Please contact: Greg Halliwell
Please telephone: 01784 446267
Fax Number: 01784 446333
Email Address: g.halliwell@spelthorne.gov.uk
Our Ref: PGH/Cabinet
Date: 18 January 2013

Notice of Meeting

CABINET

Date: Tuesday 29 January 2013

Time: 17.00hrs

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

To: Members of Cabinet

Members of the Cabinet	**Cabinet member areas of responsibility**
F. Ayers (Chairman)	Leader of the Council, Strategy and Corporate Governance
Mrs. J.M. Pinkerton (Deputy Leader)	Health, Well-being and Independent Living
Mrs C.A. Bannister	Communications
T.J.M. Evans	Finance and Resources
P.C. Forbes-Forsyth	Community Safety and Young People
G.E. Forsbrey	Planning & Housing
Mrs D.L. Grant	Parks and Assets
N. St. J. Gething	Economic Development
R.L. Watts	Environment

AGENDA

Description	Page Number
1. Apologies for absence	
To receive any apologies for non-attendance.	
2. Minutes	
(a). To confirm the minutes of the meeting held on 18 December 2012.	1 - 3
(b). To confirm the minutes of the Extraordinary Cabinet meeting to be held on 21 January 2013 - to follow.	
3. Disclosures of Interest	
To receive any disclosures of interest from members in accordance with the Council's Code of Conduct for members.	
4. Corporate Risk Management	
Councillor Evans	4 - 17
To receive the recommendation of the Audit Committee on the review of the Corporate Risk Register	
5. LDF Working Party minutes	
Councillor Forsbrey	18 - 19
To receive the minutes of the LDF Working Party held on 7 January 2013	
6. Outline Budget 2013-14 to 2017-18 and draft detailed Revenue Budget 2013-14 - Key Decision	
Councillor Evans	20 - 39
7. Treasury Management Strategy Statement and Annual Investment Strategy 2013-14 - Key Decision	
Councillor Evans	40 - 56
8. Christmas lights in Staines town centre	
Councillor Watts	57 - 59
9. Calendar of Meetings 2013-14	
Councillor Ayers	60 - 63
10. Issues for future meetings	
Members are requested to identify issues to be considered at future meetings.	

Description	Page Number

11. Urgent Items

To consider any items which the Chairman considers as urgent.

12. Exempt Business

To move the exclusion of the Press/Public for the following 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.

13. Exempt Report - Housing Benefit Write-off

Councillor Evans

Paragraph 1 - Information relating to any individual

and on that basis that publication would not be in the public interest because information in this report relates to (1). personal data; (2). disclosure is not in accordance with the Data Protection Act 1998; and (3). the information has been provided to the authority by individuals under an obligation of confidentiality.

Minutes of Cabinet

18 December 2012

Present:

Councillor F. Ayers (Leader of the Council, Chairman of the Cabinet and Cabinet Member for Strategy and Corporate Governance)
Councillor C.A. Bannister (Cabinet Member for Communications)
Councillor Evans (Cabinet Member for Finance and Resources)
Councillor P.C. Forbes-Forsyth (Cabinet Member for Community Safety and Young People)
Councillor G.E. Forsbrey (Cabinet Member for Planning and Housing)
Councillor D.L. Grant (Parks and Assets)
Councillor R.L. Watts (Cabinet Member for Environment)

Apologies: Councillor J.M. Pinkerton (Deputy Leader and Cabinet Member for Health, Wellbeing and Independent Living) and Councillor N. Gething (Cabinet Member for Economic Development).

1868. Minutes

The minutes of the meeting held on 20 November 2012 were agreed as a correct record, with the addition of Councillor Watts' thanks, under 'Urgent Items', to staff for their hard work on re-negotiating the level of gate fees for recycling waste.

1869. Disclosures of Interest

Councillor Bannister declared her non-pecuniary interest in the item on Staines Village as she is a member of the Residents' Association.

1870. *Public Sector Hub at Knowle Green – Key Decision

This item was withdrawn from the agenda because Cabinet decided that there was insufficient information in the report to allow them to come to a reasonable conclusion.

1871. Energy Advice and Green Deal service with Action Surrey (2013-18)

Cabinet considered a report on a flagship, Government-led initiative which aims to help householders to deal with increasing energy bills.
RESOLVED that Cabinet agrees to Spelthorne's participation in the Green Deal partnership scheme.

Reason for the decision:
Cabinet noted that the scheme will assist homeowners to reduce their fuel bills and carbon emissions and ensure that residents maximise the benefit from the new Energy Company Obligation (ECO) subsidy and Green Deal loan scheme.

1872. *Spelthorne Tenancy Strategy – Key Decision

Cabinet considered a report on the Council's Tenancy Strategy.

RESOLVED that Cabinet agrees to the implementation of Spelthorne's Tenancy Strategy.

Reason for the decision:
Cabinet noted that, from April 2013, the Government will introduce a set of measures which will allow local authorities and registered housing providers increased flexibility in the way

they provide and allocate tenancies for those in social housing. The Tenancy Strategy takes account of those measures.

1873. Recognition of Staines Village
Cabinet considered a report on a request from Staines Village Residents and Traders Association (SVR&TA) to:

a. Recognise the historic area of Staines to the west of the town centre, and broadly centred on Church Street, as 'Staines Village', and
b. Agree to appropriate signage to identify that area.

RESOLVED that Cabinet agrees to:

1. Express its wholehearted support to the SVR&TA in its objectives.
2. Note the longstanding use of the name 'Staines Village' for the area broadly co-terminus with the Staines Conservation Area.

Councillor Bannister thanked the Cabinet for its support in this matter.

Reason for the decision:
Cabinet noted the SVR&TA's objective to foster a strong community spirit as admirable and strongly in line with the Council's aspirations across the Borough as a whole.

1874. Issues for Future Meetings
There were none.

1875. Urgent Items
There were none.

1876. Exempt Business

RESOLVED to move the exclusion of the Press and Public for the following item in view of the likely disclosure of exempt information within the meaning of Part 1 of Schedule 12A to the Local Government Act 1972, as amended by the Local Government (Access to Information) Act 1985 and by the Local Government (Access to information) (Variation) Order 2006.

1877. Customer Services revenues write-offs
(Paragraph 3 – Information relating to the financial or business affairs of any particular person, including the authority holding the information).

Cabinet considered an exempt report on a proposal to write off several bad debts where recovery is no longer possible.

RESOLVED that Cabinet agrees to the write-off of the bad debts listed in the report.

NOTES:-

(1) Members of the Overview and Scrutiny Committee are reminded that under Overview and Scrutiny Procedure Rule, the "call-in" procedure shall not apply to recommendations the Cabinet makes to the Council. The matters on which recommendations have been made to the Council, if any, are identified with an asterisk [*] in the above Minutes.

(2) Members of the Overview and Scrutiny Committee are entitled to call in decisions taken by the Cabinet for scrutiny before they are implemented, other than any recommendations covered under (1) above.

(3) Within three working days of the date on which a decision of the Cabinet or a Cabinet Member is published, not less than three members [one of whom must be the Chairman] of the Overview and Scrutiny Committee are able to "call in" a decision;

(4) To avoid delay in considering an item "called in", an extraordinary meeting of the Overview and Scrutiny Committee will be convened within seven days of a "call in" being received if an ordinary meeting is not scheduled in that period;

(5) When calling in a Cabinet decision for review the members doing so should in their notice of "call in":-
Outline their reasons for requiring a review;

- ***Indicate any further information they consider the Overview and Scrutiny Committee needs to have before it in order to conduct a review in addition to the written report made by officers to the Cabinet;***
- ***Indicate whether, where the decision was taken collectively by the Cabinet, they wish the Leader or his nominee (who should normally be the Cabinet Member) or where the decision was taken by a Cabinet Member, the member of the Cabinet making the decision, to attend the committee meeting; and***
- ***Indicate whether the officer making the report to the Cabinet or the Cabinet Member taking the decision or his/her representative should attend the meeting.***

(6) The deadline of three working days for "call in" by Members of the Overview and Scrutiny Committee in relation to the above decisions by the Cabinet is the close of business on 24 December 2012

Recommendation from the Audit Committee on Corporate Risk Management

Cabinet: 29 January 2013

Purpose of Report

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

Background

1.1 The Council's Risk Management Policy/Strategy was approved by the Executive in 2002.

1.2 The Audit Committee is responsible for considering the effectiveness of the authority's risk management arrangements, and receives regular reports on risk issues.

1.3 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.

1.4 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.

1.5 The Audit Committee reviewed the revised Corporate Risk Register at its meeting on 6 December 2012 and noted and accepted the contents.

Audit Committee Recommendation
The Audit Committee recommends to Cabinet

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

Contact: Deanna Harris, Head of Audit Services, 01784 446207
Cabinet member: Councillor Tim Evans

Appendix 1

SPELTHORNE BOROUGH COUNCIL
CORPORATE RISK REGISTER – 2012/13 QUARTER 3

The register summarises the high level risks faced by the Council in relation to achieving the objectives and priorities as set out 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. It is acknowledged that corporate priorities are being updated.

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

Risk/ Consequences	Level Of Risk	Control / Action	Owner-ship	Target Date	Progress
1. Failure to align service objectives to corporate aims / Failure to deliver services effectively due to poor service planning	3	**Controls**: Service plans are derived from the Council's Corporate Plan and statutory/other responsibilities relating to the service. Plans incorporate issues relating to resources, risks, workforce, significant projects and any relevant performance indicators. **Actions:** ***All Service Plans require updating to reflect:*** • ***New Corporate Priorities*** • ***The new financial year including revised budgets, projects/systems/legislation/risks in 2013/14***	Service Heads Service Heads	 Feb 2013	Ongoing. November 2012: Whilst updates have been made to most Service Plans for 2012/13, they will shortly need further amendment to reflect new priorities (due Feb 2013) and arrangements for the new financial year.
2. Failure to manage corporate and service performance (Performance Management)	3	**Controls:** The Corporate Plan sets out targets for the authority which will be monitored by Members and Management Team. Service performance (standard and targets) will be monitored by Management Team. Individual performance is monitored through the appraisal process. Flagship project performance will be reported to Management Team and Members. **Actions:** ***A new Performance Review template has been developed for each service and needs to be fully implemented.***	**MAT** **MAT**	 Jan 2013	Ongoing.

Risk/ Consequences	Level Of Risk	Control / Action	Owner-ship	Target Date	Progress
3. Failure of projects due to poor project management arrangements. Lack of resource and expertise to deliver and coordinate asset related/other projects.	3	**Controls:** Project management principles and methodology recently re-launched by the Head of Customer Services. A Corporate Project Manager has recently been appointed, whose role will be to oversee the monitoring of the flagship projects, provide support and guidance to project managers, provide support for some asset related projects, as well as delivering some of the Council's key flagship projects. **Actions: *Management Team* to *review corporate reporting and management of projects; allocation of responsibilities and resources; assessment of skill set; corporate guidance; business case preparation and post implementation reviews.*** ***Asset Management is a corporate priority and many of the Council's projects are asset related – this area will need to be kept under review.***	MAT/ Head of CS * MAT	Jan 2013	Ongoing: November 2012: The Head of Customer Services has set out Spelthorne's approach to Project Management. The project register has been reviewed with projects classified by category. The Corporate Project team are progressing a number of areas. Training is being rolled out and monitoring of Flagship projects will commence shortly. Some additional resources have been allocated to assist with asset related projects.
4i.Security breaches, system failure, loss of data	3	**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 satisfactorily conducted June 2012. Information Governance Group developing action plan.	ACX (TC)/ Head of ICT * Head of CG		Ongoing
4ii. Failure to meet the minimum	3	**Controls:** Review group assess compliance with the Code of Connection (COCO)	ACX (TC)/ Head of		Ongoing

Risk/ Consequences	Level Of Risk	Control / Action	Owner-ship	Target Date	Progress
security requirements of the Government Code of Connection resulting in termination of connection to any other government sites/data.		Successfully passed security requirements of the Government Code of Connection (COCO) in December 2011, and preparation underway for the annual COCO assessment (Dec 2012). New firewall installed. Additional security measures have been implemented, including encryption of laptops, CD'S and memory sticks, (memory sticks banned until they are 'white-listed' as known devices on the network), and locking down universal serial bus (USB) ports. Steria have completed dual factor authentication on all laptops and are in the process of replacing old laptops. Penetration testing conducted annually and currently being arranged, as well as a health check. New arrangements have been implemented for voluntary sector access.	ICT *		
5. Disaster in Council buildings / Lack of continuity planning within services and reliance on individuals/ systems. Security incident at the council offices resulting in disruption to service	3	**Controls:** A Business Continuity Policy (high level corporate approach) has been approved by Management Team. A corporate plan should describe the corporate management of a disruptive incident, and this will be developed through the Business Continuity Forum. The Business Continuity Forum oversees progress of business continuity planning. All services should have up to date and tested Business Continuity Plans. New service level templates will have pre-written table top exercises allowing services to exercise their plans independently, with a corporate exercise planned for the corporate recovery team in the first quarter of 2013. The Emergency Planning & Resilience Co-ordinator manages the Business Continuity Forum and work stream, reporting to the Assistant Chief Executive (Liz Borthwick) every 2 months and Management Team quarterly on progress. Security strategy in place and publicised to all staff. **Action**: ***The Authority must ensure the plans are fully communicated, tested and updated regularly.***	Service Heads/ MAT / EPO *		Ongoing. November 2012: New Terms of Reference for the Business Continuity Forum approved by Management Team (6 Nov 2012). New forum meeting 28 November 2012. New template for departmental plans designed and out for consultation. ICT table top exercise took place in October 2012, with learning points feeding into the Business Continuity Forum.

Risk/ Consequences	Level Of Risk	Control / Action	Owner-ship	Target Date	Progress
6i.Failure in service delivery due to over reliance on individuals eg Housing Options, Revenue and Benefit system administrator roles.	3	**Controls:** Resilience and back up arrangements within Housing Benefits, Revenues and Customer Services, and Housing Options have been considered and addressed.	ACX (TC)/ ACX (LB)/ Joint Heads of H & IL*		Ongoing
6ii. Failure in service delivery due to reduced capacity and increasing demands from the community. Increased risk of delay, errors or stress.	3	**Controls:** Short term reductions in capacity due to increasing demand from the community or short term absence of staff on leave or sickness are accommodated by careful prioritisation and reallocating work among staff. Longer term impacts and changes to demand may be more difficult to address and a fundamental review of arrangements may be required to align staff resources to the work required. System redesign may be possible to help match resources to the level of work In some circumstances it is necessary to supplement staffing levels with additional temporary or permanent resource. Resources need to be diverted to implementing new systems or introduce ways of working Responsibilities have been reallocated following the senior staff reductions that took place at the end of 2011.	Service Heads/ MAT		
7. Poor morale and motivation as a result of service pressures, lack of resources, organisational changes, uncertainty about the future,	3	**Controls:** Change Management, clear communications, formal performance management system being set up, appraisals, one to one's, team meetings, performance clinics, staff meetings, staff workshops to be set up, Member training organised, corporate plan and priorities being reviewed. ***Action: Management Team to keep under review.***	MAT/ Service Heads	Jan 2013	Ongoing. A further briefing paper is due to be issued to Audit Committee Members. A Spelthorne staff survey will be carried out in 2013 following the setting up of a working group.

Risk/ Consequences	Level Of Risk	Control / Action	Owner-ship	Target Date	Progress
financial constraints etc.					
8. Disaster-major in borough, e.g. flooding, resulting in significant strain on council services (eg homelessness and 24 hour emergency response required).	4	**Controls:** Emergency Plan Membership and involvement in Local Resilience Forum Regular testing of Emergency Assistance Centre plan Yearly Borough Emergency Centre Plans Incident Management Team training and exercising	ACX (LB)/ Head of S & L/EPO*		Ongoing November 2012 Heathrow Mass evacuation exercise November 2012. Community Resilience Event (Flooding) November 2012.
9. Failure to deliver sustainable community strategy / deliver climate change strategy: -Contravening legislation (Climate Change Act	3	**Controls**: Sustainable Development strategy (SDS) and joint Climate change strategy. Action plans prepared assigning tasks and targets to named officers, with timescales for delivery. Surrey wide climate change projects being developed through the Surrey Climate Change Partnership (SCCP), to be assigned as and when appropriate. Focus on energy reduction measures. Environmental impact assessments completed. Climate change impact reports will be used to identify key risks.	ACX (LB)/ Head of S & L *		Ongoing

2008) -Poor resilience to climate change by services and community -Services not adequately prepared for climate change, effecting service delivery.		SDS Delivery Board set up to monitor the implementation of Sustainable Development strategy and related action plans including climate change measures. Meetings held every two months and minutes available. Sustainability issues incorporated into the Procurement strategy and training to be provided. Energy policy and Carbon Management plan in development.			
10. Risk of extreme weather conditions (drought, flooding, snow) impacting on grounds maintenance costs, provision of water features, planting and general service delivery	3	**Controls:** Business Continuity Planning, and periodical testing of plans. Consideration is being given to installing water bore holes in each of the areas (Fordbridge already has a well, and costings requested for the walled garden). However, the mitigation measures will not help the source of the problem (lack of winter rainfall), and there are ethical issues of using underground sources to feed our rivers and streams.	ACX (LB)/ Head of S & L/Head of SS *		Ongoing

11. Uncertainty surrounding the financial /economic/other consequences of contaminated land	4	**Controls:** Legal duty to inspect land and prioritise action Progress reports issued to Management Team and Cabinet outlining financial and other risks. Department for Environment, Food and Rural Affairs (DEFRA) review on statutory guidance. A separate risk assessment addresses contractual, financial/resources and legal/regulatory risks, and this has been recently reviewed. The Environmental Health team are taking the new government circular into account as they update the contaminated land implementation strategy, which will be completed once the critical review has been carried out. Any new issues/risks which are identified during this process are being addressed.	ACX (LO)*		Ongoing
12. Health and Safety failing resulting in death or serious injuries to staff/public and legal action against the Council	4	**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 Cabinet, Management Team, Corporate Risk Management Group (CRMG) and all staff. Contracts let to manage Legionella and asbestos and progress reported to Asset Management Group (AMG) and Management Team as appropriate. Information held on the Council's SHE (Safety Health and Environment) system for ongoing management by Health & Safety Officer and Asset Management. Procedure document held clarifying health and safety responsibilities/ arrangements where the authority leases out assets. Note recommendations from Insurance review (July 2012) are being considered by Management Team.	MAT/ Service Heads/ Head of AM & OS */EPO*		

13. Failure to comply with employment legislation or statutory duty leading to possible compensation (unlimited), damage to reputation, Legal costs and significant officer time.	3	**Controls:** Human Resources (HR) identify new employment legislation HR provide staff guidance on new/existing legislation and arrange training to ensure compliance, although the HR partnership with Runnymede has led to a reduction in professional HR support which could impact on the ability to identify and deal with employment law issues (see risk 10 below – partnerships). Clear documented processes exist for Recruitment and Selection, and Managers Briefings provide opportunity to promote corporate procedures. Equality and Diversity working group set up and training provided to all staff.	MAT/ Service Heads/ Head of HR*		
14. Failure to comply with statutory duty / adhere to Safeguarding Policy leading to death or injury to child or vulnerable adult, legal action and reputational damage Failure by County to address Spelthorne referrals relating to vulnerable children/adults.	3	**Controls:** The Council has recently updated its safeguarding policies/ procedures /guidelines (to be re-launched in 2013). Staff and Members have received training. All concerns and referrals made to Surrey County Council should be brought to the attention of a nominated Spelthorne Officer to ensure details are logged. Regular meetings held with Surrey County Council and joint training provided. Audit review undertaken of the safeguarding function. **The Leisure Services Manager is currently progressing the following actions:** • ***Re-launching safeguarding policies through staff meetings, summary cards, and training.*** • ***Reminding staff of the importance of complying with recommended processes when making referrals.*** • ***Consulting with the Surrey Safeguarding Children's Board (SSCB) to assess training requirements for those officers working closely with vulnerable groups.*** • ***Consistent use of the central safeguarding register to record all significant concerns and referrals made to Surrey County Council (including the Housing team)***	ACX (LB)/ LSM* ACX (LB)/ LSM*	 Jan 2013	Ongoing

		• ***Setting up a summary log /table to record all referrals made/concerns logged with key safeguarding information (to facilitate periodical monitoring).*** • ***Ensuring robust training records are held to facilitate periodical monitoring of training needs for all staff, and addressing any training gaps.***			
15i. Failure to obtain value for money (vfm) / lack of transparency in awarding contracts Contractual disputes and Potential claims through poor documentation. Weak contract management resulting in Contractors/partners failing to deliver expected outcomes	3	**Controls:** Contract Standing Orders in place setting out tendering requirements Officer Code of Conduct setting out requirement for declaration of interests Contract guidelines (simplified version of Contract Standing Orders in place with compliance checklist). Legal team provide support on contract management as requested. Legal and Services to have clear understanding of contract conditions entered into. Contract management training held in September 2012, although this was not attended by all relevant services. Performance measures in place and contractual safeguards ***Actions: Procurement guidance being updated, to be launched in 2013.*** ***E-tendering system to be re-launched in 2013.***	Service Heads/ MAT/ CM * Head of CG	Jan 2013	Ongoing. November 2012 Contract management training held in September 2012, although this was not attended by all relevant services
15ii. Poor partnership	2	Review of strategic and internal partnerships undertaken Partnership governance policy in place, and reminders issued	MAT		

governance arrangements		to Service Heads on need to comply. Significant partnerships identified. Overview and scrutiny committee to periodically review partnerships. Insurance arrangements in place			
15iii. Suppliers/ contractors go out of business, affecting the completion of contract works/service delivery, and ability to pay business rates.	3	**Controls:** Financial Services monitor the financial media in relation to larger companies and critical commercial partners that the authority engages with. ***Action: Impact of new Business Rate arrangements on Council finances is under review.***	Service Heads/ MAT/ ACX (TC)* ACX (TC)		Ongoing.
16. Service planning difficulties due to changes in economic and social conditions beyond Council's control	3	**Controls**: Long term strategic planning Corporate and community plans linked to service plans Corporate priorities reviewed.	MAT		Ongoing
17. Poor return on long term investments /investments insecure in current climate.	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 Arlingclose. Use a range of credit ratings and criteria recommended by Arlingclose. Regular monitoring and reporting of investment portfolio and returns achieved.	ACX (TC)*		

18. Increased risk of fraud / theft due to economic climate resulting in financial losses and damage to reputation of authority.	3	**Controls:** Corporate Policies in place to help create a culture of honesty and ethical behaviour such as Confidential Reporting Code (Whistle blowing), Anti-fraud, Bribery and Corruption Strategy, Code of Conduct including rules relating to gifts and hospitality, and declaration of interest. Staff are reminded about governance policies as part of the annual appraisal process. Fraud awareness training for staff and Members has taken place in 2012. Implications of Bribery Act (July 2010) are being considered (addressed in Fraud Awareness training). Other controls include various policies and procedures such as Financial Regulations and Contract Standing Orders (CSO'S), management checks, segregation of duties, reconciliation processes for financial systems and IT Security measures.	Service Heads/ MAT		Ongoing
19. Pressures on Housing Service as a result of general economic climate and welfare reforms including changes in government policy to restrict housing benefit. Changes to the future administration of Housing Benefit may lead to staff retention issues. Introduction of Council Tax Support scheme	3	**Controls:** Service Heads/ MAT/Members have been made aware of risks. Internal structures being reviewed. Working groups established to deal with the various changes. **Action:** ***Service Heads/MAT to monitor and recommend changes in staffing requirements as appropriate.*** **Action:** ***In light of the future transfer of Housing Benefit administration to the Department for Work and Pensions (DWP), the joint Heads of Housing Options and Independent Living to ensure adequate arrangements are in place for staff resilience within the interim period.***	MAT/ Joint Heads of H & IL* MAT/ Joint Heads of H & IL*	 March 2013	Ongoing November 2012: Heads of Service update MAT and Members periodically on forthcoming welfare reforms and implications for Service.

will impact on resources.					
20. Reduction in service delivery and possible loss of internal control as a result of savings required to balance budget	3	**Controls:** Management is responsible for maintaining key internal controls regardless of resource levels. Any savings offered will be accompanied with summary of any associated risks.	MAT/ Service Heads		Ongoing.

<u>*KEY TO OFFICERS</u>

Head of CS - Head of Customer Services, Linda Norman
Head of CG – Head of Corporate Governance, Michael Graham
Head of ICT – Helen Dunn
ACX (TC) – Terry Collier
Health and Safety Officer – Stuart Mann
ACX (LB) – Liz Borthwick
Head of S & L – Head of Sustainability and Leisure Services, Sandy Muirhead
Head of S & S – Head of Streetscene, Jackie Taylor
ACX (LO) – Lee O'Neil
Head of AM & OS – Head of Asset Management and Office Services, Dave Phillips
Head of HR – Head of Human Resources, Jan Hunt
CM- Contract Managers
Joint Heads of H & IL – Joint Heads of Housing and Independent Living , Deborah Ashman and Karen Sinclair
LSM - Leisure Services Manager, Lisa Stonehouse
EPO – Emergency Planning and Resilience Officer, Nick Moon

Reviewed November 2012
Punita Talwar, Audit Manager, Audit Services.

LOCAL DEVELOPMENT FRAMEWORK WORKING PARTY

Monday 7 January 2013

Present:

Cllr G Forsbrey (Chairman)

Cllr R Smith-Ainsley

Cllr Ms P A Broom

Cllr R L Watts

Cllr N S Gething

Cllr T Evans

Cllr Mrs S Webb

1 Apologies

Cllr I Beardsmore

2 Report of the Assistant Chief Executive

The Working Party received a report and presentation on the implications of the Government's National Planning Policy Framework (NPPF) for the Council's existing planning policy documents.

Two complementary assessments analysed existing policies against the NPPF. These showed that there were no major conflicts with the NPPF and that only a few relatively minor changes to some existing policies were required which could be dealt with in due course. The assessments did, however, show a need to review the core evidence underpinning the Council's policy documents to check that existing plans continue to meet the needs of the Borough.

The Working Party was presented with an assessment of the resources required to undertake a review of the core evidence as well as continuing the priority work to introduce a Community Infrastructure Levy system by April 2014.

Recommendation:

1. Cabinet be asked to:
   a. Agree the technical assessments at Appendix A and B as a formal record of the Council's detailed consideration of the implications of the NPPF.
   b. Note the planning issues arising from the assessments which are set out in paragraph 2.13 of the report.
   c. Reaffirm the 'top' priority to progressing work to introduce a Community Infrastructure Levy system by April 2014, if not sooner.

d. Note that the Working Party will consider a high level project plan at its next meeting to progress the following studies in the context of existing work commitments:
    i. Local Economic Assessment
    ii. Traveller Needs Assessment
    iii. Housing Needs Assessment
    iv. Retail Assessment
    v. Housing Land Availability Assessment
    vi. Strategic Flood Risk Assessment
e. Note the need for additional resources to undertake the studies identified in d. above, which the Working Party will quantify further in its high level project plan.
f. Agree a change of the Working Party's title to 'Local Plan Working Party' instead of 'Local Development Framework Working Party' to reflect the new name given in government policy to development plans.

2. Agree that the next Working Party be held on Wednesday 30 January at 7.00pm.

Cabinet

29 January 2013

Title	Outline Budget 2013-14 to 2017-18 and Issues to be addressed as part of first draft of Detailed Revenue Budget 2013-14
Purpose	Resolution required
Report of	Chief Finance Officer — **Confidential**: No
Cabinet Member	Councillor Tim Evans — **Key Decision**: Yes
Report Author	Terry Collier, Assistant Chief Executive
Summary	• To set out outline budget projections • To seek approval of financial parameters • To set out in draft 2013-14 budget issues and flag the significant (£500k) funding reduction for 2014-15
Financial Implications	A budget gap of £480k to be closed for 13-14 following provisional settlement details. Significant efforts have been made to close this. Indicative funding gaps for outline period as follows: 2013-14 £480k (cumulative £480k) 2014/15 £500k (cumulative £980k) 2015/16 £430k (cumulative £1,510k) 2016/17£120k (cumulative £1,630k) 2017/18 £240k (cumulative £1,870k)
Corporate Priority	All five priorities
Recommendations	***1. The net budgeted expenditure (before investment and use of reserves) for 2013/14 be set at a maximum level of £11.702m*** ***2. That, in order to reach this level, the Management Team, the Leader and Cabinet, identify a package of options by which the budget can be balanced both in 2013-14 and 2014-15 and over the following three years of the outline period.*** ***3. For planning purposes of the Outline Budget an annual increase of 1% has been assumed for pay increases staff and councillors for 2013/14.*** ***That an agreed total reserves target minimum level (as measured on 31 March each year) be set at a level of £11m for 31/3/14.*** ***That the financial health indicators set out in paragraph 2.45 be agreed***

1. Background

1.1 The outline budget report is normally produced in the autumn period however due to the Autumn Statement being delayed until 5th December and the local government grant settlement being delayed until 19th December combined with the significant changes to the local government funding system it was not possible to produce a meaningful outline budget report in the normal time scale. So the report will focus on the outline budget period and budget projection before the report then focuses on the approach for 13-14 financial year.

1.2 Each year the Council produces a five-year rolling revenue budget projection based upon the Council's approved financial strategy.

1.3 Once approved, the first year forms the basis for preparation of the detailed revenue budget and the remaining three show the financial effects of approved policies over that period. Taken with the previous decision on the amount of reserves to be used, assumptions on Government grants and other financial information enable the Council to make a balanced judgement on the levels of Council Tax to be levied. The Government reduced its general grant support to the Council by 16% for 2011-12, 10% for 2012-13 and is reducing by a further 10% for 2013-14 (£402k).

1.4 We have also been advised of provisional funding figures for 2014-15 with the combined Revenue Support Grant/Business rates baseline falling by a further £531k (13%). This reflects the impact of the additional savings local government is being asked to make in 2014-15. This means the underlying funding gap in 2014-15 will double to approx. £1,080k and will mean 2014-15 will be a particularly challenging budget to balance.

Provisional funding reduction for 2013-14 and 2014-15

	2012/13*	2013-14 000k	Change 12-13-13-14	2014-15 000k	Change 13-14 to 14-15
Revenue Support Grant (incl/ 11-12 freeze grant, homelessness & lctss grant)	564	2,533	1,969	1,950	(583)
Business rates baseline (incl 11-12 freeze grant, homelessness grant and lctss grant)	4,056	1,685	(2,371)	1,737	52
Total	**4,620**	**4,218**	**(402)**	**3,687**	**(531)**

*2012-13 adjusted to equivalent basis to 13-14 and 14-15

1.5 It can be seen from the above table that over a two year period our general funding is being reduced by £933k. Over the remaining three years of the outline budget we are projecting a further funding reduction of £670k (this includes the 11-12 £170k council tax freeze grant dropping out in 2015-16), so over the period as a whole we are projecting a funding reduction of approximately £1.6 million. This figure may rise once we know the outcome of the 2013 spending review.

1.6 When the current medium term financial strategy was first put in place a key issue was the Council's continuing dependence on revenue reserves (a decade ago we were using more than £2.5m of reserves per annum to help balance the budget which was not sustainable), 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. Since the implementation of the medium term strategy we have steadily reduced our use of and reliance on reserves to support the revenue budget.

Equally the level of capital reserves is diminishing and we need replenish those reserves in the short to medium term.

2. Key issues

Funding Regime Changes

2.1 April 2013 see two sets of significant funding regime changes for local government. Firstly related to business rates income and second with respect to council tax benefit

Business Rates income

2.2 From 1st April 2013 Local Government will be allowed to retain 50% of the income it collects from business rates to help fund local government. In two tier areas shire districts will pay over 20% of their retained income (ie 20% of 50% = 10%) to the County Council. As councils in different parts of the country have different strengths of taxbase there will be an element of redistribution with councils with strong taxbases such as the Surrey districts being "tariff" authorities and having to pay a levy which will help to support "top-up" councils in the rest of the country. This levy will be up to 50% of the retained income. So Spelthorne will be able to retain up to 20% of any net additional business rates income from 2013-14. This provides some additional incentive for us to prioritise economic growth in the borough.

2.3 There are risk transfer issues with the new regime as we will pick up 50% of the cost of any bad debts arising from local businesses going into administration etc. In recent years this has averaged about £300k per annum so we have provided for £150k (or 50% of the recent average) in our budget. There is a national safety net mechanism but this only kicks in if a council experiences a drop in year of more than 7.5% of its business rates income.

2.4 Clearly additional focus will be placed on monitoring and projecting our business rates income.

2.5 The local government funding provisional settlement set out the following details for Spelthorne with respect to retention of business rates:

- Business rates baseline (after taking account of 50% contribution to central government and 10% to Surrey CC: this implies an assumed gross figure of £38.134m collected by SBC) of £15.254million
- Tariff of £13.568m to be paid on the above
- Leaving a net £1.685 million retained by SBC towards its general funding
- On any business rates we collect which generates more than above SBC is to pay a 50% levy

By 7th January the business rates collecting authorities are required to submit a projection (known as NNDR1) of how much business rates they anticipate collecting in the coming financial year. Our return indicates that our gross figure is anticipated to be £44.285m. This would result in the following:

- 50% contribution to central government of £22.143 million
- 10% contribution to SCC of £4.429m
- Leaving £17.714m on which we pay tariff of £13.568m leaving
- £4.146m which is £2.46m than the government initial indicated retained figure of £1.685 on which we pay 50%
- So in theory we should have an additional £1.23m in 2013-14 more income than the government has initially allocated.
- **However, it is anticipated that as this is the beginning of the new regime that the Government will reset our starting point to remove this additional funding- we have not therefore for the time being built this into our budget projections. Equally we will not know until the end of 2013-14 whether we have successfully collected this level of business rates income, so rather than making assumptions at this stage, if we do achieve this income we will put into a business rates equalisation reserve to help manage the impact of future business rates volatility.** If we are not allowed to retain any of this additional income then our retained business rates as a percentage of the total we are collecting we fall to 3.8% which rather negates the idea that the benefits of business rates are being localised.

Council tax support

2.6 From 1st April 2013 the Treasury is reducing funding of council tax benefits by 10% (although pensioners are protected so the impact falls disproportionately on working age claimants). At the same time councils have been asked to design their local schemes. To ease the first year of transition the Government is offering grant totalling £100m to councils if they ensure that benefit claimants who were previously receiving 100% benefit are asked to pay no more than 8.5% of their council bills.

2.7 There will be a proposed Spelthorne local scheme going to a special council on 24th January. We are seeking to fund the "10% " funding cut from a combination of removing discounts on second and empty properties, implementing a 50% premium on long term (over two years) empty properties and reducing council tax support by up to 8.5% which means we will be eligible for the one off grant. This means we will need to monitor how the scheme goes in 2013-14, particularly with respect to collecting small amounts of council tax from individuals who have not previously had to pay any, and then refine the scheme for 2014-15.

2.8 As with business rates there are risk transfers as the 90% funding will be determined by the government ahead of the financial year and if there is a local economic downturn the local councils pro-rata to their council tax shares (SBC 11%; SCC 76%; Surrey Police 13%) would incur additional costs.

2.9 Under the new arrangements individuals will receive the council tax benefit in the form of a council tax discount this will therefore have the effect of reducing the Council's council taxbase, which will result in us collecting less council tax income but 90% of the income will be offset by council tax support grant, our share of which will be £590k. There will be separate papers on the council tax support scheme and the council taxbase going to the special Council meeting on 24th January.

2.10 As the separate paper on the taxbase highlights the reduction in our taxbase as result of the council tax support discounts will mean we generate a slightly smaller amount from any future council tax increases (i.e. previously 1% increase equated to approx. £70k, now it will equate to £65k) unless the government also correspondingly increases the council tax support grant by a similar percentage.

Details of Grant Support 2013-14 and beyond

2.10 The level of grant/retained business rates income Spelthorne receives per head of population compared to other authorities is shown in the table below.

	2013-14 Revenue Support Grant income per head of population £	2013-14 Retained business rates income per head of population £	2013-14 Grant /retained business rates income per head of population £
Spelthorne	26.99	17.96	44.95
National shire district Average	35.16	23.39	58.55

The per head of funding at the start of the new regime for Spelthorne is 23% less than the national average for shire districts. If we were funded at the same level as the national average we would have an additional £1.3m of income per annum. However, if over time our business rates income grows faster this will start to rebalance more in our favour.

The Chancellor in his Autumn Statement on 5th December stated that he was not asking local government to make additional savings in 2013-14 over and above what the Treasury had planned but that in 2014-15 local government will be asked to find 2% additional savings compared to the 1% required of central government. In the first half of 2013 a Comprehensive Spending Review will commence which will establish the savings required of government departments and local government for 2014-15 onwards. In the Autumn Statement the Chancellor made clear that the austerity regime is now likely to last at least until 2017-18, so we should expect at least a further five years of reducing central government funding. Our outline budget period therefore broadly coincides with the anticipated austerity programme years for the public sector.

Review of Outturn 2011/12

2.11 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 2011/12 showed a total adverse variance of £54k including an exceptional item of recovered overpaid prior years VAT of £743k.

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

FINANCIAL STRATEGY

Freeze Grant

2.13 The Government has moved away from having a capping regime towards introducing a system of referenda for when councils propose significant Council Tax increases. For 2012-13 and 2013-14 the Government is providing grant funding equivalent to 2.5% in 2012-13 of Council Tax and 1% in 2013-14 to enable councils to set nil Council Tax increases. However in 2012/13 this grant support was not ongoing beyond 2012-13 which would have meant to achieve the same level of income as otherwise would have been the case we would have needed an increase of 5% in 2013/14 or additional savings to offset, which was unlikely to be acceptable to our residents, to ensure that Spelthorne does not lose out permanently from a lower level of Council Tax chargeable. The Council decided it was financially more prudent and in the better medium term interests of service provision for its residents to decline the freeze grant in 2012-13 and put council tax up by 2.94%.

2.14 The 2011-12 grant was equivalent to 2.5% Council Tax (approximately £170k). The outline budget incorporates the 2012-13 freeze which will be funded until 2015-16 and from 2013-14 will be within Revenue Support Grant the Business rates funding baseline. The Government has announced a new freeze grant for 2013-14 equivalent to just one percent of council tax (70k). At the same the Government has reduced the council tax referenda limit to 2%. The Council currently is working on the assumption that it will increase council tax by just under 2% for 2013-14 in order to protect the Council's ongoing financial position.

New Homes Bonus Grant

2.15 The Government has also indicated that they will continue giving a New Homes Bonus grant (2012/13 currently £541k) of £788k, primarily based on the level of new housing built in the district over the period. There is likely to be an increase in 2013/14 and we await confirmation of the figures. The government has queried the level of reduction (79) in our empty homes numbers on our council tax base which we achieved as a result of pro-actively targeting our empty home numbers. The Government is liaising with us to confirm these figures which we are confident they will accept. **This means at present we have not had an allocation for our empty homes element of our new homes grant and will not receive confirmation until the final settlement in late January/early February. We estimate this element of grant to be worth £90k in 2013-14 and a total of £550k over the next six years.**

2.16 As New Homes Bonus accumulates over a six year period we are showing rising New Homes Bonus grant over the next four years reaching over £1m in 2016-17. In the medium to longer term it is unclear whether there will be any replacement offsetting funding once the New Homes Bonus grant starts to unwind from 2017-18 over a six year period. We potentially need to be planning to be able to balance our budget from that period without use of New Homes Bonus Grant.

Use of Reserves

2.17 The Council has achieved its objective of eliminating the use of general reserves to support the general revenue budget financial strategy and remains on track to cease in 2013-14 to use specific reserves to support the budget. In 2010-11 we used approximately £700k of reserves and have reduced this usage in the 2012-13 by £500k to £200k. The strategy currently assumes we will have nil usage in 2013-14.

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Outline Budget Review

2.18 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 (if any) 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 and investment types.

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.

Service and Expenditure Levels

2.19 The policy for a number of years has been that both expenditure and service levels should be held constant except for changes approved by councillors and legal or contractual obligations.

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

2012/13

Original Net expenditure	£11.646m
Projected Net expenditure	£11.7m

2013/14

Estimated Net Expenditure	£12.13 m
Estimated Funding	£11.62m
Projected Deficit	£0.5m

2.21 Net savings/additional income of approximately £0.5m are required to be found to eliminate the projected deficit for 2013-14

Income - The Level of Charges to be made for Services

2.22 Rents and other income are contributing around £7.5m to the Council's budget for 2012-13. Some of this is not under the Council's direct control, for example the share of Staines Town Centre rents and statutorily set fees, but our policy is that each year all other fees and charges are reviewed to establish the scope for increases. This involves managers comparing prices with market rates, public and private, which may result in increases above or below the rate of inflation. The attached Outline Budget assumes that charges fully reflect the true cost of providing the service but each service area's charging policy will be carefully reviewed as part of the detailed budget work. We also need to be looking for any opportunities to charge where previously we have not, for example certain pre-application advice fees for planning and generating additional income streams in our parks.

2.23 There is a separate fees and charges report going to Cabinet.

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

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

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

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

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

a) Interest equalisation – is built up in years when investment returns are better than expected and used to support investment income in years when returns are lower. (E.g. £200k budgeted for use in 2012-13, but aiming to avoid using in 2013-14)

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

c) The outline projection assumes this will be the level of reserves from 2012-13 onwards.

2.26 At 1 April 2012 Revenue Reserves were £12m, as follows:

	2012 £'000
General Fund Revenue Account*	1,110
Capital Fund*	443
Carry Forward Reserve	239
Housing Initiatives Fund	7,611
New Schemes Fund	1,605
Lotteries Fund	2
Interest Equalisation	493
Insurance Reserve	50
Planning Delivery Reserve	50
Bridge Street Car Park Reserve	111
Business Improvement Reserve	286
	12,005

Revenue / Projected Reserves – 1 April

* indicates an uncommitted reserve available to support Council Tax.

2.27 All interest is credited to the General Fund.

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.

2.28 In order to facilitate the implementation of Automated Public Convenience savings which have been agreed by Cabinet it is suggested that the one off implementation costs of £100k incurred in 2013-14 be funded from reserve. This will enable us to deliver ongoing annual savings of £60k per annum.

Interest

2.29 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 is likely to do so for at least 3 years and probably longer. The continued collapse of the property market brought capital receipts to a halt (e.g. Bridge Street). In 2012/13 we entered the pooled investment funds (to date investing #6m in corporate bond and equity backed funds[with potentially a further 1.5m to be invested in a property backed fund)market with the aim of improving our level of returns As a result the Council revised its investment income estimate for 2012-13 to £422k which we are predicting to achieve. By diversifying our investment approach we have managed to largely mitigate the impact of fixed rate investments at good rates of interest dropping out as they mature.

2.30 The potential volatility in the investment markets means that there is always a risk with this element of our budget.

2.31 The Authority currently holds £2m in Eurobonds earning a good rate of interest which are due to mature in January which impacts on our average rate of interest. As interest rates are unlikely to increase in this period this will mean that our average rate drops and the need to diversify our portfolio continues – we anticipate re-investing 1.5m of this 2m in a property backed fund..

2.32 The Council's treasury management advisers are now projecting that base rates stay at 0.5% at least until 2016. This combined with the necessary use of some reserves to support our capital programme and revenue budget results in a further reduction in projected investment income for 2012-13 and 2013-14, as follows:

2012-13	£000K
2013-14	422
2014-15	432
2015-16	408
2016-17	392

2.33 Ways of improving the level of investment income are considered as part of the Treasury Management strategy, which is separately on the agenda of this meeting.

The Level of Council Tax the Council is Prepared to Levy

2.34 In the current year the Council in order to protect the medium term taxbase of the Council increase the tax rate by 2.94%.

2.35 For comparative purposes the respective average 2012/13 Council Taxes for Surrey districts are set out below:

	District	Parish	Combined District & Parish
District Council	**£**	**£**	**£**
	£	**£**	**£**
Runnymede	136.89	0	136.89
Mole Valley	151.65	4.18	155.83
Guildford	144.05	22.26	166.31
Epsom & Ewell	167.12	-	167.12
Spelthorne	**172.22**	**0**	**172.22**
Reigate & Banstead	193.83	5.38	199.21
Surrey Heath	185.45	17.44	202.89
Waverley	161.91	42.57	204.48
Woking	204.75	0	204.75
Tandridge	193.62	16.42	210.42
Elmbridge	199.19	13.91	213.10

On what we know of the other Surrey council's intentions it is anticipated that a majority of the Surrey councils in order to protect their ongoing council tax income stream will increase their council tax rate in 2013-14 by 1.99%.

The Level of Capital Expenditure to be supported

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

2.37 The 'other services' programme consists mainly of capital expenditure on Leisure, Business Improvement, community care, replacement vehicles and information technology.

2.38 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.

2.39 Reserved right to buy receipts from A2Dominion have fallen significantly from £600k in 2005-06 to approximately £350k in 2012/13. 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.

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

Level of Capital Reserves

2.41 Projected capital reserves at 1 April 2012 were £m as follows:

	2012
Usable Capital Receipts	£1.985m

2.42 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 2014-15, there are anticipated to be nil capital reserves remaining and other sources of income will be required to finance future capital expenditure.

2.43 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.

2.44 In light of comments from our external Auditors (KPMG), as part of the previous audit of accounts process for 2011/12, it was necessary to review our level and type of expenditure which can be capitalised. Areas such as ICT, Bowls Clubs, Allotments, critical ditches and capitalised salaries expenditure have all been scrutinised and we have taken the view that we are not able to charge these areas to capital and therefore is now charged to revenue. It has also been necessary to assess the total expenditure to be incurred as part of the capital programme and to re-evaluate the authority’s needs to match the funding available.

Financial Health Indicators

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

a) Revenue outturn against original budget target: +/- 1.5%.
b) Capital outturn against original budget target: +/- 15%.
c) Council Tax collection target: 98.6%.
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: 96.5%
g) Year total aggregate value of reserves – in the changed circumstances the Council faces we can realistically at best aim to complete 2013-14 with cash balances of £12m. This does mean that we will not be able to earn as much investment income as previously anticipated.

2.46 Clearly we need to take account of the challenging economic climate on the achievability of the above indicators particularly the collection rate (which through business rates and council tax support will feed through directly into the Council's financial position and debt indicators and we will keep these indicators under regular review. Maximising collection of business rates will be particularly important under the new regime where we bear 50% of the risk of bad debt write offs on business rates.

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

3. Key issues

ISSUES IN RESPECT OF THE OUTLINE BUDGET 2013/14 – 2017/2018

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Pay Increase

3.1 The projections have assumed an annual increase of 1% for staff and councillors 2013-14 then 1.5% per annum thereafter. As the Council is linked to the national local government pay award if there was an increase we would need to match any national settlement for example a 1% increase roughly equates to £100k which would need to be found from additional savings.

3.2 The additional cost of increments for those staff not at the top of their pay grades is £45k (equivalent to nearly 0.5% of employees' budget).

Pensions

3.3 The triennial revaluation assessed the value of the Fund as at 31 March 2010 and resulted in no increase in employer contributions for the financial years

2011-12 to 2013-14 The next revaluation will be as at 31 March 2013 the impact of which will feed through into employers' contributions in 2014-15. In 2014-15 we also have a new national Local Government Pension scheme which will move away from final salary scheme to a career average scheme and with higher employee pension contributions for higher paid staff. Despite the implementation of the new LGPS arrangements, and despite relatively good investment returns on the Surrey Pension fund at present (we hope these continue upto 31 March 2013) the net future liabilities are currently highly partly because of continuing increasing life expectancy and also due to the current climate of artificially low gilt rates which are also used to discount future pension liabilities, the lower the gilt rate the higher the future pension liability.

3.4 The Actuaries will take into account the impact of the new national scheme, investment returns on the Surrey scheme and their projections of future liabilities. The Actuaries are indicating that they are hopeful the Surrey scheme will be able to stick to a stabilisation regime under which future employer contributions would increase by no more than 1% of payroll per annum (this applies to both the historic deficit and current service). In our outline projections we have assumed a 1% increase per annum from 2014-15 roughly equivalent to £100k accumulating (ie £100k 2014-15; projecting by the end of the period an additional £400k per annum employer pension costs.

Universal Credit / Council Tax Benefit

3.5 The Government is currently aiming to phase in universal credit over a four year period from October 2013. This is a challenging timescale given the reliance which will be placed on central government IT systems to deliver the new credit (intention for 80% of the interactions with claimants to be done via the internet). The Universal Credit will replace six different benefits including housing benefit currently administered by local authorities. The loss of housing benefit will have a net adverse financial impact on the Council as currently we are very efficient at recovering overpayments for which under the current system we are able to retain 40% which contributes £500k income per annum to the Council's budget. Our outline budget projections currently assume that Universal credit will commence on schedule and that over a four year period we will lose gradually the £500k per annum overpayment income. Therefore by 2017-18 Spelthorne will be £500k per annum worse off.

3.6 Whilst we are waiting for clarification as to what residual role local authorities will retain for assisting with those claimants unable to interact over the internet, clearly the majority of the staff currently involved with housing benefit administration will by 2017-18 no longer be required. We are awaiting clarification, and we have asked our MP to assist us in obtaining this clarification, to confirm that the Government will cover any redundancy costs incurred. The outline projections therefore do not assume any net redundancy costs. In the interim period this situation potentially will create staff retention problems.

3.7 The impact of localisation of council tax support has been addressed in the separate report going to Cabinet and Council.

Planning Fees

3.8 The Government has reviewed the level of fees chargeable and a new fee regime has been introduced in October 2012 of statutory centrally agreed fees scheme to a scheme which is locally determined and based on the true / full cost of the planning service. The current projected deficit has made an allowance of £45,000 for changing the scheme. Members will be advised once the white paper has been placed before Parliament.

Recycling

3.9 The Council has successfully bid for £493k DCLG funding over 4 years to help the Council tackle remaining difficult to collect properties. This has been built into the budget projections.

One of the more variable costs the Council has faced in the last couple of years has been the net gate fee we incur on the approximately 10,000 tonnes we recycle at a materials recovery facility. We have been notified that the gate fee is now being reduced which if sustained at the revised level would equate to savings of approximately £120k in 2013-14. In the medium terms Spelthorne is working with the other Surrey waste authorities to see if there are other options (which could include us being paid for our tonnage rather the other way round) which could deliver significant savings of up to a further £200k. Due to the uncertain nature of these savings they have not been built into the budget projections.

Energy

3.10 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 2012. However, the underlying trend over the outline budget period is likely to be upwards. The Surrey authorities are completing a joint review to compare the current arrangements to see if other procurement routes could deliver savings. In March 2011 we decided to continue a further four years with LASER.

3.11 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 process of procuring a combined heat and power plant to provide energy to Spelthorne Leisure Centre and for new boilers at Knowle Green. This will be implemented in 2013.This will remove our exposure to rising energy costs at the Leisure Centre.

Restructuring

3.12 The Council has in recent years taken opportunities when staff leave to relook at the structure of the organisation in order to ensure that the Council is fit for purpose and can take advantage of efficiencies that can be achieved by combining roles and responsibilities. Over the last three years the Council has reduced its senior management costs (heads of service and above) by approximately 35%.

3.13 Significant savings have been achieved though this methodology though the possibility of future ongoing savings is reducing as the workforce is slim lined

3.14 The outline budget incorporates a target figure of £230k made up of £150k vacancy savings, £40k partnership allowance and £40k as a restructuring saving that we aim to achieve in the current year. For forthcoming years this will obviously need to be modified as the ability to restructure will reduce and in the current climate the level of savings achievable through staff turnover will also be reduced.

Shared Services

3.15 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 has made a start by implementing its internal audit partnership, SPAN and Spelride with Elmbridge and has now negotiated managerial sharing with Runnymede for Human Resources. In addition the management of the Asset Management planned and responsive maintenance contract works has been transferred to Runnymede

3.16 Work is completed on the way forward for once the Steria contract comes to an end in December 2012 and savings of £200k have been identified when the new ICT agreement commences. We had hoped that at the same time Runnymede would have integrated their ICT team with ours which would have delivered greater resilience and the potential for future savings, however in the event Runnymede decided not to proceed with the proposal.

3.17 Officers are exploring opportunities for shared working with Runnymede with the latest being the sharing of our operations manager at the depot.

3.18 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.

Rationalisation of Asset Portfolio

3.19 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. This is reflected as one of the Council’s new corporate priorities. Utilising existing assets more effectively will be important, e.g. freeing up more office space in Knowle Green to rent out. Surrey Police and Surrey County Council are currently tenants, with County Council social services staffing currently moving in to work alongside our independent living team. The Council will be commissioning a feasibility study to evaluate whether there is a business case for a “public sector village” at Knowle Green based around sharing accommodation between ourselves and the County Council which would deliver reduced running costs and additional rental income

We are moving forward, as priority flagship projects, a number of income generating projects relating to our assets. This will take a few years to bear fruit but in the medium term will help our financial position. At this stage we have not built into the outline budget projections any assumed additional income associated with these projects.

Repairs and Renewals Fund

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

3.21 Currently those Services who make use of this facility are being asked to contribute - a budget of £100k in 2014/15 and £150k thereafter.

OUTLINE BUDGET 2013/2014 – 2017/2018

3.22 Attached as **Appendix A** is a summary of projected expenditure and possible financing to 31 March 2018. It will be seen that the amount needed to be funded from Council Tax, if offsetting savings were not put in place, is some £0.5m in 2013/14 rising to £1.3 m over the Outline period.

3.23 Council Tax rate increases in future years are assumed to be 1.99% for 2013/14. There is monies available from Central Government to fund a freeze in council tax bills but this is only equivalent to 1% and is only funded for two years so will impact on the ongoing level of council tax bills as monies not increased in 2013/14 will be lost and will require a rise a higher rise or savings in 2015-16 to counteract this.

3.24 Following on from the lower / higher than expected grant cuts, MAT and Heads of Service are reviewing services budgets. In order to address the projected deficits the Council and its Members may 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.

3.25 All Service areas (including MAT) have been asked to identify target savings of at least a net 3% which in aggregate would equate to approximately £600k

3.26 We are projecting total vacancy, partnership and restructuring savings of £380k being achieved in current year against original target of £495k This is an area that has been reassessed as part of the 2013/14 budget process in light of what is being achieved in 2012/13 due to the reduced level of staff turnover occurring, the reduced opportunity of restructuring savings being achievable annually as the base for reduction declines. Plus the deletion of vacant posts as part of the 2011/12 and 2012/13 budget processes. It has already been factored in that the potential level of vacancy savings is decreased from £300k to £150k for 2012/13.

3.27 Organisational structures will continue to be reviewed as part of any changes in the organisation created by staff leaving and future restructure opportunities

3.28 Targets for ongoing savings to be delivered from the business improvement programme will be reviewed. There is a continuing need for greater efficiency processes across the organisation.

3.29 We will be looking to savings from increased partnership working and shared service working.

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

Options analysis and proposal

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

4. PROPOSALS

4.1 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- building upon the recent changes to strategy.

(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 / increased scrutiny of detailed budget lines and outturn variances.

(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.

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

4.3 It is proposed that all the options proposed in 4.1 are pursued

4.4 Detail the pros and cons of the options available and which one is being proposed.

5. Detailed Budget 2013-14

As indicated in paragraph 3.25 above MAT asked heads of service before Christmas to identify net savings of 3% and to set out service impact implications associated with the savings. This delivered an initial list of approximately £800k savings which MAT are currently evaluating (not all the proposals will be viable) before discussing with Cabinet for incorporation into the budget. So we are making significant progress in closing the budget gap for 2013-14.

At same time services put forward growth bids totalling £560k. In a similar way to the savings MAT are evaluating before discussing with Cabinet.

The objective is to achieve savings exceeding growth bids by approximately £500k in order to close the budget gap for 2013-14.

6. Financial implications

6.1 As in the body of the report.

7. Other considerations

7.1 The Council is legally required to set a balanced budget
.

8. Risks and how they will be mitigated

8.1 Clearly with respect to new homes bonus and amount of retained business rates there are figures to be clarified as part of the final settlement but in both cases these may improve our financial position.

9. Timetable for implementation

24 January – Local council tax support scheme and council tax base approved by Council

Late January/early February Government confirms funding settlement including clarify SBC's empty homes allocation for new homes bonus and amount of business rates income we will be allowed to retain

12 February – Detailed budget considered by Cabinet for recommendation to Council

21 February Council approves Budget and sets council tax

Background papers:
Appendices: A: Summary Outline Budget for 2013-14 to 2017-18

APPENDIX A : SUMMARY OUTLINE BUDGET 2013-14 TO 2017-18

	12/13	12/13	13/14	14/15	15/16	16/17	17/18
	original	after changes					
	£	£	£	£	£	£	£
Communications	1,479,400	1,454,400	1,304,400	1,304,400	1,304,400	1,279,400	1,304,400
Community Safety and Young People	212,500	215,500	215,500	215,500	215,500	218,500	213,500
Finance and Resources	1,677,100	1,686,420	1,744,420	1,744,420	1,744,420	1,753,740	1,744,420
Environment	2,945,500	2,945,500	2,987,500	3,039,000	3,044,500	3,054,500	3,064,500
Health Well Being and Independent Living	1,558,800	1,537,800	1,513,500	1,513,500	1,513,500	1,492,500	1,513,500
Planning and Housing	874,200	871,700	1,009,200	1,119,200	1,304,200	1,461,700	1,496,700
Economic Development	(577,800)	(577,800)	(577,800)	(577,800)	(577,800)	(577,800)	(577,800)
Parks and Assets	2,709,300	2,709,300	2,754,300	2,830,300	2,775,300	2,805,300	2,835,300
Corporate Governance	1,564,300	1,564,300	1,576,300	1,561,300	1,656,300	1,561,300	1,561,300
	12,443,300	**12,407,120**	**12,527,320**	**12,749,820**	**12,980,320**	**13,049,140**	**13,155,820**
Salary expenditure - vacancy monitoring	(300,000)	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)
Increments			30,000	45,000	60,000	75,000	100,000
Pay award			96,000	192,000	342,000	492,000	642,000
Pensions- employer contributions				100,000	200,000	300,000	400,000
Zero based budgeting				(75,000)	(100,000)	(100,000)	(100,000)
Restructuring Savings	(40,000)	(40,000)	(30,000)	(60,000)	(120,000)	(180,000)	(180,000)
Unallocated resources to address project management, performance management etc	90,200	91,000	91,000	91,000	91,000	91,000	91,000
Underspend variance analysis				0	0	0	0
Additional statutory pressures							
Fees and charges		0		(75,000)	(150,000)	(200,000)	(250,000)
Partnership Savings	(40,000)	(40,000)	(25,000)	(75,000)	(125,000)	(125,000)	(150,000)
Service Expenditure	**12,153,500**	**12,268,120**	**12,539,320**	**12,742,820**	**13,028,320**	**13,252,140**	**13,558,820**
Less Support not charged to revenue	0	0	0	0	0	0	0
Revised Service Expenditure	**12,153,500**	**12,268,120**	**12,539,320**	**12,742,820**	**13,028,320**	**13,252,140**	**13,558,820**
NET EXPENDITURE	**12,153,500**	**12,268,120**	**12,539,320**	**12,742,820**	**13,028,320**	**13,252,140**	**13,558,820**
Interest earnings	422,400	422,400	434,100	408,100	391,500	391,500	391,500
NET EXPENDITURE AFTER INTEREST EARNINGS	**11,731,100**	**11,845,720**	**12,105,220**	**12,334,720**	**12,636,820**	**12,860,640**	**13,167,320**
Appropriation from Reserves:							
Reserves - General							
Reserves - New Schemes Fund / HIF	0	0	0	(100,000)	(150,000)	(150,000)	(200,000)
Interest Equalisation reserve	200,072	200,072					
BUDGET REQUIREMENT	**11,531,028**	**11,645,648**	**12,105,220**	**12,434,720**	**12,786,820**	**13,010,640**	**13,367,320**
Allocation from National Non-Domestic Rate pool	3,732,806	3,732,806			3,342,100	3,175,000	3,016,300
Baseline NNDR funding (including council tax support)			1,685,089	1,737,000			
Revenue Support Grant(incl council tax support grant)	75,636	75,636	2,532,928	1,950,000			
New Homes Bonus	541,000	541,000	879,000	979,000	1,079,000	1,179,000	1,279,000
Freeze Grant (11-12)	170,000	170,000		0	0	0	0
Freeze Grant (13-14)							
NET BUDGET REQUIREMENT	**7,011,586**	**7,126,206**	**7,008,203**	**7,768,720**	**8,365,720**	**8,656,640**	**9,072,020**
Collection Fund (Surplus)/Deficit	(7,920)	(7,920)	0	0	0	0	0
CHARGE TO COLLECTION FUND	**7,003,666**	**7,118,286**	**7,008,203**	**7,768,720**	**8,365,720**	**8,656,640**	**9,072,020**
Tax base	40,667	40,667	37,150	37,336	37,523	37,711	37,900
Council Tax rate	172	172.22	176	179	183	186	190
Council Tax yield	**7,003,671**	**7,003,671**	**6,525,293**	**6,688,371**	**6,855,452**	**7,027,068**	**7,202,895**
		114,615	368,295	597,439	429,919	119,304	239,553
		114,615	482,910	1,080,349	1,510,268	1,629,572	1,869,125
		1.0%	4%	9%	13%	14%	16%

Cabinet

29 January 2013

SPELTHORNE BOROUGH COUNCIL

Title	Treasury Management Strategy Statement and Annual Investment Strategy 2013/14		
Purpose	Recommendation Required		
Report of	Chief Finance Officer	**Confidential**	No
Cabinet Member	Councillor Tim Evans	**Key Decision**	Yes
Report Author	Jo Hanger		
Summary	This report is to update members on current treasury position and to set the Treasury Management and Annual Investment Strategy and Prudential Indicators for 2013/14 to 2015/16.		
Financial Implications	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.		
Corporate Priority	All corporate priorities are supported.		
Recommendations	**The Cabinet are asked to recommend that the Council:** • **Approve the proposed Treasury Management Strategy and Annual Investment Strategy for 2013/14 as set out in this report.** • **Approve the Prudential Indicators for 2013/14 as set out in this report.**		

MAIN REPORT

1. Background

1.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice for Treasury Management in Public Services and the Prudential Code require local authorities to determine the Treasury Management Strategy Statement (TMSS) and Prudential Indicators (PIs) on an annual basis. The TMSS also includes the Annual Investment strategy (AIS), which is a requirement of the Department of Communities and Local Government (DCLG) Investment Guidance.

1.2 In accordance with the requirements of the Prudential Code, the Council formally adopted the CIPFA Treasury Management Code at its meeting on 24th January 2012.

1.3 This purpose of this report is to approve the Treasury Management Strategy and Annual Investment Strategy for 2013/14 and to approve the Prudential Indicators for 2013/14 to 2015/16.

2. Key Issues

Treasury Limits 2013/14 to 2015/16

2.1 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.

2.2 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.

Prudential Indicators for 2013/14 to 2015/16

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

Extract from Budget Setting Report	2012/13	2013/14	2014/15	2015/16
Prudential Indicator	£'000	£'000	£'000	£'000
Gross Capital Expenditure	£1,994	£1,430	£672	£672
Ratio of Financing Costs to Net Revenue Stream	(3.35)	(2.78)	(2.68)	(2.51)
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	2012/13	2013/14	2014/15	2015/16
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
Gross Debt 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	£12,000	£10,000	£10,000

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 31.3.12	£35,428 (all short term borrowings)

2.4 The Council has no long term borrowings but has large sums invested with various counterparties and is therefore exposed to financial risks including capital losses and the effect of changing interest rates. The successful identification, monitoring and control of risk are therefore central to the Councils' treasury management strategy.

2.5 The Council had £28 million invested as at 31st December 2012 as follows:

Investment	£m
Investment Bank Bonds	2.0
Pooled Equity and Bond Funds	6.0
Fixed Term Deposits	5.5
Instant Access Accounts and Money Market Funds	14.5
Total Value of Investments at 31.12.12	**28.0**

2.6 Only a proportion of the £28m is available for longer term investment (£13.5m). The balance is cash flow monies which are required for meeting the day to day cash flow requirements of the Council. All investments are managed in house and a detailed analysis of investments held by the Council as at 31st December 2012 is attached as **Appendix A**. The average return on the investment portfolio is currently running at around 2.03**%** for 2012/13.

2.7 Borrowing has been restricted to meeting daily cash flow requirements and activity here is very limited. Currently short-term borrowing rates are around 0.35%. Although the Council currently has no long term borrowing and intends to continue to finance capital expenditure from capital receipts, prudential borrowing may be an option for the future and could be considered for specific new projects on a scheme by scheme basis.

2.8 The bulk of cash from Council Tax and Business Rates is collected in instalments over the first ten months of the year, although this may change to twelve monthly instalments under the Localism Bill. Therefore, cash flow activity is higher during February and March because the Council is still incurring revenue and capital expenditure. This will require using liquidity funds or additional short term borrowing to cover any daily shortfalls.

2.9 The investment portfolio will be reduced during the last quarter of the year to fund expenditure when instalments cease. Short term investments of £14.5m are available for this purpose.

Prospects for Interest Rates

2.10 Anticipating future interest rate increases and reductions is very important in managing the spread of maturity dates on our portfolio. The Council has retained Arlingclose as treasury management advisors and part of their service is to assist the Chief Finance Officer formulate a view on interest rates.

2.11 Arlingclose forecast that bank rate will remain 0.50% until 2016 largely due to the continuing poor outlook for economic growth and the extension of austerity measures. Until there is a credible solution to the problems within the Eurozone and sovereign debt crises then the UK's safe haven status and minimal prospects for increases in official rates will continue to support the theme of the forecast. Other leading market forecasters also support this view. The Council will reappraise its strategies from time to time in response to evolving economic, political and financial events.

Economic Background

2.12 Economic growth in the UK for the third quarter was 1% helped by the temporary boost from the Olympic Games and the rebound from the previous quarter's extra bank holiday. Underlying growth going forward will probably remain soft in the near term whilst uncertainty over Europe persists and growth for the year as a whole is expected to be broadly flat after one off factors have been extracted.

2.13 The Chancellor maintained the deficit reduction strategy in the upcoming autumn statement and cuts in public spending will continue to impact the economy. However, there is renewed optimism in strong employment data and declining inflation that should feed through some stability in real incomes

2.14 Inflation remains above the MPC 2% target rate; CPI was 2.7% and RPI was 3.0% in November. Despite this the MPC is confident that inflation will fall back below target over the next two years and there is some evidence of this because inflation has fallen significantly from its peak of 5.2% and 5.4% respectively reached in September 2011.

2.15 The Bank of England Monetary Policy Committee (MPC) increased its programme of quantitative easing (QE) to a total of £375bn in July 2012 and will be assessing its effectiveness and that of the Funding for Lending Scheme (FLS) started in August. The aim of the new scheme is to boost the incentives for banks and building societies to lend to UK households and businesses.

2.16 Sovereign debt levels have continued to cause major concern for international investors. This is affecting confidence in the stronger EU countries including France and Germany as the markets remain fearful of further contagion and in early November, ratings agency Standard and Poor's downgraded the triple A rating of France to AA+. In the meantime, Finland and the Netherlands remain on credit-watch for a possible downgrade of their AAA sovereign ratings and there is an increasing likelihood that the UK may have its credit rating downgraded in the near future.

2.17 Fortunately, for the time being at least, the UK has retained its AAA sovereign credit rating which means that its cost of borrowing is still manageable. Markets seem reassured by the package of austerity measures announced by the government and international investors continue to view UK gilts as a safe haven from EU government debt. The increased demand for gilts has resulted in much lower yields and the 5 year gilt has fallen to a yield of below 1%. However, a credit rating downgrade may significantly increase the government's borrowing costs.

2.18 There are major difficulties in forecasting the speed of global economic recovery although growth in the US has seen improvement. However, until the Euro crisis is resolved markets can be very volatile and subject to sudden swings as sentiment changes.

3. Options Analysis and Proposals

Borrowing Strategy

3.1 The Capital Financing Requirement (CFR) measures the underlying need to borrow for capital purposes. 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 2013/14. 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.

3.2 The Department for Communities and Local Government (DCLG) guidance on Minimum Revenue Provision (MRP) places a duty on local authorities to make prudent provision for debt redemption. The Council's Capital Financing Requirement (CFR) at 31 March 2013 is estimated to be £nil so there is no requirement to charge MPR in 2013/14.

Annual Investment Strategy

3.3 The overall treasury policy objective is the prudent investment of treasury balances. It is our aim to achieve the maximum return commensurate with proper levels of security and liquidity.

3.4 The Council seeks professional advice from Arlingclose and closely adheres to the advice set out in the Department for Communities and Local Government (DCLG) guidance. Given Spelthorne's dependency on investment returns to balance the budget, the Council's investment strategy is also kept under constant review and regular quarterly review meetings are held with the Council's treasury advisors, Arlingclose. All investment and borrowing decisions are made in consultation with our advisors.

3.5 The credit quality of counterparties (issuers and issues) and investment instruments is assessed by reference to credit ratings issued by Fitch, Moody's and Standard and Poor's. The Council's counterparty credit policy is based on creditworthiness criteria recommended by our advisors and is reviewed on an ongoing basis to ensure that risk to the Council of counterparty defaults remains low.

3.6 The Council manages some all investments in-house and investment decisions are made in consultation with Arlingclose. The portfolio will be structured to provide a suitable range of different investment options, asset classes and maturities to facilitate better risk management and an element of certainty of returns.

4. Proposals

4.1 Against a background of historically low interest rates, current investments include several pooled fund investments in equities and corporate bonds funds to enhance returns. In addition, investment in a property fund is currently underway and should be completed within the next few months. This will add another asset class to our portfolio and continue to facilitate effective risk management.

4.2 Last year the overall investment strategy was fully appraised in the light of current economic conditions and we are satisfied that the direction being taken is appropriate under current market conditions.

4.3 The Council understands that these types of pooled fund investments are by their nature more risky and not suitable for short term funds. Their use has been carefully evaluated and the Council has determined the appropriateness of their use within the investment portfolio. They enable the Council to diversify the assets and the underlying risk in the investment portfolio and provide potential for enhanced returns. Our pooled fund investments have been made on consultation with Arlingclose and although there is more risk attached to these types of investments the intention is that they are held for the longer term of 5 to 7 years.

4.4 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. Surpluses arising from the day-to-day activities are generally invested in a range of instruments including higher rate call accounts, UK Treasury Bills, the UK Debt Management Office or with various bank treasury facilities and money market funds available to the Council.

4.5 The aim is to maximise short term returns wherever possible although minimising risk to capital is paramount. Where cash flow permits, lengthening the investment period of deposits and taking advantage of enhanced cash rates will be used to achieve higher returns within the parameters set to minimise risk to capital.

4.6 The Council banks with the Co-Operative Bank which at the current time does not meet the minimum credit criteria of A- long term. Despite the credit rating currently being below the Council's minimum criteria it will continue to be used for short term liquidity requirements (overnight and weekend investments) and business continuity arrangements. The Co-Op has been the Council's banker for over 10 years and it is expected that their credit rating with meet our minimum criteria when the general banking situation improves.

4.7 The core investment portfolio of £13.5m now includes £6m in pooled equity and bond funds and a list of the individual investments and their current performance is also detailed in ***Appendix B***.

4.8 Treasury Management activity and interest earned on investments will 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.

Policy on Use of External Service Providers

4.9 The Council uses professional treasury advisors to acquire specialist skills and resources and Arlingclose were appointed with effect from August 2011 to advise on all treasury management matters. 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.

4.10 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.

4.11 The investment strategy is kept under constant review so that the Council can adapt quickly to the constantly changing environment. The Council continues to be proactive in seeking ways of maintaining and improving current levels of return against a very challenging global investment environment.

Scheme of Delegation and Role of the S151 Officer

4.12 The revised CIPFA "Treasury Management in the Public Services Code of Practice and Cross-Sectional Guidance Notes 2011" 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 D and E**.

5. Financial Implications

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

6. Other Considerations

6.1 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 2011."

The Council's Treasury Management Policy Statement is set out in **Appendix F**.

6.2 The CIPFA code of Practice requires the Chief Finance Officer to ensure that all members tasked with treasury management responsibilities, including scrutiny of the treasury management function, receive appropriate training relevant to their needs and understand fully their roles and responsibilities. Members training, and the training needs of treasury staff, are kept under regular review.

6.3 Nothing in the Council's current strategy is intended to preclude or inhibit capital investment in local projects deemed beneficial to the local community and which have been approved by the Council.

7. Risks and how they will be mitigated

7.1 Although economic and market risk are outside the control of the Council, risks are identified and mitigated within the Council's Treasury Policy.

8. Timetable for Implementation

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

Report Author: Jo Hanger

Background papers: There are none

Appendix A

Details of Investments Held as at 31st December 2012

Investment Type	Amount £m	Yield %	Start Date	Maturity Date
Euro Sterling Bonds				
European Investment Bank 4.50% 13/1/13	2.0	4.87	31 Oct 2008	13 Jan 2013
Pooled Investment Funds				
(see Appendix B for details)				
Charteris Elite Equity Income	1.0	7.62*	11 May 2012	N/A
Cazenove UK Corporate Bond	1.5	5.10*	11 May 2012	N/A
M&G Strategic Corporate Bond	1.5	2.94*	30 May 2012	N/A
M&G Global Dividend	1.0	3.52*	27 Jun 2012	N/A
Schroders Income Maximiser	1.0	6.75*	06 Jul 2012	N/A
Fixed rate Deposits (short term)				
Bank of Scotland	1.0	1.60	02 Nov 2012	01 May 2013
Nationwide Building Society	1.0	0.65	01 Nov 2012	01 May 2013
Nationwide Building Society	1.0	0.80	03 Dec 2012	03 Sept 2013
Barclay Bank	1.0	1.00	03 Dec 2012	03 Dec 2013
Bank of Scotland Call Account	1.5	0.75		Instant Access
Total - Core Investment Portfolio	**13.5**	**3.31**		**Average**
Cash Flow Investments				
Nat West Call Account	2.5	0.75		Instant Access
Goldman Sachs MMF	1.5	0.41		Instant Access
Barclays Bank	1.0	0.47	02 Nov 2012	04 Feb 2013
Nationwide Building Society	1.5	0.44	01 Oct 2012	03 Dec 2012
UK Debt Management Office	2.5	0.25	3 Dec 2012	03 Jan 2013
UK Debt Management Office	5.5	0.25	17 Dec 2012	03 Jan 2013
Investments at 31.12.12	**28.0**	**1.83**		**Overall Average**

*Estimated Yield as quoted by fund manager based on past performance. However, past performance is no guarantee that similar levels of return will be achieved in the future.

Appendix B

Pooled Funds as at 31st December 2012

Fund	Date of Purchase	Investment	Dividends Received	Capital Gain	Total Return	Total Return
		£	£	£	£	%
Charteris Elite Income Fund	11/05/12	1,000,000	28,960	55,980	84,940	8.49%
Cazenove UK Corporate Bond Fund	11/05/12	1,500,000	23,502	58,169	81,671	5.44%
M&G Strategic Bond Fund	30/05/12	1,500,000	21,232	84,229	105,461	7.03%
M&G Global Dividend Fund	27/06/12	1,000,000	16,408	82,562	98,970	9.90%
Schroders Income Mazimiser Fund	06/07/12	1,000,000	15,574	122,966	138,540	13.85%
Value 31/12/12		**6,000,000**	**105,676**	**403,906**	**509,582**	**8.49%**

Pooled Fund Performance to 31st December 2012

The Capital appreciation of these investments as at 31/12/12 equates to 6.73%. However, capital gains and losses may fluctuate throughout the period the investments are held. Any gains would only be realised when the funds are sold.

Dividends are received at various times during the year and some are paid quarterly and other half yearly. The income yield as at 31/12/12 is 1.76% and the estimated annualised income yield on these funds is expected to be in the region of 4.13%.

Appendix C

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. The maximum investment terms and amounts permitted per counterparty set out in the table below:

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

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

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

Appendix C continued

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. The maximum investment terms and amounts permitted per counterparty set out in the table below:

Investment Type/Counterparty	**Minimum Credit Criteria (see below*)**	**Maximum Maturity**	**Maximum Amount**
Deposits with other local authorities, including Police etc.	High security but not usually credit rated	3 years	£3m
Deposits and Certificates of Deposit with nationalised and part nationalised UK banks and building societies	Long Term A- (see below*), and in consultation with treasury advisors	2 year	£3m
UK Government Gilts	Government backed	No limit	No limit
Deposits and Certificates of Deposit with UK and overseas banks and building societies.	Long Term A- (see below*), and in consultation with treasury advisors	2 year	£3
Bonds issued by multilateral development banks including European Investment Bank, World Bank etc.	AAA and Government backed	10 years	£10m
Forward deals and Fixed term deposits with variable interest rates and variable maturities, including callable deposits.	Long Term A- (see below*), and in consultation with treasury advisors	2 year	£1m
Pooled Funds and Collective Investment Schemes, including property and equity funds, meeting the criteria in SI 2004 No. 534 and subsequent amendments.	Not Credit Rated As recommended by treasury advisors (see below)	10 Years	£3m
Investments with Registered Providers/Housing Associations	Long Term A- (see below*), and in consultation with treasury advisors	2 years	£2m

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

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

Appendix D

CREDIT RATING EQUIVALENTS AND DEFINITIONS

The three main credit rating agencies assign their own ratings based on their opinion of credit quality. The table below sets out the equivalent ratings across all three agencies that are assigned to investments and institutions where they are classed as long term investment grade. Ratings below BBB are classed as sub investment grade. The modifiers “+” or “-” are added to a rating to denote relative status within the major categories.

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

Appendix D

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

Overview and Scrutiny Committee

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

Appendix E

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

Appendix F

Treasury Management Policy Statement

1. Introduction and Background

1.1 The Council adopts the key recommendations of CIPFA's Treasury Management in the Public Services: Code of Practice (the Code), as described in Section 5 of the Code.

1.2 Accordingly, the Council will create and maintain, as the cornerstones for effective treasury management:-

- A treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities
- Suitable treasury management practices (TMPs), setting out the manner in which the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

1.3 The Council (i.e. full Council) will receive reports on its treasury management policies, practices and activities including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in its TMPs.

1.4 The Council delegates responsibility for the implementation and monitoring of its treasury management policies and practices to the Cabinet, and for the execution and administration of treasury management decisions to the Assistant Chief Executive and Chief Finance Officer, who will act in accordance with the organization's policy statement and TMPs and Chartered Institute of Public Finance and Accountancy's (CIPFA) Standard of Professional Practice on Treasury Management.

1.5 The Council nominates the Overview and Scrutiny Committee and the Assistant Chief Executive and Chief Finance Officer to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

2. Policies and Objectives of Treasury Management Activities

2.1 The Council defines its treasury management activities as:

"The management of the Council's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

2.2 This Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organization, and any financial instruments entered into to manage these risks.

2.3 This Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management."

2.4 The Council's borrowing will be affordable, sustainable and prudent and consideration will be given to the management of interest rate risk and refinancing risk. The source from which the borrowing is taken and the type of borrowing should allow the Council transparency and control over its debt.

2.5 The Council's primary objective in relation to investments remains the security of capital. The liquidity or accessibility of the Authority's investments followed by the yield earned on investments remain important but are secondary considerations.

Cabinet

29 January 2013

Title	Christmas Lights in Staines upon Thames Town Centre		
Purpose	Resolution required		
Report of	Assistant Chief Executive	**Confidential**	No
Cabinet Member	Councillor Robert Watts	**Key Decision**	No
Report Author	Mark Rachwal		
Summary	The purpose of this report is to obtain a resolution as to whether Spelthorne Council continues to fund the hire and installation of Christmas lights in Staines upon Thames Town Centre.		
Financial Implications	The current contract (ending January 2013) has a cost of £91,473.45 paid in equal annual instalments over a 3 year period.		
Corporate Priority	This item is not in the list of Corporate Priorities.		
Recommendations	• Do not re-tender for a new contract for Christmas lights in Staines upon Thames Town Centre. • The Cabinet Member for Economic Development will approach and attempt to persuade businesses to bear the cost of the Christmas lights.		

1. Background

1.1 The current contract for Christmas lights in Staines upon Thames Town Centre comes to an end this year.

1.2 The term of this contract has been 3 years and is with Festive Lighting Company Ltd.

1.3 The lights are hired and tested, erected and taken down each Christmas by the contractor. They are stored in between installations off site by Festive Lighting.

1.4 The current contractor has performed well and demonstrated value for money, for example, supplying extra lights for the trees in the High Street for no additional cost.

1.5 When the last contract was awarded to Festive Lighting, Cabinet expressed that they would want to consider withdrawing funding for further years.

2. Key issues

2.1 In the last 3 years, many local authorities nationally have withdrawn funding for Christmas lights in their town centres with some coverage in the local and national press.

2.2 Previously, through the Council's grant process, Ashford and Shepperton town centres received monies to install and take down their Christmas Lights. This has now been removed and the local businesses in the area fund this event.

2.3 Staines upon Thames Day was funded by local businesses with support from Council officers.

2.4 The vacant retail properties in Staines upon Thames have remained stable in the current recession (as indicated in the annual monitoring report 2012 para 6.37).

2.5 There are over 300 retail businesses in the town centre, with rates payable of £10.4million, which could be approached to fund the lights in future years.

2.6 The current Cabinet Member for Economic Development has agreed to contact local businesses and traders, via the Spelthorne Business Forum, in order to try to achieve funding from next Christmas.

2.7 Officers will work with any group set up by the businesses for the first year to help them with procurement and letting of contracts for Christmas lights. Hopefully, this will minimise any negative publicity.

3. Options analysis and proposal

3.1 Option 1 – That the Council cease all funding for Christmas lights in Staines upon Thames Town Centre with the end of the current contract.

3.2 The Cabinet Member for Economic Development will contact businesses in Staines upon Thames with regard to trying to encourage them to provide the funding. **This is the preferred option.**

3.3 Option 2 – The Council continue to fund Christmas lights in Staines upon Thames Town Centre and go out to tender as of this year.

3.4 Option 3 – The Council continue to fund Christmas lights in Staines upon Thames Town Centre, but reduce the size of the display to just the main High Street, which would reduce the overall cost, going out to tender as of this year.

4. Financial implications

4.1 The current contract has a cost of £91,473.45 paid in equal instalments over the period of the contract.

4.2 These monies will be put towards savings in the Revenue Budget for next financial year.

5. Other considerations

5.1 If there are no Christmas lights in Staines upon Thames Town Centre this year, the town will not be as aesthetically pleasing as it has been.

6. Risks and how they will be mitigated

6.1 There may be some negative publicity regarding the withdrawal of funding from the Council, but this should be mitigated by the offering of officer resource for the first year.

6.2 The risk is that traders refuse to take responsibility for Christmas lights for next year and there will be no Christmas lights in the main town centre in the borough.

7. Timetable for implementation

7.1 The Cabinet Member for Economic Development will contact businesses in Staines upon Thames in January 2013.

Background papers: There are none.

Appendices: There are none.

Cabinet

29 January 2013

Title	Proposed Calendar of Meetings 2013-14		
Purpose	Recommendation required		
Report of	Monitoring Officer	**Confidential**	No
Cabinet Member	Councillor Frank Ayers	**Key Decision**	No
Report Author	Liz Phillis, Senior Committee Manager.		
Summary	To agree a calendar of meetings for the Municipal Year 2013-14. A proposed calendar is attached at appendix A and A1 The proposed calendar of meetings for 2013/14 has been compiled to enable the consideration of council business and covers the period from June 2013 to May 2014		
Financial Implications	The cost of administering the proposed meetings can be met from within the existing budgets		
Corporate Priority	Communication		
Recommendations	That the proposed calendar of meetings as set out in the appendix to this report be approved and referred to Council for ratification. .		

1. Background

1.1 The Calendar of meetings provides a framework for the democratic and decision making processes that will underpin the delivery of the council's key priorities.

1.2 **Key issues**

1.3 The proposed calendar of meetings for 2013/14 (Appendix A) has been compiled to enable the consideration of council business and covers the period from June 2013 to May 2014.

1.4 Previously the start times of meetings had been standardised in order to give consistency. However the start times of the various Committees and Cabinet meetings are different to help accommodate the anticipated volume of business

1.5 The Leader of the Council and the Chairman of committees have the power to call additional/Extraordinary meetings when required to accommodate urgent or unscheduled matters of business.

1.6 The publication of agendas and associated reports for meetings are undertaken in accordance with the statutory and constitutional requirements.

1.7 Council meetings have been scheduled to enable effective decision making whilst making the best use of resources available. The meetings have been programmed to ensure that the council make decisions in a timely way to help with the implementation of its priorities, strategies etc. as well as fulfilling its constitutional and legal obligations.

1.8 The public and press can attend council, cabinet and committee meetings when 'open' matters are being considered.

1.9 The agenda and associated reports are made available to view on the council's website the publication of the calendar of meetings allows the public to know in advance when meetings are being held.

2. Financial implications

2.1 The cost of administering the proposed meetings can be met from within the existing budgets.

3. Risks and how they will be mitigated

3.1 The Council, Cabinet and Committee meetings are held in venues that meet the requirement of the Equality Act in terms of accessibility and hearing loops etc. in order to ensure access to meetings for all.

4. Timetable for implementation

4.1 The calendar of meetings once ratified at the Council meeting on 21 February 2013 will be implemented.

Background papers: There are none

Appendices:

Appendix 1 – proposed calendar of meetings (A3)
Appendix 1A – proposed calendar of meetings (A4)

Agenda Item: 9

Appendix A

Draft Calendar of Meetings 2013-2014

13/14	M	T	W	T	F	Ss	M	T	W	T	F	SS	M	T	W	T	F	SS	M	T	W	T	F	SS	M	T	W	T	F	SS	M	T
April	1 B Hol	2	3	4	5	6 / 7	8 Seminar	9	10 Plg Cttee	11	12	13 14	15 Cabinet Briefing	16	17 Licensing Cttee	18	19	20 21	22 Group	23 Mayor event	24 MCCC	25	26	27 / 28	29	30 Cabinet						
May			1	2 SCC Elections	3 Count	4 / 5	6 B Hols	7 Council	8 Plg Cttee	9	10	11 12	13 Seminar	14 O and S Cttee	15 Licensing	16	17	18 19	20	21	22	23 Council AGM	24	25 26	27 Half	28	29	30	31 Term			
June						1 / 2	3 Seminar	4	5 Plg Cttee	6	7	8 9	10 Cabinet Briefing	11	12 CYPP Licensing	13	14	15 16	17 Group	18	19	20	21	22 23	24 Local Cttee	25 Cabinet	26	27 Audit	28	29 30		
July	1 Cabinet Briefing	2 LGA Con MCCC	3 LGA Con Plg Cttee	4	5	6 / 7	8 Group	9 O and S Cttee	10 Licensing	11	12	13 14	15 Seminar	16 Cabinet	17	18	19	20 21	22 Cabinet Budget Briefing	23	24	25 Council	26	27 28	29	30	31 Plg Cttee					
Aug				1 Half Term	2	3 / 4	5	6	7	8	9	10 11	12	13	14	15	16	17 18	19	20	21	22	23	24 25	26 B Hols	27	28 Plg Cttee	29	30	31		
Sept						1	2 Seminar	3	4 Licensing	5	6	7 8	9 Cabinet Briefing	10 C and D Cttee	11	12	13	14 15	16 Group	17	18	19 Audit	20	21 22	23	24 cabinet	25 Plg Cttee	26	27	28 29	30 Local Cttee	
Oct		1	2 Licensin g	3	4	5 / 6	7 Seminar	8 MCCC	9	10	11	12 13	14 CYPP	15	16	17	18	19 20	21 Cabinet Budget Briefing	22	23 Plg Cttee	24 Council	25	26 27	28 Half	29	30	31 Term				
Nov					1 Half Term	2 / 3	4 Seminar	5	6 Licensing	7	8	9 10	11 Cabinet Briefing	12 O and S Cttee	13	14	15	16 17	18 Local Cttee	19 Group	20 Plg Cttee	21	22	23 24	25	26 Cabinet	27	28	29	30		
Dec						1	2 Cabinet Briefing	3	4 Licensing	5	6	7 8	9 Group	10	11	12 Audit	13	14 15	16	17 Cabinet	18 Plg Cttee	19 Council	20	21 22	23	24 Term	25 Christmas Day	26 Boxing Day	27	28 29	30	31
2014 Jan			1 New Years' Day	2 Half Term	3	4 / 5	6	7	8 Licensing Cttee	9	10	11 12	13 Cabinet Briefing Local Cttee	14 O and S Cttee	15 Plg Cttee	16	17	18 19	20 Cabinet Budget Briefing	21 Group	22	23	24	25 26	27	28 Cabinet	29	30	31			
Feb						1 / 2	3 Seminar	4 MCCC	5 Licensing Cttee	6	7	8 9	10 Cabinet Briefing	11	12 Plg Cttee	13	14	15 16	17 Local Cttee	18 Group	19	20	21 Term	22 23	24	25 Cabinet	26	27 Council	28			
March						1 / 2	3 Seminar	4	5 Licensing Cttee	6	7	8 9	10 Cabinet Briefing	11 O and S Cttee	12 Plg Cttee	13	14	15 16	17 Local Cttee	18 Group	19	20	21	22 23	24	25 Cabinet	26	27 Audit	28	29 30	31	
April		1 Cabinet Briefing	2	3	4	5 / / 6	7 Group	8	9 Plg Cttee	10	11	12/ 13	14 Cabinet	15	16 Licensing	17	18 B Hols Good Friday	19/ 20	21 B Hols Easter Monday	22	23	24 Council	25	26 27	28	29	30					
May				1	2	3 / 4	5 B Hols May Day	6	7 Plg Cttee	8	9	10/ 11	12 Group	13 O and S Cttee	14 Licensing	15	16	17/ 18	19	20	21	22 Council AGM	23	24 25	26 Spring B Hols	27	28	29	30 Term	31		

Council	
Cabinet	
Cabinet Briefing	
Cabinet Budget Briefing	
Overview and Scrutiny Committee	
Planning Committee	
Licensing Committee	
Audit Committee	
Members' Code of Conduct Cttee (MCCC)	
SCC Local Cttee	
Surrey Schools Holidays	
Group	

Appendix 1A

Proposed Calendar of Meetings 12 June 2013 - May 2014

Meeting	2013 June	July	Aug	Sept	Oct	Nov	Dec	2014 Jan	Feb	Mar	Apr	May
Council		25			24		19		27		24	22 ACM
Cabinet Briefing	10	1		9		11	2	13	10	10	1	
Cabinet	25	16		24		26	17	28	25	25	14	
Cabinet Budget Briefings		22			21			20				
O&S Committee		9		10		12		14		11		13
Audit	27			19			12			27		
Planning	5	3 & 31	28	25	23	20	18	15	12	12	9	7
Licensing	12	10		4	2	6	4	8	5	5	16	14
Members' CoC		2			8				4		8	
SCC Local	24			30		18		13	17	17		
Groups	17	8		16		19		21	18	18	7	12
Seminars	3	15		2	7	4	9		3	3		
Bank Holidays Council Offices closed			26				25 Dec to 1 Jan				18 & 21	5 & 26

First draft January 2013