013/14.

Key Issues

- To review and set treasury limits and Prudential Indicators for 2011/12 to 2013/14.
- To note the current treasury position and the future prospects for interest rates and economic background.
- To review the annual investment strategy and the current policy for managing the Council's investments.

Financial Implications

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

Corporate Priority

All corporate priorities are supported.

Officer Recommendations:

The Cabinet are asked to recommend that the Council:

- **Approve the proposed Treasury Management Strategy and Annual Investment Strategy for 2011/12 as set out in this report.**
- **Approve the Prudential Indicators for 2011/12 as set out in this report.**

**Contact: Terry Collier, Chief Finance Officer on (01784) 446296
Cabinet Member: Councillor Mrs. Vivienne Leighton**

MAIN REPORT

1. BACKGROUND

- 1.1** The Local Government Act 2003, and supporting regulations, requires the Council to have regard to the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice to set Prudential and Treasury Indicators for the next three years to ensure that its capital investment plans are affordable, prudent and sustainable.
- 1.2** The Act requires the Council to set out its treasury strategy for borrowing and to prepare an Annual Investment Strategy (as required by investment guidance issued subsequent to the Act and included in Paragraph 3), which sets out its policies for managing its investments and for giving priority to the security and liquidity of those investments.
- 1.3** CIPFA revised the Treasury Management Code of Practice in the Public Services in November 2009 and this was formally adopted by the Council in January 2010. In addition, the DCLG issued revised guidance which came into effect on 1 April 2010 although there are no major changes required over and above those already required by the revised CIPFA Code.
- 1.4 Treasury Management Strategy for 2011/12**
- 1.5** The suggested strategy for 2011/12 in respect of the following aspects of the treasury management function is based upon the view of the Chief Financial Officer on interest rates supplemented by leading market forecasts provided by, and in consultation with Sector Treasury Services, the Council's treasury management advisors. The strategy covers:-
- (a) Treasury limits in force that will limit the treasury risk and activities of the Council;
 - (b) Prudential Indicators
 - (c) The current treasury position
 - (d) Prospect for interest rates
 - (e) The borrowing strategy
 - (f) The investment strategy
 - (g) Creditworthiness policy
 - (h) Policy on the use of external service providers
- 1.6** It is a statutory requirement under Section 33 of the Local Government Finance Act 1992, for the Council to produce a balanced budget. In particular, Section 32 requires a local authority to calculate its budget requirement for each financial year to include the revenue costs that flow from capital financing decisions. Increases in capital expenditure must be limited to a level where increases in interest charges from borrowing to finance capital expenditure, and increases in running costs from new capital projects are affordable for the foreseeable future.

2. MAIN ISSUES

2.1 Treasury Limits 2011/12 to 2013/14

2.2 It is a statutory duty under Section 3 of the Local Government Act 2003, and supporting regulations, for the Council to determine and keep under review a limit on how much it can afford to borrow. The amount so determined is called the Affordable Borrowing Limit, and it represents the legislative authorised limit specified in Section 3 of the Local Government Act 2003.

2.3 The Council must have regard to the Prudential Code when setting this limit because it is required to ensure that the total capital investment is within sustainable limits and that the impact on the Council Tax is acceptable. The limit is set on a rolling basis, for the forthcoming financial year and two successive financial years and is included in the table of Prudential Indicators set out below.

2.4 Prudential Indicators for 2011/12 to 2013/14

2.5 The following Prudential and Treasury indicators are relevant for the purpose of setting an integrated treasury management strategy:

Extract from Budget Setting Report	2010/11	2011/12	2012/13	2013/14
Prudential Indicator	£'000	£'000	£'000	£'000
Gross Capital Expenditure (all non-HRA)	£2,872	£1,738	£1,282	£995
Ratio of Financing Costs to Net Revenue Stream	(3.16)	(3.12)	(3.55)	(3.02)
Net Longer-term Borrowing	£0	£0	£0	£0
In year Capital Financing Requirement	£0	£0	£0	£0
Capital Financing Requirement as at 31.3	£0	£0	£0	£0
Affordable Borrowing Limit	£12,000	£12,000	£12,000	£12,000

Treasury Management Prudential Indicators	2010/11	2011/12	2012/13	2013/14
Prudential Indicator	£'000	£'000	£'000	£'000
Authorized Limit for external debt	£12,000	£12,000	£12,000	£12,000
Operational Boundary for external debt	£10,000	£10,000	£10,000	£10,000
Net Borrowing and Capital Finance Requirement	£0	£0	£0	£0
Upper limit for fixed rate exposure	100%	100%	100%	100%
Upper limit on variable rate exposure	100%	100%	100%	100%
Upper limit for principal invested for over 364 days	£15,000	£15,000	£15,000	£15,000

Maturity structure of fixed rate borrowing	Upper limit	Lower limit
Under 12 months	12,000,000	£ Nil
12 months but within 24 months	£ Nil	£ Nil
24 months but within 5 years	£ Nil	£ Nil
5 years but within 10 years	£ Nil	£ Nil
10 years and above	£ Nil	£ Nil

Actual External Debt as at 31.3.10	£1,534,748 (all short term borrowings)
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2.6 The Current Treasury Position

The Council has £24.3 million invested as at 31st December 2010 as follows:

Investment	£m
European Investment Bank Bonds	6.0
Fixed Term Deposits	9.0
Cash Flow Investments (approx)	9.3
Total Value of Investments at 31.12.10	24.3

- 2.7** The Council manages all investments in house and a detailed analysis of investments held by the Council as at 31st December 2010 is attached as **Appendix A**. The return on the core investment portfolio is currently running at 2.43% for 2010/11.
- 2.8** The Council has no long-term outstanding debt. Borrowing has been restricted to meeting daily cash flow requirements and activity here is very limited. Currently short-term borrowing rates are around 0.50%.
- 2.9** The bulk of cash from Council Tax and Business Rates is collected in instalments over the first ten months of the year. Therefore, cash flow activity is higher during February and March because the Council is still incurring revenue and capital expenditure. This will require using investment funds or additional short term borrowing to cover any daily shortfalls.
- 2.10** The portfolio will be reduced during the last quarter of the year to fund expenditure when instalments cease. Short term investments of £9.3m, as indicated in the above table, are available for this purpose.
- 2.11 Prospects for Interest Rates**
- 2.12** Anticipating future interest rate increases and reductions is very important in managing the spread of maturity dates on our portfolio. The Council has retained Sector Treasury Services as treasury management advisors and part of the service is to assist the Chief Finance Officer formulate a view on interest rates.
- 2.13** Sector's bank rate forecasts for the current year and two subsequent years is as follows:
- 2010/11 0.50%
 - 2011/12 1.25%
 - 2012/13 3.00%
- 2.14** There is downside risk to these forecasts if recovery from the recession proves to be weaker and slower than currently expected. Other leading market forecasters have different views on interest rates and some are predicting that Bank Rate will remain at 0.50% until at least mid 2012.
- 2.15 Economic Background**

- 2.16** Following the general election in May 2010, the coalition government has put in place an austerity plan to reduce the public sector deficit over the next five years. The inevitable result will be major job losses during the period particularly in the public sector. This will have a knock on effect on consumer and business confidence and has already started to impact the housing market with house prices on a downward trend and weak mortgage approvals.
- 2.17** Economic growth in the UK was 0.8% in the third quarter 2010. The outlook is for weak growth in 2011/12 although the Bank of England and Office for Budget Responsibility are forecasting stronger growth than most forecasters are currently expecting. Unemployment has started rising and this trend will continue.
- 2.18** Inflation has remained stubbornly high and well above the MPC 2% target rate; CPI was 3.2% and RPI was 4.5% in October. Despite this the MPC is confident that inflation will fall back below target over the next two years and Sector's view is that there is unlikely to be any increases in bank rate until the middle of 2011.
- 2.19** The Bank of England finished its programme of quantitative easing (QE) with a total of £200bn in November 2009. However, there is currently a major expectation that a second round could begin in early 2011 to help support economic growth.
- 2.20** Sovereign debt levels have been causing concern for international investors particularly in the southern European countries and Ireland. The EU and IMF put together a €750bn support package to bailout struggling members. Greece received support from the fund in May and Ireland too has recently agreed a bailout package of €85bn. The markets remain fearful that the contagion will spread to other struggling countries and attention is now focusing on Portugal, Belgium and Spain.
- 2.21** Prior to the general election there were also major concerns that unless there was a major fiscal contraction, the UK was in significant danger of losing its AAA sovereign credit rating. These fears have now been allayed for the time being following announcement of the coalition plans to address the deficit and reduce the high level of UK sovereign debt. International investors now view UK gilts as a safe haven from EU government debt and the increased demand for gilts has resulted in much lower yields.
- 2.22** There are major difficulties in forecasting the speed of economic recovery in the EU and US. The impact of the potential increase in QE in the US, changes in the consumer savings ratio and the possibility of an EU sovereign default would have significant impact on financial markets and the global economies generally.
- 2.23** Sector's view is that although it is currently difficult to have confidence as to how strong the UK recovery will be recent government figures indicate that growth has been stronger than expected. Therefore, Sector is no longer expecting a double dip recession.
- 2.24** The comprehensive spending review announced on 20th October 2010 put forward a challenging package of austerity measures and cuts in public sector expenditure to reduce the annual deficit and UK sovereign debt levels. It is difficult to forecast how much these austerity measures, public sector job losses and rise in VAT to 20% in January will dampen economic growth in the UK.

2.25 The impact on local government requires significant expenditure cuts totalling 25% over the next four years. The full impact on Spelthorne will be known when the grant settlement figures are received in early December.

2.26 The Council is already very proactive in exploring different ways to reduce the costs of services and will continue to review current ways of working to achieve the required savings.

3. OPTIONS ANALYSIS

3.1 Borrowing Strategy

3.2 At the present time, it is intended that the Council shall continue to finance capital expenditure from capital receipts and it is therefore anticipated that there will be no capital borrowings required during 2011/12. Borrowing under the Prudential Regime may be an option for the future depending on the prevailing circumstances and it could be considered for specific new projects on a scheme-by-scheme basis.

3.3 Annual Investment Strategy

3.4 Investment Policy

The Council will have regard to the revised DCLG Guidance on Local Government Investments and the CIPFA "Treasury Management in Public Services Code of Practice and Cross-Sectional Guidance Notes 2009". The Council's investment priorities are the security of capital and the liquidity of its investments.

3.5 The overall policy objective for the Council is the prudent investment of its treasury balances and the risk appetite of the Council is low. All investments will be made in sterling and the Council will aim to achieve the optimum return commensurate with proper levels of security and liquidity.

3.6 The borrowing of monies purely to invest or lend-on to make a return is unlawful and this Council will not engage in such activity.

3.7 The Council will seek professional advice from Sector when considering treasury management decisions. Investments, which the Council may use for the prudent management of its treasury balances, are classified as Specified and Non-Specified investments and are set out in the DCLG guidance on investments. Details of the type of instruments that may be used for investments and the overall limits under each of these classifications are attached as **Appendix B** and Members are required to approve the minimum credit criteria for investment counter-parties.

3.8 Counter-party investment limits are set through the Council's Treasury Management Practices Schedules. Whilst the overall credit criteria in place is high to minimise risk, the counter-party monetary and time limits are directly related to the credit quality of the institutions with lower limits applied to lower rated organisations. These limits will be kept under constant review by the Chief Finance Officer and amended under delegated powers to reflect current market conditions and achieve optimum investment returns.

3.9 Creditworthiness Policy

3.11 The Council uses the creditworthiness service provided by Sector to assist its selection of suitable counter-parties. This service aims to assess the credit quality of counter-parties and investment instruments by reference to major rating

agencies including Fitch, Moody's and Standard and Poor's. This information is supplemented by credit default swaps data which provides a market indication of the perceived credit risk for individual institutions and may give investors advance warning of credit rating downgrades.

- 3.12** All credit ratings are generally monitored weekly. The Council is alerted to changes in credit ratings through its use of the Sector service. Downgraded counter-parties are immediately withdrawn from future use. Investments that no longer meet the Council's minimum criteria are reported to the Chief Finance Officer although where these investments are fixed term deposits early redemption would incur costs to the Council.
- 3.13** The Council will not solely rely on the Sector service but it will also make use of other sources of generally available information when considering counter-party credit risk. These may include the use of the quality financial press, market data (including credit default swaps, share price, annual reports, statements to the market etc), information on government support for banks and the credit ratings of that government support.
- 3.14** The Council will only invest in approved counterparties within the UK or from countries with a minimum sovereign rating of AA- from Fitch Ratings or the equivalent Moody's or Standard and Poor's rating.
- 3.15 Investment Strategy**
- 3.16** The Council manages all investments in-house and investment decisions are made in consultation with Sector. The portfolio will be structured to provide a suitable range of different investment options and maturities to facilitate better risk management and an element of certainty of returns. Against a background of historically low interest rates, current investments include three Multilateral Development Bank (MLDB) Bonds issued by the European Investment Bank maturing at various intervals over a three year period and fixed term deposits maturing over one year.
- 3.17** Other funds managed in-house are related to the day-to-day cash flow movements and are held in instant access and notice accounts. Surpluses arising from the day-to-day activities are generally invested in a special higher interest account although amounts exceeding £1 million are invested in UK Treasury Bills, with the UK Debt Management Office or with various bank treasury facilities available to the Council. The aim is to maximise short term returns wherever possible.
- 3.18 Policy on Use of External Service Providers**
- 3.19** The Council has appointed Sector Treasury Services as professional advisors on all treasury management matters to acquire specialist skills and resources. Regular quarterly meetings are held with them to discuss the Council's treasury options and all major investment and borrowing decisions are made on their advice. However, the Council recognises that the responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon external service providers.
- 3.20** The Council recognises the value of access to the specialist resources provided by external advisors and will continue to ensure that the terms of their appointment and methods by which their value will be assessed are properly agreed and documented and subjected to regular review.

3.21 Scheme of Delegation and Role of the S151 Officer

3.22 The revised CIPFA “Treasury Management in the Public Services Code of Practice and Cross-Sectional Guidance Notes 2009” now requires that the Council’s scheme of delegation and the role of the S151 officer be set out in this report and these are duly attached as **Appendix C and D**.

4. PROPOSALS

4.1 Bank rate has been 0.50% since March 2009 and Sector is currently forecasting it to remain at this level until at least September 2011. All investment decisions will be taken in consultation with Sector and, on their advice, the Council will avoid locking into longer term deals while investment rates are down at historically low levels unless exceptionally attractive rates are available that make longer term deals worthwhile.

4.2 The balance of the portfolio will be invested in more liquid investment instruments to enable the Council to have the ability to take advantage of higher short-term interest rates that may be available at times of market volatility. Currently, the effect of low interest rates is likely to present few opportunities.

4.3 For its cash flow generated balances, the Council will seek to utilise its instant access and business reserve accounts, its money market fund and short dated deposits. UK treasury bills will also be used where appropriate rather than the UK Debt Management Office. Both are UK government investments so are AAA rated but the former produce a slightly enhanced return for the same level of risk.

4.4 Treasury Management activity and interest earned on investments will continue to be closely monitored each month to ensure that the maximum overall return is achieved for the Council. Internal investment performance will be measured and compared to the average 7 day and 3 month rates for monitoring purposes. At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report.

5. BENEFITS AND SUSTAINABILITY

5.1 The relevant benefits and sustainability are as set out in this report.

6. FINANCIAL IMPLICATIONS

6.1 The ability to maximise interest returns is paramount to generate sufficient funds to support the General Fund and even a small move in interest rates can have a significant effect on cash returns. Therefore, it is our aim to maintain flexibility commensurate with the highest level of security and liquidity and minimal risk when making investment decisions.

7. LEGAL IMPLICATIONS / OTHER CONSIDERATIONS

7.1 The Council fully complies with best practice as set out in the CIPFA Prudential Code for Capital Finance in Local Authorities, the DCLG Guidance on Local Authorities Investments and the CIPFA “Treasury Management in the Public Services Code of Practice and Cross-Sectional Guidance Notes 2009.”

7.2 Key changes in the latter include the enhanced role of scrutiny, more transparent reporting requirements and greater emphasis on the requirement for sufficient skills for those involved in treasury management activity and governance. A treasury management training session was held in partnership with Runnymede in July 2010 which was attended by Members from Spelthorne and several other

Surrey Councils. The need for future training of Members and treasury staff will be kept under regular review.

8. RISKS AND HOW THEY WILL BE MITIGATED

8.1 Although economic and market risk are outside the control of the Council, risk will be managed and mitigated in accordance with the policies set out in the Treasury Management Practices and Schedules.

9. TIMETABLE FOR IMPLEMENTATION

9.1 There is no timetable for implementation as this is an ongoing activity.

Report Author: Terry Collier, Chief Finance Officer on 01784 446296.

Background Papers: There Are None.

Appendix A

Details of Core Investments Held as at 31st December 2010

Investment Type	Amount	% Yield	Maturity date
<u>Euro Sterling Bonds</u>			
European Investment Bank 5.50% 7/12/11	3,000,000	3.69%	7 Dec 2011
European Investment Bank 4.75% 6/6/12	1,000,000	4.20%	6 Jun 2012
European Investment Bank 4.50% 13/1/13	2,000,000	4.87%	13 Jan 2013
<u>Fixed rate Deposits</u>			
Barclays Bank	2,000,000	0.88%	4 Jan 2011
Nationwide Building Society	2,000,000	0.72%	15 Mar 2011
Santander	2,000,000	1.38%	28 Mar 2011
Bank of Scotland	1,000,000	1.80%	1 Jun 2011
Bank of Scotland	2,000,000	1.85%	14 Oct 2011
Total - Core Investment Portfolio	15,000,000	2.43%	Average
<u>Cash Flow Investments</u>			
Alliance & Leicester	1,000,000	0.80%	Instant Access
Clydesdale Bank	2,000,000	0.75%	15 Day Notice
Goldman Sachs Money Market Fund	2,800,000	0.55%	Instant Access
UK Debt Management Office	3,500,000	0.25%	4 Jan 2011
Total – All Investments at 31.12.10	24,300,000	1.70%	Overall Average

Appendix B

Specified Investments

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

	Minimum 'High' Credit Criteria (Fitch)	Maximum Term	Maximum Sum
Debt Management Office (DMO)	Government backed	No limit	No limit
Term deposits – other local authorities, including Police etc.	High security but not usually credit rated	1 year	£3m
Term deposits and Certificates of deposits – nationalised and part nationalised UK banks and building societies	Long-term AA-, Short-term F1+ Individual C and Support 1	1 year	£3m
Term deposits and Certificates of deposits – UK banks and building societies.	Long-term AA-, Short-term F1+ Individual B and Support 1 or	1 year	£3m
	Long-term AA-, Short-term F1+ Individual C and Support 1 or	6 months	£3m
	Long-term A+, Short-term F1 Individual C and Support 1	3 months	£1m
UK Government Gilts	Long Term AAA	No limit	No limit
Bonds issued by multilateral development banks (eg. European Investment Bank)	Long Term AAA	10 year	£10m
Bonds issued by a financial institution which is guaranteed by the UK government	Long Term AAA	1 year	£2m
UK Treasury Bills	Long Term AAA	No limit	No limit
Money Market Funds	AAA	1 year	£3m
Forward deals and Fixed term deposits with variable interest rates and variable maturities, including callable deposits – UK banks and building societies	Long-term AA-, Short-term F1+ Individual B and Support 1 or	1 year	£2m
	Long-term AA-, Short-term F1+ Individual B/C and Support 1	6 months	£1m

Non-Specified Investments

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

	Minimum Credit Criteria	Maximum Maturity Period	Maximum Sum
Term deposits – other local authorities, including Police etc.	High security but not usually credit rated	3 years	£3m
Term deposits and Certificates of deposits – nationalised and part nationalised UK banks and building societies	Long-term AA-, Short-term F1+ Individual C and Support 1	1 year	£3m
Term deposits and Certificates of deposits – banks and building societies covered by the UK Government guarantee	Long-term AA-, Short-term F1+, Individual B and Support 1	1 year	£3m
UK Government Gilts	AAA and Government backed	No limit	No limit
Bonds issued by multilateral development banks (eg. European Investment Bank)	AAA and Government backed	10 years	£10m
Bonds issued by a financial institution which is guaranteed by the UK government	AAA and Government backed	1 year	£3m
Forward deals and Fixed term deposits with variable interest rates and variable maturities, including callable deposits.	Long-term AA-, Short-term F1+, Individual B and Support 1	3 months	£1m

Treasury Management Scheme of Delegation

Full Council

- Receiving and reviewing reports on treasury management policies, practices and activities
- Approval of annual strategy

Cabinet

- Approval of or amendment to the Council's adopted clauses, treasury management policy statement and treasury management practices
- Budget consideration and approval
- Approval of the division of responsibilities
- Receiving and reviewing regular monitoring reports and acting on recommendations
- Approving the selection of external service providers and agreeing terms of appointment

Performance Management and Review Committee

- Reviewing the treasury management policy and procedures and making recommendations to Cabinet

The Treasury Management Role of the S151 Officer

The S151 (responsible) Officer

- Recommending clauses, treasury management policy and practices for approval, reviewing the same regularly, and monitoring compliance
- Submitting regular treasury management policy reports
- Submitting budgets and budget variances
- Receiving and reviewing management information reports
- Reviewing the performance of the treasury management function
- Ensuring the adequacy of the treasury management resources and skills, and the effective division of responsibilities within the treasury management function
- Ensuring the adequacy of internal audit and liaising with external audit
- Recommending the appointment of external service providers

OUTLINE BUDGET 2011/2012 – 2015/2016 – KEY DECISION

Recommendation Required

Report of the Chief Finance Officer

Executive Summary

How does the content of this report improve the quality of life of borough residents

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

Purpose of the Report

To approve an Outline Budget covering the next four years, the first year forms the framework for the detailed Budget for the next financial year. Specifically, approval of the Outline Budget will set a maximum expenditure level for 2011-12 and also recommend a guideline Council Tax increase. The Council is required by law to set a balanced budget.

Key Issues

- The significantly decreased level of Grant funding identified in the Comprehensive Spending Review for this and the next three years.
- How to ensure the Council has a sustainable financial future and where the budget should be allocated against the corporate priorities.
- The Outline Budget shows deficits over the Outline Budget period.
 - (a) The deficit to be addressed in 2011-12.
 - (b) A further significant increase in 2012-13.
- There is increasing pressure to spend; expenditure is growing at a greater rate than the funding streams.
- The ongoing downturn in the broader economic environment, particularly in the property industry, has had adverse impacts on the Council's financial position and its ability to maximise the value of capital receipts.
- Ensuring the sustainability of building maintenance expenditure.
- How to ensure funding and income levels are maximised.

A number of risks have been identified, the following are considered to be significant:

- (1) Impact of slowdown in economy and property sector
- (2) The continued low level of interest rates

Financial Implications

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

Financial Year	Deficit	Cumulative Deficit
2011/12	£1,095k	£1,095k
2012/13	£757k	£1,827k
2013/14	£427k	£2,254k
2014/15	£617k	£2,871k

Corporate Priority

Sustainable financial future underpins all priorities

Officer Recommendations

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

1. That the net budgeted expenditure (before investment income and use of reserves) for 2011/2012 be set at a maximum level of £11.831m.
2. That, in order to reach this level, the Management Team, identifies a package of options by which the budget can be balanced both in 2011-12 and 2012-13 and over the next three years of the outline period.
3. For planning purposes of the Outline Budget an annual increase of 0% has been assumed for pay and council tax increases for 2011-12.
4. That the Council's use of reserves policy be reviewed with the aim of the Council seeking to take account of the impact of the economic downturn and the reduced potential for capital receipts and the need to maintain a capital programme whilst continuing to maximise the level of its reserves
5. That an agreed total reserves target minimum level (as measured on 31 March each year) be set at a level of £12m for 31/3/12.

Contact: Terry Collier, Assistant Chief Executive & Chief Finance Officer, 01784 446296

Portfolio Holder: Councillor Vivienne Leighton

REPORT

1. BACKGROUND

- 1.1 Each year the Council produces a five-year rolling revenue budget projection based upon the Council's approved financial strategy.
- 1.2 Once approved, the first year forms the basis for preparation of the detailed revenue budget and the remaining three show the financial effects of approved policies over that period. Taken with the previous decision on the amount of reserves to be used, assumptions on Government grants and other financial information enable the Council to make a balanced judgement on the levels of Council Tax to be levied. The Government has reduced its general grant support to the Council by 16.5% for 2011-12 and a further 9.4% for 2012-13. The outline budget exercise in recent years has projected increasing deficits.
- 1.3 When the current medium term financial strategy was put in place a key issue was the Council's growing dependence on revenue reserves, which were used to reduce the call on the Council Tax. The level of revenue reserves remaining was such that this policy could not be sustained over the medium/long term.
- 1.4 Equally the level of capital reserves is diminishing and we need replenish those reserves in the short to medium term.

Comprehensive Spending Review 2010

- 1.5 The current Government Comprehensive Spending Review period covers 2011-12 to 2012-13.
- 1.6 You may have seen references in the media to the average reduction in "revenue spending power" for local authorities being 4.4%, with no Council having a reduction of more than 8.9% and Spelthorne having a 5.4% cut. These figures are not the percentage cut in grant but are compared against a bigger base which includes income councils generate from Council Tax, which accordingly generates lower percentages.
- 1.7 The Government has changed the way in which the level of grant support is calculated and this means that Spelthorne has received a total reduction in grant support of 16.5% in 2011/23 and 9.4% in 2012/13. In addition to this we have lost grant of £150k in respect of concessionary fares which equates to a further loss of 3% grant.
- 1.8 This is worse than the 11% we had originally been modelling for 2011-12.
- 1.9 We are therefore suffering roughly a 26% cut in just two years when the CSR headlines suggested average cut for authorities would be 19% (in cash terms) over four years. This very harsh frontloading of cuts does not help councils implement more radical restructuring which take time to deliver.
- 1.10 The Government has sought to limit the cuts experienced by more deprived authorities by introducing a "damping" scheme which has imposed *additional* cuts on those authorities who were least reliant on Government grant, such as those *in Surrey*
- 1.11 If there had been no damping our cut would have only been 2%. *The additional* £716k sliced off has helped not just Northern and Metropolitan authorities but

also to a small extent Elmbridge (who had its cut reduced by £100k) and Woking (£200k).

Details of Grant Support 2011-12

- 1.12 The level of grant Spelthorne receives per head of population compared to other authorities is shown in the table below. Spelthorne is currently 24% below the national average for shire districts and 58% less than half the highest funded district.
- 1.13 The table below summarises a few of the key figure:

	2011-12 Grant per head of population £
Spelthorne	44.75
National Average	58.78
Highest funded (Burnley)	106.30

- 1.14 With funding being cut by 16.5% for 2011-12 against the English average shire of 15% Spelthorne will fall further behind in 2012-13.

2. REVIEW OF OUTTURN 2009/10

- 2.1 Part of the outline budget process includes a review of the previous year's outturn to see if savings can be identified. The final outturn for 2009/10 showed a total favourable variance of £62k after an extraordinary receipt of £0.5m refund of VAT.
- 2.2 Variances identified on service expenditure are investigated to see if they are ongoing and could be utilised as savings in future years.

3. FINANCIAL STRATEGY

- 3.1 The new Government has moved away from having a capping regime towards introducing a system of referenda for when councils propose significant Council Tax increases. For 2011-12 the Government is providing grant funding equivalent to 2.5% of Council Tax to enable councils to set nil Council Tax increases.
- 3.2 Spelthorne had recognised the financial pressures its residents are under and was already planning to set a nil increase.
- 3.3 The grant is £169k and is proposed to last for the next four years and has therefore helped Spelthorne's position. We will take stock of our position over the next 12 months before deciding the 2012-13 level.

3.4 New Homes Bonus Grant

- 3.5 The Government has also indicated that they will be giving a New Homes Bonus grant, currently assumed to be £150k, primarily based on the level of new housing built in the district over the period.

3.6 Use of Reserves

3.7 The Council has achieved its objective of eliminating the use of reserves from 2010-11 to support the general revenue budget financial strategy.

3.8 Outline Budget Review

This needs to cover the following areas:

- (a) The level of services that the Council wishes to provide and the level of revenue expenditure the Council wishes to incur in the provision of those services. This is particularly important in light of the significantly reduced grant the Council will now receive.
- (b) How we fund our corporate priorities.
- (c) The level and range of charges the Council should make for its services.
- (d) Assumptions on the level of Government grant.
- (e) The use of revenue reserves the Council wishes to use to support that level of service.
- (f) The level of reserves the Council wishes to retain to provide investment income and ensure stability for the future.
- (g) The alternative use of reserves to generate future savings.
- (h) Future assumptions on interest rates.
- (i) The level of Council Tax, which the Council wishes to levy, and the risk of capping.
- (j) The level of capital expenditure which the Council wishes to support.
- (k) To review the Council's portfolio of assets to ensure that it is maximising value obtained from use of assets (both in terms of cost of maintaining those assets and income generated from them) and to review opportunities to rationalise the portfolio.

4 Service and Expenditure Levels

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

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

2010/11

Original Net expenditure	£13.5m
Projected Net expenditure	£13.3m

2011/12

Estimated Net Expenditure	£13.0m
Estimated Funding	£11.9m
Projected Deficit	£1.1m

- 4.3 Savings of approximately £1.1m are required to be found to eliminate the projected deficit

Income - The Level of Charges to be made for Services

- 4.4 Rents and other income are contributing around £7.1m to the Council's budget for 2010-11. Some of this is not under the Council's direct control, for example share of Staines Town Centre rents and statutorily set fees, but our policy is that each year all other fees and charges are reviewed to establish the scope for increases. This involves managers comparing prices with market rates, public and private, which may result in increases above or below the rate of inflation. The attached Outline Budget assumes that charges fully reflect the true cost of providing the service but each service area's charging policy will be carefully reviewed as part of the detailed budget work.
- 4.5 Grant Income - The key areas of concern re fee income relate to the deletion of the Housing and Planning Development Grant (HPDG) £100k and the Local Authority Business Growth Initiative (LABGI) (£49k) in the coalition government's budget savings.

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

- 4.6 Reserves are financial balances set aside within the Council's balance sheet to enable future financing of revenue or capital expenditure. These can be held for three main purposes:
- A working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing – this forms part of general reserves
 - A contingency to cushion the impact of unexpected events or emergencies – this also forms part of general reserves. The key general reserve is the General Fund.
 - Funds to meet known or predicted liabilities and future spending are often referred to as earmarked or specific reserves.

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

- 4.7 The Council currently uses specific revenue reserves to finance expenditure in two ways:
- a) Interest equalisation – is built up in years when investment returns were better than expected and used to support investment income in years when returns are lower. (E.g. £293k budgeted for use in 2010-11.)
 - b) New Schemes Fund – It is proposed to continue to provide the stream of funding toward specific revenue costs. £273,800 expenditure for 2011-12 relates to items which have been supported by the fund over the last few years. The outline projection assumes this will be the level of reserves from 2011-12.

4.8 At 1 April 2010 Revenue Reserves were £12.558m, as follows:

	<u>2010</u>	<u>2011</u>
	<u>£'000</u>	<u>£'000</u>
General Fund Revenue Account*	1,418	1,418
Capital Fund*	443	443
Housing Initiatives Fund	7,611	7,611
New Schemes Fund	1,854	1,605
Risk Management Fund	10	10
Good Causes Fund	3	3
Lotteries Fund	13	13
Interest Equalisation	593	300
Insurance Reserve	117	117
Business improvement reserve	235	135
Planning Delivery Reserve	150	150
Bridge Street Car Park Reserve	111	111

Revenue / Projected Reserves – 1 April **12,558** **11,916**

* indicates an uncommitted reserve available to support Council Tax.

4.9 All interest is credited to the General Fund.

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

Interest

4.11 Interest earnings have traditionally been a major source of funding support – £1.88m was originally budgeted for 2008/09. However, the continuing global economic downturn has kept base rates down to a historically unprecedented 0.5% and the continued collapse of the property market brought capital receipts to a halt (e.g. Bridge Street). As a result the Council revised down its investment income estimate for 2010-11 to £415k which we now predict will be underachieved by approximately £24k due to the continuing economic situation. The potential volatility in the investment markets means that there is always a risk with this element of our budget.

4.12 The Council's treasury management advisers are now projecting that base rates stay at 0.5% at least until last quarter of 2011 before rising during 2012. This combined with the necessary use of some reserves to support our capital programme and revenue budget results in a significant reduction in projected investment income for 2011-12 and 2012-13, as follows:

2010-11	£391k.
2011-12	£356k
2012-13	£396k
2013-14	£338k

The Level of Council Tax the Council is Prepared to Levy

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

Average Council Tax Band D – 2010/11			
	District	Parish	Combined District & Parish
District Council	£	£	£
	£	£	£
Runnymede	136.89	0	136.89
Mole Valley	151.65	3.37	155.02
Epsom & Ewell	163.05	-	163.05
Guildford	144.05	22.32	166.37
Spelthorne	167.30	0	167.30
Reigate & Banstead	193.83	5.33	199.16
Surrey Heath	186.18	17.56	203.74
Waverley	161.91	42.21	204.12
Woking	204.75	0	204.75
Tandridge	194.41	11.91	206.32
Elmbridge	199.19	14.18	213.37

The Level of Capital Expenditure to be supported

- 4.15 Each year the Council approves a four-year capital programme, which is broadly split between Housing and “Other Services.”
- 4.16 The ‘other services’ programme consists mainly of capital expenditure on Leisure, Business Improvement, community care, replacement vehicles and information technology.
- 4.17 The ‘other services’ capital programme is financed from our capital receipts, i.e. money received in past years from the sale of assets such as the sale of the housing stock under the Local Stock Voluntary Transfer (LSVT) reserved right to buy receipts (RTB) and other ‘one off’ sales.
- 4.18 Reserved right to buy receipts from A2Dominion have fallen significantly from £600k in 2005-06 to a mere £76k in 2009-10. Taking account of the impact of Stanwell Newstart and the general housing market, it is assumed that the ongoing level of RTB receipts will be £150k per annum.
- 4.19 In addition to our “mainstream” capital programmes we also set aside in 1996 part of the proceeds from the sale of our housing stock to spend on worthwhile

projects within the Borough, (the New Schemes Fund (NSF). Approximately £15m was set aside initially and this has been supplemented by interest earnings on the balance of the fund since 1996. Essentially this fund is now earmarked for spend to save initiatives and will be fully exhausted by 2011/12

Level of Capital Reserves

4.20 Projected capital reserves at 1 April 2011 are £1.1m as follows:

	<u>2010</u>	<u>2011</u>
	£m	£m
New Schemes Fund	0.0	0.0
General Fund	1.4	0.7
	<u>1.4</u>	<u>0.7</u>

4.21 The capital programme will continue to be financed in the short term by the RTB receipts, the capital reserves and the Social Housing Fund. By the end of the outline budget period, there are anticipated to be nil capital reserves remaining and other sources of income will be required to finance future capital expenditure.

4.22 The Prudential Code, which came into effect on 1st April 2004, gave us the scope to borrow to fund capital investment. The Council has so far taken the view to date that it will use capital receipts to finance the capital programme, although there may be examples where we might borrow. Prudential borrowing may be appropriate where the capital investment will generate additional income which more than offsets the interest payments incurred, for example some authorities have undertaken prudential borrowing to fund expanded car parking facilities.

Financial Health Indicators

4.23 The Use of Resources regime has been discontinued by the new Government but there are still local Spelthorne agreed indicators that need to be monitored. Indicators should cover revenue, capital expenditure and also aspects of the balance sheet .It is therefore recommended that targets be set for capital and revenue outturn, and for debtors and creditors. Linked with the issue of maintaining sufficient reserves to generate a reasonable interest income it is suggested that a target minimum level of reserves is set. A suggested set of challenging indicators is set out below:

- (a) Revenue outturn against original budget target: +/- 1.5%.
- (b) Capital outturn against original budget target: +/- 15%.
- (c) Council Tax collection target: 98.7%.
- (d) Business rates collection target: 98.0%.
- (e) Sundry debts aged more than 90 days overdue no more than 10% of total debts.
- (f) Payment of creditors within 30 days target: 97.5%.
- (g) Year total aggregate value of reserves – in the changed circumstances the Council faces we can realistically at best aim to complete 2011-12 with cash balances of £12m. This does mean that we will not be able to earn as much investment income as previously anticipated.

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

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

5. ISSUES IN RESPECT OF THE OUTLINE BUDGET 2011/12 – 2015/2016

Business Improvement Programme

- 5.1 The Council having completed the original programme of service by service reviews is now focusing on broader cross cutting efficiencies such as document management, customer service strategy, remote and flexible working and the opportunities to pass functions more cost effectively to Customer Services, rationalising our use of software systems to save software license costs and to facilitate more efficient processes.
- 5.2 The Business Improvement team has re-prioritised its workload to enable it to assist the Council deliver additional cash savings over 2011-12 and 2012-13.

Pay Increase

The projections have assumed an annual increase of 0% for 2011-12 and 2012-13 then 1.5% for 2013-14 and 2% for the final two years. The additional cost of increments for those staff not at the top of their pay grades is £80k (equivalent to nearly 1% of employees' budget). As the Council is linked to the national local government pay award if there was an increase agreed in 2011-12 for staff earning up to £21k per annum we would need to honour this. We are currently projecting a cost of £30k.

Pensions

- 5.3 The triennial revaluation assesses the value of the Fund as at 31 March 2010 and any resulting increase in employer contributions would have impacted in 2011-12. The Actuaries provisional report proposes no such increases for the next three years. This is due to several reasons: a) the Surrey Pension fund had a very successful 2009-10 achieving a 43% return on assets, more than offsetting the previous two years losses; b) the impact of the Government switching indexation of public sector pensions from RPI to the lower CPI which reduced future pension liabilities; c) anticipated three years of nil or low pay increases which has also reduced liabilities. This outcome has helped our financial position by £150k for 2011/12 as compared to the original estimate.

Recycling

- 5.4 The introduction of a kitchen waste scheme is budgeted / midway through 2011-12 / wef September 2011. Spelthorne Borough Council is now one of a handful of Surrey authorities not to have such a scheme. Implementation would result in significant additional revenue costs for additional staff, fuel etc. Surrey County Council is offering £117k pa but only for 3 years. The new Materials Recovery Facility combined contract with Elmbridge may deliver savings which the Cabinet may use as additional funding. However after the initial 3 year funding support from the County there would be a rise in revenue costs from 2013-14 onwards.

Energy

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

Concessionary Fares

- 5.7 The new arrangement for the Concessionary Fares scheme transferring back to County Council management is still work in progress and there are a number of options still being discussed which will impact on the budget deficit. The overall net loss to Spelthorne is a reduction of £149k.

Shared Services

- 5.8 In the medium term shared services may offer considerable scope for savings particularly for transaction centred and certain support services. As part of its agenda the government expects local authorities to implement shared services on a wide scale. Spelthorne had already made a small scale start by implementing its internal audit partnership, SPAN and Spelride with Elmbridge and has now negotiated managerial sharing with Runnymede for Human Resources and ICT.
- 5.9 Work is now underway to identify and evaluate options for our ICT arrangements when the current extended Steria contract comes to an end in December 2012. Now we are sharing our head of ICT with Runnymede from April 2011 there are additional possibilities to make savings. We are in discussions with other Surrey authorities to establish if there is interest from other districts in joining us in an enlarged contract which would bring additional savings to Spelthorne. We have agreed a partnership arrangement with Runnymede in respect of providing them with managerial support which has identified initial savings of £20 per annum, with the potential of much more significant savings when the current ICT contract ends.
- 5.10 Officers are exploring other opportunities for shared working with Runnymede.
- 5.11 All authorities recognise the much more challenging financial future they are facing and there is a greater collective recognition that we need to put into place shared service arrangements. Discussions have recently been initiated across the Surrey districts and Surrey County Council along possibly with Surrey Police to look at joining up "back office" functions. If achieved this could deliver significant savings over the medium term. However, as the scope of this project has not yet been agreed, target savings have not yet been built into the outline budget projections. Spelthorne continues its own programme of partnership working.

Rationalisation of Asset Portfolio

- 5.12 Maximising the value of receipts we obtain from the disposal of assets no longer required, for example assets associated with the older people's service reconfiguration, will have an important impact on revenues through the additional interest which can be generated on capital receipts realised. Utilising existing assets more effectively will be important, e.g. freeing up more office space in Knowle Green to rent out. Surrey Police are currently tenants and we are having discussions with Surrey County Council and A2Dominion to accommodate some staff.
- 5.17 Over the outline budget period all public sector bodies will be under increasing pressure to look at how they can share assets with each other to make savings. Surrey County Council is compiling a Surrey wide list of projects and a member of Spelthorne's Asset Management section is the programme manager. We are confident that a scheme focussing on the Knowle Green site will be on the list.

6. OUTLINE BUDGET 2011/2012 – 2015/2016

- 6.1 Attached as [Appendix A](#) is a summary of projected expenditure and possible financing to 31 March 2016. It will be seen that the amount needed to be funded from Council Tax, if offsetting savings were not put in place, is some £7.8m in 2011/12 rising to £9.7m over the Outline period.
- 6.2 Council Tax rate increases in future years are assumed to be nil for 2011/12 and we will take stock of our position over the next 12 months before deciding the 2012-13 level. The Council Tax levels and resulting funding deficits for this scenario are detailed at **Appendix A**.
- 6.3 Following on from the higher than expected grant cuts, MAT and Heads of Service are reviewing services budgets with the aim of achieving additional 5% savings. In order to address the projected deficits the Council will have to accept that it will have to cease undertaking certain activities and services or perform them at lower levels. In reviewing service expenditure and income, Service Heads have been requested to focus on long term ongoing rather than one-off solutions as this will substantially mitigate the need to revisit the same funding gap year after year.
- 6.4 We are projecting vacancy savings of £364k being achieved in current year against original target of £300k and we will be looking to maintain a higher level of saving in 2011-12 onwards including looking at vacant posts filled by temporary staff. We will be looking to see what opportunity there is to delete some vacant posts.
- 6.5 Targets for ongoing savings to be delivered from the business improvement programme will be reviewed and increased. There is a need for greater efficiency processes across the organisation.
- 6.6 Organisational structures will be reviewed. Savings will be delivered in 2011 following the retirement of one of the Assistant Chief Executives; MAT is currently considering options re the future management structure
- 6.7 A targeted zero based budgeting exercise could be undertaken across a number of service areas identified as having the best potential for yielding net budget savings.
- 6.8 We will be looking to savings from increased partnership working and shared service working. Brian Harris Assistant Chief Executive will be leading on this.

- 6.9 As stated above we are seeking to both identify opportunities to dispose of surplus assets and generate new revenue income streams on our assets for example catering concessions in our parks.

7. OPTIONS ANALYSIS

7.1 A large number of savings/ income initiatives have been achieved with savings of £5m delivered in the last four years. However, the reality is that expenditure is increasing and outstripping increases in funding. Significant deficits exist over the outline budget period.

7.2 The way forward could be a combination of the following:

- (a) Achieve a movement of resources from lower priority to higher priority service areas with the reduction in low priority areas being greater than the transfer to high priority areas. Ensure financial resources support corporate priority areas first.
- (b) Review charging policies seeking to recover costs for a greater range of activities.
- (c) Pursue investment opportunities.
- (d) Maximise vacancy savings and rigorously seek out savings and encourage further reductions in hours and voluntary redundancies.
- (e) Determinedly pursue procurement; shared services; and partnership working opportunities.
- (f) To ensure we critically evaluate opportunities as major contracts come up for renewal.
- (g) Rationalise organisational structures.
- (h) Continue the business improvement reviews to deliver service improvements and savings.
- (i) Targeted use of zero based budgeting.
- (j) Identify further efficiency savings.
- (k) Pursue opportunities to sell or look for more efficient use of assets and generation of revenue streams from those assets.

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

8 PROPOSALS

8.1 It is proposed that all the options proposed in 7.2 are pursued.

9 BENEFITS AND SUSTAINABILITY

9.1 The objective of the outline budget planning process is to identify options for ensuring that the council maintains a sustainable financial basis.

10 FINANCIAL IMPLICATIONS

10.1 As in the body of the report

11. LEGAL IMPLICATIONS / OTHER CONSIDERATIONS

11.1 The Council is legally required to set a balanced budget

12. RISKS AND HOW THEY WILL BE MITIGATED

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

13 TIMETABLE FOR IMPLEMENTATION

13.1 An indicative budget timetable is as follows:

- (a) 11 January 2011 - Business Meeting with residents and stakeholders
- (b) 25 January – Cabinet to consider first draft of budget
- (c) 15 February 2011- Cabinet – Final Draft Budget
- (d) 24 February 2011 – Council Approve Budget

Author: Terry Collier Chief Finance Officer 01784 446296

Background Papers: There are none

Medium Term Projection based on original 10/11- 16.5% grant cut 11-12; 9.4% 12-13
 (reflecting provisional grant settlement for 11-12 and 12-13 and for future years CSR formula grant headline cut)

	10/11 Original £	11/12	12/13	13/14	14/15
Communications and Engagement	1,042,300	1,041,300	1,018,300	1,018,300	1,018,300
Community Safety	1,041,100	765,100	793,100	856,100	856,100
Finance and Resources	4,030,200	3,894,700	3,844,700	3,844,700	3,844,700
Environment	3,248,900	3,205,300	3,225,300	3,235,300	3,416,300
Health and Independent Living	1,626,900	1,102,000	1,102,000	1,102,000	1,102,000
Planning and Housing	2,095,500	2,270,700	2,245,700	2,197,900	2,197,900
Economic Development	(722,700)	(594,200)	(708,700)	(683,700)	(706,700)
Young People and Cultural Services	1,488,800	1,494,100	1,561,100	1,596,500	1,639,500
Revenue impact of stock condition- <i>provisional</i>		80,000	200,000	200,000	200,000
	13,851,000	13,259,000	13,281,500	13,367,100	13,568,100
Salary expenditure - vacancy monitoring	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)
Increments		80,000	150,000	220,000	290,000
Protected entitlements dropping out		(5,600)	(5,600)	(5,600)	(5,600)
Pay increase		0	30,000	180,000	330,000
Additional employer pension contributions		0	0	0	100,000
Service Expenditure	13,551,000	13,033,400	13,155,900	13,461,500	13,982,500
Less Support not charged to revenue	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)
Revised Service Expenditure	13,501,000	12,983,400	13,105,900	13,411,500	13,932,500
NET EXPENDITURE	13,501,000	12,983,400	13,105,900	13,411,500	13,932,500
Appropriation from Reserves:					
Reserves - General	0	0	0	0	0
Reserves - New Schemes Fund / HIF	250,000	50,000	0	(50,000)	(100,000)
Area Based Grant	22,500	22,500	22,500	22,500	22,500
One off use of reserve for air track		75,000			
Interest Equalisation reserve	293,122	150,000	0	0	0
Air track	60,000	0	0	0	0
LPSA reward grant : general budget	80,000	0	0	0	0
Interest earnings	415,000	356,000	396,000	338,000	323,000
BUDGET REQUIREMENT	12,380,378	12,329,900	12,687,400	13,101,000	13,687,000
NDR	4,958,868	3,189,335		0	0
RSG	720,074	984,202	3,749,360	3,719,400	3,671,000
New Homes Bonus		150,000	150,000	150,000	150,000
Council tax freeze grant		170,000	170,000	170,000	170,000
NET BUDGET REQUIREMENT	6,701,436	7,836,363	8,618,040	9,061,600	9,696,000
Collection Fund (Surplus)/Deficit	55,510	7,700	0	0	0
CHARGE TO COLLECTION FUND	6,756,946	7,844,063	8,618,040	9,061,600	9,696,000
Taxbase	40,388	40,489	40,590	40,691	40,793
Council Tax rate	167	167	167	167	167
Council Tax yield	6,756,946	6,773,810	6,790,707	6,807,604	6,824,669
Deficit- cumulative	(0)	1,070,253	1,827,333	2,253,996	2,871,331
Incremental		1,095,253	757,080	426,663	617,335

CAPITAL PROGRAMME 2011/12 to 2014 /15

Cabinet: 20 January 2011

Resolution Required

Report of the Chief Finance Officer

EXECUTIVE SUMMARY

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

Money spent on capital schemes enables the Authority to ensure that residents are able to have an improved standard of living and amenities.

Purpose of Report

The report is to consider and approve the proposed Capital Programme for 2011/12 to 2014/15 in the light of the available resources and corporate priorities. The report covers progress on current scheme and includes future schemes for consideration.

It also provides information on the availability of resources to continue moving forward with the proposed schemes.

Key Issues

- How to fund the Capital Programme once the currently available resources have been used up in 2010/11.
- Priorities and financing of the Housing Investment Programme.
- Progress and future financing of the Other Services Programme.
- Overall resources available for financing capital schemes.
- Current position of the New Schemes Fund and projected use of fund.

Financial Implications

As set out within the report and appendices

Corporate Priority

All corporate strategies and priorities

Officer Recommendations

The Cabinet is asked to:

- 1. Consider and approve the Capital Programme for 2011/12 to 2014/15**
- 2. Consider and approve the Prudential Indicators for 2011/12 to 2014/15**

**Contact: Terry Collier, Chief Finance Officer (01784) 446296
Portfolio Holder: Councillor Vivienne Leighton**

MAIN REPORT

1. BACKGROUND

- 1.1 The proposed Capital Programme 2011/12 to 2014/15 covering the Housing Investment Programme (HIP), Other Services and New Schemes Fund is set out at the attached **Appendix 1**.
- 1.2 The programme shows the total capital cost of each scheme. Where grants and contributions are received in respect of specific schemes, these are also identified to illustrate both the gross cost of the scheme and the net cost to the Council. The investment cost, which represents the interest (currently assumed to be 1.2% pa for 2011-12) that would have been earned on the capital sum, is also included.

2. KEY ISSUES

- 2.1 The Housing Investment Programme (HIP) consists of renovation and renewal grants and assistance to Housing Associations through our partnership programme. These schemes are funded from capital receipts and government grants. Comments on specific service areas are:
 - House Renovation Grants - These grants are part funded by a cash limited grant from central government, currently £250k per annum. An additional bid of £35k for extra funding has been put forward for both 2010/11 and 2011/12 financial years and you will be advised of the outcome once it has been published. An additional sum for discretionary Disabled Facility Grants (DFGs) is always included although where possible applicants for discretionary grants are referred to the Home Improvement Agency where they can obtain loans for improvements.
- 2.2 The Other Services Programme relates to the non-housing activities of the Council apart from those schemes financed from the New Schemes Fund.
- 2.3 Estimate 2010/2011 - The approved budget was set at £2,039,300.
- 2.4 Revised estimate 2010/11 is **£2,606,900** which includes budget carry forwards from 2009/10 of £562,600.
- 2.5 Estimate 2011/2012 - The schemes proposed in the attached programme total **£1,546,400**.
- 2.6 All bids to go on the programme for 2011/12 have been critically assessed and reviewed by Management Team. The level of spend proposed has been revised to reflect the level of capital resources now available to finance future capital expenditure:
 - a) Within the IT programme there are a number of schemes that are classified as invest to save schemes which, if implemented, will assist the Authority in producing ongoing revenue savings. The savings identified have been incorporated as part of the revenue budget report also on this agenda.

There are only a limited number of new schemes identified for the programme in 2011/12 and these are:

- (a) Stanwell Coffee Shop - £10,000 – fittings and furnishings expenditure for the coffee shop at the new Stanwell Health and Community Centre.
- (b) Air Quality - £32,000 – Replacement of air quality equipment funded through DEFRA grant.
- (c) **Leisure Centre Fitness Kit - £65,000 – replacement fitness centre equipment is required at both leisure centres and it has been agreed with SLM that for us financing the purchase they will increase the management fee paid to us by £19,000 pa commencing in January 2012 for 4 years which is a better return than is currently available investing in the money markets.**
- (d) **Planned Maintenance - £20,000 – as part of the stock condition survey report part of the works have been identified can be capitalised**

2.7 The budget also includes provision for ongoing schemes and comments on specific areas are:-

- (a) Information Technology - The budget of £250,000 reflects the purchase of new IT equipment and systems in implementation of the Council's ICT strategies.
- (b) Capitalised Salaries – £50k salaries of staff doing capital works can legitimately be capitalised as part of the total cost of the scheme. This is predominantly related to works on the Housing Renovation Grants part of the Housing Investment Programme

2.8 A number of ongoing schemes have had their funding reviewed in the new programme to ensure that the budgetary provision is in line with the expectation as to what can be achieved with current staffing resources and prior year spends.

3. OPTIONS ANALYSIS

3.1 The Housing Investment and Other Services Programmes have always been funded from capital receipts as the use of any long-term borrowing would have resulted in the loss of the Council's debt-free status. However, under the Prudential regime introduced in 2004, Councils now have much greater freedom to borrow for capital investment provided certain criteria are met as set out in the Prudential Code. Any borrowing would of course result in a charge to the General Fund for principal and interest.

3.2 The ability to borrow to finance capital investment does increase available resources, but would have to be set at a level that is prudent and affordable in the longer term. This option may be suitable for specific revenue enhancing projects following prudent appraisal. With lower interest rates there may be more potential to consider specific business cases for prudential borrowing.

3.3 If the option of borrowing is not pursued the programme needs to be financed from additional capital receipts through the selling of assets or revenue contributions from Capital from the services proposing the capital works.

- 3.4 The resources set out below assume that the programme is funded from capital receipts:

Programme	Revised Estimate 2010/11	Estimate 2011/12	Estimate 2012/13	Estimate 2013/14	Estimate 2014/15
	£000	£000	£000	£000	£000
Housing Investment	621	401	439	414	414
Other Services	1,587	1,146	615	351	279
Total Programme (excluding NSF)	2,208	1,547	1,054	765	693
Resources Available	2,937	1,370	171	871	170
Surplus/ (Deficit)	729	(177)	(883)	106	(523)

- 3.5 It is assumed that in the estimate for 2011/12 that the £177k shortfall will be managed from other revenue reserves and that the future years start from a base position of zero reserves and that the deficits will also be met from revenue reserves as the surplus in 2013/14 will go back into reserves but obviously it won't cover the deficit in 2014/15.
- 3.6 The New Schemes Fund programme is financed from funds earmarked following the sale of the Council's housing stock in 1996. Ongoing schemes currently budgeted include Area Regeneration works for which match funding has been obtained from Surrey County Council to finance additional works in the regeneration programme.
- 3.7 It is estimated that the capital element of the fund will be exhausted in 2010/11. Additional funding will need to be allocated from reserves or future capital receipts to finance these works.
- 3.8 The current and projected position of the capital element of the fund is as follows:-

	Revised Estimate 2010/11	Estimate 2011/12	Estimate 2012/13	Estimate 2013/14	Estimate 2014/15
	£000	£000	£000	£000	£000
Bal b/f	109	(290)	(290)	(290)	(290)
NSF Programme	399	-	-	-	-
Bal c/f (Deficit)	(290)	(290)	(290)	(290)	(290)

- 3.9 As can be seen in tables 3.4 and 3.8 both the general capital receipts reserves and New Schemes Fund are due to be fully/over utilised in the period of the proposed capital programme.
- 3.10 In order therefore to complete the programme it is therefore necessary to either identify additional funds to support the programme, reduce the level of proposed expenditure to meet the reserves available or if there is a sufficiently robust business do prudential borrowing.
- 3.11 A summary of the additional anticipated receipts in the period of the programme is attached as **Appendix 2**.
- 3.12 The calculation for the Prudential Indicators is attached as **Appendix 3. (to follow)**

4. PROPOSALS

- 4.1 There are sufficient resources to fund the programme up to the end of the 2011/12 financial year based on the current level of receipts held. Additional funds are currently required to ensure that the programme for the whole budget period can be financed. The final decision on financing will be considered in the context of the Council's overall financial strategy, including the impact on the General Fund of any borrowings allowed under the new regime.
- 4.2 The use of borrowing under the Prudential regime can be considered on a scheme-by scheme basis where appropriate. The Council's asset base is being kept under constant review and wherever possible additional resources will be generated from the disposal of both under-performing and surplus assets.

5. BENEFITS AND SUSTAINABILITY

- 5.1 Expenditure incorporated onto the capital programme is designed to be on schemes, equipment etc which is likely to produce an asset with a life expectancy of greater than one year.
- 5.2 The schemes incorporated are expected to enhance the residents of the Borough standard of living and amenities and increase the business efficiency of the Council.

6. FINANCIAL IMPLICATIONS

- 6.1 Financing the capital programme from capital receipts results in a loss of investment income. An estimate of these costs is included on Annex 1, under the column headed "Interest Lost". The loss for 2010/11 has been calculated on the basis of the current interest rate 1.2% per annum.

7. LEGAL IMPLICATIONS/OTHER CONSIDERATIONS

- 7.1 There are none.

8. RISKS AND HOW THEY WILL BE MITIGATED

- 8.1 The risk that schemes included on the programme have been inadequately planned and costed could lead to major revisions in the level of resources required to complete the project can be mitigated by increased project planning and involvement of the accountancy section when determining the likely scheme cost.

- 8.2 In addition to this slippage of schemes may also result in the original budget requested being insufficient if there is too long a time delay in costing the scheme and it's implementation.
- 8.3 All schemes identified on the capital programme should therefore be re-evaluated on the minimum of an annual basis in order to try and assess any revisions required to the budget and if the budget needs to still be part of the revised programme.
- 8.4 The risk of officers' time being diverted to other projects in times of a shortage of resources will potentially cause schemes to be left partially complete. A risk assessment should always be completed as part of the original project plan to ensure enable sufficient officer resources are available to complete the project to a satisfactory conclusion.

9. TIMETABLE FOR IMPLEMENTATION

- 9.1 Schemes included in the capital programme are programmed to commence in 2011/12 and will be monitored monthly to ensure that any slippage of schemes is identified at an early date and the programme is adjusted accordingly.
- 9.2 Any schemes incomplete at the end of March 2011 may be incorporated as part of the revised programme for 2011/12.
- 9.3 Bi Monthly reports are prepared for MAT to show the current status of the schemes and presented to Cabinet and Overview and Scrutiny Committee quarterly for revisions and updates to both estimates and projected outturns.

Report Author: David Lawrence Chief Accountant (01784) 446471

Background Papers: There are none.

CAPITAL ESTIMATES 2011/2012 - 2014/15

Appendix 1

SCHEME	ESTIMATED PROGRAMME								1.20% INTEREST LOST £
	-	ACTUALS	2010/11		2011/12	2012/13	2013/14	2014/15	
	ACTUALS	TO DATE	ORIGINAL	REVISED					
	2009/10	2010/11	ESTIMATE	ESTIMATE					
£	£	£	£	£	£	£	£	£	
<u>COMMUNITY CARE SERVICE</u>									
Community Alarm System	8,617	19,227	20,000	31,000	20,000	20,000	20,000		200
Stanwell Coffee Shop					10,000				100
Stanwell Day Centre	-	792	-	-					
<u>LEISURE SERVICE</u>									
5 a side pitches	-	38,400		20,800					-
Leisure Centre Fitness Kit					65,000				800
Bowls club - self management	48,839	49,403	50,000	90,800	29,000	18,000	5,300	2,700	300
<u>COMMUNITY SAFETY</u>									
Stanwell CCTV		-	-	68,000					-
Safer, Stronger Community Fund		27,757	-	-					
<u>ENVIRONMENT SERVICES</u>									
BIFFA Award	2,750	13,190	25,000	72,300					-
Critical Ditches	-	10,225	30,000	73,500					-
Tennis Courts	12,203	37,797	30,000	67,800	25,000	25,000			300
Air Quality	6,731	-	-	-	32,000				400
Air Quality					(22,000)				
Contaminated Land Investigation	90,952	(3,786)	57,500	57,500	57,500				
Power Perfector Project	-	8,790	-	-					-
									-
Day Centre TRV's	-	2,250	-	-					
Day Centre EE Lighting	-	7,277	-	-					
Allotments	-	-	10,000	25,000	25,000	25,000			300
Compost Bins	-	-	-	40,000					-
Playground Upgrade Unallocated	201,687	-	-	-					-
<u>ENERGY EFFICIENCY</u>									
Low Carbon Mgt Prog - Salix funding	-	-	40,900	40,900	76,000		-	-	900
Salix contribution	(58,502)	(58,502)	-	-	-	-	-	-	-
Net Cost of LCM Programme	(58,502)	(58,502)	40,900	40,900	76,000	-	-	-	900
<u>CAR PARK SERVICE</u>									
Car Parks Improvement	3,230	-	20,000	43,200	74,000				900
Solar P&D Machines	43,855	-	1	1,900					-

CAPITAL ESTIMATES 2011/2012 - 2014/15

Appendix 1

SCHEME	ESTIMATED PROGRAMME								1.20% INTEREST LOST £
	-	ACTUALS	2010/11		2011/12	2012/13	2013/14	2014/15	
	ACTUALS	TO DATE	ORIGINAL	REVISED					
	2009/10	2010/11	ESTIMATE	ESTIMATE					
£	£	£	£	£	£	£	£	£	
<u>STREET SCENE</u>									
Direct Service Vehicle Procure	-	-	-	-	44,000	-	-	-	500
Wheelie Bins	120,749	83,631	100,000	100,000	100,000	20,000	20,000	20,000	1,200
Verge Maintenance Equipment	-	63,434	60,000	60,000					-
'Brown' Green Waste Bins	76,629	-	-	-					-
Recreation/Playground Fencing	39,407	9,951	-	-					-
<u>INFORMATION TECHNOLOGY</u>									
Software, Hardware and Consultancy	504,830	106,406	250,000	250,000	250,000	400,000	200,000	200,000	3,000
Website Upgrade - GOSS	-	-	50,000	50,000	70,000				800
Document Management System	-	13,138	100,000	100,000					-
EH/BC Mobile working	-	-	40,000	40,000					-
CRM Solution	-	-	160,000	160,000	160,000				1,900
HR and Payroll system	-	-	-	60,000	60,000				700
<u>GENERAL PROPERTIES</u>									
Planned Maintenance					20,000	56,000	56,000	56,000	200
Leisure Centre - major works	-	-	-	11,400					-
Lammas Park	-	5,240	-	-					-
Lammas Sea Cadets Relocation			-	10,800					
ESSO Site Stanwell			-	6,900					
Clockhouse Lane	-	670	50,000	55,000					-
Capital Salaries	110,653	-	50,000	50,000	50,000	50,000	50,000		600
TOTAL - OTHER PROJECTS	1,212,630	435,290	1,143,400	1,586,800	1,145,500	614,000	351,300	278,700	13,100

**CAPITAL PROGRAMME 2011/12 TO 2014/15
FINANCING**

CAPITAL PROGRAMME AND RESOURCES 2011/12 TO 2014/15

NEW RESOURCES	2010/11	2011/12	2012/13	2013/14	2014/15	TOTAL
SPECIFIC CAPITAL GRANT (SCG) *	285,000	285,000	285,000	285,000	285,000	1,425,000
USABLE RECEIPTS						-
- RTB SHARES	226,398	150,000	150,000	150,000	150,000	826,398
- MORTGAGES	1,000	1,000	1,000	1,000	-	4,000
- BENWELL DAY CENTRE	350,000					350,000
- HENGROVE	-			700,000		700,000
- CHURCHILL HALL		100,000				100,000
- PARK ROAD		150,000				150,000
- OTHER LAND ETC	60,000	20,000	20,000	20,000	20,000	140,000
TOTAL NEW RESOURCES **	637,398	421,000	171,000	871,000	170,000	2,270,398

** excludes * as already reflected in programme

CAPITAL PROGRAMME AND FINANCING (excl New Schemes Fund)	REVISED ESTIMATE 2010/11	ESTIMATE 2011/12	ESTIMATE 2012/13	ESTIMATE 2013/14	ESTIMATE 2014/15
USABLE CAPITAL RECEIPTS B/F	1,822,503		-	-	-
CAPITAL GRANTS DEFERRED B/F	477,239	-	-	-	-
	2,299,742	949,440	-	-	-
NEW USABLE RECEIPTS - RTB ETC	637,398	421,000	171,000	871,000	170,000
RESOURCES	2,937,140	1,370,440	171,000	871,000	170,000
CAPITAL PROGRAMME	1,987,700	1,452,400	996,900	709,200	636,600
(Surplus)/Deficit in Resources	(949,440)	81,960	825,900	(161,800)	466,600

**CAPITAL PROGRAMME 2011/12 TO 2014/15
FINANCING**

<i>CAPITAL PROGRAMME AND FINANCING (New Schemes Fund)</i>	REVISED ESTIMATE 2010/11	ESTIMATE 2011/12	ESTIMATE 2012/13	ESTIMATE 2013/14	ESTIMATE 2014/15
BALANCE B/F 1ST APRIL 2010	108,999 -	290,201 -	290,201 -	290,201 -	290,201
NSF PROGRAMME	399,200	-	-	-	-
BALANCE C/F 31ST MARCH 2011	- 290,201 -	290,201 -	290,201 -	290,201 -	290,201

STOCK CONDITION SURVEY OF COUNCIL'S LAND & PROPERTY ASSETS - KEY DECISION

Cabinet: 20 January 2011

Report of Assistant Chief Executive

REPORT SUMMARY

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

By maintaining the fabric of the council's assets we are supporting the council priorities, ensuring compliance with Health & Safety legislation and minimising corporate risk.

Purpose of Report

The purpose of this report is to inform Members of the outcome of the Stock Condition Survey carried out on the Council's land and property assets and to establish a budget for the next 5 years for Planned Preventive Maintenance in Partnership with Runnymede Council.

Key Issues

To agree the extent of the works required to maintain the Council's assets to a reasonable and fit for purpose standard

To establish a programme of works and budgets for the next 5 years

Financial Implications

Financial provision required to be made for planned maintenance programme over the next five years is £1,212,000

Corporate Priority All

Officer Recommendations

The Cabinet is asked to agree the funding for planned preventative maintenance for 2011-12 to 2015-16 totalling £1,212,000 over the next 5 years 2011-2016 split between revenue (£970,000k) and capital (£242,000).

Report Author: David Phillips Head of Asset Management Services

Area of Responsibility: Assistant Chief Executive Terry Collier

Cabinet member: Councillor Frank Ayers

MAIN REPORT

1. Background

- 1.1 The last time a comprehensive survey of the condition of all the Council's buildings and structures was carried out was in 1997, the Policy and Finance Committee allocated £2.167 million to meet expenditure for legal, health and safety purposes. The total potential bill for repairs was £9.4 million.
- 1.2 The Policy and Resources Committee, on 10 June 1997, approved that £1.67 million be made available from the New Schemes Fund over a five year period, along with £500,000 in capital receipts, to meet expenditure for legal, health and safety requirements.
- 1.3 In November 1999, the Executive agreed that a Repairs and Renewal Fund be set up to facilitate the financing of a planned programme of building maintenance.
- 1.4 It was further agreed in November 2000, as part of the Council's overall financial strategy, that from 2001/2002 an annual amount of £500,000 be transferred from the General Fund to support an ongoing programme of planned maintenance of £350,000 per annum, along with annual responsive maintenance of £150,000.
- 1.5 Over the following 10 years (2001/2002 to 2010/2011) we have cut the total yearly planned maintenance budget of £350,000 on three occasions in an effort to support a balanced budget.
- 1.6 In an effort to further reduce expenditure on our asset maintenance we have entered into a Partnership agreement with Runnymede Council to jointly procure maintenance works. This will result in ongoing savings of around £100,000 per annum off our revenues budgets, partly as a result of the internal restructuring of Asset Management services, but also by an estimated 10% reduction in the cost of the forthcoming tender returns of any contracts we let through the partnership.
- 1.7 In order to establish the next five year programme of planned maintenance Members approved the commissioning of a new Stock Condition survey.
- 1.8 Following a tender exercise a company called Oakleaf Group was appointed to carry out a comprehensive stock condition survey of all the council's land and property assets.
- 1.9 The survey was to identify all the "Backlog" maintenance works that are needed at the time of the survey, June-August 2010, and any "Future" maintenance works which will become necessary within five years of the survey date.
- 1.10 The works have also been priority coded, with budget costs to enable a 5 year programme of planned preventive maintenance to be established
- 1.11 The survey covered 270 buildings and open spaces and estimated the total cost of the combined Backlog and Future maintenance works at **£5,441,662**
- 1.12 A summary of the cost and priorities are attached as **appendix 1**

2. KEY ISSUES

- 2.1 The key issue for members is to decide on the level of expenditure that the authority can afford to support the maintenance programme over the next 5 years. Clearly a annual budget of over £1,000,000 pa (appendix 1) to carry out

all the works identified is not sustainable given the council's current financial situation.

- 2.2 Officers have discussed the detailed results of the Stock Condition survey and examined the prioritisation of the various works and the resultant financial implications with Cllr Packman, Leader of the Council, Cllr Ayers, Cllr Grant and Cllr Davies who have different corporate responsibilities relating to the use of the Council's land and with members of the Council's Management Team.
- 2.3 Following the various meetings Officers have re-evaluated the details of the stock condition report. By delaying the works to Knowle Green, moving priority 3 items into year 6 and spreading the priority 1 items over the first two years of the programme we have established a budget requirement of £1,212,000 over the next five years. (Appendix1)

3. OPTIONS ANALYSIS

- 3.1 Do nothing – This would in a very short space of time result in an increased risk of failing to meet basic Health & Safety requirements and potentially result in the unplanned closure of the council's buildings and some open spaces.
- 3.2 Do all works through responsive maintenance – This would be a very uneconomical and inefficient way of procuring maintenance works and result in an increased risk to the Councils corporate liability.
- 3.3 Agree the total budget required to complete all the works identified in the survey – Unaffordable in the current climate.
- 3.4 Agree a reduced budget of £1,212,000 over the next 5 years – this would still leave the civic offices at Knowle Green to be addressed at some point in the future or through the Surrey First proposals.
- 3.5 As a result of the reductions and in the recent Government Spending Review announcements, the Council faces steepest cuts in funding in 2011-12. We could therefore agree to a reduced budget next year of £100,000 and make up the short fall in the next four years, as detailed below.
- 3.6

Financial Year	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
Spend by Priorities 1,2,3	Priority 1's----- Priority 2's----- -----					Priority 3's
Revenue	80,000	222,400	22,400	22,400	222,400	535,000
*Capital	20,000	55,600	55,600	55,600	55,600	134,000
Total	100,000	278,000	278,000	278,000	278,000	669,000

5 Year Total 1,212,000

*These figures assume we are able to code 20% of the works to Capital Expenditure

The full copy of the Stock Condition Survey with the omissions highlighted has been left in the Members room for information

4. PROPOSALS

- 4.1 Agree a reduced financial provision of £1,212,000 over the next five years on the basis of the table set out at 3.6 above.
- 4.2 Review the whole stock condition survey again to see what potential there is for creating a larger programme of works that would meet the current Audit definition of capital works and seek approval in January when the Capital Budgets are considered.
- 4.3 Any subsequent approval of projects that would be financed from capital budget would then allow a reduction in the ongoing revenue budget.

5. BENEFITS AND SUSTAINABILITY

- 5.1 The proposal suggested would ensure the provision of “Fit for purpose “ assets, minimise the corporate risk under Health & Safety, ensure the asset value is maintained and support the financial situation.

6. FINANCIAL IMPLICATIONS

- 6.1 As set out in the report, especially particular difficulties in regarding next years revenue budgets.

7. LEGAL IMPLICATIONS / OTHER CONSIDERATIONS

- 8.1 The Council has corporate liability for health and safety matters relating to its assets. It is therefore important that it maintains its assets to a fit for purpose standard.

8. TIMETABLE FOR IMPLEMENTATION

- 8.1 Maintenance budgets need to be agreed in principle by the end of January in order to commence the programme of works with Runnymede Council on 1st April 2011.

Report Author: David Phillips Head of Asset Management Services 01784 446424

Background Papers: There are none

Stock Condition Survey Summary**Planned Maintenance**

The total expenditure required to carry out the works identified in the condition survey over the next 5 years is **£5,441,662**.

The survey was split between Knowle Green and the remaining 269 Buildings and Open Spaces with the results as detailed below}

Knowle Green

Backlog Maintenance

Buildings	£1,262,678.	
*M & E	£ 684,350	
Total	£1,947,029	£1,947,029

Future Maintenance

Buildings	£ 599,503	
*M & E	£ 234,000	
Total	£ 793,503	£ 793,503

£2,740,532

Priority Rating

1	0
2	£2,280,304
3	£ 460,228

269 Buildings & Open Spaces

Backlog

Buildings	£1,208,521	
*M & E	£ 258,040	
Total	£1,466,561	£1,466,561

Future Maintenance

Buildings	£850,669	
M & E	£383,900	
Total	£1,234,569	£1,234,569

*M & E = Mechanical and Electrical

£2,701,103

Priority Rating

1	£ 243,550
2	£1,656,987
3	£ 800,593

Summary

Officers have reviewed the results of the condition survey following discussions with members of Management Team and some Members, and have produced a re-prioritised schedule of works for the next five years in the following way.

1. As can be seen there are no priority 1 items for Knowle Green and with the council's financial situation, the issue around "Surrey First" project, the possibility of extending flexible/mobile working at Knowle Green and trying to let more of the floor space to the commercial sector it is suggest that we put these items to one side for now.
2. Priority 3 items have been moved out of the five year programme into years 6-10 (by which time they would become priority 2's) this reduces the budget requirement by £800,593 over the next five years.
3. A number of priority 1 & 2 items have been omitted which has reduced the budget requirement by an additional £1,900,180 as summarised below.

Priority	Original Estimates	Omissions	Amended Estimates
1	243,550.00	-21,800.00	221,750.00
2.1	487,729.00	-102,913.00	384,816.00
2.2	433,856.00	-144,393.00	289,463.00
2.3	735,402.00	-426,568.00	308,834.00
3	800,593.00	-105,276.00	695,317.00
Total	2,701,130.00	-800,950.00	1,900,180.00

The full Copy of the Stock Condition Survey with the omissions highlighted has been left in the Members room for information.

The net effect of all the suggested changes reduces the budgetary requirement over the next 5 years from **£5,441,662** to **£1,212,000**

These figure make no allowance for any professional fees or VAT

Dave Phillips
Head of Asset Management Services

CEMETERIES UPDATE

Cabinet: 20 January 2011

Resolution required

Report of the Deputy Chief Executive

REPORT SUMMARY

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

Ensuring that we have capacity within our cemeteries will enable residents to be buried in their chosen cemetery without having to go outside of the borough.

Purpose of Report

To update MAT on future capacity issues within all 4 cemeteries and possible areas for increased availability of cemetery services.

Key Issues

- Current capacity & future requirements
- Allotments
- Fees & charges
- Scope for further increased income

Financial Implications

If new sites are to be found consideration will need to be given to cost in relation to site preparation, maintenance & grounds maintenance. However, increased charges will help to improve the financial position

Raising the charges with effect from January 2011 has the potential to increase the Councils revenue income by approx £3300 per month from January to March 2011 when a further comparison of charges will be undertaken.

Corporate Priority

Sustainable financial future and value for money services

Officer Recommendations

1. **To note the report and agree to implement increased charges with effect from January 2011 as indicated in the table at 3.6**
2. **To obtain further information in relation to the provision of a Woodland Burial site.**

Report Author: Jackie Taylor Head of Streetscene 01784 446418

Area of Responsibility: Nigel Lynn Deputy Chief Executive 01784 446300

Cabinet member: Councillor Mrs Denise Grant

MAIN REPORT

1. BACKGROUND

- 1.1 There are currently five “closed” churchyards in Spelthorne where responsibility for maintenance has been passed by the church to the Council.
- 1.2 Spelthorne has discretionary powers to provide cemetery services, and chooses to do so. The burial & maintenance costs are subsidised by all residents of the borough whether they use them or not through Council Tax payments.
- 1.3 In 2009 Spelthorne increased its charges across the board for Burial Services ranging from 5% to 122% to bring them in line with neighbouring authorities, this resulted in an increase in revenue of approximately £80,000 per year with effect from 2010.
- 1.4 Spelthorne has four “open” cemeteries/burial grounds in Ashford, Staines, and Sunbury & Stanwell that can be used by both residents and non-residents of the borough. Non-residents are required to pay triple fees. (Burial grounds were created pre 1900 and cemeteries post 1900)
- 1.5 The cemeteries and burial grounds in Spelthorne are, however, getting full and we anticipate, based on average usage during the last 10 years, that they will be nearing full capacity within 15 years or less. Many local authorities are pricing as a mechanism to manage demand.
- 1.6 During the last two years we have increased our fees & charges for all burial services to bring them in line with our neighbouring authorities. This has reduced the overall cemetery revenue spend.
- 1.7 Ashford, Staines & Sunbury cemeteries all have areas used solely for burials of children under the age of 16. All undertakers are aware that these facilities exist, but there appears to be very little demand and the indication from undertakers is that most parents prefer cremation for children.

2. KEY ISSUES

- 2.1 An analysis was undertaken of the number of vacant burial plots in each of the four cemeteries/burial grounds. The average burial per year, per site was then worked out which gave the number of years that we anticipate the grounds to be available for use
- 2.2 **Ashford burial ground** may have capacity for a further 10 years for new burials. The average number of new burials per year is between 61 and 64. When all available plots for new burials have been used, the burial ground will be available for re-opens only. This will increase the demand of available plots in the three existing cemeteries.
- 2.3 **Staines Cemetery** may have capacity for a further 10 years for new burials. The average number of new burials per year is between 55 and 60. Staines Cemetery and Stanwell burial ground will be the next options for residents who would like to have been buried in Ashford burial ground.
- 2.4 **Sunbury Cemetery** may have capacity for a further 8 years of new burials. The average number of new burials per year is between 75 and 80. This is the most popular burial site and is the first choice for residents living in Shepperton & Sunbury and is the only burial site in this part of the borough.

- 2.5 **Stanwell burial ground** is the least popular burial site and may have capacity for a further 55 years for new burials, with the average number of burials per year between 10 and 15. It is unclear why this site is not the first choice for residents in this area. However, the area is prone to flooding which may deter potential customers.
- 2.6 Burial grounds are historically sited next to allotment areas so that once the burial ground becomes full the allotment ground can then be put into use (but not before permission has been sought from and granted by the Secretary of State).

3. OPTIONS ANALYSIS

Future burial site expansion

- 3.1 Ashford burial ground is not sited next to an allotment and we have no automatic capacity for expansion. The site is surrounded by houses & a main road but there is also a privately owned field to one side which, if purchased by the Council, would enable the burial ground to be expanded rather than being re-sited elsewhere in the borough.
- 3.2 Staines Cemetery is sited next to Shortwood North allotments on the London Road, the allotment site is approx 8000m² and would allow for approx 2400 extra burials, at the current rate this may give us capacity for an additional 36 years.
- 3.3 Sunbury Cemetery is sited next to Sunbury Cemetery allotments and also benefits from what is classed as “overflow parking” due to the fact that the site has little or no parking facilities. The allotment site covers 7670m² and would accommodate an extra 2200 burials. The overflow car park is 8000m² and would accommodate an additional 2400 burials. At the current burial rates both sites aggregated together may give us an extra 57 years of burial capacity.
- 3.4 Stanwell Cemetery is the least chosen site and at the current rate of take up still has approx 55 years worth of capacity for new burials. It is sited next to Shortwood North allotments which cover 1400m² and would accommodate an additional 400 new burials if needed in the future.

Charges Comparison

- 3.5 A recent comparison has shown that our charges are close to other authorities who do not plan to increase charges until April 2011. The range of responses received varied from 0% to 10% increase in charges for 2011/2012 based on 2009/2010 costs as shown below:-

Borough	Exclusive Rights Burial Plot	7ft Internments Full Burial	Exclusive Rights Cremated Remains Plot	Cremated Remains Internment	Increase For 2010/2011
Runnymede	£975	£760	£464	£170	Unsure
Epsom & Ewell	£1173	£622	£412	£184	Possibly 10%
Elmbridge	£1316	£1138	£475	£351	Possibly 10%
Spelthorne	£1300	£1000	£450	£350	To be decided
Spelthorne proposed from Jan 2011	£1400	£1200	£500	£400	

- 3.6 Traditionally our fees and charges are increased at the start of the financial year in April, however, in view of the fact that our burial grounds are running at a loss there is scope within the charges to be increased in January and then again later during the year, continuing at six monthly intervals until the cemeteries are self funded and no longer dependant on revenue. However this approach may make us more expensive than other Surrey authorities.

Woodlands burials

- 3.7 Several boroughs in Surrey are introducing Woodland burial sites. These sites are for residents who request environmentally friendly burials with coffins made from wicker, paper & wood from managed forests. Woodland burials offer an environmentally friendly, cost effective alternative to traditional burials in cemeteries and graveyards and remain as such in perpetuity, unlike most cemeteries that may eventually be re-used or developed.
- 3.8 Research on other Woodland burial sites suggests that charges for cemetery services are the same for this type of burial. As the sites require little maintenance, future costs will be lower and provision for this type of burial may encourage people away from the existing cemeteries, giving us more capacity in terms of years.

Memorials

- 3.9 A small number of boroughs also offer memorial benches & stones, although indications are that the profit margin is quite low. Spelthorne's cemetery department usually receive about four or five enquiries for benches each year and where possible the request will be accommodated. This is not something that has been marketed, but may achieve a small amount of income if we were to do so.

Children's burial sites

- 3.10 We currently have children's burial sites with Ashford, Staines & Sunbury cemeteries, all undertakers are aware of these areas, but it appears that most parents losing young children choose to have their children cremated rather than buried. If we were to advertise these areas more widely, parents may be encouraged to use them in preference to the crematorium but it is difficult to gauge the preferences of parents who have recently lost a child.

4. PROPOSALS

- 4.1 Increase charges with effect from 1 January 2011 to bring them in line with Elmbridge and make a further increase in April, based on new comparisons with neighbouring authorities.
- 4.2 Research the options for providing a Woodland Burial site within the borough and present a further report to Cabinet based on the findings.
- 4.3 Established a change in the fees and charges 2011/2012 for placement of a memorial bench within cemeteries.
- 4.4 Work with Communications Department to produce a brochure/leaflet promoting our cemeteries and the services we offer, which will include more information of children's areas.

5. BENEFITS AND SUSTAINABILITY

- 5.1 If cemeteries are self funded this will reduce the pressure on the revenue budget.
- 5.2 Extending the cemeteries will provide Spelthorne's residents the opportunity to be buried in their cemetery of choice for years to come. However, we need to plan ahead now.
- 5.3 Providing a woodland burial site will give more residents & non-residents the option of being more environmentally friendly in their choices and may increase the Councils income. In addition, this type of burial ground requires little maintenance and will be more sustainable to manage in the future.

6. FINANCIAL IMPLICATIONS

- 6.1 If we were to create new burial areas there would be some initial setting up costs.
- 6.2 Appropriate costs would need to be calculated and introduced for a Woodland burial site.
- 6.3 Raising the charges with effect from January 2011 has the potential to increase the Councils revenue income by approx £3300 per month from January to March 2011
- 6.4 Fees & charges need to be increased to cover costs.
- 6.5 Furthermore, officers plan to investigate a range of possible enhancements to our cemeteries that might help to increase usage and, therefore, income, such as corner plots, family plots and our policies on monuments etc.

7. LEGAL IMPLICATIONS / OTHER CONSIDERATIONS

- 7.1 The Council is committed to equality of service provision to its residents. At present Spelthorne does not provide facilities for some religious groups who are forced to arrange family burials outside of the borough at substantially increased prices. Further consideration may need to be given to providing this type of service in the future which may achieve additional income for the Council.

8. RISKS AND HOW THEY WILL BE MITIGATED

- 8.1 Increased charges may lead to more customers choosing to use crematorium services rather than our own cemeteries. However, this will be mitigated by regularly carrying out comparisons with our neighbouring authorities

Report Author: Jackie Taylor, Head of Streetscene.

Background papers: There are none

COMMUNITY LINK ACCOMMODATION

Cabinet: 20 January 2011

Resolution required

Joint Report of the Assistant Chief Executives

REPORT SUMMARY

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

The recommendations within this report set out proposals to relocate Community Link organisations. The proposals will ensure that crucial services are maintained for the vulnerable people of Spelthorne and that Knowle Green office space generates income thus protecting some of the current services.

Purpose of Report

To consider the recommendations to relocate Community Link residents.

Key Issues

- Current situation with Community Link
- Potential usage of other Council facilities
- Integration of Public and Voluntary Sectors Services
- Use of ground floor space

Financial Implications

Potential for Council to generate income on vacant area in prime office space. Potential to cover service charges in areas to be occupied by Voluntary Sector.

Corporate Priorities 1.A Safer Spelthorne, 2.Supporting Housing Needs, 3.Supporting Younger People,4.Help for Older People in Need, 5.A Cleaner and Greener Environment, 6. Economic Development.

Officer Recommendations

The Cabinet is asked

1. **To relocate Community Link organisations as set out in paragraph 4.3 below.**
2. **To cover the cost of service charges through charging those organisations relocated within Knowle Green.**

Report Author: Liz Borthwick, Assistant Chief Executive, 01784 446376 and Brian Harris, Assistant Chief Executive, 01784 6249

Area of Responsibility: Liz Borthwick, Assistant Chief Executive, 01784 446376 and Brian Harris, Assistant Chief Executive, 01784 6249.

Cabinet member: Cllr Mrs Jean Pinkerton.

MAIN REPORT

1. BACKGROUND

- 1.1 At the last Cabinet meeting the levels of revenue grants for 2011/12 were agreed and a report on the future of Community Link was promised.
- 1.2 Community Link has housed approximately 10-12 voluntary sector organisations on the ground floor of the Council since 1996. The area was developed as a voluntary sector hub and has been seen as an area of excellence. Indeed in 2001 Spelthorne Borough Council (SBC) achieved Beacon status for its services to Older People and this was partly due to the work carried out with Community Link.

2. KEY ISSUES

- 2.1 Many of the organisations in Community Link have been there since the start. Voluntary Action in Spelthorne (VAIS) used to manage the facility on behalf of the Authority but in the last 12 months the Council has taken back the management and consequently reduced funding to VAIS.
- 2.2 The key benefits identified by the organisations of using Community Link are as follows:

- Some of the clients are the same so better service to the client
- Sharing of resources especially meeting/interview rooms

Disadvantages:

- Some organisations believe they have a right to this space
- It has been difficult to move other organisations in.
- The Council is not realising any revenue from prime site space.

- 2.3 The economic climate and changes in the management arrangements of the bigger organisations e.g. CAB/Age Concern/VAIS have driven the need to review Community Link.
- 2.4 Community link is ground floor accommodation with separate access and as such is ideal for rent. Surrey Chambers have recently vacated their accommodation on the ground floor. A2D have already indicated an interest in this area for 18 months from June 2011 which could generate approximately £100k per annum although there would be some costs initially to the Council e.g. refurbishment of the area.
- 2.5 In order to facilitate the above and other issues, such as the future use of Knowle Green, a number of options have been considered including whether SBC staff could be located off site.
 - a) Conversion of the changing room above Greeno Centre (Shepperton). This is a good sized changing facility which is only used once a week, and then for only seven months of the year. The option considered was to locate the Council's Independent Living team along with some of Age Concern on the site.

A boxing club also looked at the area but felt the site was too small.

- b) Ashford Police Station will also be available probably from April 2011. This is another site to consider for use by the voluntary sector.

- 2.6 Other Council facilities which could be used as office space, e.g. Parks changing rooms/flats.
- 2.7 Since the start of looking at options to vacate Community Link, SBC have been approached by Surrey County Council (SCC) to have co location and integration of their adult social care team in Knowle Green, with SBC services and some of the voluntary sector organisations. Other SCC services could follow as part of a wider project on better integration of public services.

3. OPTIONS ANALYSIS

- 3.1 To keep Community Link as it is. This would hold back the integration of services to the benefit of the people of Spelthorne and also prevent the Council from receiving much needed income.
- 3.2 To relocate Community Link organisations as set out in paragraph 4.3.
- 3.3 To partly relocate.

4. PROPOSALS

- 4.1 Discussions have taken place with all current Community Link organisations and they are generally in agreement with the proposals.
- 4.2 In recommending option 3.2 above it is suggested that some of the services are moved off site and other similar charitable services brought together on the second floor to form a public/voluntary sectors service as follows -

- a) Voluntary Action in Spelthorne (VAIS) - Staines Library
- b) One to One - Staines Library.

The VAIS organisation is very much about giving information. The Library would offer a central location and a better base for clients and recruiting volunteers. VAIS have had a very successful temporary shop base in Staines which they hope to use again after Christmas. One to One work closely with VAIS and a move to the Library would work for them as well. SCC are happy with both proposals.

- c) Runnymede and Spelthorne Age Concern

Following the merger of Runnymede and Spelthorne Age Concern, Knowle Green will be used mainly as an Information and Advice Centre. The plan is to locate 8 desks with Independent living and SCC Adult Services on the second floor, Knowle Green. This will give better links as many clients are the same, a better use of resources and therefore a much better service for the residents of Spelthorne. Some staff will be located at Runnymede.

d) Runnymede and Spelthorne CAB

It is proposed that Sunbury Library is used as the main site for CAB services in the future. SBC pay SCC a small rent for this site so it should be utilised more and also the location is in the area of most demand. CAB already have a satellite centre in Stanwell and over time it is hoped they can offer similar services in Ashford, Shepperton and Staines.

e) Rentstart

Rentstart act on behalf of SBC housing and therefore should move into an office in the vicinity of the Housing Options team on the ground floor at Knowle Green (KG).

f) Crossroads/Carers Support

Both organisations have a close link to services offered by Age Concern, SCC Social Care and Independent Living. Accommodation can be found for them on the second floor at Knowle Green.

g) Alzheimer's Society

This is another organisation that works closely with Age Concern, SCC Social Care and Independent Living as well as Crossroads and Carers Support. Accommodation can be found on the second floor at Knowle Green.

h) Crest

Crest works closely with Alzheimer's and the other organisations. They would be offered a hot desk facility on the second floor at Knowle Green.

i) Matrix

No longer require accommodation.

4.3 The various proposals in paragraph 4.2 are set out below.

<u>Organisation</u>	<u>Proposed Location</u>
a) VAIS	Staines Library
b) One to One	Staines Library
c) Age Concern	2 nd Floor, Knowle Green
d) CAB	Sunbury Library and Satellites
e) Rentstart	Ground Floor, Knowle Green
f) Crossroads/Care Support	2 nd Floor, Knowle Green
g) Alzheimer's	2 nd Floor, Knowle Green
h) Crest	2 nd Floor, Knowle Green
i) Matrix	None required

4.4 Other Issues

4.5 One of the key issues for the Community Link organisations is the ability to meet clients and hold regular meetings. It should be possible to continue to hold meetings and interviews at Knowle Green and we are also looking at the possibility of hiring out the Resource Centre, Staines Park in the evenings at a nominal cost.

4.6 Another proposal is to ask organisations to pay a small service charge to continue to occupy Knowle Green.

5. BENEFITS AND SUSTAINABILITY

5.1 These are covered in the report.

6. FINANCIAL IMPLICATIONS

6.1 The Council should be in a position to generate income from the vacant area of the Ground Floor.

6.2 The Council will be able to cover service changes with the proposals.

7. LEGAL IMPLICATIONS / OTHER CONSIDERATIONS

7.1 The voluntary sector offer services to a wide range of the Spelthorne community. The collapse of any of them would have profound effects on crime and disorder, equality and diversity, social inclusion and other aspects of Spelthorne life especially at a time of recession.

7.2 Access to office space is very important to the sustainability and capacity building of the voluntary organisations especially where some are being integrated with the public services and other voluntary sector organisations.

8. RISKS AND HOW THEY WILL BE MITIGATED

8.1 If any of the voluntary organisations do collapse it would undoubtedly lead to more Council involvement in those activities with consequent resource implications.

9. TIMETABLE FOR IMPLEMENTATION

9.1 It is intended to start moves as soon as possible after the recommendations are agreed. Moves should be completed by 1 April 2011.

Report Author: Liz Borthwick, Assistant Chief Executive, telephone 01784 446376 and Brian Harris, Assistant Chief Executive, telephone 01784 6249.

**Background Papers:
There are none.**

POLLING STATION REVIEW

Cabinet: 20 January 2011

Resolution required

Report of the Chief Executive

REPORT SUMMARY

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

Rationalisation of polling stations will not disenfranchise electors, but will reduce costs, benefitting all residents.

Purpose of Report

To review the allocation of polling stations, in particular use of the station situated at the Tesco store car park in Sunbury on Thames.

Key Issues

There is a statutory requirement to undertake a polling station review by the time of publication of the Electoral Register on 1 December 2011. It was intended to conduct this earlier but there is uncertainty with regard to the future of a number of premises currently used, including some owned by the Borough Council as part of the current assets review, and the availability of suitable alternative accommodation elsewhere.

In addition, charges made for the hire of some premises are considered to be excessive and ongoing discussions are being held with owners. However, one clear recommendation that can be made at this stage relates to the Polling Station used in Polling District LSG4 based in the Laleham and Shepperton Green Ward at the Tesco car park site in Sunbury on Thames.

Financial Implications

The relocation would produce a saving of approximately £5,410.00

Corporate Priorities All

Officer Recommendations

That Charlton Village Hall be designated as the Polling Station for Electors in Polling District LSG4, within the Laleham and Shepperton Green Ward.

Report Author: Jayne McEwan, Electoral Services Manager, Tel: 01784 446238

Area of Responsibility: Roberto Tambini, Chief Executive Tel: (01784) 446250

Cabinet member: Councillor Colin Davis

MAIN REPORT

1. BACKGROUND

- 1.1 Pending the outcome of a comprehensive review of polling stations later in 2011 in order to meet the statutory requirement, a review of voting patterns at each Station has shown a strong case to cease using the mobile station located in the Tesco car park site in Sunbury. This was created in 2008 for the new development in International Way, Sunbury to facilitate voting by in excess of 600 voters. However, average turnout has been significantly lower despite additional publicity in this area. In this year's General Election the turnout at the polling station was approximately 40% in comparison to the average turnout of 70% elsewhere in the Borough. In addition, the mobile station is not best suited for disabled access.
- 1.2 We have consulted the political parties and those that have responded have no objection to the proposal.

2. KEY ISSUES

- 2.1 From experience of the canvass for the register of electors, the main reason for the low turnout in this area is that many of these properties are second homes for those commuting to London whose main residence is elsewhere within the UK. There is also a high proportion of foreign nationals who are not eligible to register. In addition, there are 17% of voters with postal votes which is higher than in other areas in the Borough - where the average is approximately 10%.

3. OPTIONS ANALYSIS

- 3.1 To designate Charlton Village Hall as the polling station for Polling District – LSG4 as the preferred option.
- 3.2 To make no change, pending the comprehensive review.

4. PROPOSALS

- 4.1 To designate Charlton Village Hall as the polling station for Polling District LSG4. Charlton Village Hall is owned by the Borough Council (although managed by a tenant) and has the capacity to meet the extra demand. It also meets statutory requirements in relation to accessibility. International Way is approximately 1.7 miles from Charlton Village Hall - 6 minutes away by car. The major political parties have been informed of this proposal and their views will be reported at the meeting.

5. BENEFITS AND SUSTAINABILITY

- 5.1 Reduced costs for the Borough Election budget in May 2011 and beyond.

6. FINANCIAL IMPLICATIONS

- 6.1 The savings in cost of the hire of the mobile polling station and set up, and staff would be approximately £5,410. The hire of the mobile station, vehicles and labour for set up with delivery and collection of booths is approximately £4500.00, polling staff costs £460.00 and other staffing costs including inspectors, count costs, additional signage and other printing costs £450.00. Thus making a total saving of approximately £5410.00

7. LEGAL IMPLICATIONS / OTHER CONSIDERATIONS

- 7.1 None.

8. RISKS AND HOW THEY WILL BE MITIGATED

- 8.1 There are no risks.

9. TIMETABLE FOR IMPLEMENTATION

9.1 To be implemented in advance of the Borough Elections in May 2011.

Report Author: Jayne McEwan, Electoral Services Manager, (01784) 446238/ Tim Kita, Head of Community Safety and Corporate Services (01784) 446243.

Background Papers: There are none

DRAFT CALENDAR OF MEETINGS – JUNE 2011 TO MAY 2012

Cabinet: 20 January 2011, Council: 24 February 2011

Resolution Required

Report of the Deputy Chief Executive

Report Summary

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

The preparation of a calendar of future Council, Cabinet and Committee meetings helps facilitate the proper organisation of Council business.

Purpose of Report

This report seeks approval of a draft Calendar of Meetings for 2011/12 covering the period 1 June 2011 to 24 May 2012, for onward recommendation to Council for approval.

Key Issues

The draft Calendar of Council, Cabinet and Committee meetings [**Appendix A**] is based on the current pattern. Meeting dates for Spelthorne Together and SCC Local Committee in Spelthorne have also been included.

The Chief Finance Officer has been consulted on the suitability of dates to enable end of period financial reports to be available for consideration at Cabinet and Overview and Scrutiny Committee meetings.

In preparation for the implementation of the Strong Leader form of governance from May 2011, additional monthly dates have been set aside for Cabinet Member Decisions.

Meeting dates have been identified to take account of lead-in times for preparation of agendas and draft reports and for despatch of papers.

Financial Implications There are no direct financial implications.

Corporate Priority Not appropriate.

Officer Recommendations

Cabinet is asked to recommend to Council the draft Calendar of Meetings for the period 1 June 2011 to 24 May 2012, attached at Appendix A to this report.

Area of Responsibility: Nigel Lynn, Deputy Chief Executive (01784) 446300

Cabinet Member: Councillor John Packman [Leader of the Council]

Report Author: Gill Hobbs, Committee Manager Tel: (01784) 444243

COUNCIL MEETINGS MAY 2011 TO MAY 2012

*Times to be agreed with Leader

COUNCIL

Meetings on Thursday at 7.30pm unless otherwise stated.

26 May 2011 (Annual)
21 July 2011
20 October 2011
15 December 2011
23 February 2012
26 April 2012
24 May 2012 (Annual)

CABINET

Meetings on Tuesday unless otherwise stated.

21 June 2011
20 September 2011
22 November 2011
13 December 2011
24 January 2012
21 February 2012
17 April 2012

PLANNING COMMITTEE

Meetings on Wednesday unless otherwise stated.

1 June 2011
29 June 2011
27 July 2011
24 August 2011
21 September 2011
19 October 2011
16 November 2011
14 December 2011
11 January 2012
8 February 2012
7 March 2012
4 April 2012
2 May 2012

CABINET MEMBER DECISION

Meetings on Tuesday unless otherwise stated.

14 June 2011
12 July 2011
9 August 2011
13 September 2011
11 October 2011
8 November 2011
6 December 2011
10 January 2012
7 February 2012
13 March 2012
10 April 2012
8 May 2012

LICENSING COMMITTEE

Meetings on Wednesday unless otherwise stated.

8 June 2011
6 July 2011
17 August 2011
14 September 2011
12 October 2011
9 November 2011
7 December 2011
18 January 2012
15 February 2012
14 March 2012
11 April 2012
9 May 2012

AUDIT COMMITTEE

Meetings on Thursday unless otherwise stated.

23 June 2011
29 September 2011
8 December 2011
29 March 2012

OVERVIEW AND SCRUTINY COMMITTEE

Meetings on Thursday unless otherwise stated.

16 June 2011
15 September 2011
17 November 2011
9 February 2012

CABINET BRIEFING

Meetings on Monday unless otherwise stated.

6 June 2011
19 July 2011 (Special)
5 September 2011
18 October 2011 (Special)
7 November 2011
28 November 2011
9 January 2012
30 January 2012 (Special)
6 February 2012
26 March 2012

POLITICAL GROUP MEETINGS

Meetings on Monday unless otherwise stated.

9 May 2011
20 June 2011
19 September 2011
21 November 2011
12 December 2011
23 January 2012
20 February 2012
16 April 2012

COUNCIL MEETINGS MAY 2011 TO MAY 2012

*Times of meetings to be agreed with Leader

MAY 2011

- 5 Borough Elections
- 26 Annual Council

JUNE 2011

- 1 Planning Committee
- 6 Cabinet Briefing
- 8 Licensing Committee
- 13 Audit Committee Training
- 14 Cabinet Member Decision
- 16 Overview and Scrutiny Committee
- 20 Political Groups
- 21 Cabinet
- 23 Audit Committee
- 29 Planning Committee

JULY 2011

- 6 Licensing Committee
- 12 Cabinet Member Decision
- 13 Planning Committee (*Reserve*)
- 19 Special Cabinet Briefing
- 21 Council
- 27 Planning Committee

AUGUST 2011

- 9 Cabinet Member Decision
- 10 Planning Committee (*Reserve*)
- 17 Licensing Committee
- 24 Planning Committee

SEPTEMBER 2011

- 5 Cabinet Briefing
- 7 Planning Committee (*Reserve*)
- 13 Cabinet Member Decision
- 14 Licensing Committee
- 15 Overview and Scrutiny Committee
- 19 Political Groups
- 20 Cabinet
- 21 Planning Committee
- 29 Audit Committee

OCTOBER 2011

- 5 Planning Committee (*Reserve*)
- 11 Cabinet Member Decision
- 12 Licensing Committee
- 18 Special Cabinet Briefing
- 19 Planning Committee

20 Council

NOVEMBER 2011

2 Planning Committee (*Reserve*)
7 Cabinet Briefing
8 Cabinet Member Decision
9 Licensing Committee
16 Planning Committee
17 Overview and Scrutiny Committee
21 Political Groups
22 Cabinet
28 Cabinet Briefing
30 Planning Committee (*Reserve*)

DECEMBER 2011

6 Cabinet Member Decision
7 Licensing Committee
8 Audit Committee
12 Political Groups
13 Cabinet
14 Planning Committee
15 Council

JANUARY 2012

9 Cabinet Briefing
10 Cabinet Member Decision
11 Planning Committee
18 Licensing Committee
23 Political Groups
24 Cabinet
25 Planning Committee (*Reserve*)
30 Special Cabinet Briefing

FEBRUARY 2012

6 Cabinet Briefing
7 Cabinet Member Decision
8 Planning Committee
9 Overview and Scrutiny Committee
15 Licensing Committee
20 Political Groups
21 Cabinet
22 Planning Committee (*Reserve*)
23 Council

MARCH 2012

7 Planning Committee
13 Cabinet Member Decision
14 Licensing Committee
21 Planning Committee (*Reserve*)
26 Cabinet Briefing

29 Audit Committee

APRIL 2012

4 Planning Committee
10 Cabinet Member Decision
11 Licensing Committee
16 Political Groups
17 Cabinet
18 Planning Committee (*Reserve*)
26 Council

MAY 2012

2 Planning Committee
8 Cabinet Member Decision
9 Licensing Committee
16 Planning Committee (*Reserve*)
24 Annual Council
30 Planning Committee

WRITE-OFFS

Cabinet: 20 January 2011

Resolution required

Report of the Chief Finance Officer

Report Summary

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

By maintaining a robust approach to collecting debts the Council minimises the amount of non-recoverable income which has to be made up reducing resources available to support the provision of services.

Purpose of Report

This report seeks approval to write debts off over the delegated amount contained in the standing orders.

Key Issues

- The debts referred to in this report have reached a point where recovery of them is no longer possible for the reasons stated in each case.

Financial implications

The proposed write-offs are covered by a bad debt provision made in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) accounting code of practice for local government.

Corporate Priority

Supports all priorities

Officer Recommendations

The Cabinet is asked to approve the write off in all cases listed in Appendix 1

Contact:

Report Author: Ian Buddery, Financial Support Services Manager (01784 446434)

Area of Responsibility: Terry Collier, Chief Finance Officer 01784 446296

Cabinet Member: Cllr Vivienne Leighton

REPORT

1. BACKGROUND

- 1.1 Recovery and write-off procedures for non-payment of debt are set out in the Council's Standing Orders.
- 1.2 The write-off requests included in this report are for amounts above the delegated limit contained in the Council's standing orders.

2. MAIN ISSUES

- 2.1 The debts referred to in this report have reached a point where their recovery is no longer possible for the reasons stated in each case.

3. OPTIONS

- 3.1 No further action can take place to recover the debts and it is good accounting practice in such cases to write them off and as such no other options are available.

4. PROPOSALS

- 4.1 Listed in **Appendix 1** are the details of debts relating to Sundry Debt that remains unpaid and not possible to collect. It is proposed that the amount of £8406.80 in respect of Sundry Debt is written off.

5. BENEFITS

- 5.1 Not applicable

6. FINANCIAL IMPLICATIONS

- 6.1 The proposed write-offs are covered by a bad debt provision made in accordance with the CIPFA accounting code of practice.

7. LEGAL IMPLICATIONS / OTHER CONSIDERATIONS

- 7.1 There are none.

8. RISKS AND HOW THEY WILL BE MITIGATED

- 8.1 A balance needs to be achieved between not incurring expenditure chasing debts which are not going to be recovered and overstating the debtor assets of the authority; and ensuring that the Council is seen as robustly pursuing debtors.

9. TIMETABLE

- 9.1 The agreed write offs to be actioned immediately.

Background papers: There are none.

Appendix 1

Type of Debt (reference no.)	Name and address	Amount £	Year	Comments
Sales Ledger 021262	Havensilver Estates Ltd Ryebrook Studios Woodcote Side Epsom Surrey KT18 7HD	£8406.80	2010/11	Company House records indicate that the company is dormant and has no assets
Summary	<p>Charges incurred by Spelthorne for removal of Horse Chestnut Tree on Land situated on the SE side of Thames Street Sunbury on Thames Middx when it fell on the adjacent foot bridge owned by the Council – cost of removal, securing bridge & repair of bridge.</p> <p>Invoice 123085 was issued 18/05/10. This was followed up by a reminder on 14/06/10. The company responding to the reminder by stating that it was only formed to construct a development on land adjacent to the bridge and due to administrative oversight had inadvertently omitted to transfer all parcels of land to the purchasers of the development. As the development was completed some time ago the company has no funds and is in effect dormant. Information from Companies House would appear to confirm this and our Legal Section advised that it will be futile to pursue the matter via the County Court. The company is a Limited Company and the directors have limited liability.</p>			
Sales Ledger	Total	£8406.80		