

To:
All members of the
Council

Please reply to:

Contact: Karen Wyeth
Service: Committee Services
Direct line: 01784 446240
E-mail: k.wyeth@spelthorne.gov.uk
Date: 14 February 2024

Supplementary Agenda

Council - Thursday, 22 February 2024

Dear Councillor

I enclose the following items which were considered by the Corporate Policy & Resources Committee on 19 February when a few minor amendments were requested. These are now the final reports so please refer to these when Council are discussing these items.

- | | |
|---|-----------------|
| 8. Parking Order Revision (Tariff and Charges update) 2024 | 3 - 60 |
| Council is asked to authorise the recommendations as outlined in the report. | |
| 12. Capital Strategy 2024 to 2025 | 61 - 76 |
| Council is asked to approve the Capital Strategy 2024/25. | |
| 13. Estimated 2024/25 to 2027/28 Capital Programme | 77 - 86 |
| Council is asked to approve the Estimated 2024/25 to 2027/28 Capital Programme. | |
| 14. Treasury Management Strategy Statement 2024/25 | 87 - 170 |
| Council is asked to: | |
| 1. Approve the Treasury Management Strategy for 2024/25 as set out in the report; and | |
| 2. To note that by approving the report they will be agreeing to the Treasury Management Practices (TMP) MRP Statement, | |

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Operational Boundary and Authorise Limits.

15. Detailed Budget for 2024/25

171 - 216

Council is asked to approve the recommendations as outlined in the report.

Yours sincerely

Karen Wyeth
Committee Services

To the members of the Council

Councillors:

D. Saliagopoulos (Mayor)
E. Baldock
M. Arnold
M.M. Attewell
C. Bateson
S.N. Beatty
M. Beecher
S. Bhadye
M. Bing Dong
H.S. Boparai
L.H. Brennan
M. Buck
T. Burrell

J.R. Boughtflower
J. Button
J.P. Caplin
R. Chandler
D.C. Clarke
J.T.F. Doran
S.M. Doran
S.A. Dunn
H.R.D. Williams
M.J. Lee
R.V. Geach
D.L. Geraci
A. Gale

M. Gibson
K.M. Grant
S. Gyawali
K. Howkins
N. Islam
A. Mathur
L. E. Nichols
K.E. Rutherford
O. Rybinski
J.R. Sexton
J.A. Turner
B. Weerasinghe
P.N. Woodward

CPRC**19th February 2024 (16/01/2024 MAT)**

Title	<i>Parking Order revision (Tariff and charges update) 2024</i>
Purpose of the report	To make a Key Decision
Report Author	<i>Bruno Barbosa – Parking Services Operational Manager</i>
Ward(s) Affected	All Wards
Exempt	No
Exemption Reason	<i>Not applicable</i>
Corporate Priority	Recovery Environment Service Delivery
Recommendations	<p>Council is asked to:</p> <ul style="list-style-type: none"> • Authorise the Group Head Neighbourhood Services to proceed with the proposals made in this report and to implement the Spelthorne Borough Council Off-Street Parking Places (Amendment) Order 2024. • Authorise the Group Head Corporate Governance to publish all notices required to implement the Spelthorne Borough Council Off-Street Parking Places (Amendment) Order 2024. • Authorise the Group Head Neighbourhood Services in consultation with the Group Head Corporate Governance, the Chair of the Corporate Resources Committee and a nominated member of the Corporate Resource Committee to consider and address any objections and to amend the proposals if necessary, following the public consultation.
Reason for Recommendation	In the context of inflation and increased costs, the Council needs to consider an increase of tariffs and charges in the Parking Order, in a proportionate manner to ensure the sustainability of the Service.

1. Summary of the report

What is the situation	Why we want to do something
<p>The current Parking Order has the same fees and charges as they were set in April 2018 (with the exception of Elmsleigh Surface+MSCP where the charges were lowered in the 2020 Order). Customer levels are dropping since Covid-19 with insufficient yearly gains since, so it's no longer feasible to expect an increase in customer numbers that would enable the budgetary expectation being met.</p>	<ul style="list-style-type: none"> • Car Parks and their management must be cost effective and generate sufficient revenue and surplus for its management, maintenance, upkeep and furthering of growth in towns. Benchmarking shows that we can increase charges and still be within the market average.
This is what we want to do about it	These are the next steps
<p>Adjust the fees and charges appropriately and in line with benchmarked values, as well as be responsible when adding new locations so they too are sustainable.</p>	<ul style="list-style-type: none"> • Obtain Full Council approval for the preferred options; • Launch the statutory public consultation; • Implement the Amendment of the Parking Order shortly after the start of the new financial year.

1.1 This report seeks to receive Council approval to make an Amendment to the Spelthorne Borough Council Off-Street Parking Places Order 2020, for the changes proposed in this report. Options are provided to enable members to make fully informed decisions.

2. Key issues

2.1 Spelthorne Borough Council car park income budgetary expectations cannot be met with the current tariffs and structures, given the reduction in customer numbers experienced after the national pandemic. As customer numbers remain low despite a number of measures to encourage usage of car parks and town centres, budget expectations require an increase in parking tariffs which is the approach being taken by most local authorities, including other Districts in our County.

2.2 All Recreation Grounds car parks with a tariff that includes a nil charge first hour have a significant operational deficit associated to that tariff and customer habits. To adapt to increased costs and higher Business Rates in Recreation Grounds car parks, the tariffs must be slightly increased (excluding the nil charge for the first hour) to ensure their budgetary sustainability until the next Parking Order revision.

2.3 Staines Park car park in Commercial Road has been subject to multiple complaints of overstay and overcrowding by vehicles belonging to business users from a nearby commercial property. Although the car park is part of the

Parking Order, it only restricts stays longer than 24 hours. There have been multiple complaints from residents and users of Staines Park, asking for consideration to be given to the introduction of a parking tariff to deter long term parking.

- 2.4 On some of our car parks, users have expressed their interest in being able to purchase parking sessions before the charging period starts. Since this is not a facility prescribed in the Parking Order, and such a facility could technically condone stays longer than permitted in the car park terms, consideration should be given to the increase of the charging period coverage and associated full day tariff cost.
- 2.5 Bridge Street car park has suffered a significant decrease of season ticket demand due to the introduction of home working and the current tariff is no longer appropriate and should defer back to the Staines-upon-Thames Long Stay tariff.
- 2.6 Currently there are some season ticket terms and conditions that are not explicit in the Parking Order and instead are published as a separate document. We should aim to have core terms and conditions included in the Parking Order and not reliant on customers having to consult multiple published documents to establish the terms of the product they purchase. In addition to this, the wording for Season Tickets assumes that a physical document would be displayed, whereas we may seek in the near future to enable more environmentally friendly approaches such as virtual permits.
- 2.7 There is an area of Laleham Park car park that is owned by Spelthorne Borough Council but is not contained within the Parking Order map for the car park. The area in question is currently being used for long term free parking and storage of vehicles and materials and needs to be included within this parking order amendment.
- 2.8 Tothill Multi Storey Car Park (MSCP) and Ashford MSCP are no longer open to the public so they should be removed from the Parking Order. In relation to the removal of Tothill MSCP, the area underneath the ramps was previously included within Tothill MSCP, hence it should now be added to Elmsleigh Road car park as it's still accessible by the public and subject to restrictions.

3. Options analysis and proposal

- 3.1 Members are asked to approve one of the following 3 options:
 - (A) Approve all proposals contained within Appendix 1;
 - (B) Approve only specific proposals contained within Appendix 1;
 - (C) Reject all proposals contained within Appendix 1.

4. Financial management comments

- 4.1 As a preamble, Spelthorne Borough Council has not effectively increased its tariff fees since April 2018, as well as technically decreasing the tariff charges in April 2020. In comparison inflation as measured by the Consumer Prices Index has risen by twenty five percent over this period. In the current context of increasing costs and focus on sustainability, Members are asked to carefully consider increases in fees for services provided by Spelthorne, in balance of other budget constraints.
- 4.2 Each of the above Options has distinctive financial implications, as below:

- (A) This Option has the potential to generate additional £268k in income for 2024/25, compared to the current achieved income in 2023/24.
- (B) This Option has multiple financial impact scenarios, depending on the specific proposals approved, but in general terms they can be grouped as follows:
 - i) Updated tariffs in Staines-upon-Thames can potentially generate an additional £202.4k in income, if approved;
 - ii) Updated tariffs in Recreation Grounds can potentially generate an additional £50k in income, to reduce the current overall operational deficit of £78k that they generate;
- (C) This Option is associated with a potential substantial parking income budget deficit for 2024/25, likely to increase further in subsequent financial years with increases in costs and Business Rates, as well as the need to balance the £78k in operational deficit that Recreation Grounds car parks currently contribute to budgets.

5. Risk management comments

5.1 The foreseeable tangible risks associated with each Option Members are asked to consider are:

- (A) This Option carries the risk of a small decrease in customer levels where the new charges are perceived to be too high for their predicted parking duration, but where similar increases were implemented in other Districts they found that the reduction in customer numbers was minimal and the achieved income was still near their original projections.
- (B) This Option carries the risk of some proposals not being implemented, thus creating a possible imbalance in the overall Parking Order structure. Since this Option has multiple scenarios, it is impossible to assess the risks associated in advance, but they would have to be monitored after implementation and mitigated where appropriate.
- (C) This Option carries the risk of significant budgetary pressures for the following yearly budgets, which would require the Council to seek alternative income streams to address the budgetary shortfalls.

6. Procurement comments

6.1 There is no procurement action associated with this report and recommendations.

7. Legal comments

7.1 Legal officers will be consulted in the implementation of any approved options from this report, following the same process and timeline achieved for the 2022 revision ensuring compliance with The Local Authorities' Traffic Orders (Procedure) (England and Wales) Regulations 1996.

8. Equality and Diversity

8.1 All Options contained within this Report do not remove or change existing facilities in a way that is likely to impact or be relevant to rights and obligations arising from Equality and Diversity legislation. Some Options also have the potential to introduce improved accessibility and independence to customers with protected characteristics, such as virtual season tickets.

9. Sustainability/Climate Change Implications

- 9.1 The Options proposed to members in this report have been carefully considered to enable a more sustainable approach to the operation and management of the car parks. Some options reduce the reliance on the use of printed documents, as well as encouraging the use of cashless payment options where suitable and relevant.

10. Timetable for implementation

- 10.1 Report to Council for decision to make the Order (22/02/2024)
Publish notice in the press and on social media (01/03/2024)
Order takes effect 15th April 2024 (subject to the receipt of objections)

11. Contact

- 11.1 Bruno Barbosa – b.barbosa@spelthorne.gov.uk

Background papers: Spelthorne Parking Order

<https://www.spelthorne.gov.uk/article/19592/Parking-Order-2020>

<https://www.spelthorne.gov.uk/article/19593/Parking-Order-2020-List-of-Schedules>

Appendices:

<https://www.spelthorne.gov.uk/article/17370/Car-park-season-ticket-terms-and-conditions>

Appendix 1 – Proposals

Appendix 2 – Parking Order 2020 and associated Schedules (including proposed changes highlighted)

SCHEDULE 1 - Pay and Display Parking Places

SCHEDULE 2 - Pay on Foot Parking Places, Staines-upon-Thames

SCHEDULE 3 - Free Parking Places

SCHEDULE 4 - Parking Tariffs - Short Stay Car Parks, Staines-upon-Thames

SCHEDULE 5 - Parking Tariffs - Long Stay Car Parks, Staines-upon-Thames, Ashford

SCHEDULE 6 - Parking Tariffs – Recreation Grounds

SCHEDULE 7 - Season Tickets, Contract Parking

SCHEDULE 8 - Disabled Persons' Badge Holders' Season Tickets

SCHEDULE 9 - Penalty Charge Notices

SCHEDULE 10 - Miscellaneous Charges

SCHEDULE 11 - List of all Car Parks

SCHEDULE 12 - Site plans of all Car Parks

Appendix 3 – Map amendments

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APPENDIX 1 PROPOSALS

1. Itemised proposals

- (A) Change of the Staines-upon-Thames Short and Long Stay tariffs, as detailed in **Appendix 2, Schedule 4.**
- (B) Standardize tariff charging periods for Staines-upon-Thames, with tariffs for Long and Short Stay starting at 6am and finishing at midnight, as detailed in **Appendix 2, Schedule 1, Schedule 2 Schedule 4 and Schedule 5.**
- (C) Adjust season ticket prices, as detailed in **Appendix 2, Schedule 7.**
- (D) Introduce a chargeable tariff in Staines Park car park, matching the one associated with Lammas Recreation Ground car park, as detailed in **Appendix 2, Schedule 1, Schedule 2 and Schedule 6.** This tariff would initially be rolled out without Pay and Display options, so the free Cashless payment facility would be the sole payment method available.
- (E) Extend the charging period for Laleham Thameside car park and Laleham Park car park, from 7am to 7pm, to 6am to 7pm, as detailed in **Appendix 2, Schedule 1 and Schedule 6.**
- (F) Align Bridge Street car park with the Staines-upon-Thames Long Stay tariff practiced in Kingston Road car park, and remove the Weekly ticket facility from the same tariff (only 65 purchases in the past year), since daily purchases can now be made through our Cashless Provider remotely and there is no functional benefit from providing this long term parking discounted facility in addition to the already existing season ticket options. This is detailed in **Appendix 2, Schedule 5.**
- (G) Incorporate the relevant published Season ticket terms and conditions for Season Tickets into Section III of the Parking Order that are not already detailed and prescribed within the same, as detailed in **Appendix 2, item 44.**
- (H) Enabled the future introduction of virtual season tickets, as detailed in **Appendix 2, item 45.**
- (I) Revise the Parking Order map for Laleham Park car park, to include the additional area currently being misused, as detailed in **Appendix 3.**
- (J) Revise the Parking Order map for Elmsleigh Road car park, to include the restricted area that was previously a part of the map for Tothill MSPC, as detailed in **Appendix 3.**
- (K) Removal of Tothill MSCP and Ashford MSCP from the Parking Order, as they are no longer open to the public, as detailed in **Appendix 2, Schedule 1, Schedule 4, Schedule 5 and Schedule 7.**

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SPELTHORNE BOROUGH COUNCIL

**THE SPELTHORNE BOROUGH COUNCIL
(OFF-STREET PARKING PLACES) ORDER 2020**

Spelthorne Borough Council in exercise of its powers under Sections 32 and 35 and Part IV of Schedule 9 of the Road Traffic Regulation Act 1984 (“the 1984 Act”), the Local Authorities Traffic Orders (Procedure) (England and Wales) Regulations 1996 (“SI 1996/2489”) and the Road Traffic Act 1991 each as amended by the Road Traffic (Permitted Parking Area and Special Parking Area) (County of Surrey) (Borough of Spelthorne) Order 2006 and the Traffic Management Act 2004 and all other enabling powers, with the consent of Surrey County Council in accordance with Section 39 (3) of the 1984 Act and following consultation with the Chief Officer of Police in accordance with Part III of Schedule 9 to the 1984 Act and the Road Haulage Association and the Freight Transport Association in accordance with Regulation 6 of SI 1996/2489” hereby makes the following Order:

**SECTION I
CITATION AND INTERPRETATION**

Citation

- 1. This Order shall come into operation on **1st April 2020** and may be cited as The Spelthorne Borough Council (Off-Street Parking Places) Order 2020.

Interpretation

- 2. In this Order, except where the context otherwise requires, the following expressions have the meanings respectively assigned to them:

“bus” has the same meaning as in regulation 3 of the Road Vehicles (Construction and Use) Regulations 1986, being a motor vehicle which is

APPENDIX 2 – PARKING ORDER 2020

constructed or adapted to carry more than eight seated passengers in addition to the driver;

“Cashless Parking” means the system of cashless prepayment made via a telephone, smartphone, computer or other method, to allow a vehicle to park in a parking place for a specified period of time, with equivalent rights and obligations to those conferred by the purchase of a parking ticket (except with regards to the “relevant position”)

“civil enforcement officer” means a person authorised by or on behalf of the Council to enforce the restrictions imposed by this Order;

“charging days” in relation to a parking place means those days which are specified in Schedules 1 and 2 for each parking place respectively;

“charging hours” in relation to a parking place means the period during which a charge for parking is made as specified in Schedules 1 and 2 for each parking place respectively;

“permit” means a permit purchased from the Council, subject to certain conditions as laid down from time to time by the Council, valid for the period specified on the permit for use in parking places specified in the schedule indicated on the permit;

"disabled persons' badge" means a badge issued by any Local Authority in accordance with the provisions of the Disabled Persons (Badges for Motor Vehicles) (England) Regulations 2000 or a badge having effect under those regulations as if it were a disabled person's badge and “disabled persons’ badge holder” shall be construed accordingly as a person who has been issued with such a badge;

APPENDIX 2 – PARKING ORDER 2020

“goods vehicle” means a vehicle, which is constructed or adapted for use for the carriage of goods or burden of any description or a trailer so constructed or adapted;

“invalid carriage” has the same meaning as in Section 136 of the 1984 Act;

“motor car” has the same meaning as in Section 136 of the 1984 Act;

“motor cycle” refers to a solo motor cycle only and means a mechanically propelled vehicle with less than three wheels;

“motor cycle with side car” means a mechanically propelled vehicle not being an “invalid carriage” or a “motor cycle” with less than four wheels;

“owner” means the person by whom the vehicle is kept. In determining who was the owner of a vehicle at any time it shall be presumed that the owner was the person in whose name the vehicle was at that time registered under the Vehicle Excise and Registration Act 1994;

"parking place" means an area of land specified by name in Schedules 1 to 3 and provided by the Council pursuant to Section 32(1) of the Act for the purpose of vehicle parking and not closed (in part or in whole) by a Notice erected thereon by authority of the Council;

“parking ticket” means a ticket issued by a ticket machine pursuant to this Order and indicating the payment of a charge, the time at the beginning of the period for which payment was made and the time when the period expires;

“passenger vehicle” means a vehicle constructed or adapted solely for the carriage of passengers and their effects;

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“pay station” means an apparatus of a type and design approved by the Secretary of State for Transport for the purpose inter alia of this Order, being apparatus designed to receive payment in respect of Pedestrian Paid Parking;

“penalty charge” means the charge set by the Council under the provisions of the Traffic Management Act 2004, which is to be paid to the Council following the issue of a Penalty Charge Notice and within 28 days of the issue of that Notice;

“public holiday” means Christmas Day, Boxing Day, New Year’s day, Good Friday, Easter Monday, and any other day designated by the Government as a public holiday in England in addition to or instead of those days;

“relevant position” in respect of: -

- (a) a disabled person’s badge and parking disc has the same meaning as in the Local Authorities Traffic Orders (Exemptions for Disabled Persons) (England) Regulations 2000; and
- (b) all other tickets, season tickets and permits referred to in this Order means,
 - (i) exhibited on the windscreen, dashboard or fascia of the vehicle facing forward so that the whole of the information on the front of the ticket can be easily read from outside the vehicle; or
 - (ii) where the vehicle does not have a windscreen, dashboard or fascia in a conspicuous position on the vehicle so that the whole of the information on the front of the ticket is clearly legible from outside of the vehicle;

“season ticket” means a ticket purchased from the Council, subject to certain conditions as laid down from time to time by the Council, valid for the period specified on the ticket for use in parking places specified in the schedule indicated on the ticket;

“the Council” means Spelthorne Borough Council;

“ticket machine” means an apparatus of a type and design, approved by the Secretary of State for Transport, for the purpose, inter alia, of this Order, being apparatus designed to indicate the time by a clock, and to issue parking tickets which show that a payment has been made of an amount, or for a period specified thereon, and which specify the date and either the time of such payment, or the time at which the vehicle must leave the parking place;

“trailer” has the same meaning as in Section 136 of the 1984 Act;

3. Except where the context requires otherwise, any reference in this Order to an Article or Schedule shall be construed as a reference to that Article or Schedule in this Order.
4. Sub-sections (4) and (5) of Section 47 of the Road Traffic Regulation Act 1984 shall apply to the parking places as if they were parking places provided on a highway.
5. The Interpretation Act 1978 shall apply for the interpretation of this Order as it applies for the interpretation of an Act of Parliament.

SECTION II

USE OF PARKING PLACES

Classes of vehicles

6. Each parking place specified in Schedules 1 to 3 may be used subject to the following provisions of this Order, as a parking place for such classes of vehicles, on such days, during such hours and on payment of such charges as are specified in relation to that parking place in the Schedules;
7. Where in the Schedules a parking place is described as available for vehicles of a specified class, no person shall permit a vehicle to wait in that parking place unless it is of the specified class.
8. No person shall cause or permit a vehicle to park in a space marked for Disabled Persons unless the vehicle displays a Disabled Person's Badge in the manner prescribed by Regulation 12 of the Disabled Person's (Badges for Motor Vehicles) (England) Regulations 2000.
9. No person shall cause or permit a vehicle to park in a space marked for contract parking unless the vehicle is approved to park in that space either by the Council or on behalf of the Council by the purchaser of the contract parking space.

Position of vehicles

10. The driver of a vehicle shall not permit it to wait in a parking place other than in a parking space, and for this purpose, except with the written permission of the Council, every part of the vehicle must be within the limits of the parking space and not more than one vehicle shall occupy any one such parking space, except where the surface precludes bay parking except for disabled vehicles.

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11. No vehicle shall be left in any parking place if its length exceeds 5.5 metres in length except with the written permission of the Council.
12. Motor cycles permitted in a parking places shall be positioned in bays marked “motor cycles” on the parking place (if any).

Manner of parking of trailers

13. No person shall cause or permit a vehicle drawing a trailer having a combined length in excess of 5.5 metres to wait in a parking place unless they have been disconnected, and unless the registration number of the vehicle is clearly displayed on the trailer and for the purposes of this Order the vehicle and the trailer shall be deemed to be separate vehicles and the driver of the leading vehicle shall be deemed to be the driver of each of the said vehicles.

Use of vehicles in parking places

14. The driver of a vehicle using a parking place shall stop the engine as soon as the vehicle is in position in that parking place and shall not start the engine again except when about to change the position of the vehicle within or depart from the parking place.
15. No person shall use a vehicle or a trailer, while it is in a parking place, in connection with the sale of any article to persons in or near the parking place, or in connection with the selling or offering for hire of his skill or services, unless duly authorised by the Council in writing so to do.
16. No person shall use any part of a parking place or vehicle left in a parking place without the written permission of the Council:
 - (a) for sleeping or camping purposes, or
 - (b) for cooking purposes, or

- (c) for the purpose of servicing, washing, cleaning, constructing, maintaining or repairing any vehicle or any part thereof other than is reasonably necessary to enable that vehicle to depart from the parking place.

Maximum period of waiting

- 17. The maximum periods of waiting in the parking places and limitations on returning to them shall apply as specified in Schedules 1 to 3.
- 18. The Council at its discretion may grant any person a dispensation from the maximum period of waiting.
- 19. Any person may apply to the Council for a dispensation from the maximum period of waiting provided that
 - (a) the application is made prior to the parking of the vehicle to which the application relates, and
 - (b) the fee as specified in Schedule 10 is paid to the Council prior to the parking of the vehicle to which the application relates

Removal of a vehicle from parking places

- 20. Where a person duly authorised by the Council is of the opinion that any of the provisions contained in this Order have been contravened, or not complied with in respect of a vehicle left in a parking place, he / she may remove the vehicle or cause it to be removed from the parking place.

Movement of vehicles in a parking place

- 21. Any person authorised by the Council or a Police Constable in uniform, in case of emergency, may move or cause to be moved, vehicles left in a parking place to any place he / she thinks fit.

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22. Where a vehicle is left in a parking place in a position other than that specified in Article 10 any person duly authorised by the Council or a Police Constable in uniform may move the vehicle or cause it to be moved to a position which complies with that specified in Article 10.

Manner of moving vehicles

23. Any person moving or removing a vehicle in accordance with the preceding Articles may do so by towing or driving the vehicle, or in such other manner as he / she may think necessary, and may take such measures in relation to the vehicle as he / she may think necessary to enable him / her to move or remove it as aforesaid.

Safe custody of vehicles

24. When a person authorised by the Council removes a vehicle or causes it to be removed from a parking place in accordance with Article 20 he / she shall make such arrangements as may be reasonably necessary for the safe custody of the vehicle.

Direction in which vehicles must be driven

25. No person shall drive or cause or permit to be driven any vehicle on any length of road or aisle in any parking place contrary to the directions given by the appropriate carriageway markings or signs.

Entry and exit

26. The driver of a vehicle shall not cause it to enter a parking place at a point marked “No Entry” or to leave a parking place at a point marked “No Exit”.

Suspension of parking place

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27. The Council, at its discretion, may suspend the use of any parking place or any part of a parking place and thereafter may designate that part of such parking place to be reserved for any purpose it may decide, such suspension to be indicated by notice or traffic sign. The Council shall charge for such suspensions as set out in the miscellaneous charges at Schedule 10.
28. No person shall cause or permit a vehicle to be left without the written permission of the Council in a parking place or any part thereof during such periods that the use is suspended or during such periods as there is in or adjacent thereto a notice or traffic sign placed in pursuance of the preceding Article.

Liability

29. The Council does not undertake to supervise the parking places specified in Schedules 1 to 3 and vehicles are parked entirely at the owner's risk and driver's risk and the Council accepts no responsibility for any loss or damage howsoever caused either to the vehicle or its contents.

Other provisions

30. The driver of a vehicle shall not permit that vehicle to wait in a parking place unless the vehicle is licensed in accordance with the provisions of Section 1 of the Vehicles Excise and Registration Act 1994 and unless there is in force in relation to the use of the vehicle by the driver such a policy of insurance as complies with the requirements of Part VI of the Road Traffic Act 1988.
31. The driver of a vehicle using a parking place shall not sound any horn or other similar instrument except when about to change the position of the vehicle in or to depart from the parking place.

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32. No person shall, except with the written permission of the Council, or any person duly authorised by them, drive any vehicle in a parking place other than for the purpose of leaving that vehicle in the parking place in accordance with the provisions of this order or for the purpose of departing from the parking place.
33. No person shall in a parking place use any threatening, abusive or insulting language, gesture or conduct with intent to put any person in fear or so as to occasion a breach of the peace whereby a breach of the peace is likely to be occasioned.
34. No person shall in a parking place wantonly shout or otherwise make any loud noise to the disturbance or annoyance of users of the parking place or residents of premises in the neighbourhood.
35. No person shall in a parking place:
 - (a) erect or cause to be erected any tent, booth, stand, building or other structure without the written permission of the Council; or
 - (b) light or cause or permit to be lit any fire, stove or cooker.
36. Any person using a parking place as a means of passage proceeding from one road to another road shall be deemed to be so by using a licence of the Council and not as of right.

SECTION III

PAYMENT FOR PARKING

Pay and display parking tickets

37. The driver of a vehicle left in accordance with the provisions of this Order in a parking place, as defined in Section 1 shall immediately make a prepayment to park their vehicle at the price and for the period indicated in Schedules 4 to 7, either by:
- a) purchasing a valid parking ticket from a ticket machine situated within the parking place and exhibiting the parking ticket on the vehicle in the relevant position;
 - b) using cashless parking where available (notices of the approved provider are displayed in the applicable Pay and Display machines, together with the relevant location code/ reference and the applicable transaction convenience charges to be borne by the customer in full)".
38. A parking ticket used in a parking place specified in Schedule 1 shall only be a valid parking ticket if it has been purchased from a ticket machine at the parking place where the vehicle is left and to cover the entire period that the vehicle is parked in the parking place.

Tickets non-transferable

39. A parking ticket is valid only for the vehicle in respect of which it was purchased. If a season ticket holder wishes the vehicle details to be amended on a season ticket the season ticket holder will incur an administrative charge as indicated in schedule 10.

Restriction on removal of parking tickets

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40. When a parking ticket has been exhibited on a vehicle, in accordance with the provisions of Article 37 no person shall remove the parking ticket from the vehicle until the vehicle is removed from the parking place.

Absence of ticket machine

41. If at the time when a vehicle is left in a parking place shown in Schedule 1 during the charging hours there is no operational ticket machine at the parking place, or all the ticket machines at that parking place carry notices placed upon them by a person duly authorised by the Council indicating that they are out of order, the driver of that vehicle shall be required to contact Spelthorne Borough Council to ascertain if a charge is payable or when the machine(s) will resume operation.

Pay on foot

42. The parking places shown in Schedule 2 shall be controlled by entry and exit barriers and also ANPR cameras which record the number plate. The driver of a vehicle shall gain entry to such parking places by taking a ticket at the entry barrier. This ticket shall be submitted to a pay station at the end of the parking period and validated by making a payment in accordance with the parking tariffs shown respectively for the said parking places in Schedule 4. The ticket should be kept by the driver as the cameras cannot guarantee automatic exit at the exit barrier on every instance since they rely on the number plate being correctly detected at entry and exit.
43. In the event that the driver of a vehicle is unable to produce a ticket through loss or any other cause whatsoever he/she may obtain a validated ticket directly from the pay on foot terminal (Lost ticket, with full day rate payable).

Season tickets

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44. Season tickets to park shall be available for the parking places as specified in Schedule 7 but each season ticket shall be valid only for the parking place or places specified upon it. Where season tickets are available for Staines-upon-Thames car parks, only employees of businesses based in Staines-upon-Thames (or with commercial premises where employees work in that are sited in Staines-upon-Thames) are eligible to apply. For the Railway Season Ticket available in Kingston Road car park, only holders of a valid Railway card are eligible (the Railway card or season pass must be valid for the duration of the season ticket term being applied for).
45. The driver of a vehicle left in accordance with the provisions of this Order in a parking place as specified in Schedule 7 shall be exempt from purchasing a parking ticket if there is displayed in the relevant position a valid season ticket purchased from the Council. If the season ticket is sold as a virtual document and a physical copy is not supplied to the driver, the virtual permit present on the system will be considered valid for the purposes of this exemption of purchase of a parking ticket on the car park the virtual season ticket is designated for, and there will be no requirement to display the virtual season ticket in the relevant position on the vehicle.
46. Season tickets shall be priced as specified in Schedule 7.
47. A season ticket holder will incur an administrative charge for lost or replacement season tickets as indicated in Schedule 10.

Contract Permits

48. Contract permits to park shall be available for the parking places as specified in Schedule 7 but each contract permit shall be valid only for the parking place or places specified upon it.
49. The driver of a vehicle left in accordance with the provisions of this Order in a parking place as specified in Schedule 7 shall be exempt from purchasing a

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parking ticket if there is displayed in the relevant position a valid contract permit purchased from the Council.

50. Contract permits shall be priced as specified in Schedule 7.
51. A contract permit holder will incur an administrative charge for lost or replacement season tickets as indicated in Schedule 10.

Disabled persons' vehicles

52. Disabled Persons' Badge Holders must pay the relevant charge as set out in Schedules 4 to 7, in accordance with Article 37.
53. For Disabled Persons' Badge Holders who pay the relevant charge as set out in Schedules 4 to 7, in accordance with Article 37, will be granted an additional hour of grace to their purchased expiry time as shown on the Pay and Display ticket (except on Elmsleigh Multi-storey Pay on Foot and Elmsleigh Surface Pay on Foot).

Disabled persons' vehicles season tickets

54. Disabled Persons' Badge Holders may apply to the Council to purchase a concessionary season ticket for the parking places specified in Schedule 8 and each season ticket shall only be valid for that parking place.
55. The driver of a vehicle left in accordance with the provisions of this Order in a parking place as specified in Schedule 8 shall be exempt from purchasing a parking ticket if they are in possession of a valid disabled badge holders' season ticket purchased from the Council.
56. Disabled persons' badge holders' season tickets shall be priced as specified in Schedule 8.

Motorcycles

- 57. The driver of a motorcycle which is left in accordance with the provisions of this Order in a parking place specified in Schedules 1 and 2 in the position marked for such vehicles (if any) or in any marked bay shall be exempt from payment for parking.

- 58. A motor cycle which is left in accordance with the provisions of this Order in a parking place specified in Schedules 1 and 2 shall not be permitted to park in a disabled person's bay or contractor/permit bay.

Council staff parking

- 59. The driver of a vehicle left in accordance with the provisions of this Order on parking places specified in Schedules 1 to 3 and displaying a valid pass issued under the Council Staff Parking Scheme shall be exempt from purchasing a parking ticket and from time limits (if any) as indicated in Schedules 1 to 3.

- 60. Where a ticket, season ticket or staff permit has been displayed on a vehicle in the relevant position no person other than the driver of that vehicle shall remove the permit from the vehicle unless authorised to do so by the driver of that vehicle.

Elmsleigh Bus Station

- 61. No vehicle, with the exception of buses, shall be left in Elmsleigh Bus Station. The provision of this area is dedicated exclusively to Service Vehicle Operator's Licence or Community Bus Permit and those vehicles with express authorisation from Spelthorne Borough Council being used in direct support of those operating under a Public Service Vehicles Operator's Licence or Community Bus Permit.

PART IV

PENALTY CHARGE AT PARKING PLACES

Penalty charge

62. If a vehicle is left in a parking place in contravention of or without complying with any Article of this Order a penalty charge shall be payable and/or the vehicle may be removed from that location or parking place

Penalty charge notice

63. Where a penalty charge may have been incurred it shall be the duty of the civil enforcement officer to issue a penalty charge notice which shall include the information required by the 2004 Act.

Payment of the penalty charge notice

64. The owner of the vehicle in respect of which the penalty charge has been incurred shall pay the amount of the penalty charge to the Council as specified in Schedule 9.

Indications as evidence

65. The particulars given in the penalty charge notice attached to a vehicle in accordance with this Article shall be treated as evidence in any proceedings relating to failure to pay such penalty charge.

Restriction on removal of a penalty charge notice

66. When a penalty charge notice has been attached to a vehicle in accordance with any of the foregoing provisions of this Order, no person, not being the driver of the vehicle, a police constable in uniform, a civil enforcement officer or

some other person duly authorised by the Council shall remove the penalty charge notice from the vehicle unless authorised to do so by the driver.

PART V

DISPOSAL OF VEHICLES ABANDONED IN PARKING PLACES

67. (i) The Council may sell or otherwise dispose of a vehicle which has been, or could at any time be, removed from a parking place pursuant to Article 20, if the vehicle appears to have been abandoned, provided that this power of disposal shall not be exercisable unless the Council has taken such of the following steps as are applicable to the vehicle in question, and there has elapsed a period of six weeks beginning with the taking of the first of those steps.
- (ii) Where the vehicle carries a registration mark the Council shall ascertain from the appropriate body the name and address of the person who is the Registered Keeper of the vehicle pursuant to the Vehicles Excise and Registration Act 1994, unless the Council is satisfied that the true owner of the vehicle has identified himself to it.
- (iii) The Council shall, where it is by virtue of paragraphs (ii), (iv) and (v) of this Article, aware of the name and address of a person who appears to be the owner of the vehicle, send a Notice to that person at that address stating that it is the intention of the Council to sell or otherwise dispose of the vehicle (which shall be sufficiently described in the Notice) on or after a specified date (which shall not be less than two weeks from the date of the Notice and in any event not earlier than six weeks from the date of the first step taken by the Council under this Part of this Order) unless it is in the meantime removed by or on behalf of that person from such place as is specified by the Council in the said Notice or from such place as may be subsequently notified in writing by the Council to that person.

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- (iv) If any person to whom a Notice is sent in accordance with paragraph (iii) of this Article informs the Council of the name and address of some other person who he alleges may be the owner of the vehicle, a Notice stating the particulars mentioned in the last preceding Article shall be sent to that other person and to any further person who the Council may in consequence of the sending of the Notice to the said other person be led to believe may be the owner of the vehicle.
- (v) Where a vehicle does not carry a registration mark the first step to be taken by the Council shall be to apply in writing to the Chief Officer of Police in whose area the parking place is situated enquiring whom that officer considers is the owner of the vehicle and the address of that person.
- (vi) The Council shall then make such further enquiries as to ownership as it thinks fit.
- (vii) Upon the sale of a vehicle by the Council, the Council shall apply the proceeds of sale in or towards the satisfaction of any costs incurred by it in connection with the disposal thereof and of any charge or payment to which it is entitled.
- (viii) In the event that any such costs incurred by the Council in connection with the disposal of the vehicle are not satisfied by virtue of the last preceding Article, the Council may recoup those costs from the person who was the owner of the vehicle immediately before it was removed from the parking place, provided that that person was sent by the Council a Notice under paragraph (iii) of this Article.
- (ix) Any sums received by the Council on a sale of a vehicle shall, after deducting any sum applied thereabouts by virtue of paragraph (vii) of this Article, be payable within a period of one year from receipt hereof to any person to whom, but for such sale, the vehicle would have

APPENDIX 2 – PARKING ORDER 2020

belonged and insofar as any such sums are not claimed within the said period they shall be paid into the General Rate Fund of the Council.

- (x) Where under the foregoing provisions of this Order a Notice is required to be or may be sent to a person the Notice shall be sent by recorded delivery post.

PART VI

REVOCATIONS

- 68. The Spelthorne Borough Council (Off Street Parking Places) Order 2018 as amended is hereby revoked in its entirety.

SPELTHORNE BOROUGH COUNCIL (OFF-STREET PARKING PLACES) ORDER 2020

List of Schedules

- 1 Pay and Display Parking Places
- 2 Pay on Foot Parking Places, Staines-upon-Thames
- 3 Free Parking Places
- 4 Parking Tariffs - Short Stay Car Parks, Staines-upon-Thames
- 5 Parking Tariffs - Long Stay Car Parks, Staines-upon-Thames, Ashford
- 6 Parking Tariffs – Recreation Grounds
- 7 Season Tickets, Contract Parking
- 8 Disabled Persons' Badge Holders' Season Tickets
- 9 Penalty Charge Notices
- 10 Miscellaneous Charges
- 11 List of all Car Parks
- 12 Site plans of all Car Parks

SPELTHORNE BOROUGH COUNCIL (OFF-STREET PARKING PLACES) ORDER 2020

SCHEDULE 1

PAY AND DISPLAY PARKING PLACES

Parking Place	Description (see Schedule 12 site plans)	Classes of vehicles	Days and hours of operation	Charging days and hours Maximum period of waiting
Bridge Street Car Park, Staines-upon-Thames	West of Bridge Street	Motor cars without trailers Motor cycles with or without side cars Invalid carriages	All days All hours	8.00am 6.00am to 12.00 am midnight Monday to Sunday Maximum 24 hours
Elmsleigh Road Car Park, Staines-upon-Thames	East of Thames Street	Motor cars without trailers Motor cycles with or without side cars Invalid carriages	All days All hours	8.00am to 7.00pm 6.00am to 12.00midnight Monday to Sunday Maximum 24 hours
Kingston Road Car Park, Staines-upon-Thames	South west of Kingston Road	Motor cars with or without trailers Motor cycles with or without side cars Invalid carriages Vehicles less than 2.10 metres in height	All days All hours	8.00am to 7.00pm 6.00am to 12.00midnight Monday to Sunday Maximum 24 hours
Riverside Surface Car Park, Staines-upon-Thames	West of Thames Street Including access road from Thames Street	Motor cars with or without trailers Motor cycles with or without side cars Invalid carriages Vehicles less than 2.10 metres in height	All days All hours	8.00am to 12.00 am midnight Monday to Sunday Maximum 24 hours

SPELTHORNE BOROUGH COUNCIL (OFF-STREET PARKING PLACES) ORDER 2020

SCHEDULE 1 (continued)

PAY AND DISPLAY PARKING PLACES

Parking Place	Description (see Schedule 12 site plans)	Classes of vehicles	Days and hours of operation	Charging days and hours Maximum period of waiting
South Street West Car Park, Staines- upon-Thames	To rear of 111 High Street	Motor cars without trailers (Contract Bays only)	All days All hours	8.00am to 7.00pm 6.00am to 12.00midnight Monday to Sunday Maximum 24 hours
Tothill Multi-storey Car Park, Staines- upon-Thames	East of Thames Street Including ground floor service area	Motor cars with or without trailers Motor cycles with or without side cars Invalid carriages Vehicles less than 1.90 metres in height	All days Times vary advertised on site.	8.00am to 7.00pm Monday to Sunday Maximum 11 hours
Ashford Multi- storey Car Park, Ashford	South west of Church Road	Motor cars with or without trailers Motor cycles with or without side cars Invalid carriages Vehicles less than 1.90 metres in height	All days 8.00am to 7.00pm	8.00am to 7.00pm Monday to Saturday Maximum 24 hours

SPELTHORNE BOROUGH COUNCIL (OFF-STREET PARKING PLACES) ORDER 2020

SCHEDULE 1 (continued)

PAY AND DISPLAY PARKING PLACES

Parking Place	Description (see Schedule 12 site plans)	Classes of vehicles	Days and hours of operation	Charging days and hours Maximum period of waiting
Lammas Recreation Ground	Area marked out for car parking within the recreation ground south of Wraysbury Road Staines-upon-Thames	Motor cars with or without trailers Motor cycles with or without side cars Invalid carriages	All days All hours	07 06.00am to 7.00pm Monday to Sunday All year Maximum 24 hours
Laleham Park Car Park	Areas marked out for car parking within Laleham Park	Motor cars with or without trailers Motor cycles with or without side cars Invalid carriages Vehicles less than 2.10 metres in height	All days All hours	07.00am to 7.00pm Monday to Sunday All year Maximum 24 hours
Abbey Drive, Laleham Park	Areas marked out for car parking within Laleham Park	Motor cars with or without trailers Motor cycles with or without side cars Invalid carriages	All days All hours	07.00am to 7.00pm Monday to Sunday All year Maximum 24 hours
Dumsey Meadow, Shepperton.	Area marked out for car parking within the recreation ground	Motor cars with or without trailers Motor cycles with or without side cars Invalid carriages Vehicles less than 2.10 metres in height	All days All hours	07 06.00am to 7.00pm Monday to Sunday All year Maximum 24 hours
Manor Park, Shepperton.	Area marked out for car parking within the recreation ground	Motor cars with or without trailers Motor cycles with or without side cars Invalid carriages Vehicles less than 2.10 metres in height	All days All hours	07.00am to 7.00pm Monday to Sunday All year Maximum 24 hours

Thameside Car Park, Laleham Park	Areas marked out for car parking within Laleham Park	Motor cars with or without trailers Motor cycles with or without side cars Invalid carriages Vehicles less than 2.10 metres in height	All days All hours	07.00am to 7.00pm Monday to Sunday All year Maximum 24 hours
Thames Street, Sunbury.	Vehicles park in area except marked disabled bay	Motor cars with or without trailers Motor cycles with or without side cars Invalid carriages	All days All hours	07.00am to 7.00pm Monday to Sunday All year Maximum 24 hours
Old Bathing Station, Sunbury.	Area marked out for car parking within the recreation ground	Motor cars with or without trailers Motor cycles with or without side cars Invalid carriages Vehicles less than 2.10 metres in height	All days All hours	07.00am to 7.00pm Monday to Sunday All year Maximum 24 hours
Orchard Meadow, The Avenue, Sunbury	Area marked out for car parking within the recreation ground	Motor cars with or without trailers Motor cycles with or without side cars Invalid carriages Vehicles less than 2.10 metres in height	All days All hours	07.00am to 7.00pm Monday to Sunday Maximum 24 hours
Green Street, Sunbury	Area marked out for car parking within the recreation ground	Motor cars with or without trailers Motor cycles with or without side cars Invalid carriages Vehicles less than 2.10 metres in height	All days All hours	07.00am to 7.00pm Monday to Sunday Maximum 24 hours
Walled Garden, Sunbury	Area marked out for car parking within the recreation ground	Motor cars with or without trailers Motor cycles with or without side cars Invalid carriages	All days All hours	07.00am to 7.00pm Monday to Sunday Maximum 24 hours
Laleham Village Car Park (The Broadway), Laleham	South east of The Broadway,	Motor cars with or without trailers Motor cycles with or without side cars Invalid carriages Vehicles less than 2.10 metres in height	All days All hours	07.00am to 7.00pm Monday to Sunday Maximum 24 hours
Shepperton Village Hall	Area marked out for car parking within the recreation ground	Motor cars with or without trailers Motor cycles with or without side cars Invalid carriages	All days All hours	07.00am to 7.00pm Monday to Sunday

<p>Staines Park (Commercial Road) Staines- upon-Thames</p>	<p>Area marked out for car parking</p>	<p>Motor Cars with or without trailers. Motor cycles with or without side cars Invalid Carriages</p>	<p>All days All hours</p>	<p>7.00am to 7.00pm Monday to Sunday Maximum 24 hours</p>
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SPELTHORNE BOROUGH COUNCIL (OFF-STREET PARKING PLACES) ORDER 2020

SCHEDULE 2
PAY ON FOOT PARKING PLACES

Parking Place	Description (see Schedule 12 site plans)	Classes of vehicles	Days and hours of operation	Charging days and hours Maximum period of waiting
Elmsleigh Multi-storey Car Park, Staines-upon-Thames	East side of South Street	Motor cars with or without trailers Motor cycles with or without side cars Invalid carriages Vehicles less than 2.00 metres in height	All days Times vary. As advertised on site.	8.00am to 7.00pm 6.00am to 12.00midnight Monday to Sunday Maximum 24 hours
Elmsleigh Surface Car Park, Staines-upon-Thames	East side of South Street	Motor cars with or without trailers Motor cycles with or without side cars Invalid carriages Vehicles less than 2.00 metres in height Market trader vehicles up to 10 tonnes (in connection with market events only)	All days Times vary. As advertised on site.	8.00am 6.00am to 12.00ammidnight Monday to Sunday Maximum 24 hours

SPELTHORNE BOROUGH COUNCIL (OFF-STREET PARKING PLACES) ORDER 2020

SCHEDULE 3

FREE PARKING PLACES

Parking Place	Description (see Schedule 12 site plans)	Classes of vehicles	Days and hours of operation	Maximum period of waiting
Spelthorne Borough Council Car Park, Staines-upon-Thames	Employee parking areas at Knowle Green, Staines-upon-Thames	Motor cars with or without trailers Motor cycles with or without side cars Invalid carriages Vehicles less than 2.13 metres in height	All days All hours	No waiting period.
Spelthorne Borough Council Car Park, Staines-upon-Thames	Visitor parking areas at Knowle Green, Staines-upon-Thames	Motor cars with or without trailers Motor cycles with or without side cars Invalid carriages Vehicles less than 2.13 metres in height	All days All hours	Maximum of 2 hours waiting period.
Spelthorne Borough Council Car Park, Staines-upon-Thames	Resident at Knowle Green, Staines-upon-Thames	Motor cars with or without trailers Motor cycles with or without side cars Invalid carriages Vehicles less than 2.13 metres in height	All days All hours	No waiting period.
Spelthorne Leisure Centre, Staines-	Customer Parking at Spelthorne Leisure Centre	Motor cars with or without trailers Motor cycles with or without side cars	All days All hours	Maximum of 3 hours waiting period.

upon-Thames	Staines-upon-Thames Disabled Parking Bays Only	Invalid carriages		
Ashford Recreation Ground, Ashford	Area marked out for car parking	Motor Cars with or without trailers. Motor cycles with or without side cars Invalid Carriages Vehicles less than 2.10 metres in height	1 October – 31 March 7.30am – 6pm 1 April - 30 September 7.30am – 8.30pm	Maximum 11 hours
Elmsleigh Road Car Park, Staines- upon-Thames	East of Thames Street, area with demarcated bays with “Elmsleigh Shopping Centre” livery signs.	Motor cars without trailers Motor cycles with or without side cars Invalid carriages	All days All hours	No waiting for vehicles without express authorisation from the Elmsleigh Shopping Centre, the land owner, or a contractually authorised representative.
Cedars Recreation Ground, Sunbury on Thames	Area marked out for car parking	Motor Cars with or without trailers. Motor cycles with or without side cars Invalid Carriages	1 October – 31 March 7.30am – 6pm 1 April - 30 September 7.30am – 8.30pm	Maximum 11 hours
Charlton Village Hall, Shepperton	Area marked out for car parking	Motor Cars with or without trailers. Motor cycles with or without side cars Invalid Carriages	All days All hours	Maximum 11 hours
Fordbridge Recreation Ground, Ashford	Area marked out for car parking	Motor Cars with or without trailers. Motor cycles with or without side cars Invalid Carriages	1 October – 31 March 7.30am – 6pm 1 April - 30 September 7.30am – 8.30pm	Maximum 11 hours

Bus Area, Elmsleigh Shopping Centre, South Street, Staines-upon- Thames	Area marked out for bus stopping and ranking, outside the South entrance to Elmsleigh Shopping Centre	Motor vehicles used for the carriage of passengers, comprising more than eight seats in addition to the driver's seat, and having a maximum mass not exceeding 5 tonnes. Motor cars with or without trailers authorised by Spelthorne Borough Council.	All days All hours	No waiting, except for vehicles operating under a Public Service Vehicle Operator's Licence or Community Bus Permit and those vehicles with express authorisation from Spelthorne Borough Council being used in direct support of those operating under a Public Service Vehicles Operator's Licence or Community Bus Permit
Groveley Road Recreation Ground, Sunbury	Area marked out for car parking to the north of the recreation ground	Motor cars with or without trailers Motor cycles with or without side cars Invalid carriages Vehicles less than 2.13 metres in height	All days All hours	Maximum of 2 hours waiting period.
Hengrove Recreation Ground, Ashford	Area marked out for car parking	Motor Cars with or without trailers. Motor cycles with or without side cars Invalid Carriages	1 October – 31 March 7.30am – 6pm 1 April - 30 September 7.30am – 8.30pm	Maximum 11 hours
Kenyngton Manor, Sunbury on Thames	Area marked out for car parking	Motor Cars with or without trailers. Motor cycles with or without side cars Invalid Carriages Vehicles less than 2.10 metres	1 October – 31 March 7.30am – 6pm 1 April - 30 September 7.30am – 8.30pm	Maximum 11 hours
Littleton	Area marked out for car	Motor Cars with or without trailers.	1 October – 31	Maximum 11 hours

Recreation Ground, Shepperton	parking	Motor cycles with or without side cars Invalid Carriages Vehicles less than 2.10 metres	March 7.30am – 6pm 1 April - 30 September 7.30am – 8.30pm	
Long Lane Recreation Ground, Stanwell	Area marked out for car parking	Motor Cars with or without trailers. Motor cycles with or without side cars Invalid Carriages	1 October – 31 March 7.30am – 6pm 1 April - 30 September 7.30am – 8.30pm All Year	Maximum 11 hours
Mulberry Green, Stanwell	Area marked out for car parking	Motor Cars with or without trailers. Motor cycles with or without side cars Invalid Carriages	All days All hours	Maximum 11 hours
Shepperton Recreation Ground, Shepperton	Area marked out for car parking	Motor Cars with or without trailers. Motor cycles with or without side cars Invalid Carriages	All days All hours	Maximum 11 hours
Staines Park (Commercial Road) Staines-upon-Thames	Area marked out for car parking	Motor Cars with or without trailers. Motor cycles with or without side cars Invalid Carriages	All days All hours	Maximum 11 hours
Bishop Duppa's Recreation Ground	Bishop Duppas Park road and parking and area marked out for car parking to the southeast of the recreation ground	Motor cars with or without trailers Motor cycles with or without side cars Invalid carriages	All days All hours	Maximum 11 hours. No waiting on all areas not marked for permitted parking.
Woodthorpe Road open space	Area marked out for car parking to the north of the recreation ground	Motor cars with or without trailers Motor cycles with or without side cars Invalid carriages	All days All hours	Maximum 11 hours.

SPELTHORNE BOROUGH COUNCIL (OFF-STREET PARKING PLACES) ORDER 2020

SCHEDULE 4

PARKING TARIFFS – SHORT STAY CAR PARKS, STAINES-UPON-THAMES

Elmsleigh Road, Elmsleigh Surface, Elmsleigh MSCP, Riverside Surface car parks

	Elmsleigh Road Pay and Display	Elmsleigh Multi- storey Pay on Foot	Elmsleigh Surface Pay on Foot	Riverside Surface Car Park Pay and Display	Tothill Multi-storey, Staines-upon-Thames
	Monday to Saturday	Monday to Saturday	Monday to Saturday	Monday to Saturday	Monday to Saturday
Up to 1 hour	£1.30	£1.00 £1.30	£1.00 £1.30	£1.30	£1.00
Up to 2 hours	£2.30 £2.40	£2.00 £2.40	£2.00 £2.40	£2.30 £2.40	£2.00
Up to 3 hours	£2.70 £3.60	£3.00 £3.60	£3.00 £3.60	£2.70 £3.60	£3.00
Up to 4 hours	£3.80 £4.80	£4.00 £4.80	£4.00 £4.80	£3.80 £4.80	£4.00
Up to 5 hours	£7.00 £6.00	£7.00 £6.00	£7.00 £6.00	£7.00 £6.00	£7.00
Over 5 hours	£12.20	£12.00 £12.20	£12.00 £12.20	£12.20	£12.00
7pm- 12ammidnight	£2.00	£2.00	£2.00	£2.00	
	Sunday 8am to 7pm 6am to midnight	Sunday 8am to 7pm 6am to midnight	Sunday 8am to 7pm 6am to midnight	Sunday 8am to 7pm 6am to midnight	Sunday 8am to 7pm
All day (between times specified)	£2.00	£2.00	£2.00	£2.00	£2.00

SPELTHORNE BOROUGH COUNCIL (OFF-STREET PARKING PLACES) ORDER 2020

SCHEDULE 5

PARKING TARIFFS – LONG STAY CAR PARKS, STAINES-UPON-THAMES ~~AND ASHFORD~~

Pay and Display Car Parks

Bridge Street and Kingston Road car parks

	Bridge Street, Staines-upon-Thames (Monday to Saturday)	Kingston Road, Staines-upon-Thames (Monday to Saturday)
Up to 1 hour	Season ticket holders only	£1.30 £1.50
Up to 2 hours		£2.30 £2.50
Up to 3 hours		£2.70 £3.50
Up to 4 hours		£3.50 £4.50
Up to 5 hours		£3.70 £5.50
Over 5 hours		£7.30 £8.00
7pm -12midnight		£2.00
Weekly ticket (Monday 7am to Friday 7pm)		£35
All day (between times specified)	-(Sunday 8am to 12am-)	(Sunday 8 6am to 7pm 12midnight)
	£2.00	£2.00

Ashford multi-storey car park	All year round
Up to 30 minutes	£0.50
Up to 2 hours	£1.00
Over 2 hours	£3.00

SPELTHORNE BOROUGH COUNCIL (OFF-STREET PARKING PLACES) ORDER 2020

SCHEDULE 6

PARKING TARIFFS - RECREATION GROUNDS

Pay and display car parks

		All Year
Lammas Recreation Ground, Staines-upon-Thames Staines Park (Commercial Road) Staines-upon-Thames	Up to 1 hour	£0.50
	Up to 2 hours	£2.00
	Up to 4 hours	£3.00 £4.00
	Over 4 hours	£4.00 £8.00
Laleham Park Car Park Thameside Car Park, Laleham	Up to 1 hour	£0.50
	Up to 2 hours	£2.00
	Up to 4 hours	£3.00 £4.00
	Over 4 hours	£4.00 £8.00
Shepperton Village Hall	Up to 1 hour	£0.00
	Up to 2 hours	£1.00 £2.00
	Over 2 hours	£3.00 £4.00

Dumsey Meadow, Shepperton Manor Park, Shepperton	Up to 1 hour	£0.00
Abbey Drive, Laleham Laleham Village Car Park (The Broadway) Laleham	Up to 2 hours	£1.50 £2.00
Old Bathing Station, Sunbury Green Street, Sunbury Thames Street, Sunbury Orchard Meadow, Sunbury The Walled Garden, Sunbury	Over 2 hours	£2.00 £4.00

SPELTHORNE BOROUGH COUNCIL (OFF-STREET PARKING PLACES) ORDER 2020

SCHEDULE 7

SEASON TICKETS, CONTRACT PARKING

	Parking Places	Period	Fee level
Season Tickets All days	Bridge Street, Staines-upon-Thames Kingston Road, Staines-upon-Thames Tothill Multi-storey, Staines-upon-Thames Elmsleigh Multi-storey Car Park, Staines-upon-Thames	3 months	£205.00 £250
		6 months	£380.00 £450
		12 months	£715.00 £850
	Ashford multi-storey	3 months	£60.00
		6 months	£100.00
		12 months	£180.00
Contract Parking Monday to Sunday	South Street West, Staines-upon-Thames Elmsleigh Road Car Park, Staines-upon-Thames Tothill Multi-storey, Staines-upon-Thames Bridge Street, Staines-upon-Thames	12 months	£830.00 £950

Railway Season Ticket Holders All days	Kingston Road, Staines-upon-Thames	3 months	£230.00 £275
		12 months	£800.00 £900
Local Season Ticket	Thames Street, Sunbury Orchard Meadow, Sunbury	Up to 3 months	£65.00 £100
	The Walled Garden, Sunbury	Up to 6 months	£85.00 £150
	Manor Park, Shepperton Laleham Village Car Park (The Broadway) Laleham; Shepperton Village Hall	Up to 12 months	£110.00 £200

SPELTHORNE BOROUGH COUNCIL (OFF-STREET PARKING PLACES) ORDER 2020

SCHEDULE 9

PENALTY CHARGE NOTICES

Article 51 - Penalty Charges

	Charge to be paid if higher level contravention as detailed in the Civil Enforcement of Parking Contraventions (Guideline on Levels of Charges) (England) Order 2007	Charge to be paid if lower level contravention as detailed in the Civil Enforcement of Parking Contraventions (Guideline on Levels of Charges) (England) Order 2007.
Payment received by Spelthorne Borough Council after 14 days of the date on which the Penalty Charge Notice was issued (The Discounted Penalty Charge).	£70.00	£50.00
Payment received by Spelthorne Borough Council within 14 days of the date on which the Penalty Charge Notice was issued.	£35.00	£25.00
Remains unpaid after 56 days from date of issue	Increase original notice by 50%	Increase original notice by 50%
Remains unpaid after 70 days from date of issue	Increase further the increased notice by £8.00 debt registration fee*	Increase further the increased notice by £8.00 debt registration fee*

Informative: The Civil Enforcement of Parking Contraventions (Guidelines on Levels of Charges) (England) (Order) 2007 specifies that authorities outside London with civil enforcement powers must issue two different levels of penalty charges in their area higher and lower. What constitutes a higher and lower offence is detailed at Table 2 in the above mentioned Order.

* - The debt registration fee is set by Parliament. Consequently, any increase to the fee is outside of the Council's control. The current fee is £8 (as of 25 July 2016) but this may change from time to time.

SPELTHORNE BOROUGH COUNCIL (OFF-STREET PARKING PLACES) ORDER 2020

SCHEDULE 10

Miscellaneous charges

Description	Charge	Comment
Dispensations	£15 per day per vehicle	This charge relates to administrative costs relating to processing of such dispensations. The charge for charities and voluntary organisations may be waived, at Spelthorne Borough Council's discretion.
Suspensions used to reserve parking spaces	£30 one off administrative charge and £15 per day per vehicle	This charge may be waived, at Spelthorne Borough Council's discretion, for charities and voluntary organisations.
Film Company dispensations and suspensions	Vehicles 3.5 tonnes and under, £15 for each bay occupied per vehicle per day. For HGVs and vehicles over 3.5 tonnes £25 for each bay occupied per vehicle per day. Maximum charge £1000	
Lost or replacement season tickets/cards, and contract permits	£14 per season ticket/card	This charge is also applicable should a season ticket holder change vehicles and require a new card or season ticket.
Lost ticket (use of Elmsleigh Surface car park)	£14 per ticket or card	Charge payable at the Pay on Foot machine.
Market trader vehicles (use of Elmsleigh Surface car park)	£7 per vehicle per day for vehicles up to 10 tonnes	This charge relates to vehicles used in connection to market days and special market based events.
Fishing permit for Thameside car park, Laleham	£15 per vehicle for 3 consecutive days between Friday and Monday	Permits are available via pay and display machines.

SPELTHORNE BOROUGH COUNCIL (OFF-STREET PARKING PLACES) ORDER 2020

SCHEDULE 11

List of all Car Parks

1. Abbey Drive, Laleham Park
2. Ashford Multi-storey Car Park, Ashford
3. Ashford Recreation Ground, Ashford
4. Bridge Street Car Park, Staines-upon-Thames
5. Cedars Recreation Ground, Sunbury on Thames
6. Charlton Village Hall, Shepperton
7. Dumsey Meadow, Shepperton
8. Elmsleigh Multi-storey Car Park, Staines-upon-Thames
9. Elmsleigh Road Car Park, Staines-upon-Thames
10. Elmsleigh Surface Car Park, Staines-upon-Thames
11. Fordbridge Recreation Ground, Ashford
12. Green Street, Sunbury
13. Groveley Road Recreation Ground, Sunbury
14. Hengrove Recreation Ground, Ashford
15. Kenyngton Manor Recreation Ground, Sunbury on Thames
16. Kingston Road Car Park, Staines-upon-Thames
17. Laleham Park Car Park, Laleham
18. Laleham Village Car Park (The Broadway), Laleham
19. Lammas Recreation Ground
20. Littleton Recreation Ground, Shepperton
21. Long Lane Recreation Ground, Stanwell
22. Manor Park, Shepperton
23. Mulberry Green, Stanwell
24. Old Bathing Station, Sunbury
25. Orchard Meadow, The Avenue, Sunbury
26. Riverside Surface Car Park, Staines-upon-Thames
27. Shepperton Recreation Ground, Shepperton
28. Shepperton Village Hall, Shepperton

29. South Street West Car Park, Staines-upon-Thames
30. Spelthorne Borough Council Car Park, Staines-upon-Thames
31. Spelthorne Leisure Centre, Staines-upon-Thames
32. Staines Park Commercial Road, Staines-upon-Thames
33. Thameside Car Park, Laleham
34. Thames Street, Sunbury
35. Tothill Multi-storey Car Park, Staines-upon-Thames
36. Walled Garden, Sunbury
37. Woodthorpe Open Space, Ashford
38. Bus Area, Elmsleigh Shopping Centre, South Street, Staines-upon-Thames
39. Bishop Duppa's Recreation Ground, Shepperton

SPELTHORNE BOROUGH COUNCIL (OFF-STREET PARKING PLACES) ORDER 2020

SCHEDULE 12

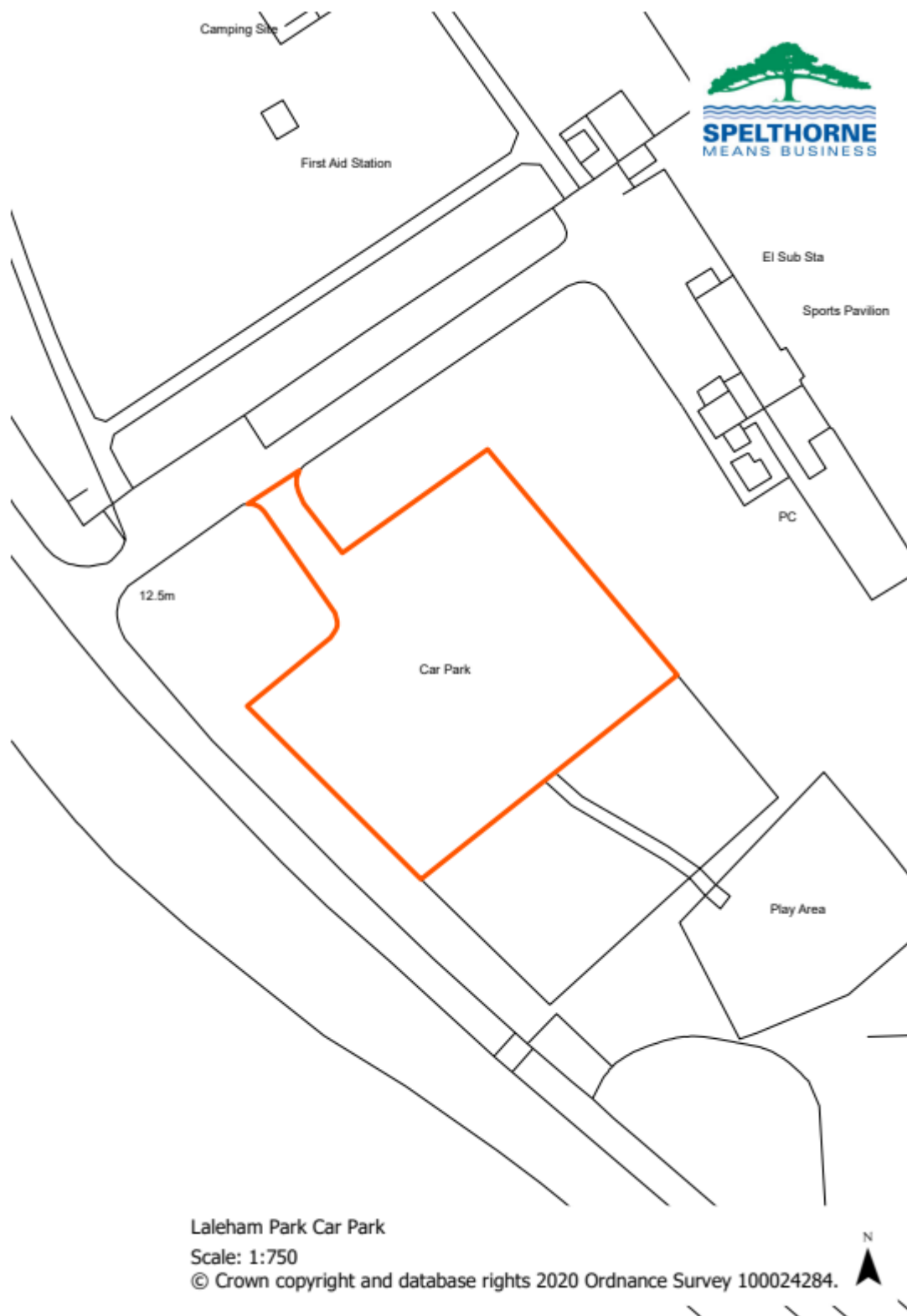
Site Plans for all Car Parks

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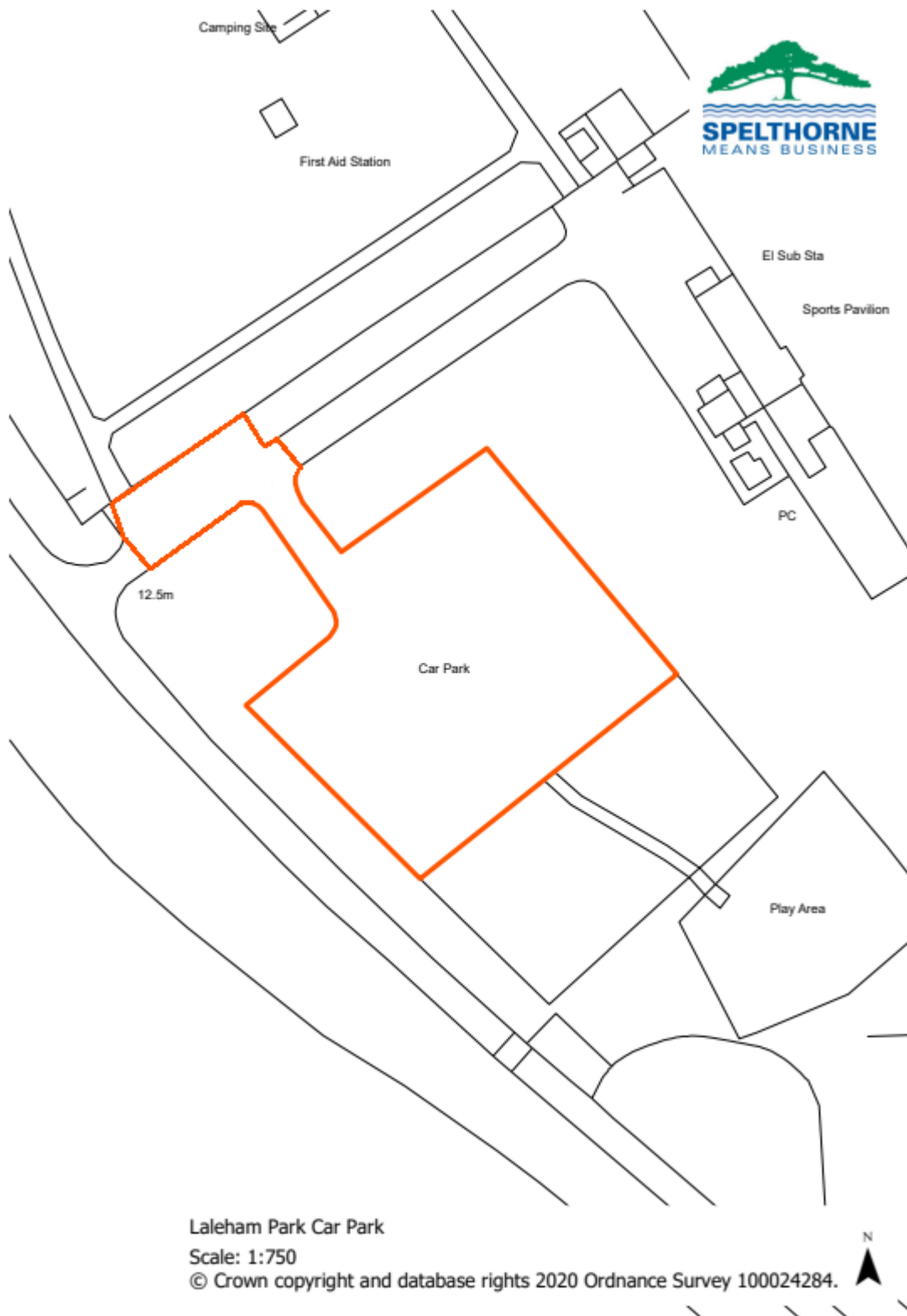
Car Park map changes proposed, as follows:



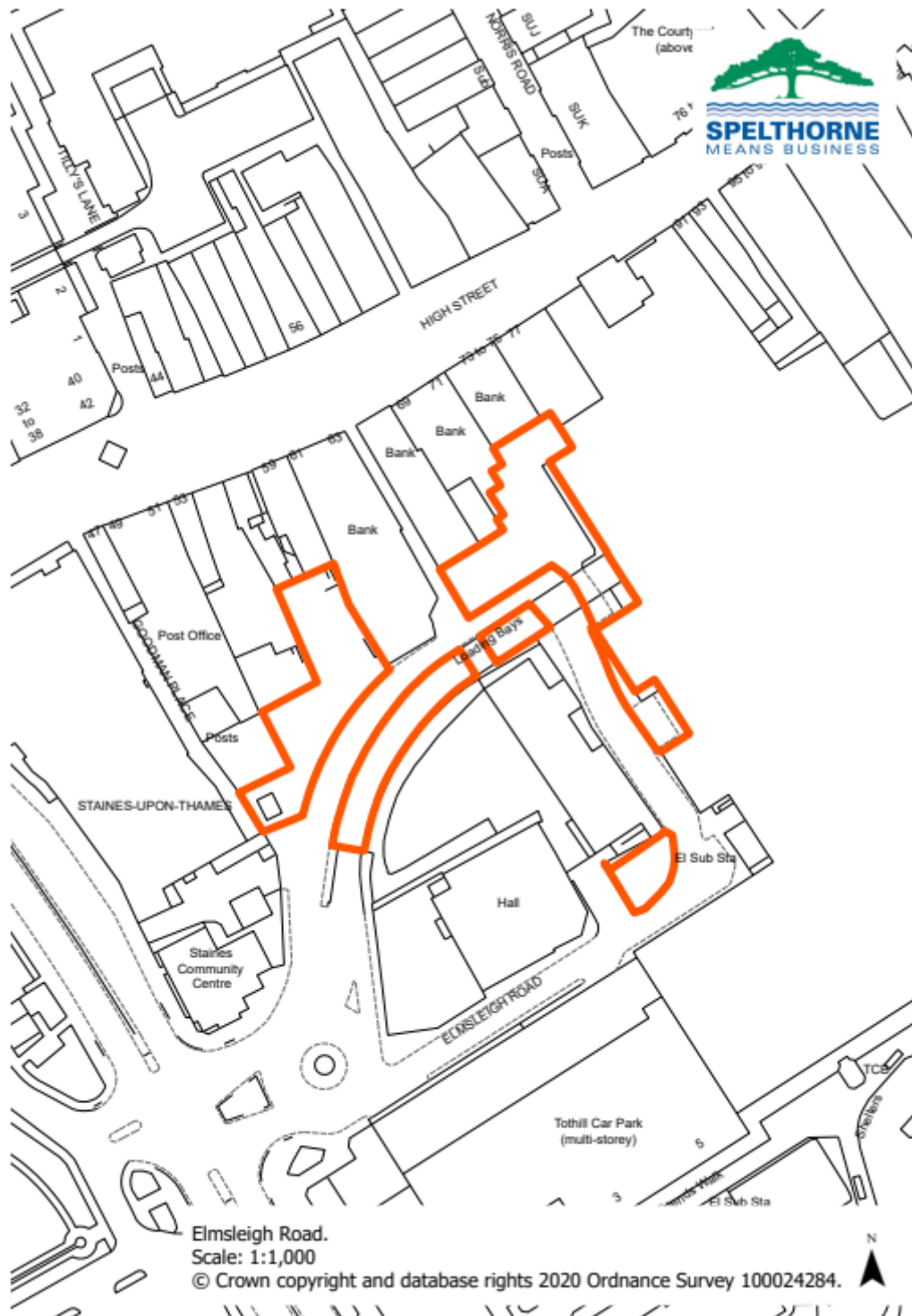
1) Laleham Park car park (current):



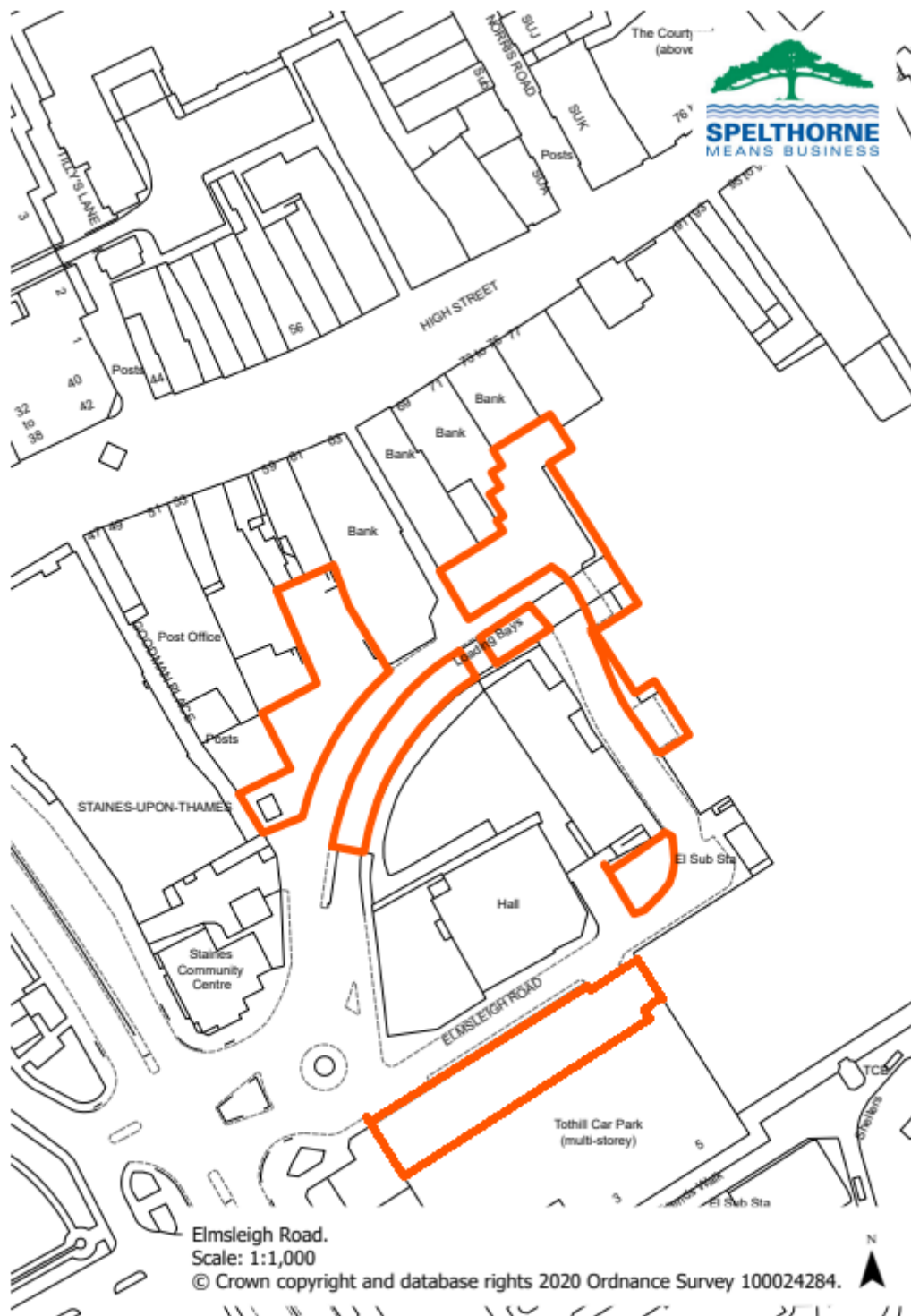
2) Laleham Park car park (ammended):



3) Elmsleigh Road car park (current):



4) Elmsleigh Road car park (ammended):



Council

22 February 2024



Title	Capital Strategy 2024/25
Purpose of the report	To approve the report by the Council
Report Author	Prithiva Janaka Treasury Management and Capital Accountant
Ward(s) Affected	All Wards
Exempt	No
Corporate Priority	Community Addressing Housing Need Resilience Environment Service Delivery
Recommendations	<p>Council is asked to approve the recommendations below, as agreed at the Corporate Policy & Resources Committee meeting on 19th February:</p> <ol style="list-style-type: none"> 1. the Capital Strategy as set out in this report. 2. that all development and investment projects, along with all significant projects follow the previously approved business case governance process as set out in section 11 of this report. 3. that no financing sources, unless stipulated in regulations or necessary agreements, are ring fenced. 4. the Council plans to continue its use of capital receipts to fund the costs of eligible proposals (subject to full business cases for each project). 5. the financing of the Capital Programme and revenue implications as set out in section 14 of this report. 6. the financing of the Capital Programme being delegated to the Corporate Policy & Resources Committee to provide sufficient flexibility to allow for the most effective use of Council resources.
Reason for Recommendation	The Council is required by law to approve before start of each financial year a Capital Strategy for the medium to long-term setting out its approach to identifying needs for capital expenditure, managing capital expenditure, financing it, and managing risks associated with delivering capital objectives.

	<p>.</p> <p>When long term investment decisions are undertaken, decision makers can rely on clear and informed information. This would include:</p> <ul style="list-style-type: none"> • A long-term view of capital expenditure plans and any financial risks to which the Council is exposed. • Ensuring due regard to the long-term financing, affordability implications and potential risks. • A clear overview of the Council’s asset management planning arrangements and any maintenance requirements that have resource and business planning implications. <p>The Capital Strategy will continue to help support informed decision making in the delivery of Spelthorne Borough Council’s long-term plans and ambitions.</p>
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1. Summary of the report

What is the situation	Why we want to do something
<p>Councils have a statutory responsibility to refresh and approve a Capital Strategy each year before the start of the financial year.</p> <p>Moving forwards there continues to be a number of capital pressures on the Council including financing the leisure centre, mitigating climate change, investing in technology and transformation.</p> <p>In the last few years, it has become more challenging to finance capital expenditure as a result of the recent rises in interest rates and therefore Council decided to suspend delivery of direct accessible housing projects.</p> <p>Having a medium to long term capital strategy which identifies the need to incur capital expenditure and how the Council will finance these projects on a sustainable basis, together with ensuring that Council has a detailed</p>	<p>As a part of producing the balance Budget Capital strategy is an important piece in the Budget Setting process and sets out guiding principles as set out in section 2.4 below.</p> <p>The Capital Strategy under pins the Corporate Plan and helps to deliver the priorities detailed above.</p>

understanding of the associated risks that will impact on the Council's Capital Strategy over the coming years.	
This is what we want you to do	These are the next Steps
<p>Council is asked to review the 2024/25 Capital Strategy as set out in the report and appendices.</p> <p>Take a view of the proposed capital strategy, which is based on the guidance from Chartered Institute of Public Finance & Accountancy (CIPFA).</p> <p>Understand the relevant risks involved as highlighted in the report below.</p> <p>Question officers on the report prior to the meeting where appropriate.</p>	<p>Council is asked approve the 2024-25 Capital Strategy.</p>

2. Executive Summary

- 2.1 The report sets out the Council's Capital Strategy for 2024/25 and subsequent years.
- 2.2 The proposed Capital Programme for period 2024-25 to 2027-28, as detailed in Appendix A of Capital Programme, proposes a gross Capital budget of £36.4m and a net budget of £32m after funding for 2024/25 to 2027-28.
- 2.3 The Council's long term capital investment is underpinned by the objectives of the Corporate Plan which has recently been refreshed with a new plan approved for 2024 to 2028. Capital proposals are considered within the Council's overall medium to long-term priorities, and the preparation of the Capital strategy and Programme is an integral part of the financial planning process. This includes taking full account of the revenue implications of the projects as part of the revenue budget setting process.
- 2.4 In addition to the capital budgets and revenue implications, the report sets out the following:
- Policy and contextual background
 - The Council's asset base
 - Delivery Strategies
 - Budget setting and prioritisation
 - Governance
 - Key projects and programmes
 - Capital funding.

- Risk management

3. Policy and Contextual background

3.1 Spelthorne Borough Council's Corporate Plan 2024 to 2028 provides the starting point for this document, dealing with our five priorities:

- Community
- Accessible Housing
- Resilience
- Environment
- Service Delivery

3.2 The Capital Strategy helps to underpin these plans.

3.3 during the period 2016 to 2018, the Council embarked on an ambitious capital programme with a plan to invest over £1bn in investment properties, to generate sufficient funds to:

- Support Council services, especially discretionary services such as day centres and meals on wheels
- Support the regeneration and transformation of the Borough.
- Support the Delivery of much needed affordable housing for our younger residents and families in the Borough.
- The strategy was to invest for the future success and wellbeing of the population, and all its stakeholders in Spelthorne.

Since 2018/19 the focus of the Capital Strategy has been on a) Effectively managing investment assets already acquired but not purchasing anymore and b) delivering housing (affordable and key worker rental) programme and service capital schemes such as the new Leisure Centre. In October 2023 the Council took the decision to step back from directly funding housing and regeneration and as a result the scale of its Capital Programme has reduced by £380m in gross terms.

3.4 As at the 31 March 2023 the draft unaudited accounts show that the Council had total assets with a net book value as shown in the table below:

Asset type	£000
Land & Buildings - Municipal	85,003
Vehicles Plant & Equipment	2,023
Community Assets	188
Assets under Construction	61,059
Heritage Assets	209
Investment Property	756,206
Intangibles	365
Total	905,053

- 3.5 All the land and building acquisition costs together with all design and construction expenditure incurred prior to completion of the final premises are included in the above table and will move into the appropriate category once the project is completed.
- 3.6 As a result of the suspension of the Council's direct delivery programme for accessible housing, the Council will be exploring alternatives methods for delivering much needed homes for our younger and needy residents.
- 3.7 The Council has a planned maintenance budget for the property properties.

4. Key projects

4.1 There are several key projects and programmes that require future capital investments for the Council to achieve its strategic goals and these are shown below:

- A new leisure centre in Staines-upon-Thames being built in the UK to Passivhaus standards, to deliver a greener building, to protect the wellbeing of our residents over the coming years and making the building carbon neutral, with phase 1 on track to be completed in the late summer 2024.

Continued investment in municipal infrastructure, such as local parks supporting the river Thames flood scheme.

- An ongoing investment in digital transformation, where we aim to utilise technology to continue to deliver efficient, good quality services.

4.2 Our Capital Programme's delivery objectives continue to take place against a background of financial challenges. The potential impact of the Fair Funding Review potentially in 2026-27 could have a significant negative impact on the Council and some difficult decisions lay ahead, as the Council looks to ensure that despite further funding pressures it may encounter it can continue to ensure balanced budgets across all four years of the Outline Budget period.

4.3 The Capital Strategy is intended to evolve each year, it is a dynamic plan that will respond to threats, opportunities and will change over time. For example, the need to invest in Climate Change mitigation and de-carbonisation measures will become increasingly important.

4.4 The strategy is set over 4 years but is updated annually and includes short-, medium- and long-term investment revenue streams, or delivers key strategic priorities.

5. Our delivery strategies

5.1 The Council's capital programme is categorised into Five main areas, the net costs per area and detailed below.

- 1 Community Wellbeing & Housing- Disabled Facilities Grants (DFG) Nil net expenditure (Fully funded by Grant)
- 2 Environment & Sustainability £3.5m
- 3 Neighbourhood Services £0.35k
- 4 Corporate Policy & Resources £27m
- 5 Regulatory & Administration £1.3m

Ongoing Investment Assets and Regeneration Assets Portfolios <ul style="list-style-type: none"> • Support Council services • Invest in regeneration projects. • Provide for the future 	Affordable and Keyworker Housing <ul style="list-style-type: none"> • Regeneration of key strategic sites • Provide affordable housing for the residents of SBC
Efficiency <ul style="list-style-type: none"> • Produce ongoing revenue savings and additional income. • Digital transformation enabling residents to have better access services 	Operational <ul style="list-style-type: none"> • Reduce running costs • Greener outcomes • Rationalise property portfolio

6. Regeneration

For 2024/25 – 2027/28 the Council requires £32m to support the regeneration and transformation of the Borough. These are non-housing schemes to transform the built environment.

7. Asset Management Plan

The 2024/25- 2027/28 asset management plan for our current property portfolio will soon be available on the Spelthorne borough Council's website <https://www.spelthorne.gov.uk/article/19655/asset-management-plan>

8. Property Acquisition

Following the Council's decision to seek alternative routes to delivering accessible housing, the Department for Levelling Up, Housing & Communities (DLUHC) established a Local Authorities Housing Fund (LAHF), which provides the Council with up to 40% funding to support the acquisition of 18 properties in the Borough, but it might go up if the 3^r round is introduced in 2024-25

9. Knowle Green Estates Ltd (KGE)

- 9.1 KGE is a wholly owned subsidiary of Spelthorne Borough Council and following a restructure of its property portfolio in the year end 31 March 2020, effectively started from scratch.
- 9.2 The Company has been established to manage each property as mentioned in 7.2 above and is looking at a 50-year time horizon for its properties.
- 9.3 The initial 50-year projections indicated that KGE would be able to provide substantial revenue contributions to SBC over the period and given the profiling of our tenants, will be operating on a small cash surplus based on the properties being delivered to time and to the number of apartments specified. The decision by Council to suspend the direct development of accessible housing has had a significant impact on KGE and based on the report

presented to Council in February 2023, the Council needs to provide short term financial assistance to ensure that KGE can continue to deliver its key priorities.

- 9.4 Once Council have established an updated strategy for KGE, officer will be able to update the Council's Capital Strategy. In the meantime, Officers are preparing revised cashflows for KGE, to ensure it remains financially viable and explore a range of different funding options, including issuing equity shares.

10. Efficiency

- 10.1 The £1.5m of schemes in this category include improved use of technology to support our car parks and improve the customer experience, as well as investing in IT network storage upgrades and new hardware for improved ways of working.

11. Operational

The Council's operational capital strategy amounting to £6.2m is centred on capital improvement works to the Council's operational asset portfolio. This falls into two main categories:

Land and Buildings, includes new community assets including toilet facilities, extensions to our day centres and new pavilions in our parks. Infrastructure, this includes new flood defences along the river Thames, replacement refuse vehicles and improvements to the River Ash broad walk improvement.

- 11.1 The main objectives of the operational element of the Capital Strategy are to ensure assets meet health and safety standards, are fit for purpose in terms of statutory guidance and legislation, as well as helping the Council to reduce costs and reduce its environmental footprint.
- 11.2 Another key objective of the operational element is to ensure that the Council continues to invest in its current buildings and long-term assets to avoid incurring significant future costs. As well as our municipal buildings, we have other operational assets, including vehicles, plant, and equipment.
- 11.3 The Council has a scheduled programme of condition surveys which ensures the Council's operational estate is fit for purpose.
- 11.4 Every 5 years on a rolling basis all the municipal properties under the value of £1m is revalued, any properties over a million and investment properties are revalued annually and the valuation is usually carried out towards the end of the financial year. The Council will review its municipal and land and buildings to identify sites, where there are development opportunities for both the Council and others, such a small strip or parcels of land, as well as, looking to pass over the running of community assets, such as village halls, to the community.
- ## **12. Governance**
- 12.1 The main forum for reviewing all financial aspects of the Capital Programme is the Corporate Policy & Resources Committee who will make recommendations to Council.
- 12.2 The Development Sub Committee looks after the Council's investment, development and regeneration properties and makes recommendations to the Corporate Policy & Resources Committee

- 12.3 The Corporate Policy & Resources Committee review the strategic direction of the Capital Programme, ensures outcomes are aligned with a viable Business Case and that Value for Money (VfM) is delivered for the Council. It also monitors the expenditure and funding requirements of the capital programme and subsequent revenue impacts.
- 12.4 All business cases will require approval by Corporate Policy & Resources Committee and although development projects may have a budget allocation in the capital programme the approval to draw down the budget will only be obtained via Corporate Policy & Resources Committee approval and will align to the business case stage the project is at.
- 12.5 Assessment of the business cases will ensure that all aspects of a potential schemes are analysed and the impact on all the Borough's stakeholders identified. Therefore, the Council will be able to gain a full understanding on how a specific scheme will comply with the current Corporate Plan, and how it will influence the Council's overall strategy, local business economy, residents, officers, and impact on the resources of the Council.

13. Capital Funding

13.1 The Council is required to have a funded capital programme that is affordable, i.e., all capital expenditure should have a source of funding and if that funding source is borrowing, the cost of the borrowing should be built into a balanced revenue budget without adversely impacting on the delivery of services.

13.2 The key sources of funding for the Council are:

- Grants, including Homes England and Local Authority Housing Fund
- Contributions
- S106/Community Infrastructure Levy
- Capital Receipts (including principal repayment of loans from KGE and SDS which are accounted for as capital receipts)
- Direct Revenue Funding
- Borrowing

13.3 Grants

These are predominantly government grants and are usually provided to the Council for the specific use of funding either revenue or capital expenditure for certain schemes and programmes, including Disabled Facilities Grant (DFG) can also include homes England grants and Local Authority Funding Grants (LAHF). In the future we will want to explore potential for grant funding to support carbon reduction programme. The Council will look to maximise any funding from Homes England and Local Authority Housing Fund (LAHF) to help funding the housing delivery programme, this will help reduce the amount of borrowing required to fund these schemes.

13.4 Capital Contributions

In comparison to grants, capital contributions are specific contributions received for projects and are normally provided by the government, external agencies, or private companies, who have a specific output or outcome they would like achieved through the capital works the Council is

providing. Quite often, the scope of these projects is dependent on this external funding, without which the Council may decide to reduce the objectives and scope of a scheme.

13.5 **Community Infrastructure Levy/ Section 106 Receipts.**

Community Infrastructure Levy (CIL) is a planning charge introduced by the Planning Act 2008. The Council started charging CIL in May 2016. Developers must pay a levy linked to planning applications - this is based on a Council approved policy and charging schedule. The income from this levy is held corporately and the Council decides how to allocate these funds via a Council.

The majority of CIL funding is used to fund strategic infrastructure projects with Surrey County Council. Where practical Council should utilise this resource to fund the capital programme.

S106 differs from CIL, as it is essentially a contract between a developer and the Council and like capital contributions they must be used for specific projects and outcomes rather than a more general objective.

13.6 **Capital Receipts**

Capital receipts are generated from the sale of non-current assets (for example. strips of land), and apart from exceptional circumstances, can only be used to fund the capital programme.

The Council holds all capital receipts corporately, which ensures they can be used to fund the overall programme; therefore, individual services are not reliant on their ability to generate capital receipts.

13.7 **Direct Revenue Financing**

13.8 The Council, can, if it chooses to, fund capital expenditure via its revenue budget. In Previous years Council made Revenue Contributions to Capital of £750k per annum but from 2024/25 the contributions are nil. the Council will keep under review whether it feels this is the appropriate. This can be through in year underspends or via general or earmarked revenue reserves. Any funding of the capital programme via revenue resources would have to be considered considering the Council's overall revenue budget and the Medium-Term Financial Plan.

13.9 **Borrowing**

Borrowing can take the form of internal or external borrowing.

13.10 **Internal borrowing** is a temporary position where the Council uses its cash balances instead of externally borrowing at that point in time. If not used for internal borrowing, these cash balances would be invested on a medium to long term basis providing the Council with a return on investment. As such there is an opportunity cost associated with internal borrowing that is built into the revenue implications of the capital programme.

The Council's main objective when borrowing externally is to achieve an appropriate balance between securing low interest costs and achieving cost certainty over the period for which funds are required, particularly when dealing with assets under construction, which are funded via the short-term money market, as interest rates are currently cheaper.

13.11 **External borrowing** occurs when the Council borrows money from the open market, via financial institutions and investors or the government, via the Public Works Loan Board (PWLB). The current certainty rate on 26th January for 50-year maturity is 4.98.

In September 2021, the PWLB implemented new lending criteria so that Councils focus on housing delivery, regeneration, and service delivery projects rather than invest for a return to support services. The Council intends to only undertake capital expenditure which relates to these categories. SBC must regularly assess how to finance its external borrowing needs and the financial viability of capital projects in their capital programme particularly following the recent increases in the cost of local authorities' borrowing.

The Council have built this into the interest cost as part of the revenue implications of the programme.

Although the Capital Programme may identify a need to borrow to fund capital expenditure, the timing and type of borrowing (internal/external) is dependent on cashflow modelling in line with the Council's Treasury Management Strategy, which is also being presented to Council at this meeting.

As a general principle, SBC will borrow from the short-term money market as the loan interest rates are cheaper than borrowing from PWLB. Although it must be noted that the short-term money market is geared to the bank of England base rate which can be volatile and quick to react to market changes. Whereas the PWLB interest rate is dependent on the more stable Gilts Rate.

The Council's total borrowing requirement based on capital expenditure incurred historically but to be financed is represented by the Capital Financing Requirement (CFR). This is published in the statement of accounts, and as at 31 March 2023 was £1,119.7m.

All capital financing costs, i.e., interest costs and minimum revenue provision must be treated as a revenue cost and built into the Council's MTFP. In essence, the more the Council borrows, the greater the call on the revenue budget which then requires further service savings to be identified to fund this in the longer term. For this reason, the Council monitors carefully its borrowing limits and prudential indicators..

14. **Capital Programme Funding: 2024/25 to 2027/28**

14.1 The table below summarises the Council's funding of the proposed Capital Programme as outlined in this report:

Type Of Funding	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	Total £000
Capital Receipts, CIL and S106 funding and Grants	4,312	310	310	1,533	6,465
Lease Funding for Refuse vehicles	850	850	850	0	2,550
Borrowing	20,590	2,268	478	0	23,337

Total Funding

25,752

3,428

1,638

1,533

32,351

- 14.2 As most of the Capital Programme except Spelthorne Leisure Centre has been suspended for 2024/25 Capital financing requirement has been reduced compared to 2023/24.

15. Revenue implications of the programme

- 15.1 A summary of the revenue implications of the Capital Programme is shown below:

	2024/25	2025/26	2026/27	2027/28	Total
	£000s	£000s	£000s	£000s	£000s
Planned New Borrowing	21,913	2,290	501	0	24,704
Capital Financing Costs - Existing Borrowing	39,496	39,587	39,669	39,740	158,492
Commercial Income	(50,959)	(51,395)	(53,852)	(55,755)	(211,961)
Financed by:					
Net revenue stream	(13,507)	(13,899)	(13,384)	(12,219)	(53,009)
Sinking fund net contributions	2,850	5,030	1,400	0	9,280
	(207)	(18,387)	(25,666)	(28,234)	(72,494)

- 15.2 The Council aims to maximise its Balance Sheet assets and as such can utilise cash balances derived from working capital (such items as the appeals provision, reserves, etc.) before it borrows externally to finance the net cost of the capital programme.

- 15.3 Over the four-year Capital Programme, it is currently estimated that the Council will cumulatively generate net financial income, through its revenue budget of £53 m. This is made up of £212 m of commercial income fewer financing costs (including Minimum Revenue Provision) of £158.4m.
- 15.4 The revenue costs of the Capital Programme are not uniform across the four years of the capital programme and are subject to significant fluctuations in line with the profiling of capital expenditure and funding (particularly capital receipts).

16. Minimum Revenue Provision (MRP)

- 16.1 MRP is applied where the Council must set aside a revenue allocation for provision of debt repayments (borrowing in the capital programme). The Council aligns the majority of its MRP with its annual principal repayments of debt to enable the MRP to be applied on an annual basis, i.e. the Council is paying its debt down on a year-by-year basis and applying the MRP to cover the repayment. MRP replaces, in line with local government accounting regulations, other capital charges (e.g., depreciation) in the statement of accounts and has an impact on the Council's bottom line.

MRP will increase in the next few decades as principal repayments increase and interest payments on existing debt falls MRP is sensitive to both expenditure and funding changes.

- 16.2 The Council will continue to balance the use of capital receipts, grants, internal borrowing, and external borrowing to ensure the most efficient use of resources, including the need to fund MRP. The Council will keep its MRP Policy under review in light of potential changes to the Regulations but does not anticipate that the MRP changes being consulted on will cause any issues for the Council.

17. Risk Management

- 17.1 Major capital projects require careful management to mitigate the potential risks that can arise. These risks include risk that construction and capital scheme costs will rise and prove higher than estimated and that financing costs are higher than expected. The effective monitoring, management and mitigation of these risks is a key part of managing the capital strategy.

17.2 General Risks

General risks are those that are faced because of the nature of the major projects being undertaken. Most of these risks are outside of the Council's control, but mitigations have been developed as part of the business planning and governance process.

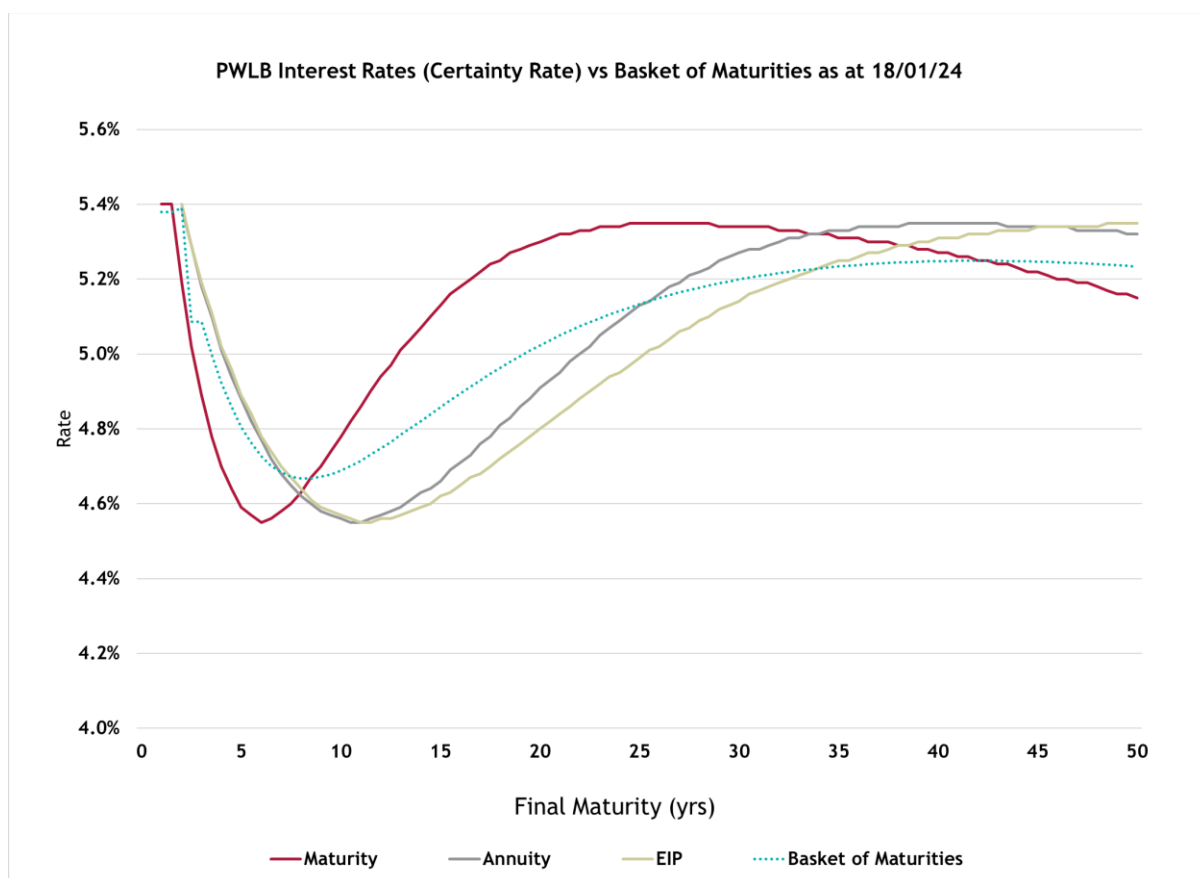
These risks are set out below along with key mitigations:

17.3 Interest Rate Risk

The Council is planning to externally borrow £25m less internal sources of finance, as set out in this Capital Strategy over the next four years.

The Council will opt for fixed interest borrowing that matches the useful life of the asset, for purchases of land and buildings, this is 50 years, and we are currently able to obtain a rate of 4.19% through PWLB.

- 17.4 The development aspect of each project is funded through the short-term money markets, where interest rates are currently around the 5% mark saving the Council significant sums.
- 17.5 The interest on development properties is capitalised, in accordance with the CIPFA Local Authority Accounting (capitalising borrowing costs) Code and rolled up into the total cost price of construction and on completion the short-term funds are repaid, and a fixed term loan is taken out with PWLB.
- 17.6 Officers will use the above principles to mitigate our interest risk and also, look at the best options available through PWLB, which could mean that we obtain a basket of loans, including a mixture of annuity and maturity loans over the fifty-year period, in order to mitigate interest rate risk.
- 17.7 In some cases, officers have been able to reduce the total interest charge by significant sums by carefully monitoring the options available at the time of requiring a loan and this is best demonstrated by the chart below.



- 17.8 The chart shows the PWLB rates for Annuity, Maturity and Equal Instalments of Principal (EIP) loans, compared to a basket of maturities.
- 17.9 In the early years a maturity loan is more expensive than an annuity loan in terms of interest charge and cashflow. Around year 33 the benefits change, and a maturity loan becomes cheaper than the annuity loan.
- 17.10 Officer, in consultation with our advisers, will look at each loan and compare the PWLB rates over the next 50 years, to agree the actual loan, which could include a mix (basket) of annuity and maturity loans over the fifty-year term, in order to reduce cash outflow and mitigate interest risk for the Council.
- 17.11 **Inflation Risk**

Construction inflation over and above that budgeted by the Council's professionals and advisors, and built into project budgets, could impact on the affordability of the capital programme. A 1% rise in the cost of the affordable housing programme would increase the cost of the capital programme by approximately £2.8m.

17.12 **Legislative Risks**

Change in Law Risk – Capital schemes need to comply with the latest law and regulations, changes in which can impact construction costs and may be retrospective in their nature. This risk is mitigated by awareness of pipeline legislative changes and provision of contingencies.

17.13 **Commercial Risks**

The Council's capital programme relies on commercial activity as a key supporting strategy. This involves generation of income from property letting, sales receipts and other revenue/capital financial flows such as land deals with developers. In some cases, the Council commits to large projects, based on assumptions about future asset values and potential income streams. Should market movements mean that these assumptions are inaccurate, then the Council may suffer financially.

To mitigate this risk, the Council relies on expert advice on future asset values in making its decisions.

17.14 **Supplier Financial Stability**, construction companies and developers contracting with the Council that experience financial instability pose a significant risk. They may not be able to raise funding to finance operations, and their potential insolvency could lead to a costly process of changing suppliers without any guarantee of remaining within the overall budget. The Council could suffer direct financial loss, and any defects or other issues may not be resolvable as anticipated.

To mitigate this risk, the Council carefully considers the financial robustness of any contractor and requests appropriate financial standing assurance and support wherever possible.

17.15 **Transfer Risk**

When the Council plans and delivers housing projects, it is important to consider the risks associated with the project and whether the Council (or its subsidiaries such as KGE) is the best placed to take on that risk.

A key consideration for major capital schemes is whether these will be developer led or whether the Council will self-develop. For a developer led scheme the developer will take on a significant proportion of the risks associated with the project. However, the developer will price this risk in, so it will come at a cost.

Considerations can include whether there is resource capacity and expertise to take on specific risks in the context of the overall capital programme. The housing subsidiaries are newly incorporated and there may be an initial set-up risk as the company gains experience and embeds its delivery plan.

17.16 **Project Risks**, relates to the delivery of capital projects, which in many cases can be controlled, influenced, or directly mitigated in ways other than making contingencies available. These risks would mostly relate to unforeseen project delays and cost increases which could arise from a range of circumstances.

The effective management of these risks is mostly linked to the following strategies:

Projects are required to maintain a risk register, to ensure effective monitoring.

- **Highlight reporting** - development projects, as an example, create monthly highlight reports to ensure stakeholders are aware of progress and risks of projects on an on-going basis.
- **Appointment of professional teams** - the Development team has recruited and retained the services of experts to provide robust planning and review to advise on financial feasibility and to ensure timely delivery of projects.

Experts also cover key surveying and financial planning roles to give assurance on quality of work and assumptions.

- **Risk of Revenue Write Off** – the Council commits to feasibility studies on many of its significant capital schemes at the point where spend is revenue in nature or when capital spend may be written off, should the scheme in question not progress.

This is managed through careful consideration and approval of all expenditure potentially at risk of revenue write-off. There is a further risk that any projects funded may not yield the required ongoing revenue savings and therefore may need to be written off to revenue.

18. Financial implications

18.1 Financial implications are set out in the main body of this report.

19. Legal considerations

19.1 The legal implications for each individual scheme within the capital programme will be considered when approval is sought for that scheme. Each scheme within the capital programme will be approved in accordance with the Council's constitution.

20. Equality and Diversity

20.1 The Capital strategy and programme impact on all residents across the Borough. In particular, the provision for new housing within the Borough will assist a substantial number of our 1800 residents, on our housing waiting lists, many of whom are key workers, the young and most vulnerable residents to benefit from our affordable house schemes. Before major new projects and programmes are undertaken, equality impact assessments are undertaken.

21. Sustainability/Climate Change Implications

21.1 Each project will be required to provide details of its impact on the sustainability for the Borough and climate. Noting that at present, we are investing over £5.5m into green initiatives and further 33m on reducing our

carbon footprint in our properties, notably, £44m to build the first leisure centre in the United Kingdom to Passivhaus

22. Timetable for implementation

- 22.1 The Capital Strategy will need to be approved by Council and can then be issued immediately thereafter.

Background papers: as presented at previous or current meeting(s)
2024/25 to 2027/28 Capital Programme
KGE 50-year projections

Council

22 February 2024



Title	Estimated 2024/25 to 2027/28 Capital Programme
Purpose of the report	To approve the above as recommended by Corporate Policy & Resources Committee at their meeting on 19th February
Report Author	Prithiva Janaka Treasury Management and Capital Accountant
Ward(s) Affected	All Wards
Exempt	No
Corporate Priority	Community Affordable Housing Recovery Environment Service Delivery
Recommendations	Council is asked to approve the proposed Capital Programme for 2024/25 to 2027/28
Reason for Recommendation	As part of the 2024/25 budget setting process and to ensure that the Council has a planned approach to its Capital expenditure and that it is financially sustainable.

Summary of the report

What is the situation	Why we want to do something
<p>As part of the 2024-25 Budget setting process, Council is required to approve the 2024-25 to 2027-28 Estimated Capital Programme.</p> <p>This sets out the capital programme for the next four years, are the 2024-25 Capital Growth Bids approved on Monday 19 February, by Corporate Policy & Resources Committee. Officers are still required to complete the relevant Project Initiation Documents and Reports for the relevant Committees to approve the final details of each project, before the project can commence.</p>	<p>The Capital Programme is an important part of the 2024-25 Budget Setting Process and evolves as Council makes decision during the year.</p> <p>Given the high interest rates, Officers need to carefully and closely monitor the funding of the Council's Capital Projects.</p>

<p>The Leisure Centre is due for completion in late Summer 2024 and Officers have assume that this project will be funded by a Public Works Loan Board fixed rate 50 year loan. However, over the next four to eight weeks, Officers will be presenting to council, alternative options on how to fund this project, given the current high rates of interest.</p> <p>The approved capital projects that have started but have not yet completed are included in the figures, based on the balance of costs to complete.</p> <p>Capital Projects that have been approved several years ago but not yet started will be removed from the programme as part of the 2024-25 Outturn process and an updated Estimated Capital Programme.</p> <p>Note the substantial reduction in the Estimated Capital Programme for 2023-24 to 2027-28 following council's decision to suspend the direct delivery of accessible housing projects.</p>	
<p>This is what we want to do about it</p>	<p>These are the next Steps</p>
<p>Review the report.</p> <p>Take a view on the Estimate Capital Programme for 2024-25 to 2027-28 and where appropriate question the relevant Budget Manager, noting that the Committees have already done so.</p> <p>Note the observations in the section above entitled 'What is the situation'.</p>	<p>Council is asked to approve the 2024-25 to 2027-28 Estimated Capital Programme.</p>

1. Key issues

- 1.1 The estimated Capital Programme forms an integral part of the Council's Capital Strategy.

- 1.2 The Council is being asked to approve a multi-year Capital Programme of £36m gross and £32m net of receipts and grants detailed in Appendix A. Included in the proposed schemes £7M is for new projects.
- 1.3 Also included are two estimated multiyear expenditure items for the leasing, and the purchase of, multiple waste vehicles for £400k. The new schemes are included to provide a holistic view of the Council's estimated Capital Programme, and to allow officers to plan their medium-term financial strategy.
- 1.4 Due to the delays in developing the Council's projects caused by several factors, including, the moratorium, Brexit, supply chain challenges, construction price inflation and shortages of labour, all the Capital Projects have been reviewed by the Council and reprofiled to reflect the latest capital monitoring information and expectation of when budgeted expenditure will be incurred, as shown in appendix A.
- 1.5 The aggregate estimated Capital Programme attributable to each committee for 2024/25, before funding is applied, is shown in the table below.

	2024/25	2025/26	2026/27	2027/28	Total
	Estimated £000s	Estimated £000s	Estimated £000s	Estimated £000s	Estimated £000s
Community Wellbeing & Housing - DFG	1,085	1,003	1,003	1,003	4,092
Environment & Sustainability	1,030	1,165	0	1,300	3,495
Neighbourhood Services	335.0	0.0	0.0	0.0	335.0
Corporate Policy and Resources	23,831	1,682	1,579	173	27,265
Regulatory & Administration	783	521	0	0	1,304
Total before funding	27,063	4,371	2,582	2,476	36,492

- 1.6 The largest element of the Capital Programme continues to be Spelthorne Leisure centre, which will be completed in the summer of 2024.
- 1.7 Other elements of the Council's Capital Programme include several smaller initiatives to reduce our carbon footprint and utilising the Green Initiatives Fund set aside by Council last year and various Information Technology (IT) projects such as, equipment refresh, upgrades to systems and improvements to ways of working which will help facilitate efficiencies.
- 1.8 The majority of our Capital Programme is and will continue to be funded by borrowing from the Public Works Loan Board (PWLb), in compliance with the Prudential and Treasury Management Codes and Government guidance and

revenue contributions as the Council has very limited capital receipts or capital reserves.

- 1.9 Under the Chartered Institute of Public Finance and Accountancy's (CIPFA) Prudential Code regime, Councils have a requirement to set out how the financing of their Capital Programme is prudent and affordable and to publish prudential indicators. Any new borrowing would result in a charge to the General Fund for principal and interest on completion of schemes borrowing is not undertaken the programme would need to be financed from additional capital receipts through the selling of assets or a significant revenue contribution to Capital from the services proposing the capital works. The Council is not currently looking to dispose of any of its properties, which means that future capital receipts will be limited. There will still be a small amount of receipts from the Council's share of Right to Buy, as we come to the end of the contract to improve the resiliency of the Capital Programme.
- 1.10 Borrowing will be undertaken to fund acquisitions for residential and regeneration purposes and developments where future income streams or cashable savings are generated, for example reducing the office footprint.

2. Prudential Indicators (PI)

- 2.1 There are several key indicators to ensure that the Council operates its activities within defined boundaries, which can be seen in Appendix B.

Operational Boundary

- 2.2 The Operational Boundary for External Debt is not a limit and actual borrowing could vary around this boundary for short times during the year. It acts as an early warning indicator to ensure the authorised limit is not breached.
- 2.3 The Operational Boundary links directly to the Council's Capital finance Report (CFR) and estimates of other cashflow requirements. The Council intends to keep the Operational Boundary at £1,067m for 2024/25 through to 2026/27, as detailed in the Treasury Management Strategy Report.

Authorised Limit

- 2.4 Another key indicator is the Authorised Limit which represents the maximum level of borrowing beyond which further external debt is prohibited, without Council approval.
- 2.5 This is a statutory limit determined under Section 3 (1) of the Local Government Act 2003 and it has been set at £1,167m for 2024/25 through to 2026/27, as detailed in the Treasury Management Strategy Report.
- 2.6 Council will approve the Authorised Limit and Operational Boundary via the Treasury Management Strategy Report.

Estimates of financing costs to net revenue stream

- 2.7 This indicator compares the total principal and net interest payments on external debt to the revenue spending of the Council that is funded by government grants and local taxpayer. It is a measure of affordability of borrowing, and is shown in table 2 of Appendix B.
- 2.8 As the Council continues to repay its loans, the interest charge will start to reduce, and the capital repayment element will increase, and therefore the ratio will start to fall over the coming years and highlights the importance of

the Council continuing with its policy to build its reserves as well as using the net investment income to support its service deliver and regeneration programme.

If our net investment income from our property portfolio were included (which was why Council took out the loans)

the ratios would be as follows:

	2024/25	2025/26	2026/27	2027/28
	£m	£m	£m	£m
Net Revenue Stream & Investment Portfolio Rent	14.0	13.90	13.4	12.00
Financing costs	36.6	36.69	39.9	40.04
Ratio	2.615	2.640	2.98	3.33

Commercial income, related costs, and net contributions to future costs

- 2.9 The Council's commercial income, as per the table below shows, a strong net income position after allowing for landlord costs, financing costs and net contributions to the reserves (sinking funds) from 24/25 onwards.

	2024/25	2025/26	2027/28	2028/29
	£m	£m	£m	£m
Commercial income	(50.947)	(51.395)	(53.852)	(55.755)
Landlord costs	6.823	9.417	8.281	8.678
Contribution to sinking funds	(2.016)	(4.257)	(0.754)	0.773
Financing costs	36.131	36.224	36.306	36.299
Net income after landlord & financing costs & net contributions to sinking fund	(10.009)	(10.011)	(10.019)	(10.006)

3. Financial implications

- 3.1 The planned financing of the 2024/25 proposed Capital Schemes is as follows in £000s

Type of Funding	2024/25	2025/26	2026/27	2027/28	Total
	Estimated	Estimated	Estimated	Estimated	
	£000s	£000s	£000s	£000s	

Capital Receipts, CIL and S106 funding	4,312	310	310	1,533	6,465
Lease Funding of Refuse Vehicles	850	850	850	0	2,550
Borrowing	20,590	2,268	478	0	23,336
Total	25,752	3,428	1,638	1,533	32,351

It can be noted that over the four-year period funding from non-borrowing sources will equate to approximately 21% of the planned expenditure.

4. Sustainability/Climate Change Implications

- 4.1 The Council will be investing more than £40m in the development of the first leisure centre in the United Kingdom to be built to the exacting Passivhaus standards (with £4m of the cost relating to achieving the Passivhaus standards), which will reduce our carbon footprint and fuel consumption up to 65 to 70% for this building.

5. Timetable for implementation

- 5.1 Schemes included in the Capital Programme are programmed to commence in 2024/25 and will be monitored monthly by officers to ensure that any slippage of schemes is identified at an early date and the programme is adjusted accordingly.
- 5.2 Bimonthly reports are also provided to the Development Subcommittee for discussion and review.
- 5.3 Any schemes incomplete at the end of March 2024 may be incorporated as part of the revised programme for 2024/25.
- 5.4 Quarterly reports are prepared by the Finance Team as part of the Capital monitoring process, to show the status of the schemes and presented to Committees and Council the expected variance from the approved budget., along with the appropriate narrative.

Appendices:

A - 2024/25 to 2027/28 Capital Programme.

CAPITAL PROGRAMME 2024/25 TO 2027/28

Appendix A

	Revised Total Budget	Budget 2024/25	Budget 2025/26	Budget 2026/27	Budget 2027/28	Total for 4 Years
	£000s	£000s	£000s	£000s	£000s	£000s
Spelthorne Capital Programme 2024-25 to 2027-28						
Disabled Facilities Mandatory	3,854	1,025	943	943	943	3,854
Disabled Facilities Discretion	238	60	60	60	60	238
Grants received from Central Government	-3,854	-1,025	-943	-943	-943	-3,854
Grants received from Central Government	0	0	0	0	0	0
Committee Total	238	60	60	60	60	238
Replacement refuse vehicle	80	80	0	0	0	80
Replacement refuse vehicle - external fund insurance claim	0		0	0	0	0
Procurement of new food waste vehicles	400	400	0	0	0	400
County Transit Site	127	127	0	0	0	127
Replacement Spelride Bus	100	100	0	0	0	100
Wheelie Bins (Growth)	110	55	55	0	0	110
Laleham Park- Portacabins	93	93	0	0	0	93
River Ash Boardwalk	150	150	0	0	0	150
River Ash Boardwalk - Bronzefield Reserve Funding	-150	-150	0	0	0	-150
River Thames Scheme	1,300	0	0	0	1,300	1,300
Air Quality	25	25	0	0	0	25
Electric Van for Jet(Growth)	110	0	110	0	0	110
New Market Stalls(Growth)	50	0	50	0	0	50
Replace 4 remaining Spelride buses for Electric(Growth)	500	0	500	0	0	500
Electric Power Supply enhancement(Growth)	450	0	450	0	0	450
Committee Total	3,345	880	1,165	0	1,300	3,345
Car Park Management System update in Elmsleigh Surface+MSCP	250	250	0	0	0	250
PCN/Permit/Season Ticket management and issuance management system	50	50	0	0	0	50
Supply of 5 new CCTV cameras in Shepperton	35	35	0	0	0	35
Committee Total	335	335	0	0	0	335

Spelthorne Capital Programme 2024-25 to 2027-28	Revised	Budget	Budget	Budget	Budget	Total for 4
	Total Budget	2024/25	2025/26	2026/27	2027/28	Years
	£000s	£000s	£000s	£000s	£000s	£000s
Spelthorne Leisure Centre	18,845	18,845	0	0	0	18,845
Ashford MSCP Residential Scheme	0	0	0	0	0	0
Ashford MSCP Residential Scheme - Hones for England Gr	0	0	0	0	0	0
Whitehouse - Design Fees & Construction Phase B	97	97	0	0	0	97
Whitehouse - Design Fees & Construction Phase B - Home	-97	-97	0	0	0	-97
Decathlon Unit	150	150	0	0	0	150
Centros Upgrade - systems and processes	194	194	0	0	0	194
Elmsleigh Centre WCs	55	55	0	0	0	55
Elmsleigh Centre WCs	-40	-40	0	0	0	-40
Cedars Rec Toilet block	250	250	0	0	0	250
Greeno Rec	1,200	1,200	0	0	0	1,200
Manor Park Pavilion	750	750	0	0	0	750
Revelstoke	400	400	0	0	0	400
Sandhills Meadow Bridge - Contribution	200	200	0	0	0	200
Production of strategy to inform about disposal or redevelopment options(Growth)	50	50	0	0	0	50
Carbon reduction initiatives(Growth)	2,967	0	1,561	1,406	0	2,967
31 Hanworth Road – secure approval to enter into a land swap with owner occupier to acquire 31 HR in return for Air Source Heat Pump (Knowle Green; White House	1,000	1,000	0	0	0	1,000
Depot; Laleham Nursery; Shepperton Preschool;	467	0	121	173	173	467
Demolishing of Thameside House(Growth)	600	600	0	0	0	600
Demolishing of Kingston Road(Growth)	40	40	0	0	0	40
Committee Total	27,128	23,694	1,682	1,579	173	27,128
Centros Upgrade - systems and processes	126	126	0	0	0	126
Network Infrastructure	170	170	0	0	0	170
Customer Services Contact Cent	28	28	0	0	0	28
Capita API Webcapture integration (Growth)	70	70	0	0	0	70
SharePoint Upgrade	0	0	0	0	0	0
General Hardware, Software and Mobiles (Growth)	20	20	0	0	0	20
General Hardware - Homeworking Kit	46	46	0	0	0	46
General Hardware - Tablets/Mobile (Growth)	52	31	21	0	0	52
Service Delivery Hardware Printers	38	38	0	0	0	38
Service Delivery Hardware Infrastructure (Growth)	500	0	500	0	0	500
SharePoint redesign & Relaunch	155	155	0	0	0	155
Corporate EDMS Project	0	0	0	0	0	0
Acquisition of GovTech	20	20	0	0	0	20
Website upgrade	79	79	0	0	0	79
	1,304	783	521	0	0	1,304
Total for Other	32,351	25,751	3,428	1,639	1,533	32,351

Spelthorne Capital Programme 2024-25 to 2027-28	Revised	Budget	Budget	Budget	Budget	Total for 4
	Total Budget	2024/25	2025/26	2026/27	2027/28	Years
	£000s	£000s	£000s	£000s	£000s	£000s
Net Programme By Committee						
Community Wellbeing & Housing- DFG	238	60	60	60	60	238
Environment & Sustainability	3,345	880	1,165	0	1,300	3,345
Neighbourhood Services	335	335	0	0	0	335
Corporate Policy & Resources	27,128	23,694	1,682	1,579	173	27,128
Regulatory & Administration	1,304	783	521	0	0	1,304
Total	32,351	25,752	3,428	1,639	1,533	32,351

Capital Financing Requirement	2024/25	2025/26	2026/27	2027/28
	£000	£000	£000	£000
Net Capital Programme 2024/25 till 2027/28	25,752	3,428	1,639	1,533
Capital Receipts, CIL , S106 funding and Grants	4,312	310	310	1,533
Capital funding	0	0	0	0
Lease Funding for Refuse vehicles	850	850	850	0
Revenue Contributions to capital outlay	0	0	0	0
Borrowing	20,590	2,268	479	0
CFR 2024/25	25,751	3,428	1,639	1,533

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Council

22 February 2024



Title	Treasury Management Strategy Statement 2024/25
Purpose of the report	The Council has statutory duty to approve an annual treasury management strategy. The Council may require amendments to the strategy but must ensure that an approved strategy is in place for each financial year.
Report Author	Prithiva Janaka, Treasury Management and Capital Accountant
Wards affected	All Wards
Exempt	No
Corporate Priority	Community Addressing Housing Need Resilience Environment Service delivery
Recommendations	<p>Council is required to:</p> <ol style="list-style-type: none"> 1. Approve the Treasury Management Strategy for 2024/25 as set out in this report. 2. By Approving the report they will be agreeing to the Treasury Management Practices (TMP) MRP statement, Operational Boundary, and Authorised Limits.
Reason for Recommendation	The Treasury Management Strategy is a statutory requirement upon the Council, and it is important that the Council manages prudently and professionally its treasury management transactions

1. Introduction

Treasury management is the pro-active management of the Authority's cash flows, borrowing and investments, and the associated risks. The Authority has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Authority's prudent financial management.

Summary of the report

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What is the situation	Why we want to do something
<ul style="list-style-type: none"> Corporate Policy and Resources Committee (CPRC) and Council have a statutory responsibility to review and approve the Treasury Management Strategy annually before the beginning of the new financial year. The Council has both a significant debt portfolio (most of which is at fixed rates) of £1,072m and equally investment funds of £59.4m and cash balances currently averaging £10m. This scale of activity creates risks which need to be proactively managed. Council reviews its liquidity and cashflow on a weekly basis. The Council needs to seek to minimise financing costs whilst maximising returns on surplus funds 	<ul style="list-style-type: none"> Treasury management is crucial to the Council's cash flow, investment and borrowing to mitigate the risk we should plan head on : Operational Limit Authority Limit Diversify investment. Borrowing To fund capital projects of higher value and invest excess cash to earn income through interest
This is what we want to do about it	These are the next steps
<ul style="list-style-type: none"> Mitigate risk by diversify Investment and borrowing. Continuing to seek professional advice from our advisers 	<ul style="list-style-type: none"> Review and approve Treasury Management Strategy 2024/25

1.1 The prime objective of the Council's investment strategy is to maintain capital security whilst ensuring that there is the necessary liquidity to carry out its business. Within these constraints, the strategy aims to maximise returns.

1.2 The borrowing strategy aims to minimise the revenue cost of debt whilst securing the council from revenue pressures in the event of interest rate volatility.

1.3 A key revenue consequence of borrowing is the statutory requirement to set aside an amount for repayment of debt, known as Minimum Revenue Provision (MRP). Regulations require the authority to determine annually a principle by which MRP will be determined.

1.4 The treasury management strategy aims to protect the council from market-related risks by monitoring interest rates, economic indicators, and UK and overseas government finances. A range of information sources is used to inform economic analysis and forecasts.

2. Operational Analysis and Proposals

- 2.1 Treasury risk management at the Authority is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2021 Edition (the CIPFA Code) which requires the Authority to approve a treasury management strategy before the start of each financial year. This report fulfils the Authority's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code
- 2.2 This is a technical report providing necessarily detailed information that the Council is required to have due regard to, certain key information is appended for the sake of clarity. Appendix A provides recent benchmarking of the investment portfolio by the Council's treasury advisors, illustrating performance reporting used by the Council. Background to this report is given at Appendices B and C. The MRP Statement is given at Appendix D. The Treasury Management Practices (TMP) and Schedules, included at Appendix E, set out how this Council will seek to achieve its treasury management policies and objectives and how it will manage and control those activities.
- 2.3 The Council's short term investment portfolio has been reviewed by Arlingclose found to be generally compliant with the Council's ESG policy and a full report will be coming to this committee in March. Of the 3 funds that were just outside of this policy officers will review the situation once the Council has made the decision on how Leisure Centre Project will be funded as one of the options is to use the short term investments rather than the external borrowing to fund this project.
- 2.4 Option 1: The Council has a statutory duty under the *Local Government Act 2003* to approve and publish a treasury management strategy before the start of each financial year. **Recommend this option.**
- 2.5 Option 2: Committee may make recommendations to develop the strategy, as long as those recommendations comply with the Chartered Institute of Public Finance Treasury Management code and are consistent with the statutory regulatory framework, as stated above the Committee must ensure a strategy is in place each year to meet its statutory duty.
- 2.6 Option 3: Not approve a Strategy. The Council does not have the option to refuse to approve a strategy altogether.

Summary position

On 31 December 2023, the Council held £1,072.0m of borrowing, £59.0m of treasury investments and £756.2m of non-treasury investment property. Overall, the Council position is £256.8m net borrowing. This is detailed in Table 1 below.

Table 1: Current Investment & Debt Portfolio Position

As at 31.12.2023	Actual Portfolio
	£m
External Borrowing:	
Public Works Loan Board	(1,072.0)
Local Authorities (short term)	0.0
Total Gross External Debt	(1,072.0)
Long-Term Investments:	
Pooled Fund Investments	33.1
Funding Circle	0.4
Short-Term Investments:	
Local Authorities	22.0
Fixed Rate Deposits	0.0
Money Market Funds	3.9
Total Investments	59.4
Net (borrowing)/ investments	(1,013.0)
Non-treasury investments:	
Investment property (as at 31Mar23)	756.2
Overall net negative Equity	(256.8)

- 2.7 Funding Circle is a peer-to-peer lending platform which provides an alternative borrowing mechanism for small businesses. This investment was made in April 2015 to help diversify the investment portfolio, and as an economic development opportunity enabling the Council to support local businesses where demand exists. Following general review by the Funding Circle fund manager over the COVID period, fund management has changed so that sums from repaid loans are not being reinvested, so the fund is being run down.
- 2.8 Officers do not anticipate any significant changes in the actual figures quoted above as at 31 December 2023 to estimated figures shown below as at 31 March 2024
- 2.9 **Minimum Revenue Provision (MRP):** Where the Council finances capital expenditure by debt, the Council is required to put aside resources to repay that debt. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), noting that there has been no statutory minimum since 2008. The Council's Annual MRP Statement is included at Appendix D. It should be noted that the Council repays borrowing each year by applying the MRP, and that this is reflected in the MRP. The Government is currently circulating on some changes to the MRP regulations

and guidance. The Council will have regard to any changes to the guidance but does not anticipate any of the proposed changes to present any difficulties.

- 2.10 The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The Council's current strategy is to maintain borrowing and investments below their underlying levels, also known as internal borrowing. Forecast changes in the CFR, investments and borrowing are shown in Table 2 below.

Table 2: Capital Financing Requirement

	Actual	Estimate	Estimate	Estimate	Estimate
	31.03.2023	31.03.2024	31.03.2025	31.03.2026	31.03.2027
	£m	£m	£m	£m	
Opening CFR	1,117.7	1,170.0	1,189.2	1,182.5	1,175.4
In-year movement (below)	52.3	19.2	(6.8)	(9.5)	(12.2)
Closing CFR	1,170.0	1,189.2	1,182.5	1,173.4	1,163.2
Less: External borrowing	(1,096.5)	(1,072.0)	(1,065.2)	(1,055.7)	(1,043.5)
Internal borrowing	73.5	118.3	118.3	118.3	118.4
<i>Capital programme:</i>					
Housing & Regeneration	63.8	23.6	0.0	0.0	0.0
Other capital expenditure	3.4	3.1	4.4	2.6	2.3
Total Capital Expenditure	67.2	26.7	4.4	2.6	2.3
<i>Financing:</i>					
Capital Receipts	(0.7)	4.3	0.3	0.3	0.2
Capital Grants and Contributions	(1.0)	1.3	0.9	0.9	0.9
Revenue Contributions	0.0	0.9	0.9	0.9	0.0
Net Financing Need	65.5	33.2	6.4	4.6	3.4
Less: Minimum Revenue Provision (MRP)	(12.4)	(12.9)	(13.2)	(14.1)	(14.5)
In-year movement in CFR	53.1	20.3	(6.8)	(9.5)	(11.1)

- 2.11 The Council has an increasing CFR due to planned Capital Programme expenditure, in particular on the Council's housing delivery (Property acquisition for families) to top up the Local Authority Housing Fund grant) for

the and regeneration programme and on service projects such as the new Leisure Centre.

- 2.12 The Authorised Borrowing Limit has been reduced from October 2023 from £1,450m to £1,167m and Operational Boundary from £1,350m to £1,067m for 2024/25, are considered appropriate for the above projections but will be reviewed and revised as needed to reflect borrowing requirements in future years. As can be seen in the above table the anticipated external borrowing figure falls below both limits.
- 2.13 CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that an authority's total debt be lower than its highest forecast CFR over the next three years. Table 2 above shows that the Council expects to comply with this recommendation for 2024/25

Local context - Liability benchmark

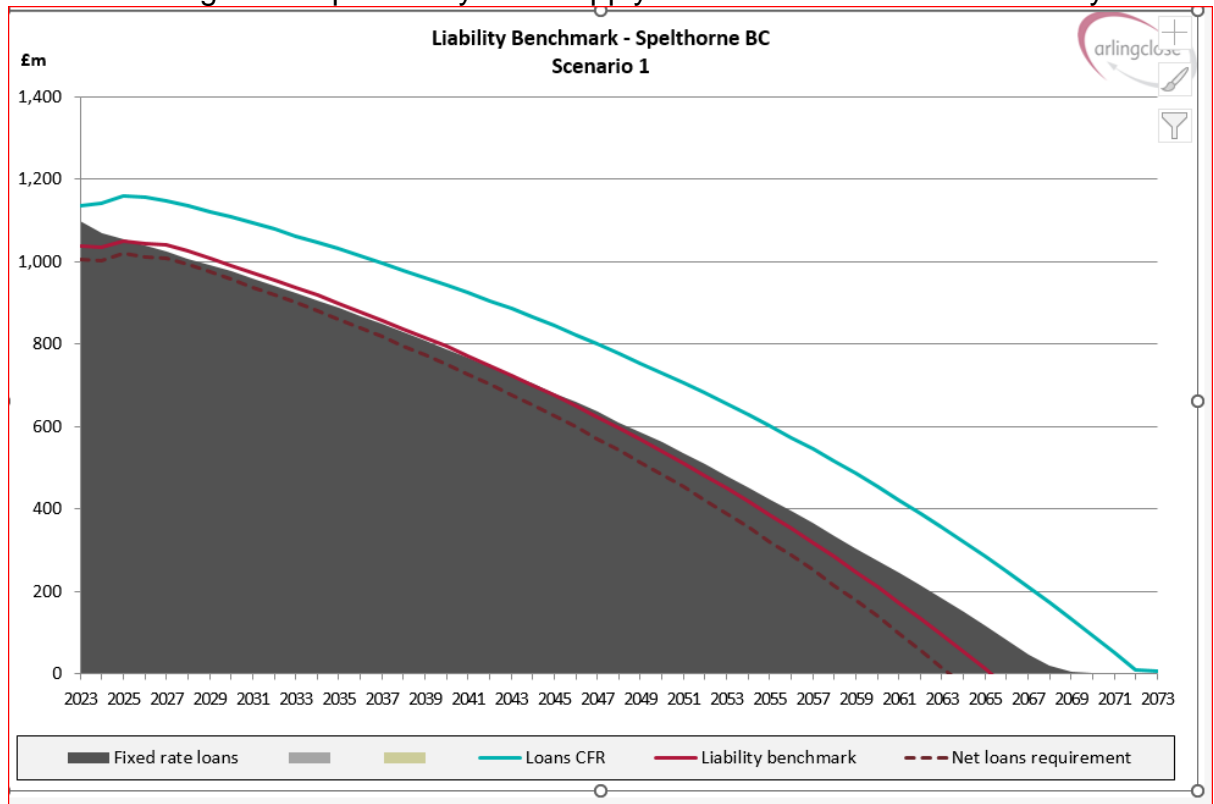
- 2.14 To compare the Council's actual borrowing against an alternative strategy, a liability benchmark (a measure of risk outlined in the CIPFA TM Code and now required to be reported on for future years) has been calculated showing the lowest risk level of borrowing, as shown at Table 3. This assumes the same forecasts as Table 2 above, but that cash and investment balances are kept to a minimum level of £20m at each year-end to maintain sufficient liquidity but minimise credit risk.

Table 3: Liability benchmark

	Actual 31.03.2023	Estimate 31.03.2024	Estimate 31.03.2025	Estimate 31.03.2026	Estimate 31.03.2027
	£m	£m	£m	£m	£m
CFR	1,170.0	1,190.3	1,183.5	1,183.0	1,174.0
Balance Sheet resources	(111.0)	(113.0)	(119.0)	(113.0)	(113.0)
Minimum investment	20.0	20.0	20.0	20.0	20.0
Liability benchmark	1,079.0	1,097.3	1,084.5	1,090.5	1,081.0

- 2.15 The liability benchmark indicates that the required minimum level of borrowing is forecast to be £1,096m as at 31 March 2024 after taking into account other resources such as usable reserves and the minimum investment of £20.0m.
- 2.16 Following on from the medium-term forecasts in table 2 above, the longer-term liability benchmark given next shows the level of borrowing that will be required in future years – consistently low at around £0.1m to £0.2m (the gap under the top, green line). The Council will be working with Arlingclose to further develop

this modelling to help identify and apply internal resources effectively.



3. Borrowing and Investment Strategies

Borrowing Strategy

- 3.1 The Council currently holds £1,072.0m of loans, which it is paying off on an annual basis (Table 1) as part of its strategy for funding previous years' capital programmes. The Council was debt-free before 2016/17, when the decision was taken to make strategic property acquisitions based on the opportunities available. With the important caveat that Council has no intention to buy investment assets primarily for yield. This is as set out in the Council's Capital Strategy.
- 3.2 The forecast in Table 2 shows that the Council expects outstanding borrowing to be a maximum of £1,072m in 2024/25.
- 3.3 The revised draft Capital Programme budget for 2024/25 has been set at £27m, net of funding this is a reduction of almost 50% from 2023/24 mainly due to mostly all the programmes except Spelthorne Leisure Centre have been suspended. A proportion of rental income from existing investment property is set aside to increase sinking fund earmarked reserves, which contribute towards financing of future property-related costs. This is to help ensure, given the relatively illiquid nature of property assets, the Council does not get into a forced sale position on an asset if its income dips for a temporary period.
- 3.4 **Objectives:** The Council's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty over those costs over the period for which funds are required. The flexibility to renegotiate loans should the Council's long-term plans change is a secondary objective.

- 3.5 **Strategy:** Given the significant cuts to public expenditure and in particular to local government funding, the Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio.
- 3.6 With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term either to use internal resources, or to borrow short-term loans instead of long-term. By doing so, the Council is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk.
- 3.7 The benefits of internal and short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. Arlingclose will assist the Council with this 'cost of carry' and breakeven analysis, the result of which will help determine whether the Council borrows additional sums at long-term fixed rates in 2024/25 with a view to keeping future interest costs low and gaining long term value for money even if costs are higher in the immediate to short term.
- 3.8 The Council has previously raised the majority of its long-term borrowing from the PWLB, which remains a relatively good option particularly as it was fixed at relatively low interest rates. Government guidance now prohibits authorities that have 'investments for yield' (which the Council does not intend to have) from accessing PWLB loans.
- 3.9 The Council may consider in the future long-term loans from other sources including banks, pensions, and local authorities, and will investigate the possibility of issuing bonds and similar instruments, in order to lower interest costs and reduce over-reliance on one source of funding, in line with the CIPFA TM Code. However, given the Council's current reduced borrowing intentions it is not currently actively seeking alternative sources of loan finance.
- 3.10 Specifically, the Council is working with Arlingclose to identify alternative funding options for potential acquisitions and future development projects, and at options for diversifying the Council's debt to build a portfolio from a number of sources.
- 3.11 The Council will also consider forward-starting loans, where the interest rate is fixed in advance and the cash is received in later periods. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period. Forward starting loans would facilitate effective funding of major development projects such as those planned for the property portfolio.
- 3.12 In addition, the Council may borrow short-term when needed to cover unplanned cash-flow shortages.
- 3.13 **Sources of borrowing:** Approved sources of long-term and short-term borrowing are:
- HM Treasury's PWLB lending facility (formerly the Public Works Loan Board)
 - Works Loan Board (PWLB) and any successor body
 - any institution approved for investments (see below)
 - any other bank or building society authorised to operate in the UK
 - any other UK public sector body

- UK public and private sector pension funds (except Surrey Pension Fund)
 - capital market bond investors.
 - UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues.
- 3.14 **Other sources of debt finance:** In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:
- leasing
 - hire purchase.
 - Private Finance Initiative
 - sale and leaseback.
- 3.15 **Municipal Bonds Agency:** UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. The Agency plans to issue bonds on the capital markets and lend the proceeds to local authorities. This will be a more complicated source of finance than the PWLB for two reasons: borrowing authorities will be required to provide bond investors with a guarantee to refund their investment in the event that the agency is unable to for any reason; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report to Council.
- 3.16 **LOBOs:** The Council does not hold and has not previously held, LOBO (Lender's Option Borrower's Option) loans, which expose borrowers to an element of refinancing risk. A LOBO lender has the option to propose an increase in the interest rate at set dates, following which the borrower has the option to either accept the new rate or to repay the loan at no additional cost. These loans do not represent value for money and will not form part of the Council's borrowing strategy.
- 3.17 **Short-term and variable rate loans:** These loans leave the Council exposed to the risk of short-term interest rate rises and are therefore subject to the interest rate exposure limits in the treasury management indicators below. Financial derivatives may be used to manage this interest rate risk.
- 3.18 **Debt rescheduling:** The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount (currently the council would receive a discount on most of its loans as a result of prevailing rates being higher than when the council fixed the rates) according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Council may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk.
- 3.19 **Investment Strategy**
- The Council holds significant levels of invested funds representing income received in advance of expenditure plus balances and reserves held. Total long-term investments are £33.5m as at the end of December 2023 (Table 1). This includes £33.1m pooled funds, there has been a slight increase after the the COVID-19 crisis resulted in a reduction in the capital value of these holdings as they are primarily property funds. This reduction is expected to be temporary and has since partially recovered.

Invested funds may be increased further if there are significant additional capital receipts and if it is agreed that these are to be invested. Total investments are higher throughout the financial year and are monitored closely and maintained at appropriate levels as part of managing short-term cash-flow requirements of the Council.

- 3.20 **Objectives:** Both the CIPFA TM Code and the DHLUC Guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest yield (rate of return). The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Council will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.
- 3.21 The Council recognise that the bulk of its borrowing relates to financing of investment designed to deliver long term income streams and that in the event of a forced sales there would be liquidity challenges as assets take time to sale and sale prices will fluctuate. Being mindful of this risk is a key reason why the Council put in place the risk mitigation approach to have sinking funds reserves to ensure that if tenants vacate an investment asset the council can sustain a period of dip in rental income without being forced into a position of having to seek to sell the asset.
- 3.22 **Strategy:** The Council aims to maximise liquidity of funds to ensure availability for capital expenditure, in line with the Council's significant property and housing service plans.
- 3.23 **Business models:** Under the International Financial Reporting Standard (IFRS) 9 standard, accounting for certain investments depends on the Council's "business model" for managing them. The Council aims to achieve value from its internally managed treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.
- 3.24 **Approved counterparties:** The Council may invest its surplus funds with any of the counterparty types in Table 4 below, subject to the cash limits (per counterparty) and the time limits shown. The cash limits shown have been agreed in conjunction with our treasury advisers, to enable the Council to have sufficient flexibility within the strategy being set to manage funds appropriately as they are received. This can sometimes include holding funds in advance of need in relation to making strategic acquisitions.

Table 4: Approved investment counterparties and limits

Credit Rating	Government	Banks Secured	Banks Unsecured	Corporates	Registered Providers
UK Gov	£ Unlimited 50 years	n/a	n/a	n/a	n/a
AAA	£10m 50 years	£10m 20 years	£10m 5 years	£5m 20 years	£5m 20 years
AA+	£10m 25 years	£10m 10 years	£10m 5 years	£5m 10 years	£5m 10 years
AA	£10m 15 years	£10m 5 years	£10m 4 years	£5m 5 years	£5m 10 years
AA-	£10m 10 years	£10m 4 years	£10m 3 years	£5m 4 years	£5m 10 years
A+	£5m 5 years	£10m 3 years	£10m 2 years	£5m 3 years	£5m 5 years
A	£5m 5 years	£10m 2 years	£10m 13 months	£5m 2 years	£5m 5 years
A-	£5m 5 years	£10m 13 months	£10m 6 months	£5m 13 months	£5m 5 years
None	£5m 25 years	n/a	£1m 6 months	£1m 5 years	£5m 5 years

Pooled funds and real estate investment trusts (REITs)	£10m per fund at point of investment
Money Market Funds	Unlimited per fund

This table must be read in conjunction with the notes below.

- 3.25 **Credit Rating:** Investment limits are set by reference to the lowest published long-term credit rating from a selection of external rating agencies. Where available, the credit rating relevant to the specific investment or class of investment is used; otherwise, the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.
- 3.26 **Government:** Loans, bonds, and bills issued or guaranteed by national governments, regional and local authorities, and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years
- 3.27 **Banks Secured:** Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. Where there is no investment-specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits. The combined secured and unsecured investments in any one bank will not exceed the cash limit for secured investments.

- 3.28 **Banks Unsecured:** Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.
- 3.29 **Corporates:** Loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in but are exposed to the risk of the company going insolvent. Loans to unrated companies would only be made either following a financial or credit assessment or as part of a diversified pool in order to spread the risk widely.
- 3.30 **Registered Providers:** Loans and bonds issued by, guaranteed by or secured on the assets of Registered Providers of Social Housing and Registered Social Landlords, formerly known as Housing Associations. These bodies are tightly regulated in England by the Regulator of Social Housing. As providers of public services, they retain the likelihood of receiving government support if needed.
- 3.31 **Money Market Funds:** These are pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Council will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.
- 3.32 **Strategic Pooled Funds:** Bond, equity and property funds offer enhanced returns over the longer term but are more volatile in the short term. These allow the Council to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date and are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's investment objectives will be monitored regularly.
- 3.33 **Real Estate Investment Trusts:** Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties. Investments in REIT shares cannot be withdrawn but can be sold on the stock market to another investor.
- 3.34 **Operational Bank Accounts:** The Council may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments but are still subject to the risk of a bank bail-in, and balances will therefore be kept below £500,000 per bank as far as practicably possible, and, where practical issues necessitate, no more than £5m as per Table 4. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Council maintaining operational continuity.
- 3.35 **Risk Assessment and Credit Ratings:** Credit ratings are obtained and monitored by the Council's treasury advisers, who will notify changes in ratings

as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria, then:

- no new investments will be made,
- any existing investments that can be recalled or sold at no cost will be, and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

3.36 Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as “rating watch negative” or “credit watch negative”) so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

3.37 **Other information on the security of investments:** The Council understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from the Council’s treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it might otherwise meet the above criteria.

3.38 When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2020, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Council’s cash balances, then the surplus will be deposited with the UK Government, via the Debt Management Office or invested in government treasury bills for example, or with other local authorities. This will cause investment returns to fall but will protect the principal sum invested.

3.39 **Investment Limits:** The maximum that will be lent to any one organisation (other than the UK Government) will be £5 million, to mitigate the risk in the case of a single default. A group of entities under the same ownership will be treated as a single organisation for limit purposes.

Credit risk exposures arising from non-treasury investments, financial derivatives and balances greater than £500,000 in operational bank accounts count against the relevant investment limits.

Limits will also be placed on fund managers, investments in brokers’ nominee accounts, foreign countries and industry sectors as shown in Table 5 below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country since the risk is diversified over many countries.

Table 5: Investment limits

	Cash limit Per Counterparty
Any single organisation, except the UK Central Government	£10m each
UK Central Government	unlimited
Any group of organisations under the same ownership	£25m per group
Any group of pooled funds under the same management	£25m per manager at point of investment
Negotiable instruments held in a broker's nominee account	£30m per broker
Foreign countries	£10m per country
Registered Providers	£25m in total
Unsecured investments with Building Societies	£10m in total
Loans to unrated corporates	£10m in total
Money Market Funds	£50m in total

- 3.40 **Liquidity management:** A four year forward cash flow forecast is compiled on a prudent basis to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. The Council has implemented a Treasury Management system and is currently developing the reporting available through that system, such as cash-flow forecasting, which will enable determination of the maximum period for which funds may prudently be committed.
- 3.41 The Council will spread its liquid cash over at least four providers (e.g. bank accounts and money market funds), where cash funds over £20 million are held, to ensure that access to cash is maintained in the event of operational difficulties at any one provider.

Treasury Management Indicators

- 3.42 The Council measures and manages its exposures to treasury management risks using the following indicators.
- 3.43 **Security:** The Council adopts a voluntary measure of its exposure to credit risk of its investment portfolio through regular rating advice from its treasury management adviser and through market information from contacts such as brokers and other councils.
- 3.44 **Liquidity:** The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three-month period, without additional borrowing:

Liquidity risk indicator	Target
Total cash available within 3 months	£10m

- 3.45 **Interest Rate Exposures:** The Council is exposed principally to risk in terms of its exposure to interest rate movements on its borrowing and investments.

The Council is heavily reliant on investment income to support expenditure and has several strategies in place for managing such risk.

- 3.46 The Council’s treasury adviser provides analysis of market movements and assists in investment decisions based on their knowledge of current market conditions and interest rate forecasting.
- 3.47 The Council generally invests medium- to long-term at fixed rates. The Council currently has no variable rate investments.
- 3.48 Fixed rate investments and borrowings are those where the rate of interest is fixed for at least 12 months, measured from the start of the financial year or the transaction date if later. All other instruments are classified as variable rate.
- 3.49 **Maturity Structure of Borrowing:** This indicator is set to control the Council’s exposure to refinancing risk. We calculate this as the amount of fixed rate borrowing, we can have maturing in each period as a percentage of total projected borrowing that is at a fixed rate. The calculation takes fixed rate to be whether the borrowing was taken out at a fixed rate for a fixed period of time, regardless of that length of time. The upper and lower limits on the maturity structure of borrowing are as shown in Table 6.

Table 6: Maturity Structure of Borrowing Upper Percentages are cumulative)

	Upper	Lower
Under 12 Months	10%	0%
1 – 2 Years	15%	0%
3 – 5 Years	20%	0%
6 – 10 Years	25%	0%
10 – 20 Years	50%	0%
20 – 30 Years	75%	0%
30 – 40 Years	90%	0%
40 – 50 Years	100%	0%

- 3.50 Time periods start on the first day of each financial year. The maturity of borrowing is the earliest date on which the lender can demand repayment. In the case of PWLB, this is the maturity date.
- 3.51 This indicator allows us to have the percentage of borrowing maturing in each time range shown above, considering our current debt profile and providing an allowance for new borrowing, while having consideration to the Capital Programme.
- 3.52 **Principal Sums Invested for Periods Longer than 364 days:** The purpose of this indicator is to control the Council’s exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end are shown in Table 7 below.

Table 7: Principal Limits – Price risk indicator

	2024/25	2025/26	2026/27	2027/28
	£m	£m	£m	£m
Limit on principal invested beyond year end	70	70	70	70

- 3.53 **Affordable borrowing limit:** The Council is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt). In line with statutory guidance, a lower “operational boundary” is also set as a warning level should debt approach the limit.

Table 8: Prudential Indicators - Authorised limit and operational boundary for external debt

	2023/24	2024/25	2025/26	2026/27
	£m	£m	£m	£m
Authorised borrowing limit	1,450	1,167	1,167	1,167
Operational boundary	1,350	1,067	1,067	1,067

- 3.54 **Estimates of financing costs to net revenue stream** shown in Table 9 is a measure of the affordability of borrowing. The Council’s financing costs relate substantially to borrowing when commercial property was acquired prior to March 2019. As the CIPFA TM Code notes, commercial investments are taken or held primarily for financial return and are not linked to treasury management activity or directly part of delivering services. However, as commercial property was directly related to borrowing costs, Table 10 also shows the net income after costs and contributions to future costs. This illustrates the affordability of the commercial investments.

Table 9: Prudential Indicator - Financing costs to net revenue stream

	2024/25	2025/26	2026/27	2027/28
Net Revenue Stream, £m	14.007	13.899	13.384	12.006
Financing costs, £m	36.634	36.699	39.995	40.039
Ratio	2.615	2.640	2.988	3.335

Table 10: Commercial income, related costs and net contributions to

	2024/25	2025/26	2026/27	2027/28
	£m	£m	£m	£m
Commercial income *	(50.960)	(51.395)	(53.852)	(55.755)
Landlord costs *	6.912	9.417	8.281	8.678
Contribution to sinking funds	(2.800)	(5.030)	(1.400)	0.000
Financing costs	36.634	36.699	39.995	40.039
Net income after landlord & financing costs & net contributions to sinking fund	(10.214)	(10.309)	(6.976)	(7.038)

Related Matters

- 3.55 The CIPFA TM Code requires the Council to include the following in its treasury management strategy.
- 3.56 **Financial Derivatives:** Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in Section 1 of the *Localism Act 2011* removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).
- 3.57 The Council will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Council is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward-starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.
- 3.58 Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit.
- 3.59 In line with the CIPFA TM Code, the Council will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.
- 3.60 **Markets in Financial Instruments Directive (MIFD):** The Council has opted up to professional client status with its providers of financial services, including advisers, banks, brokers and fund managers, allowing access to a greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Council's treasury management activities, the Chief Financial Officer believes this to be the most appropriate status.

4. Financial implications

- 4.1 The budget for property investment income in 2024/25 is £51m (£44.1 after landlord costs, loan interest, minimum revenue provision), based on an investment portfolio of £912m (purchase cost). The budget for debt interest paid in 2024/25 is £25m, based on an average debt portfolio of £1,083m at an average interest rate of 2.3%. After financing costs, property costs and set asides, it is anticipated that the Council will have a net surplus of £9m.

5. Risk considerations

- 5.1 The DHLUC Guidance and the CIPFA TM Code do not prescribe any particular treasury management strategy for local authorities to adopt. The Chief Financial Officer believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. The strategy has been drawn up in consultation with the Council's independent treasury and investment advisers, to ensure a prudent and robust approach in the strategy.
- 5.2 Some alternative strategies, with their financial and risk management implications, are listed below in Table 11.

Table 11: Alternative strategies

Alternative	Impact on income and expenditure	Impact on risk management
Invest in a narrower range of counterparties and/or for shorter times	Lower investment sums resulting in less Interest income	Lower chance of losses from credit related defaults although such losses may be greater. Also, less diversity increases risk of losses.
Invest in a wider range of counterparties and/or for longer times	Interest income will be higher with increased investment sums	Increased risk of losses from credit related defaults, but any such losses may be smaller. Increased diversity also decreases the risk of significant loss.
Borrow additional sums at long-term fixed interest rates (not in advance of need)	Debt interest costs will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default. However long-term interest costs may be more certain

Alternative	Impact on income and expenditure	Impact on risk management
Borrow short-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long-term costs may be less certain
Reduce level of borrowing	Reduced debt interest costs Less income for funding projects Saving on debt interest is likely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain Less resources available for the Capital Programme which would need to be reduced

6. Procurement considerations

Not applicable

7. Legal considerations

The Council has a statutory obligation, under The Local Government Act 2003 to approve and publish its Treasury Management Strategy. The Council has a statutory obligation to have regard to the Treasury Management and Prudential Codes

8. Other considerations

Not applicable.

9. Equality and Diversity

Not applicable

10. Sustainability/Climate Change Implications

The Corporate Policy and Resources Committee has agreed the parameters to be used in its Environmental, Social and Governance (ESG) strategy, the strategy has yet to be agreed. One of the intentions of developing and ESG strategy is to enable the Council to transition the investment portfolio to a more sustainable and environmentally sound approach.

11. Timetable for implementation

1st April 2024

12. Contact

Prithiva Janaka p.janaka@spelthorne.gov.uk

Background papers: None

Appendices:

Appx A - Arlingclose Benchmarking

Appx B - Context and Background v08 (5 pages)

Appx C - Arlingclose forecast (2 pages)

Appx D - Annual MRP Statement v03 (2 pages)

Appx E - TMP and Schedules (51 pages)



Investment Benchmarking
31 December 2023

Spelthorne
46 English Non-Met Districts Average
127 LAs Average

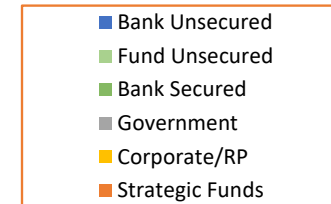
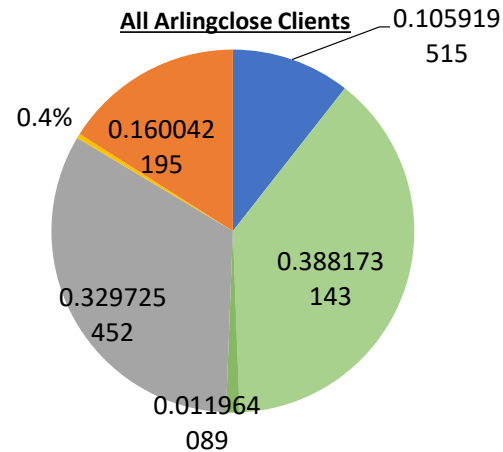
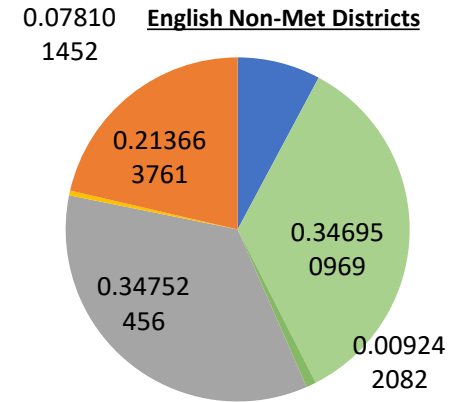
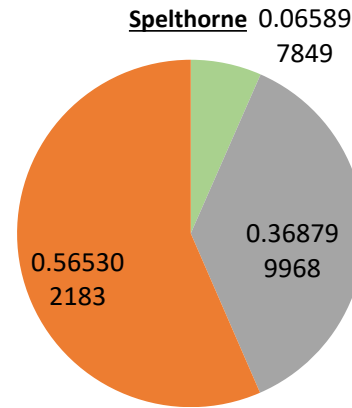
Internal Investments	£25.9m	£39.1m	£61.6m
Cash Plus & Short Bond Funds	£0.0m	£0.9m	£0.6m
Strategic Pooled Funds	£33.7m	£11.8m	£10.6m
TOTAL INVESTMENTS	£59.7m	£51.8m	£72.8m

Security			
Average Credit Score	5.39	4.81	4.80
Average Credit Rating	A+	A+	A+
Average Credit Score (time-weighted)	5.55	4.73	4.77
Average Credit Rating (time-weighted)	A	A+	A+
Number of Counterparties / Funds	17	14	13
Proportion Exposed to Bail-in	15%	57%	60%

Liquidity			
Proportion Available within 7 days	15%	44%	52%
Proportion Available within 100 days	43%	66%	72%
Average Days to Maturity	28	54	11

Market Risks			
Average Days to Next Rate Reset	36	73	51
Strategic Fund Volatility	8.4%	2.9%	3.7%

Yield			
Internal Investment Return	5.40%	5.09%	5.08%
Cash Plus Funds - Income Return	-	3.25%	3.41%
Strategic Funds - Income Return	4.85%	4.90%	4.86%
Total Investments - Income Return	5.09%	5.00%	5.04%
Cash Plus Funds - Capital Gain/Loss	-	1.69%	1.66%
Strategic Funds - Capital Gain/Loss	3.02%	-0.85%	-1.59%
Total Investments - Total Return	6.80%	5.12%	4.95%



Notes

- Unless otherwise stated, all measures relate to internally managed investments only, i.e. excluding external pooled funds.
- Averages within a portfolio are weighted by size of investment, but averages across authorities are not weighted.
- Pooled fund returns are 1-year to the end of the quarter.

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Context and Background

1. Spelthorne Borough Council's Context

- 1.1. Treasury Management in public services is defined as:
 - the management of the organisation's borrowing, investments, and cash flows, including its banking, money market and capital market transactions
 - the effective control of the risks associated with those activities.
 - the pursuit of optimum performance consistent with those risks.
- 1.2. The Council has borrowed and invested substantial sums of money and is consequently exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Council's prudent financial management.
- 1.3. Treasury risk management at the Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice* (the CIPFA TM Code), which requires the Council to approve a treasury management strategy before the start of each financial year. The 2017 Edition of the CIPFA TM Code, which applies to the 2024/25 TM Strategy report, will be replaced for by the 2023 Edition in December 2023.
- 1.4. This report fulfils the Council's legal obligation under the *Local Government Act 2003* to have regard to the CIPFA TM Code.
- 1.5. The Treasury Management Practices (TMP) and Schedules, included at Appendix E, set out how this Council will seek to achieve its treasury management policies and objectives and how it will manage and control those activities.
- 1.6. The following sections on external context are mainly provided by Arlingclose

2. External Context

External Context - Economic background

- 2.1. The ongoing impact on the UK from the war in Ukraine, together with higher inflation, higher interest rates, uncertain government policy, and a deteriorating economic outlook, will be major influences on the Authority's treasury management strategy for 2024/25
- 2.2. The Bank of England (BoE) increased Bank Rate by 0.5% to 4% in February 2023. This followed a 0.75% rise in November which was the largest single rate hike since 1989 and the ninth successive rise since December 2021. The December decision was voted for by a 6 3 majority of the Monetary Policy Committee (MPC), with two dissenters voting for a no-change at 3% and one for a larger rise of 0.75%.
- 2.3. The November quarterly Monetary Policy Report (MPR) forecast a prolonged but shallow recession in the UK with CPI inflation remaining elevated at over 10% in the near-term. While the projected peak of inflation is lower than in the August report, due in part to the government's support package for household energy costs, inflation is expected remain higher for longer over the forecast horizon and the economic outlook remains weak, with unemployment projected to start rising.

- 2.4. The UK economy contracted by 0.3% between July and September 2022 according to the Office for National Statistics, and the BoE forecasts Gross Domestic Product (GDP) will decline 0.75% in the second half of the calendar year due to the squeeze on household income from higher energy costs and goods prices. Growth is then expected to continue to fall throughout 2023 and the first half of 2024.
- 2.5. CPI inflation is expected to have peaked at around 11% in the last calendar quarter of 2022 and then fall sharply to 1.4%, below the 2% target, in two years' time and to 0% in three years' time if Bank Rate follows the path implied by financial markets at the time of the November MPR (a peak of 5.25%). However, the BoE stated it considered this path to be too high, suggesting that the peak in interest rates will be lower, reducing the risk of inflation falling too far below target. Market rates have fallen since the time of the November MPR. Currently CPI is 4% (December 2023).
- 2.6. The labour market remains tight for now, with the most recent statistics showing the unemployment rate was 3.7%. Earnings were up strongly in nominal terms by 6.1% for both total pay and for regular pay but factoring in inflation means real pay for both measures was -2.7%. Looking forward, the November MPR shows the labour market weakening in response to the deteriorating outlook for growth, leading to the unemployment rate rising to around 6.5% in 2025.
- 2.7. Interest rates have also been rising sharply in the US, with the Federal Reserve increasing the range on its key interest rate by 0.5% in December 2022 to 4.25%-4.5%. This rise follows four successive 0.75% rises in a pace of tightening that has seen rates increase from 0.25%-0.50% in March 2022. Annual inflation has been slowing in the US but remains above 7%. GDP grew at an annualised rate of 3.2% (revised up from 2.9%) between July and September 2022, but with official interest rates expected to rise even further in the coming months, a recession in the region is widely expected at some point during 2023.
- 2.8. Inflation rose consistently in the Euro Zone since the start of the year, hitting a peak annual rate of 9.2% in February 23, before declining to 5.2% in November 23. Even though inflation is declining from 2022, Economic growth has been weakening with an upwardly revised expansion of 0.6% (from 0.2%) in the three months to September 2022. As with the UK and US, the European Central Bank has been on an interest rate tightening cycle, pushing up its three key interest rates by 0.25% in June 2023

External Context - Credit Outlook

- 2.9. Credit default swap (CDS) prices have generally followed an upward trend throughout 2022 and 2023, indicating higher credit risk. CDS market is highly volatile and subject to various factors such as economic conditions, political events, and market sentiment.
- 2.10. CDS price volatility was higher in 2023 compared to 2022 and the divergence in prices between ringfenced (retail) and non-ringfenced (investment) banking entities has emerged once again.
- 2.11. The weakening economic picture from 2022 led the credit rating agencies to reflect this in their assessment of the outlook for the UK sovereign as well as several local authorities and financial institutions, revising them from to negative from stable.
- 2.12. There are competing tensions in the banking sector which could impact bank balance sheet strength going forward. The weakening economic outlook and likely recessions in many regions increase the possibility of a deterioration in the quality of banks' assets, while higher interest rates provide a boost to net income and profitability.

2.13. However, the institutions on our adviser Arlingclose's counterparty list remain well-capitalised and their counterparty advice on both recommended institutions and maximum duration remain under constant review and will continue to reflect economic conditions and the credit outlook.

2.14.

External Context – Interest Rate forecast The Authority's treasury management adviser Arlingclose forecasts that Bank Rate will continue to be at 5.25% at least for another year as the Bank of England attempts to subdue inflation which is significantly above its 2% target.

2.15. Yields are expected to remain broadly at current levels over the medium-term, with 5-, 10- and 20-year gilt yields expected to average around 3.79%, 3.88%, and 4.98% respectively over the 3-year period to December 2026. The risks for short, medium and longer-term yields are judged to be broadly balanced over the forecast horizon. As ever, there will undoubtedly be short-term volatility due to economic and political uncertainty and events.

2.16. A more detailed economic and interest rate forecast provided by Arlingclose is in Appendix A

Revised PWLB Guidance

2.17. HM Treasury published further guidance on PWLB borrowing in August 2021 providing additional detail and clarifications predominantly around the definition of an 'investment asset primarily for yield'. The principal aspects of the new guidance are:

2.18. Capital expenditure incurred or committed to before 26th November 2020 is allowable even for an 'investment asset primarily for yield'.

2.19. Capital plans should be submitted by local authorities via a DELTA return. These open for the new financial year on 1st March and remain open all year. Returns must be updated if there is a change of more than 10%.

2.20. An asset held primarily to generate yield that serves no direct policy purpose should not be categorised as service delivery.

2.21. Further detail on how local authorities purchasing investment assets primarily for yield can access the PWLB for the purposes of refinancing existing loans or externalising internal borrowing.

2.22. Additional detail on the sanctions which can be imposed for inappropriate use of the PWLB loan. These can include a request to cancel projects, restrictions to accessing the PLWB and requests for information on further plans.

2.23. The Council will ensure it complies with the new PWLB guidance and will not be purchasing any assets primarily for yield.

3. Changes to PWLB Terms and Conditions from 8 September 2021

3.1. The settlement time for a PWLB loan has been extended from two working days (T+2) to five working days (T+5). In a move to protect the PWLB against negative interest rates, the minimum interest rate for PWLB loans has also been set at 0.01% and the interest charged on late repayments will be the higher of Bank of England Base Rate or 0.1%.

3.2. Municipal Bonds Agency (MBA): The MBA is working to deliver a new short-term loan solution, available in the first instance to principal local authorities in England, allowing them access to short-dated, low rate, flexible debt. The minimum loan size is expected to be £25 million. Importantly, local authorities will borrow in their own name and will not cross guarantee any other authorities.

- 3.3. If the Authority intends future borrowing through the MBA, it will first ensure that it has thoroughly scrutinised the legal terms and conditions of the arrangement and is satisfied with them.
- 3.4. UK Infrastructure Bank: £4bn has been earmarked for of lending to local authorities by the UK Infrastructure Bank which is wholly owned and backed by HM Treasury. The availability of this lending to local authorities, for which there will be a bidding process, is yet to commence. Loans will be available for qualifying projects at gilt yields plus 0.6%, which is 0.2% lower than the PWLB certainty rate.
- 3.5. Both the CIPFA TM Code and government guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

4. Treasury Investment

- 4.1. Ultra-low short-dated cash rates which have been a feature since March 2020 when Bank Rate was cut to 0.1% have resulted in the return on sterling low volatility net asset value money market funds (LVNAV MMFs) being close to zero even after some managers have temporarily waived or lowered their fees. At this stage net negative returns are not the central case of most MMF managers over the short-term, and fee cuts or waivers should result in MMF net yields having a floor of zero, but the possibility cannot be ruled out.
- 4.2. Deposit rates with the Debt Management Account Deposit Facility (DMADF) are also largely around zero.

5. Revisions to CIPFA Codes

- 5.1. In February 2021 CIPFA launched two consultations on changes to its Prudential Code and Treasury Management Code of Practice. These followed the Public Accounts Committee's recommendation that the prudential framework should be further tightened following continued borrowing by some authorities for investment purposes. In June, CIPFA provided feedback from this consultation, followed by further consultation from September.
- 5.2. In December 2021, CIPFA issued the revised Codes and Guidance Notes. The changes include:
- 5.3. Clarification that (a) local authorities must not borrow to invest primarily for financial return (b) it is not prudent for authorities to make any investment or spending decision that will increase the Capital Financing Requirement, and so may lead to new borrowing, unless directly and primarily related to the functions of the authority.
- 5.4. Categorising investments as those (a) for treasury management purposes, (b) for service purposes and (c) for commercial purposes.
- 5.5. Defining acceptable reasons to borrow money: (i) financing capital expenditure primarily related to delivering a local authority's functions, (ii) temporary management of cash flow within the context of a balanced budget, (iii) securing affordability by removing exposure to future interest rate rises and (iv) refinancing current borrowing, including replacing internal borrowing.

- 5.6. For service and commercial investments, in addition to assessments of affordability and prudence, an assessment of proportionality in respect of the authority's overall financial capacity (i.e. whether plausible losses could be absorbed in budgets or reserves without unmanageable detriment to local services).
- 5.7. **Prudential Indicators:** New indicator for net income from commercial and service investments to the budgeted net revenue stream.
- 5.8. Inclusion of the liability benchmark as a mandatory treasury management prudential indicator. CIPFA recommends this is presented as a chart of four balances – existing loan debt outstanding; loans CFR, net loans requirement, liability benchmark – over at least 10 years and ideally cover the authority's full debt maturity profile.
- 5.9. Excluding investment income from the definition of financing costs.
- 5.10. Incorporating ESG issues as a consideration within TMP 1 Risk Management.
- 5.11. Additional focus on the knowledge and skills of officers and elected members involved in decision making.

6. **DLUHC Improvements to the Capital Finance Framework**

- 6.1. The Government department DLUHC (Department for Levelling Up, Housing and Communities *formerly MHCLG*) published a brief policy paper in July outlining the ways it feels that the current framework is failing and potential changes that could be made. The paper found that "while many authorities are compliant with the framework, there remain some authorities that continue to engage in practices that push the bounds of compliance and expose themselves to excessive risk".
- 6.2. The actions announced include greater scrutiny of local authorities and particularly those engaged in commercial practices; an assessment of governance and training; a consideration of statutory caps on borrowing; further regulations around Minimum Revenue Provision (MRP) and ensuring that DLUHC regulations enforce guidance from CIPFA and the new PWLB lending arrangements.
- 6.3. DLUHC has opened a further consultation on these matters.

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Appendix A - Arlingclose Economic & Interest Rate Forecast - December 2023

Underlying assumptions:

- UK inflation and wage growth remain elevated but have eased over the past two months fuelling rate cuts expectations. Near-term rate cuts remain unlikely, although downside risks will increase as the UK economy likely slides into recession.
- The MPC's message remains unchanged as the Committee seeks to maintain tighter financial conditions. Monetary policy will remain tight as inflation is expected to moderate to target slowly, although some wage and inflation measures are below the Bank's last forecasts.
- Despite some deterioration in activity data, the UK economy remains resilient in the face of tighter monetary policy. Recent data has been soft but mixed; the more timely PMI figures suggest that the services sector is recovering from a weak Q3. Tighter policy will however bear down on domestic and external activity as interest rates bite.
- Employment demand is easing. Anecdotal evidence suggests slowing recruitment and pay growth, and we expect unemployment to rise further. As unemployment rises and interest rates remain high, consumer sentiment will deteriorate. Household and business spending will therefore be weak.
- Inflation will fall over the next 12 months. The path to the target will not be smooth, with higher energy prices and base effects interrupting the downtrend at times. The MPC's attention will remain on underlying inflation measures and wage data. We believe policy rates will remain at the peak for another 10 months, or until the MPC is comfortable the risk of further 'second-round' effects has diminished.
- Maintaining monetary policy in restrictive territory for so long, when the economy is already struggling, will require significant loosening in the future to boost activity.
- Global bond yields will remain volatile. Markets are currently running with expectations of near-term US rate cuts, fuelled somewhat unexpectedly by US policymakers themselves. Term premia and bond yields have experienced a marked decline. It would not be a surprise to see a reversal if data points do not support the narrative, but the current 10-year yield appears broadly reflective of a lower medium-term level for Bank Rate.
- There is a heightened risk of fiscal policy and/or geo-political events causing substantial volatility in yields.

Forecast:

- The MPC held Bank Rate at 5.25% in December. We believe this is the peak for Bank Rate.
- The MPC will cut rates in the medium term to stimulate the UK economy but will be reluctant to do so until it is sure there will be no lingering second-round effects. We see rate cuts from Q3 2024 to a low of around 3% by early-mid 2026.
- The immediate risks around Bank Rate have become more balanced, due to the weakening UK economy and dampening effects on inflation. This shifts to the downside in the short term as the economy weakens.
- Long-term gilt yields are now substantially lower. Arlingclose expects yields to be flat from here over the short-term reflecting medium term Bank Rate forecasts. Periodic volatility is likely.

	Current	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26
Official Bank Rate													
Upside risk	0.00	0.00	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.75	0.75	1.00	1.00
Central Case	5.25	5.25	5.25	5.25	5.00	4.75	4.25	4.00	3.75	3.50	3.25	3.00	3.00
Downside risk	0.00	0.00	-0.25	-0.50	-0.75	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
3-month money market rate													
Upside risk	0.00	0.00	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.75	0.75	1.00	1.00
Central Case	5.40	5.40	5.40	5.30	5.15	4.80	4.30	4.10	3.80	3.50	3.25	3.05	3.05
Downside risk	0.00	0.00	-0.25	-0.50	-0.75	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
5yr gilt yield													
Upside risk	0.00	0.25	0.75	0.85	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	3.77	3.75	3.75	3.75	3.70	3.60	3.50	3.50	3.40	3.30	3.30	3.30	3.35
Downside risk	0.00	-0.25	-0.75	-0.85	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
10yr gilt yield													
Upside risk	0.00	0.25	0.75	0.85	0.85	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	3.72	3.75	3.80	3.80	3.80	3.80	3.80	3.80	3.75	3.65	3.60	3.65	3.70
Downside risk	0.00	-0.25	-0.75	-0.85	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
20yr gilt yield													
Upside risk	0.00	0.25	0.75	0.85	0.85	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	4.16	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.25
Downside risk	0.00	-0.25	-0.75	-0.85	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
50yr gilt yield													
Upside risk	0.00	0.25	0.75	0.85	0.85	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	3.76	3.80	3.85	3.90	3.90	3.90	3.90	3.90	3.90	3.90	3.95	3.95	3.95
Downside risk	0.00	-0.25	-0.75	-0.85	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00

PWLB Standard Rate = Gilt yield + 1.00%
 PWLB Certainty Rate = Gilt yield + 0.80%
 PWLB HRA Rate = Gilt yield + 0.40%

Minimum Revenue Provision (MRP) Statement 2024/25

Annual MRP Statement

Where the Council finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The Local Government Act 2003 requires the Council to have regard to the former Ministry of Housing, Communities and Local Government's *Guidance on Minimum Revenue Provision* (the MHCLG Guidance) most recently issued in 2018.

The broad aim of the MHCLG Guidance is to ensure that capital expenditure is financed over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.

The MHCLG Guidance requires the Council to approve an Annual MRP Statement each year and recommends options for calculating a prudent amount of MRP. The following incorporates options recommended in the Guidance.

- For capital expenditure incurred after 31st March 2008, MRP will be determined by charging the expenditure over the expected useful life of the relevant asset as the principal repayment on an annuity with an annual interest rate equal to the average PWLB rate for the year of expenditure, starting in the year after the asset becomes operational. MRP on purchases of freehold land will be charged over 50 years. MRP on expenditure not related to fixed assets but which has been capitalised by regulation or direction will be charged over 20 years.
- Where former operating leases have been brought onto the balance sheet on 1st April 2022 due to the adoption of the *IFRS 16 Leases* accounting standard, and the asset values have been adjusted for accruals, prepayments, premiums and/or discounts, then the annual MRP charges will be adjusted so that the total charge to revenue remains unaffected by the new standard.
- For capital expenditure loans to third parties that are repaid in annual or more frequent instalments of principal, the Council will make nil MRP, and will instead apply the capital receipts arising from principal repayments to reduce the capital financing requirement. In years where there is no principal repayment, MRP will be charged in accordance with the MRP policy for the assets funded by the loan, including where appropriate, delaying MRP until the year after the assets become

operational. While this is not one of the options in the MHCLG Guidance, it is thought to be a prudent approach since it ensures that the capital expenditure incurred on the loan is fully funded over the life of the assets.

The Council was debt-free before 2016/17, and MRP was not applied until 2017/18. MRP has been determined using finance models for specific major property acquisitions for which PWLB loans were obtained, with principal repayments calculated over 50 years based on the annuity rate applicable at the time of the loan. Capital expenditure incurred will not be subject to an MRP charge until the asset is brought into use.

Spelthorne Borough Council
Treasury Management Practices and Schedules

Contents

Treasury Management Practices, Principles and Schedules (TMPs) set out how this Council will seek to achieve its treasury management policies and objectives, and how it will manage and control those activities.

Practice	Title	Page
TMP1	Risk management	2
TMP2	Performance measurement	15
TMP3	Decision making and analysis	19
TMP4	Approved instruments, methods and techniques	22
TMP5	Organisation, clarity and segregation of responsibilities, and dealing arrangements	25
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Treasury Management Practices

1. Risk management

General Statement

The Chief Finance Officer will design, implement and monitor all arrangements for the identification, management and control of treasury management risk, and will report at least annually on the adequacy and suitability of these arrangements. The Chief Finance Officer will report, as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the Council's objectives in this respect in accordance with the procedures set out in **TMP6 Reporting requirements and management information arrangements**. For each of the following risks, the arrangements will seek to ensure compliance with these objectives as set out in the schedules below:

The following paragraphs cover the main areas of risk:

1. Credit and Counterparty Risk Management
2. Liquidity Risk Management
3. Interest Rate Risk Management
4. Exchange Rate Risk Management
5. Inflation risk management
6. Refinancing Risk Management
7. Legal and Regulatory Risk Management
8. Operational risk including Fraud, Error and Corruption
9. Price risk management
10. ESG considerations

Where this document refers to the Government, this refers to the Department for Housing, Levelling Up and Communities (DHLC), previously called Ministry for Housing, Communities and Local Government (MHCLG).

c. Credit and counterparty risk management

The Council regards a key objective of its treasury management activities to be the security of the principal sums it invests. Accordingly it will ensure that its counterparty lists and limits reflect a prudent attitude towards organisations with which funds may be deposited, and will limit its investment activities to the instruments, methods and techniques set out in TMP4 *Approved investments, methods and techniques*. The Council also recognises the need to have, and will therefore maintain, a formal counterparty policy on those organisations which it may borrow from, or which it may enter into other financing arrangements with.

Schedule:

Credit and counterparty risk is the risk of failure by a third party to meet its contractual obligations to the Council under an investment, borrowing, capital, project or partnership financing, particularly as a result of the third party's diminished creditworthiness, and the resulting detrimental effect on the Council's capital and revenue resources.

<p>1.1 Criteria to be used for creating/managing approved counterparty lists/limits</p>	<p>The Chief Finance Officer is responsible for setting prudent criteria and the Council's treasury advisors will provide guidance and assistance in setting these criteria.</p> <p>The Council's treasury management advisors will advise on credit policy and creditworthiness related issues. The Council will maintain a counterparty list based on its criteria and will monitor and update the credit standing of the institutions on a regular basis. The Council will also take into account information on corporate developments of and market sentiment towards investment counterparties.</p> <p>The current criteria, set out in the Council's Annual Treasury Management Strategy, are agreed by CP&R Committee and approved by Council.</p>
<p>1.2 Approved methodology for changing limits and adding/removing counterparties</p>	<p>The Chief Finance Officer has delegated responsibility to add or delete counterparties and to review limits within the parameters of the criteria detailed above.</p>
<p>1.3 Counterparty list and limits</p>	<p>A full individual listing of counterparties based on the criteria will be maintained. As credit ratings etc. are subject to change without notice, an up-to-date lending list will be maintained on an ongoing basis within the <u>Operations Manual</u>.</p>
<p>1.4 Country, sector and group listings of counterparties and overall limits applied to each, where appropriate</p>	<p>Investments will be displayed so as to show total group exposure, total country exposure and total sector exposure. Group limits have been set for the above, in terms of monetary value, where appropriate.</p>

<p>1.5 Details of credit rating agencies' services and their application</p>	<p>The Council considers the ratings of all 3 main ratings agencies (Standard & Poor's, Moody's and Fitch) when making investment decisions. Credit rating agency information is just one of a range of instruments used to assess creditworthiness of institutions.</p>
<p>1.6 Description of the general approach to collecting/using information other than credit ratings for counterparty risk assessment</p>	<p>The Council's Treasury Advisor, currently Arlingclose, provides timely information on counterparties, in terms of credit rating updates and economic summaries. In addition, members of the treasury team read quality financial press for information on counterparties.</p>

2. Liquidity risk management

The Chief Finance Officer will ensure the Council has adequate though not excessive cash reserves, borrowing arrangements, and overdraft or standby facilities to enable it at all times to have the level of funds available to it which are necessary for the achievement of its business and service objectives.

The Council will only borrow in advance of need where there is a clear business case for doing so and will only do so for the current Capital Programme or to fund future debt maturities, and will do so within approved borrowing limits set by Council.

Schedule:

Liquidity risk is the risk that cash is not available when it is needed, that ineffective management of liquidity creates additional unbudgeted costs, and that the Council's business and service objectives will therefore be compromised.

<p>2.1 Cash flow and cash Balances</p>	<p>The Council will aim for effective cash flow forecasting and monitoring of cash balances, will maintain a rolling 3-month cash flow forecast and is developing longer forecast through the TM CSL system.</p> <p>The Treasury Team shall seek to optimise the balance held in the Council's main bank accounts at the close of each working day in order to minimise the amount of bank overdraft interest payable or maximise the amount of interest that can be earned.</p> <p>In order to achieve the maximum return from investments, the target for the Council's bank account daily cash balance is up to £50,000 in, with a maximum limit of a £500,000 credit balance.</p>
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<p>2.2 Short term investments</p>	<p>The balance on the Council’s General bank account is used to deal with day to day cash flow fluctuations.</p> <p>The Council also uses various other deposit/ notice accounts and Money Market Funds to manage liquidity requirements. These account/ fund counterparties are named on the Council’s approved counterparty list. The maximum balance on each of these counterparties is reviewed and set as part of the Council’s Treasury Management strategy.</p>
<p>2.3 Temporary Borrowing</p>	<p>Temporary borrowing up to 364 days through the money market is available to cover cash flow deficits at any point during the year.</p> <p>At no time will the outstanding total of temporary and long-term borrowing together with any bank overdraft exceed the Prudential Indicator for the Authorised Borrowing Limit agreed by the Council before the start of each financial year.</p>
<p>2.4 Bank Overdraft and standby facilities</p>	<p>The Council has an authorised overdraft limit with its bankers, Lloyds Bank, of £50,000 at an agreed rate of 1% over base rate. The facility is used as a contingency when temporary borrowing is difficult or more expensive</p>

3. Interest rate risk management

The Council will manage its exposure to fluctuations in interest rates with a view to containing its interest costs, or securing its interest revenues, in accordance with the amounts provided in its budgetary arrangements in accordance with *TMP6 Reporting requirements and management information arrangements*.

Schedule

Interest rate risk is the risk that fluctuations in the levels of interest rates create an unexpected or unbudgeted burden on the Council’s finances, against which the Council has failed to protect itself adequately.

<p>3.1 Minimum/ maximum proportions of fixed/variable rate debt/interest</p>	<p>Borrowing/investments may be at a fixed or variable rate.</p> <p>When funding asset acquisitions on a long-term funding basis, the Council will normally seek to borrow on a fixed rate basis to ensure certainty of financing commitments.</p> <p>In setting its forward Treasury Strategy on an annual basis, the Council will determine the necessary degree of certainty required for its plans and budgets but will, at the same time, allow sufficient flexibility to enable it to benefit from potentially advantageous changes in market conditions and levels of interest rates and also to mitigate the effects of potentially disadvantageous changes.</p> <p>The Council will achieve this by the prudent use of its approved financing and investment instruments, methods and techniques, primarily to create stability and certainty of costs and revenues, but at the same time retaining a sufficient degree of flexibility.</p>
<p>3.2 Managing changes to interest rate levels</p>	<p>The main impact of changes in interest rate levels is to monies borrowed and invested at variable rates of interest.</p> <p>The Council will consider matching borrowing at variable rates with investments similarly exposed to changes in interest rates as a way of mitigating any adverse budgetary impact.</p> <p>Interest rate forecasts are provided by the Council's advisors and are closely monitored by the Chief Finance Officer. Variations from original estimates and their impact on the Council's debt and investments are notified to the Corporate Policy & Resources Committee as necessary.</p> <p>For its investments, the Council also considers dealing on forward periods depending on market conditions and options available in the market place.</p>
<p>3.3 Details of approved interest rate exposure limits</p>	<p>The upper limit for variable interest rate investments as a proportion of total investments is 100%. In terms of long-term borrowing, the Council can have no more than 100% in variable interest rate borrowings.</p>

4. Exchange rate risk management

The Council will ensure that it protects itself adequately against the risk of fluctuations in foreign exchange rates creating an unexpected or unbudgeted burden on the Council's finances. It will manage any exposure to fluctuations in exchange rates so as to minimise any detrimental impact on its budgeted income and expenditure levels.

Schedule

The risk that fluctuations in foreign exchange rates create an unexpected or unbudgeted burden on the Council’s finances against which the Council has failed to protect itself adequately.

<p>4.1 Exchange rate risk management</p>	<p>This Council does not, on a day to day basis, have foreign currency transactions or receipts. Unexpected receipt of foreign currency will be converted to sterling at the earliest opportunity.</p> <p>If the Council has a contractual obligation to make a payment in a currency other than sterling, then forward foreign exchange transactions will be considered, with professional advice.</p> <p>At the present time, statute prevents the Council borrowing in currencies other than Sterling. The Council has also determined that all its investments will be in Sterling.</p>
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5. Inflation risk management

The Council will keep under review the sensitivity of its treasury assets and liabilities to inflation and will seek to manage the risk accordingly in the context of the whole organisation’s inflation exposures.

6. Refinancing risk management

The Council will ensure that its borrowing, private financing and partnership arrangements are negotiated, structured and documented, and the maturity profile of the monies so raised are managed, with a view to obtaining offer terms for renewal and refinancing, if required, which are competitive and as favourable to the organisation as can reasonably be achieved in the light of market conditions prevailing at the time.

It will actively manage its relationships with its counterparties in these transactions in such a manner as to secure this objective, and will avoid over-reliance on any one source of funding if this might jeopardise achievement of the above.

Schedule

The risk that maturing borrowings, capital, project or partnership financings cannot be refinanced on terms that reflect the provisions made by the organisation for those refinancings, both capital and current (revenue), and/or that the terms are inconsistent with prevailing market conditions at the time.

<p>6.1 Projected capital investment requirements</p>	<p>Four-year projections are in place for capital expenditure and related financing or funding. Longer term projections will be undertaken for significant capital developments or asset acquisitions. Financing will be from capital receipts, grants or contributions, revenue resources or reserves. Funding will be from internal or external borrowing, as decided.</p> <p>As required by the Prudential Code, the Council will undertake Options Appraisal to evaluate the best capital expenditure financing route.</p> <p>The Council’s projected long-term borrowing requirement will be linked to the projected Capital Financing Requirement.</p>
<p>6.2 Debt profiling, policies and practices</p>	<p>Any longer-term borrowing will be undertaken in accordance with the Prudential Code and will comply with the Council’s Prudential Indicators and the Annual Treasury Management Strategy.</p> <p>The Council will maintain through its own treasury system spreadsheets reliable records of the terms and maturities of its borrowings, capital, project and partnership funding and, where appropriate, plan and successfully negotiate terms for refinancing.</p> <p>Where the lender to the Council is a commercial body the Council will aim for diversification in order to spread risk and avoid over-reliance on a small number of counterparties.</p>
<p>6.3 Policy concerning limits on revenue consequences of capital financings</p>	<p>The revenue consequences of financing the capital programme are included in cash flow models, annual revenue estimates and medium-term forecasts.</p>

7. Legal and regulatory risk management

The Council will ensure that all of its treasury management activities comply with its statutory powers and regulatory requirements. It will demonstrate such compliance, if required to do so, to all parties with whom it deals in such activities. In framing its credit and counterparty policy under *TMP 1 (1) Credit and counterparty risk management*, it will ensure that there is evidence of counterparties’ powers, authority and compliance in respect of the transactions they may effect with the Council, particularly with regard to duty of care and fees charged.

The Council recognises that future legislative or regulatory changes may impact on its treasury management activities and, so far as it is reasonably able to do so, will seek to minimise the risk of these impacting adversely on the organisation.

Schedule

The risk that the Council itself, or a third party with which it is dealing in its treasury management activities, fails to act in accordance with its legal powers or regulatory requirements, and that the Council suffers losses accordingly.

<p>7.1 References to relevant statutes and regulations</p>	<p>The treasury management activities of the Council shall comply fully with legal statute and the regulations of the Council. These are:</p> <ul style="list-style-type: none"> ▪ CIPFA’s Treasury Management Code of Practice 2021 and subsequent amendments ▪ CIPFA Guide for Chief Financial Officers on Treasury Management in Local Authorities ▪ CIPFA Prudential Code for Capital Finance in Local Authorities 2021 and subsequent amendments ▪ CIPFA Standard of Professional Practice on Treasury Management ▪ The Local Government Act 2003 ▪ The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 SI 2003 No 3146, and subsequent amendments ▪ The Government’s statutory Guidance on Minimum Revenue Provision (MRP) updated 2018 ▪ The Government’s Guidance on Local Government Investments in England issued March 2004 and amended 2018 ▪ HM Treasury’s Guidance Regarding PWLB Lending and the PWLB’s new Operating Circular numbered 162 (Nov 2020) ▪ The Local Authorities (Contracting out of Investment Functions) Order 1996 SI 1996 No 1883 ▪ LAAP Bulletins ▪ Code of Practice on Local Authority Accounting in the United Kingdom based on International Financial Reporting Standards (from 2017/18 onwards) ▪ Accounts and Audit Regulations 2017, as amended together with THE GOVERNMENT’s Guidance ▪ The Non-Investment Products Code (formerly known as The London Code of Conduct) for principals and broking firms in the wholesale markets ▪ Council’s Constitution including:- <ul style="list-style-type: none"> ○ Standing Order relating to Contracts ○ Financial Regulations ○ Scheme of Delegation
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<p>7.2 Procedures for evidencing the organisation's powers/ authorities to counterparties</p>	<p>The Council's Financial Regulations contain evidence of the power/ authority to act as required by section 151 of the Local Government Act 1972, under the general direction of the Corporate Policy & Resources Committee.</p> <p>The Council will confirm, if requested to do so by counterparties, the powers and authorities under which the Council effects transactions with them.</p> <p>Where required, the Council will also establish the powers of those with whom they enter into transactions, including any compliance requirements in respect of a duty of care and best practice.</p>
<p>7.3 Required information from counterparties concerning their powers/ authorities</p>	<p>Lending shall only be made to institutions as defined by the Council's TM strategy.</p> <p>The Council will only undertake borrowing from approved sources such as the PWLB, organisations such as the European Investment Bank and from commercial banks who are on the Council's list of authorised institutions, thereby minimising legal and regulatory risk. The list of approved sources of borrowing is contained in TMP 4, 1.2.</p>
<p>7.4 Statement on political risks and management of the same</p>	<p>Political risk is managed by:</p> <ul style="list-style-type: none"> • adoption of the CIPFA Treasury Management Code of Practice • adherence to Local Code of Corporate Governance and as set out in <i>TMP 12 – Corporate Governance</i> • adherence to the Statement of Professional Practice by the Chief Finance Officer. • the role of the Corporate Policy & Resources Corporate Policy & Resources Committee.

8. Operational risk including fraud, error and corruption, and contingency management

The Council will ensure that it has identified the circumstances which may expose it to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings. Accordingly, it will employ suitable systems and procedures, and will maintain effective contingency management arrangements, to these ends.

Schedule

This is the risk that the Council fails to identify the circumstances in which it may be exposed to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings, and fails to employ suitable systems and procedures and maintain effective contingency management arrangements to these ends. It includes the area of risk referred to as operational risk.

<p>8.1 Details of systems and procedures to be followed, including Internet services</p>	<p>Segregation of duties minimises the possibility of fraud and loss due to error, and is detailed in <i>TMP5 Organisation, clarity and segregation of responsibilities, and dealing arrangements.</i></p> <p>c. <u>Electronic Banking and Dealing</u> <i>Banking:</i> The Council's online banking service is provided by Lloyds Bank and is subject to separate log-on and password control allowing varying levels of access. Details of transactions and balances are available as required, and the system also holds historic data. Officers with access to the bank's online system are as follows:</p> <ul style="list-style-type: none"> • Deputy Chief Executive (CFO, s151 officer) – Terry Collier • Chief Accountant – Paul Taylor • Treasury Management and Capital Accountant – Prithiva Janaka • Accounting Assistant – John Bradley-Turner • Systems Accountant – Jodie Hawkes • <p>For the purposes of covering for absence:</p> <ul style="list-style-type: none"> • Accountant – Shelley Johnson • Accountant – Ben Hanger <p>Officer access is reviewed at least 6-monthly or as necessary.</p> <p>Procedure notes covering the day-to-day operation of the online banking system and treasury management procedures are documented and included in the Treasury Management system folder.</p> <p>2. <u>Standard Settlement Instructions (SSI)</u> list: a list is maintained of named officers who have the authority to transact loans and investments</p> <ul style="list-style-type: none"> • Brokers and counterparties with whom the Council deals direct are provided a copy of the SSI list. • A list of named officers with authority to borrow from the PWLB and invest with the Debt Management Agency Deposit Facility is also maintained with the PWLB/DMADF. <p>3. <u>Payment Authorisation:</u></p> <ul style="list-style-type: none"> • Payments can only be minimised by the approved signatories of the Council. The list of signatories has been previously agreed with the Council's bankers. • Inflow and outflow of monies borrowed and invested will only be from the counterparty's bank accounts. • Separate officers will carry out (a) dealing and (b) recording of transactions and disbursements wherever possible. However, this will not always be possible due to staff numbers.
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<p>8.2 Verification</p>	<p>Details of loans and investments will be maintained in treasury management spreadsheet which will include fees and brokerage paid.</p> <p>Transactions will be cross-checked against broker notes, counterparty confirmations and PWLB loan schedules by verifying dates, amounts, interest rates, maturity, interest payment dates etc.</p>
<p>8.3 Substantiation</p>	<ol style="list-style-type: none"> 1. The Treasury Management system balances are reconciled with financial ledger codes at the end of each month and at the financial year end. 2. Working papers are retained for audit inspection. 3. The bank reconciliation is carried out monthly from the bank statement to the general ledger system, Integra.
<p>8.4 Internal Audit</p>	<p>Internal Audit carry out an annual regulatory review of the treasury management function including probity testing. See <i>TMP7 Budgeting_accounting and audit arrangements</i>.</p>
<p>8.5 Contingency Management</p>	<ol style="list-style-type: none"> 1. Treasury files are kept on the Council's network. Daily back-ups are maintained corporately by the ICT service. Network backups can be used to restore files and if necessary can be accessed from sites remote from the Council offices. 2. The Council has access to a Treasury Management system on a secure site managed by the Council's TM advisers, Arlingclose. This system is due to be set up during January to March 2020 so that the system's TM tools can be used to facilitate the Council's treasury management. Arlingclose is responsible for integrity and security of that system. As part of implementation of that system, the Council will determine backup measures that can be taken. 3. Electronic Banking System Failure: Daily bank balances for calculating cash flow requirements can be obtained by telephone from the Lloyds Corporate Banking Online (CBO) helpline on 0808 202 1390 by 12inimize12d users, who have security information that will be requested by the bank before sensitive information is provided. 4. CHAPs, Faster Payments, other transfers, stop cheque requests, and so on, can be done directly by the bank. 5. The Accountancy Team maintains an up-to-date Business Continuity Plan

<p>8.6 Insurance cover details</p>	<p>The Council has Fidelity, Professional Indemnity and Business Interruption cover. Details of the provider and cover are held by the Insurance Officer.</p>
<p>8.7 TM system</p>	<p>The TM 'CS Lucas' system was implemented during 2020 and has been incorporated into the TM function. This is an online facility provided by company CS Lucas, which provides support including system procedure notes. The system will be used to support accounting and management of the council's TM function, but is not, and currently will not, be used for trades or financial transactions.</p>

8. Market risk and price risk management

The Council will seek to ensure that its stated treasury management policies and objectives will not be compromised by adverse market fluctuations in the value of the principal sums it invests and will accordingly seek to protect itself from the effects of such fluctuations.

Schedule

This is the risk that, through adverse market fluctuations in the value of the principal sums the Council borrows and invests, its stated treasury management policies and objectives are compromised, against which effects it has failed to protect itself adequately.

<p>8.1 Details of approved procedures and limits for controlling exposure to investments whose capital value may fluctuate (gilts, CDs etc)</p>	<p>Investment instruments used by external fund managers, where applicable, may be subject to fluctuation in capital movements and exposed to interest rate risk. To minimise these risks, capital preservation is set as the primary objective and pursuit of investment performance should be commensurate with this objective.</p> <p>Additionally, the following risk control guidelines are set for each fund as part of the fund management agreement to control market risk:</p> <ul style="list-style-type: none"> (a) Maximum weighted average duration of the fund; (b) Maximum permitted exposure to gilts/bonds; (c) Maximum maturity of any instrument.

<p>8.2 Accounting for unrealised gains and losses</p>	<p>The method of accounting for unrealised gains or losses on the valuation of financial assets complies with the Accounting Code of Practice.</p> <p>The Council has made irrevocable election to present changes in the fair values of Pooled Funds equity instruments in other comprehensive income, and not in the surplus or deficit on provision of services. This is because such instruments are long-term strategic investments held by the Council primarily to receive regular dividend income rather than for capital growth or to sell.</p>
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8. ESG considerations

The Council is keen to pursue Economic, Social and Governance (ESG) issues to help move funds to those that are acceptable and aligned to the Council’s ethical and green objectives. The Council is currently doing this through a cross-party working group including councillors and with reference to advice and research by Arlingclose. This area of work is a medium to long term project, to ensure the security of funds held, noting that the funds held by the council contribute to the financial health of the Council.

Treasury Management Practices

2. Performance measurement

The Council is committed to the pursuit of value for money in its treasury management activities, and to the use of performance methodology in support of that aim, within the framework set out in its Treasury Management Policy Statement.

Accordingly, the treasury management function will be the subject of ongoing analysis of the value it adds in support of the Council’s stated business and service objectives. It will be the subject of regular examination of alternative methods of service delivery, of the availability of fiscal or other grant or subsidy incentives, and of the scope for other potential improvements. The performance of the treasury management function will be measured using the criteria set out below.

Schedule

<p>1.1 Policy concerning methods for testing value for money</p>	<p>Best value reviews will include the production of plans to review the way services are provided by</p> <ul style="list-style-type: none"> • Challenging • Comparing performance • Consulting with other users and interested parties • Applying competition principles <p>in order to pursue continuous improvement in the way the Council’s functions are exercised, having regard to a combination of value for money, efficiency and effectiveness.</p>
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<p>1.2 Policy concerning methods for performance measurement</p>	<ul style="list-style-type: none"> • Performance measurement at this Council is intended to calculate the effectiveness of treasury activity in delivering the strategic objectives set through the Treasury Management Strategy and the Council’s Prudential Indicators and to enhance accountability. • Prudential Indicators are local to the Council and are not intended as a comparator between authorities. • The performance review will be made in the light of general trends in interest rates during the year and how the decisions made corresponded with these trends and the Council’s agreed strategy, i.e. the Council will avoid hindsight analysis. <p>Any comparison of the Council’s treasury portfolio against recognised industry standards, market indices and other portfolios is intended to</p> <ul style="list-style-type: none"> (i) allow the Council the opportunity to assess the potential to add value through changes to the existing ways in which its portfolio is managed and (ii) permit an informed judgement about the merits or otherwise of using new treasury management techniques or instruments. <p>In drawing any conclusions, the Council will bear in mind that the characteristics of its treasury operations may differ from those of other councils, particularly with regard to the position on risk.</p>
<p>1.3 Methodology to be applied for evaluating the impact of treasury management decisions</p>	<p>Monitoring of the outcome of treasury management activity against Prudential Indicators approved by the Council will be carried out as part of the budget monitoring reports to the Corporate Policy & Resources Committee on an annual basis.</p> <p>The year-end Annual Treasury Report will also include, as a matter of course, the outturn against the PIs set prior to the commencement of the financial year and any in-year amendments.</p> <p>The Council’s Treasury Management advisers review the existing investment portfolio quarterly and all transactions that have occurred in the interim in order to ensure that best practice has been achieved.</p> <p>The Council’s Treasury Management advisers compare the performance of the Council’s in-house funds against 3-month LIBID cash benchmark, performance by other local authorities and the performance of the externally managed funds is compared. Performance is also compared with funds managed on a similar basis in the local authority fund manager peer group.</p>

<p>1.4 Methodology to be employed for measuring the performance of the Council's treasury management activities</p>	<p>Treasury management activity is reviewed annually against strategy and prevailing economic and market conditions through the Annual Treasury Report to Corporate Policy & Resources Committee.</p> <p>The report will include:</p> <ol style="list-style-type: none"> a) Total debt including average rate and maturity profile b) The effect of new borrowing and/or maturities on the above c) The effect of any debt restructuring on the debt portfolio d) An analysis of any risks inherent within the debt portfolio (e.g. exposure to variable rate; LOBOs in their call period) e) Total investments including average rate, credit and maturity profile f) The effect of new investments/redemptions/maturities on the above g) The rate of return on investments against their indices for internally and externally managed funds h) An analysis of any risks inherent within the investment portfolio (e.g. exposure to market movements in the value of CDs, gilts/bonds, callable deposits in their call period) i) A statement whether the treasury management activity resulted in a breach of the Prudential Indicators and other limits set within treasury strategy. j) Daily bank balances: any major deviations from the target bank balances
<p>1.5 Benchmarks and calculation methodology with regard to risk and return</p>	<p>Treasury Management Costs Costs are compared with other Councils within the Surrey Benchmarking statistics.</p> <p>Investment returns are compared to the 3-month LIBID.</p> <ul style="list-style-type: none"> • Internally Managed Investment Returns - total interest accruing during the month or year on average daily balances invested during the calendar month. • Externally Managed Investment Returns - the growth (i.e. increase in value of the fund) in respect of the monthly average value of the fund. <p>Debt Management</p> <ul style="list-style-type: none"> ▪ Average Rate on all external debt ▪ Average Rate on external debt borrowed in financial year ▪ Average Rate on internal borrowing ▪ Average period to maturity of external debt ▪ Average period to maturity of new loans in financial year ▪ Ratio of PWLB and market debt (beginning and end of period) ▪ Ratio of fixed and variable rate debt (beginning and end of period)

<p>1.6 Best value</p>	<p>The treasury management function will be the subject of ongoing analysis of the value it adds in support of the Council's stated corporate and service objectives.</p> <p>When tendering for treasury-related or banking services, the Council adheres to its Standing Orders and Financial Regulations. These require that:</p> <ul style="list-style-type: none"> a) for placing a contract with a value below £75,000, at least 3 quotes and service delivery proposals are generally obtained. b) when placing a contract with a value in excess of £181,302 a tendering process that meets the requirements of the EU procurement procedures (OJEU) is undertaken. c) If necessary, the Council will also consult with other users of similar services as well as with interested parties. d) The Council will also evaluate alternative methods of the availability of fiscal, grant or subsidy initiatives, and service delivery.
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Treasury Management Practices

3. Decision making and analysis

The Council will maintain full records of its treasury management decisions, and of processes and practices applied in reaching those decisions, both for the purpose of learning from the past and for demonstrating that all reasonable steps were taken to ensure that all issues relevant to those decisions were taken into account at that time. The issues to be addressed and processes and practices to be pursued in reaching decisions are detailed below.

Schedule

<p>1.1 Major treasury decisions</p>	<p>As a public service organisation, there is a requirement to demonstrate openness and accountability in treasury management activities. Accordingly, the Council will create and maintain an audit trail of major treasury management decisions which comprise either:</p> <ol style="list-style-type: none"> a) Changes to Prudential Indicators during the course of the financial year b) Options Appraisal to determine a funding decision c) raising a new long-term loan / long-term source of finance d) prematurely restructuring/redeeming an existing long-term loan d) investing longer-term (that is, more than 1 year) f) utilisation of investment instruments which constitute capital expenditure (i.e. loan/share capital in a body corporate) g) leasing h) change in banking arrangements i) appointing/replacing a treasury advisor j) appointing/replacing a fund manager k) any other determined by the Council
<p>1.2 Process</p>	<p>The Council's strategy for the application of its treasury policy is set out in the annual Treasury Management Strategy.</p> <p>Based on the Annual Treasury Management Strategy, the Deputy Chief Accountant will prepare monthly for the financing, borrowing and surplus cash requirements of the Council, for the purpose of:</p> <ul style="list-style-type: none"> • applying the strategy on a day to day basis • monitoring the results of the strategy • Recommending amendments to the strategy to the Corporate Policy & Resources Committee where applicable during the course of the year.

<p>1.3 Delegated powers for treasury management</p>	<p>The Chief Finance Officer has delegated powers to carry out the Council's strategy for debt management, capital finance and borrowing, depositing surplus funds and managing the cash flows of the Council.</p>
<p>1.4 Issues to be addressed, evaluation, authorisation</p>	<p>In exercising these powers, the Chief Finance Officer and those to whom the treasury activity has been delegated will:</p> <ul style="list-style-type: none"> • have regard to the nature and extent of any associated risks to which the Council may become exposed; • be certain about the legality of the decision reached and that the necessary authority to proceed has been obtained; • be satisfied that the documentation is adequate to deliver the Council's objectives, protect the Council's interests, and to maintain an effective audit trail; • ensure that the perceived credit risk associated with the approved counterparties parties is judged satisfactory and is within agreed limits; • be satisfied that the terms of any transactions have been fully checked against the market, and have been found to be competitive; • follow best practice in implementing the treasury transaction. <p>In exercising Borrowing and Funding decisions, the Chief Finance Officer will:</p> <ul style="list-style-type: none"> • evaluate economic and market factors that may influence the manner and timing of any decision to fund; • consider alternative forms of funding, including use of revenue resources, leasing, joint ventures and private partnerships; • consider the alternative interest rate bases available, the most appropriate periods to fund and repayment profiles; • consider ongoing revenue liabilities created. <p>In exercising investment decisions, the Chief Finance Officer will:</p> <ul style="list-style-type: none"> • Determine that the investment is within the Council's strategy and pre-determined instruments and criteria; • consider the optimum period, in the light of core balances and reserves, cash flow availability and prevailing market conditions; • consider the alternative investment products and techniques available if appropriate.
<p>1.5 Processes to be followed</p>	<p>The processes to be followed will be in keeping with <i>TMP 4: Approved, Instruments, Methods and Techniques</i>.</p>

<p>1.6 Evidence and records to be kept</p>	<p>The Council will maintain a record of all major treasury management decisions, the processes undertaken and the rationale for reaching the decision made. These will allow for an historical assessment of decisions made and verification that any checks and safeguards are indeed in place and operating correctly.</p> <p>Records and working papers will be maintained by the Council both electronically and in relevant files.</p>
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Treasury Management Practices

4. Approved instruments, methods and techniques

The Council will undertake its treasury management activities by employing only those instruments, methods and techniques detailed in the schedule to this document, and within the limits and parameters defined in **TMP1 Risk Management**.

Schedule

<p>1.1 Approved treasury management activities</p>	<p>The Council is permitted to undertake the following activities:</p> <ul style="list-style-type: none"> ▪ Managing cash-flow ▪ Capital financing ▪ Borrowing including debt restructuring and debt repayment ▪ Lending including redemption of investments ▪ Banking ▪ Leasing ▪ Managing the underlying risk associated with the Council's capital financing and surplus funds activities. <p>The above list is not finite and the Council would, from time to time, consider and determine new financial instruments and treasury management techniques. However, the Council will consider carefully whether the officers have the skills and experience to identify and manage the advantages and risks associated with using the instruments/techniques before undertaking them, more so as some risks may not be wholly or immediately transparent.</p>
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<p>1.2 Approved capital financing methods and types/sources of funding</p>	<p><u>On balance sheet</u></p> <ul style="list-style-type: none">• Public Works Loans Board (PWLB) loans• long term money market loans• temporary money market loans (up to 364 days).• bank overdraft• loans from bodies such as the European Investment Bank (EIB)• Finance Leases• Government and EU Capital Grants• Lottery monies• Other Capital Grants and Contributions• Community Infrastructure Levy• S106 funds <p><u>Internal Resources</u></p> <ul style="list-style-type: none">• Capital Receipts• Revenue Balances• Use of Reserves <p><u>Off balance sheet</u></p> <ul style="list-style-type: none">▪ Operating Leases▪ Structured Finance <p>The level of debt will be consistent with the Treasury Management Strategy and the Prudential Indicators.</p>
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<p>1.4 Approved investment instruments</p>	<p>The Council will determine through its Annual Investment Strategy (AIS) which instruments it will use, giving priority to the security and liquidity (in that order) of its invested monies. The investments will be categorised as ‘Specified’ or ‘Non-Specified’ based on the criteria set out by Government in its Investment Guidance February 2018 (as amended).</p> <p>The Council will determine through the AIS which instruments will be used in-house and which will be used by the appointed external fund manager (where applicable) including the maximum exposure for each category of non-specified investments. Where applicable, the Council’s credit criteria will also apply.</p> <ul style="list-style-type: none"> ▪ Deposits with the UK government, the Debt Management Agency Deposit Facility (DMADF), and UK local authorities ▪ Term deposits with banks and building societies ▪ Certificates of deposit ▪ Callable deposits ▪ Investments in Money Market Funds , i.e. ‘AAA’ liquidity funds with a 60-day Weighted Average Maturity (WAM) ▪ Gilts ▪ Bonds issued by multilateral development banks ▪ Bonds issued by financial institutions guaranteed by the UK government ▪ Sterling denominated bonds by non-UK sovereign governments ▪ Pooled funds, i.e. Collective Investment schemes as defined in SI 2004 No 534 <p>The use of the above instruments by the Council’s external fund managers (where applicable) will be by reference to the fund guidelines contained in the agreement between the Council and the manager.</p>
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Treasury Management Practices

5. Organisation, clarity and segregation of responsibilities, and dealing arrangements

The Council considers it essential, for the purposes of effective control and monitoring of its treasury management activities, and for the reduction of risk of fraud or error, and for the pursuit of optimum performance, that these activities are structured and managed in a fully integrated manner and that there is at all times clarity of treasury management responsibilities.

The principles on which this will be based is a clear distinction between those charged with setting treasury management policies and those charged with implementing and controlling these policies, particularly with regard to the execution and transmission of funds, the recording and administering of treasury management decisions, and the audit and review of the treasury management function.

If and when the Council intends, as a result of a lack of resources or other circumstances, to depart from these principles, the Chief Finance Officer will ensure that the reasons are properly reported in accordance with TMP6 Reporting requirements and management information arrangements, and the implications properly considered and evaluated.

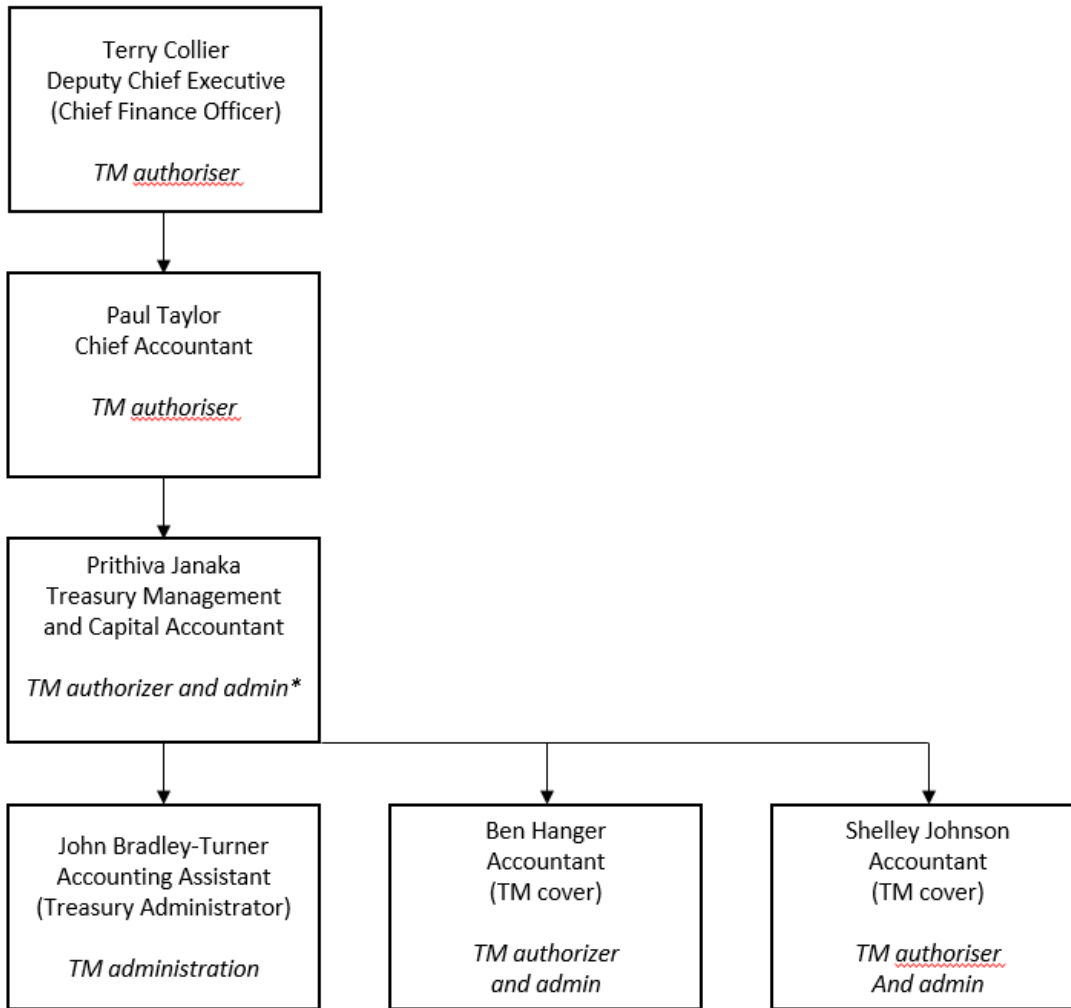
The Chief Finance Officer will ensure that there are clear written statements of the responsibilities for each post engaged in treasury management, and the arrangements for absence cover. The Deputy Chief Executive will also ensure that at all times those engaged in treasury management will follow the policies and procedures set out. The present arrangements are detailed in the schedule below.

The Chief Finance Officer will ensure that there is proper documentation for all deals and transactions, and that procedures exist for the effective transmission of funds. The present arrangements are detailed in the schedule below.

The delegations to the Chief Finance Officer in respect of treasury management are set out in the schedule below. The Chief Finance Officer will fulfill all such responsibilities in accordance with the Council's policy statement and TMPs and, if a CIPFA member, the Standards of Professional Practice on Treasury Management.

Schedule

Organisational chart of the Treasury Management function:



<p>1.1 Limits to responsibilities at Executive levels</p>	<p>Full Council:</p> <ul style="list-style-type: none"> receiving and reviewing Prudential Indicators as part of the budget setting process (following receipt by Corporate Policy & Resources Committee) receiving and reviewing reports on treasury management policies, practices and activities (following receipt by Corporate Policy & Resources Committee) <p>The Corporate Policy & Resources Committee:</p> <ul style="list-style-type: none"> approval of amendments to adopted clauses, treasury management policy statement and treasury management practices budget consideration and approval receiving and reviewing external audit reports and acting on recommendations approving the selection of external service providers and agreeing terms of appointment
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<p>1.2 Principles and practices concerning segregation of duties</p>	<p>The segregation of duties will be determined by Chief Finance Officer. Segregation of duties exists in that:</p> <ul style="list-style-type: none"> • the officer responsible for negotiating and closing treasury management deals are completely separate from the officer with responsibility for recording the transactions in the cash book and completing cheque and bank reconciliations. • the officer responsible for negotiating and closing treasury management deals is separate from the officer authorising payments • all borrowing/investments decisions must be authorised by the Chief Finance Officer. <p>Additionally, The Council receives bank statements on a daily basis. These are posted independent of the treasury function in order to maintain an adequate separation of duties.</p>
<p>1.3 Statement of duties/ responsibilities of each treasury post</p>	<p>The Chief Finance Officer:</p> <ul style="list-style-type: none"> • submitting budgets and budget variations • recommending clauses, treasury management policy, practices for approval, reviewing the same regularly and monitoring compliance • determining Prudential Indicators and Treasury Management Strategy including the Annual Investment Strategy • submitting regular treasury management policy reports • receiving and reviewing management information reports • reviewing the performance of the treasury management function and promoting best value reviews • ensuring the adequacy of 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 • determining long-term capital financing and investment decisions. • The Chief Finance Officer has delegated powers to determine and undertake the most appropriate form of borrowing from the approved sources, and to make the most appropriate form of investments in approved instruments. • The Chief Finance Officer may delegate their power to borrow and invest to the Chief Accountant, Deputy Chief Accountant, Technical Accountant, Accountants and Accountancy Assistants.

TMP 5: Organisation, clarity and segregation of responsibilities, and dealing arrangements

	<p>The Deputy Chief Accountant:</p> <ul style="list-style-type: none"> • execution of transactions • adherence to agreed policies and practices on a day to day basis • maintaining relationships with third parties and external service providers • monitoring performance on a day to day basis • submitting management information reports to the responsible officer • identifying and recommending opportunities for improved practices. <p>The Accounting Assistants:</p> <ul style="list-style-type: none"> • execution of transactions • adherence to agreed policies and practices on a day to day basis • maintaining relationships with third parties and external service providers • recording treasury management transactions, • reconciling treasury management transactions with the financial ledger • recording/ reconciling counterparty documentation.
<p>1.4 Absence cover arrangements</p>	<p>Cover in the absence of the relevant treasury management officer is provided by:</p> <ul style="list-style-type: none"> • Chief Accountant • Deputy Chief Accountant • Accountants as noted in the TM chart above <p>Cover is reviewed at least every 6 months, or as necessary. Full procedure notes are available, detailing the processes required to enable the day to day operation of the treasury management function.</p>

Dealing

<p>1.5 Authorised officers</p>	<p>Responsible officer for borrowing/ investment decisions: Mainly Chief Accountant – Paul Taylor Treasury Management and Capital Accountant – Prithiva Janaka</p> <p>Also Accounting Assistant – John Bradley-Turner Accountant – Shelley Johnson Accountant – Ben Hanger</p> <p>Authorising payments for borrowing/lending: Deputy Chief Executive – Terry Collier Chief Accountant – Paul Taylor Any other Council first signatory</p> <p>Bank payment and ICD portal trade authoriser*: Deputy Chief Executive – Terry Collier Chief Accountant – Paul Taylor Treasury Management and Capital Accountant – Prithiva Janaka Accountant – Shelley Johnson Accountant – Ben Hanger (ICD not bank) Accounting Assistants – John Bradley-Turner</p> <p>Transaction recording*: Accounting Assistants – John Bradley-Turner Treasury Management and Capital Accountant – Prithiva Janaka Accountant – Shelley Johnson Accountant – Ben Hanger</p> <p>* as part of segregation of duties, the authoriser must be separate from the person who sets up the transaction.</p>
<p>1.6 Dealing limits</p>	<p>Internally Managed Investments:</p> <ul style="list-style-type: none"> • The maximum for any one investment deal is subject to the lending limits detailed in the Council’s Treasury Management Strategy. <p>Externally Managed Investments (where applicable):</p> <ul style="list-style-type: none"> • The maximum amount placed with any single financial institution is determined and formalised through the guidelines contained in the Agreement between the Council and the Manager(s).
<p>1.7 List of approved brokers</p>	<p>Brokers used by the Council are named in <i>TMP 11: External Service Providers</i></p>

TMP 5: Organisation, clarity and segregation of responsibilities, and dealing arrangements

<p>1.8 Policy on brokers' services</p>	<p>It is the Council's policy to utilise the services between at least two brokers. Tradition is usually used because they meet the Council's exact borrowing and lending requirements. However, each Tradition deal is judged against money market rates provided by other brokers to ensure competitiveness is maintained and that the best deal achieved for the Council.</p>
<p>1.9 Policy on taping of conversations</p>	<p>The Council does not tape conversations with brokers but brokers tape conversations with officers of the Council.</p>
<p>1.10 Direct dealing practices</p>	<p>Direct dealing is carried out with institutions subject to counterparty and maturity limits and dealing limits. Prior to undertaking direct dealing, the Council will ensure that each counterparty meets the Council creditworthiness criteria and has been provided with the Council's Standard Settlement Procedures.</p>
<p>1.11 Settlement transmission procedures</p>	<ul style="list-style-type: none"> • settlements are made by CHAPS. • all CHAPS payments relating to settlement transactions (PL3 payment form) require authorisation by 1 authorised signatory. • the details are transmitted by electronic CHAPs to the Council's bankers. • all CHAPS payments made electronically via the bank require 2 authorised signatories
<p>1.12 Documentation requirements</p>	<p>For each deal undertaken a record should be prepared giving details of dealer, amount, period, counterparty, interest rate, dealing date, payments date and broker.</p> <p>Investments:</p> <ul style="list-style-type: none"> • deal ticket authorising the investment • confirmation from the broker • confirmation from the counterparty • Chaps payment transmission document <p>Loans:</p> <ul style="list-style-type: none"> • deal ticket with signature to agree loan • confirmation from the broker • confirmation from PWLB/market counterparty • Chaps payment transmission document for repayment of loan.
<p>1.13 Arrangements concerning the management of counterparty funds</p>	<p>The Council holds several trust funds. The cash in respect of these funds is held in the Council's bank account but transactions are separately coded. Interest is paid on credit balances and calculated on a daily basis at Bank Rate plus 0.50%</p>

Treasury Management Practices

6. Reporting requirements and management information arrangements

The Council will ensure that regular reports are prepared and considered on the implementation of the treasury management policies; on the effects of decisions taken and transactions executed in pursuit of those policies; on the implications of changes, particularly budgetary, resulting from the regulatory, economic, market or other factors affecting its treasury management activities; and on the performance of the treasury management function.

As a minimum the Corporate Policy & Resources Committee will receive:

- An annual report on the strategy and plan to be pursued in the coming year
- A mid-year review
- An annual report on the performance of the treasury management function, on the effects of the decisions taken and the transactions executed in the past year, and on any circumstances of non-compliance with the Council's Treasury Management Policy Statement and TMPs.

The Corporate Policy & Resources Committee will receive regular monitoring reports on treasury management activities and risks and the Corporate Policy & Resources Committee will have responsibility for the scrutiny of treasury management policies and practices.

The present arrangements and the form of these reports are outlined below.

Schedule

<p>1.1 Frequency of executive reporting requirements</p>	<p>The Chief Finance Officer will annually submit budgets and will report on budget variations as appropriate.</p> <p>The Chief Finance Officer will submit the Prudential Indicators and the Treasury Management Strategy and report on the projected borrowing and investment strategy and activity for the forthcoming financial year to the Corporate Policy & Resources Committee and the Council before the start of the year.</p> <p>The Annual Treasury Report will be prepared as soon as practicable after the financial year end and, in all cases, before the end of September.</p> <p>A Mid-Year Treasury Report will be prepared by the Chief Finance Officer which will report on treasury management activities for the first part of the financial year. The report will also provide a forecast for the current year. The Mid-Year Report will be submitted to Corporate Policy & Resources Committee during the year.</p> <p>Corporate Policy & Resources Committee</p>
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<p>1.2 Content of Reporting: 1. Prudential Indicators</p>	<p>The Council will set the following Prudential Indicators, revise if necessary, and following the year end publish actual (where appropriate) in respect of:</p> <ul style="list-style-type: none"> ▪ Financing costs as a proportion of net revenue stream (estimate; actual) ▪ Capital expenditure (estimate; actual) ▪ Incremental impact of capital financing decisions (estimate) ▪ Capital Financing Requirement (estimates; actual) ▪ Authorised limit for external debt ▪ Operational boundary for external debt ▪ Actual external debt ▪ Upper limits on fixed and variable rate interest exposures ▪ Upper and lower limits to maturity structure of fixed rate borrowing ▪ Upper limit to total of principal sums invested longer than 364 days. ▪ Minimum Revenue Provision statement <p>The Prudential Indicators are approved and revised by Corporate Policy & Resources Committee and are integrated into the Council's overall financial planning and budget process.</p> <p>The Corporate Policy & Resources Committee will also receive a copy of this report to carry out its scrutiny role of treasury management.</p>
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<p>2. Treasury Management Strategy Statement</p>	<p>The Treasury Management Strategy will include the following:</p> <ul style="list-style-type: none"> • Link to Capital Financing and Treasury Management Prudential Indicators for the current and ensuing 3 years • Strategy for financing new borrowing requirements (if any) and refinancing maturing borrowing (if any) over the next 3 years and for restructuring of debt • the extent to which surplus funds are earmarked for short term requirements • the investment strategy* for the forthcoming year • the minimum to be held in short term/specified investment during the coming year • the interest rate outlook against which the treasury activities are likely to be undertaken. <p>* <i>Investment strategy</i>: Based on the Government’s Guidance on Investments, the report will set out</p> <ul style="list-style-type: none"> ▪ the objectives, policies and strategy for managing its investments; ▪ the determination of which Specified and Non-Specified Investments the Council will utilise during the forthcoming financial year based on the Council’s economic and investment outlook and the expected level of investment balances; ▪ the limits for the use of Non-Specified Investments. <p>The Corporate Policy & Resources Committee will also receive a copy of this report to carry out its scrutiny role of treasury management.</p>
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TMP 6: Reporting requirements and management information arrangements

<p>3. Annual Treasury Report</p>	<p>The Chief Finance Officer will produce an annual report for the Corporate Policy & Resources Committee on all activities of the treasury management function, including the performance of fund managers where applicable, as soon as practicable after year end and in all cases no later than 30 September of the succeeding financial year.</p> <p>The main contents of the report will comprise:</p> <ul style="list-style-type: none"> ▪ confirmation that the Council calculated its budget requirements and set a balanced budget for the financial year; ▪ the prevailing economic environment ▪ a commentary on treasury operations for the year, including their revenue effects; ▪ commentary on the risk implications of treasury activities; undertaken and the future impact on treasury activities of the Council; ▪ compliance with agreed policies/practices and statutory/regulatory requirements; ▪ compliance with Prudential Indicators; ▪ performance measures. <p>The Corporate Policy & Resources Committee will also receive a copy of this report to carry out its scrutiny role of treasury management.</p>
<p>4. Mid-Year Treasury Report</p>	<p>The Chief Finance Officer will produce a mid-year report for Corporate Policy & Resources Committee on the borrowing and investment activities of the treasury management function, including performance of fund managers where applicable, for the first six months of the financial year.</p> <p>The main contents of the report will comprise:</p> <ul style="list-style-type: none"> • Economic background • Economic forecast, including interest rates forecast • Treasury Management Strategy Statement update • Performance versus benchmarks • Borrowing information, including premature repayment, new loans information • Information on investments, including current lending list • Prudential indicators relating to treasury management • Governance framework and scrutiny arrangements <p>The Corporate Policy & Resources Committee will also receive a copy of this report to carry out its scrutiny role of treasury management.</p>

TMP 6: Reporting requirements and management information arrangements

<p>1.3 Content and frequency of management information reports</p>	<p>The Deputy Chief Accountant produces a monthly monitoring report for the Chief Accountant and the Deputy Chief Executive. The Chief Accountant includes this information in quarterly budget monitoring statements for Corporate Policy & Resources Committee Corporate Policy & Resources Committee.</p> <p>Members also receive monthly monitoring reports</p> <p>These report includes details of:</p> <ul style="list-style-type: none">• borrowing and investment activity undertaken including forward deals• performance of internal and external investments against benchmark• interest rates and forecasts• extent of compliance with the treasury strategy and reasons for variance (if any)• Prudential Indicator monitoring and compliance
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Treasury Management Practices

7. Budgeting, accounting and audit arrangements

The Deputy Chief Executive will prepare, and the Council will approve and, if necessary, from time to time amend, an annual budget for treasury management, which will bring together all the costs involved in running the treasury management function, together with associated income. The matter to be included in the budget will at minimum be those required by statute or regulation, together with such information as will demonstrate compliance with **TMP1 Risk management, TMP2 Performance management, and TMP4 Approved instruments, methods and techniques**. The form that the Council's budget will take is set out in the schedule below.

The Deputy Chief Executive will exercise effective controls over this budget and will report upon and recommend any changes required in accordance with **TMP6 Reporting requirements and management information arrangements**.

The Council will account for its treasury management activities, for decisions made and transactions executed, in accordance with appropriate accounting practices and standards, and with statutory and regulatory requirements in force for the time being. The present form of the Council's accounts is set out in the schedule.

The Council will ensure that its auditors and those charged with regulatory review, have access to all the information and papers supporting the activities of the treasury management function as are necessary for the proper fulfilment of their roles, and that such information and papers will demonstrate compliance with external and internal policies and approved practices. The information made available under present arrangements is detailed below.

Schedule

<p>1.1 Statutory/regulatory requirements</p>	<p>Balanced Budget Requirement</p> <p>The provisions of S32 and S43 of the Local Government Finance Act 1992 require this Council to calculate its budget requirement for each financial year including, among other aspects:</p> <ul style="list-style-type: none"> (a) the expenditure which is estimated to be incurred in the year in performing its functions and which will be charged to a revenue account and (b) revenue costs which flow from capital financing decisions. <p>S33 of the Act requires the Council to set a council tax sufficient to meet expenditure after taking into account other sources of income.</p>
<p>1.2 Proper accounting practice</p>	<p>CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice (the local authority SORP) constitutes "proper accounting practice under the terms of S21 (2) of the Local Government Act 2003".</p>

<p>1.3 Financial Statements</p>	<p>The Financial Statements comprise:</p> <ul style="list-style-type: none"> ▪ An explanatory foreword ▪ Accounting policies, changes in accounting estimates and errors ▪ Presentation of financial statements ▪ Movement in reserves statement ▪ Comprehensive income and expenditure statement ▪ Balance sheet ▪ Cash flow statement ▪ Collection Fund (England) ▪ Statement of Responsibilities ▪ The Accounting Statements ▪ Additional Financial Statements (Collection Fund) ▪ Notes to the financial statements ▪ Statements reporting reviews of internal controls or internal financial controls ▪ Events after the reporting period ▪ Related party disclosures ▪ Annual Governance Statement
<p>1.4 Format of the Council's accounts</p>	<p>The current form of the Council's accounts is available within the Finance Department, Accountancy Section.</p>
<p>1.5 Disclosures relating to treasury management</p>	<p>Due regard will be given to the disclosure requirements under CIPFA's Code of Practice on Local Authority Accounting.</p>

<p>1.6 Treasury-related information requirements of external auditors</p>	<p>The following information is specifically requested by the external auditor and should be considered an initial request for information. It is usually followed by more detailed audit testing work which often requires further information and/or explanations from the Council's officers.</p> <p>Information in this context includes internally generated documents including those from the Council's spreadsheets, externally generated documents, observation of treasury management practices which support and explain the operation and activities of the treasury management function.</p> <ul style="list-style-type: none"> ▪ Determination of Affordable Borrowing Limit under Section 3 of the Local Government Act 2003. ▪ Prudential Indicators. ▪ Treasury Management Strategy including Annual Investment Strategy. <p><u>External borrowing:</u></p> <ul style="list-style-type: none"> • New loans borrowed during the year: PWLB certificates / documentation in relation to market loans borrowed (including copy of agreements, schedule of commitments) • Loan maturities. • Compliance with proper accounting practice, regulations and determinations for the amortisation of premiums and discounts arising on loans restructured during the year and previous years. • Analysis of loans outstanding at year end including maturity analysis. • Analysis of borrowing between long- and short-term • Debt management and financing costs <ul style="list-style-type: none"> ▪ calculation of interest paid ▪ actual interest paid ▪ accrued interest • MRP calculation and analysis of movement in the CFR. • Bank overdraft position. • Brokerage/commissions/transaction related costs.
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	<p><u>Investments:</u></p> <ul style="list-style-type: none"> • Investment transactions during the year including any transaction-related costs • cash and bank balances at year end • Short-term investments at year end • Long-term investments at year end by asset type, including unrealised gains or losses at year end • calculation of interest received and accrued interest • actual interest received • External fund manager valuations, where applicable, including investment income schedule and movement in capital values, transaction confirmations received • Basis of valuation of investments • Evidence of existence and title to investments
	<p><u>Cash Flow</u></p> <ul style="list-style-type: none"> ▪ Reconciliation of the movement in cash to the movement in net debt ▪ Cash inflows and outflows in respect of long-term financing ▪ Cash inflows and outflows in respect of purchase/sale of long-term investments ▪ Net increase/decrease in short-term loans, short-term deposits and other liquid resources <p><u>Other</u></p> <ul style="list-style-type: none"> ▪ Details of treasury-related material events after balance sheet date not reflected in the financial statements. ▪ External advisors'/consultants' charges
<p>1.7 Internal Audit</p>	<p>Internal Audit generally conducts an annual review of the treasury management function and probity testing. The internal auditors will be given access to treasury management information/documentation as required by them.</p>
<p>1.8 Compliance with CIPFA Treasury Management and Prudential Codes</p>	<p>Auditors may require evidence/demonstration of compliance with external and internal treasury management policies and strategy.</p> <p>Any serious breach of the CIPFA Treasury Management Code of Practice recommendations or Prudential Indicators should be brought to the attention of the external auditor.</p>
<p>1.9 Costs for treasury management</p>	<p>The budget for treasury management forms part of the Corporate Services budget.</p>

Treasury Management Practices

8. Cash and cash flow management

Unless statutory or regulatory requirements demand otherwise, all monies in the hands of the Council will be under control of the Deputy Chief Executive and will be aggregated for cash flow and investment management purposes. Cash flow projections will be prepared on a regular and timely basis, and the Deputy Chief Executive will ensure that they are adequate for the purposes of monitoring compliance with TMP1 (2) Liquidity *Risk management*. The present arrangements for preparing cash flow projections, and their form, are set out in the schedule to this document.

Schedule

<p>1.1 Arrangements for preparing /submitting cash flow statements</p>	<p>Cash flow forecasts are over three time-horizons and are used to inform the Council’s borrowing and investment strategy by identifying periods of surplus or shortfall of cash balances. The CS Lucas TM system is being used with a view to replacing spreadsheet forecasting from April 2022.</p> <p>The cash flow forecasts and statements are held at operational level. The accuracy and effectiveness of the cash flows depend on the accuracy of estimating expenditure, income and corresponding time periods.</p> <p>An outline medium-term cash flow model is prepared as part of the budget process, with projections for 3 further years. It is highly summarised and looks mainly at cash flows arising from the capital programme, the in-year capital financing requirement, scheduled loan repayments and long-term investment maturities, and anticipated movements in reserves.</p> <p>A detailed annual cash flow, prepared for the financial year once the budget for the ensuing year has been agreed, identifies major inflows and outflows and is monitored and updated monthly. It is compiled with reference: to the agreed revenue budget and capital programme; to knowledge obtained from the Council’s various services that incur the expenditure/ receive the income; as well as to information from previous years.</p> <p>Daily cash flows show forecast and planned movements of cash daily, including the matching of known inflows and payments. This is used as part of the decision-making process for daily cash management.</p>
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<p>1.2 Content and frequency of cash flow projections</p>	<p>The detailed annual cash flow model includes the following:</p> <ul style="list-style-type: none"> • Budgeted revenue income and expenditure • Budgeted profiled capital income and expenditure <p>Revenue activities:</p> <p><u>Inflows:</u></p> <ul style="list-style-type: none"> ▪ Revenue Support Grant if applicable ▪ Precepts received ▪ Non-domestic rates receipts ▪ Council tax receipts ▪ Other government grants ▪ Cash for goods and services ▪ Other operating cash receipts <p><u>Outflows:</u></p> <ul style="list-style-type: none"> ▪ Salaries and payments on behalf of employees ▪ Operating cash payments ▪ Housing Benefit paid ▪ Precepts paid ▪ NNDR payments <p>Capital activities including financing</p> <p><u>Inflows:</u></p> <ul style="list-style-type: none"> ▪ Capital grants received ▪ Sale of fixed assets ▪ Other capital cash receipts <p><u>Outflows:</u></p> <ul style="list-style-type: none"> ▪ Purchase of fixed assets ▪ Purchase of long-term investments ▪ Other capital cash payments <p>Financing, Servicing of Finance>Returns on Investments</p> <p><u>Inflows:</u></p> <ul style="list-style-type: none"> ▪ New long-term loans raised ▪ New short-term loans raised ▪ Interest received ▪ Discount on premature repayment of loan <p><u>Outflows:</u></p> <ul style="list-style-type: none"> ▪ Loan repayments ▪ Premiums on premature repayment of loan ▪ Short-term investments ▪ Capital element of finance lease rental payments ▪ Interest paid ▪ Interest element of finance lease rental payments
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<p>1.3 Monitoring, frequency of cash flow updates</p>	<p>The annual cash flow statement is updated quarterly with the actual cash inflows and outflows after taking account of any revisions including those relating to grant income and capital expenditure and will be reconciled with:</p> <ul style="list-style-type: none"> • net RSG and NNDR payments as notified; • county council and police authority precepts as notified; • actual salaries and other employee costs paid from account bank statements; • actual payments to Inland Revenue from general account bank statements; • actual council tax received • actual rent allowances paid • actual housing benefit and grant received from MHCLG; • actual capital programme expenditure and receipts.
<p>1.4 Bank statements procedures</p>	<p>The Council receives bank statements on a daily basis and a daily download of data from its bank. All amounts on the statements are analysed on the bank statement analysis (BSA) and check to source data for example payroll, creditor payment runs. Income transactions are posted independently of the treasury function and are reconciled to the AIM system on a daily basis by the income team.</p>
<p>1.5 Payment scheduling</p>	<p>The Council has a policy of paying suppliers in line with agreed terms of trade and aims to pay suppliers within 28 days of the invoice date. Certificated payments to sub-contractors must be made within 28 days.</p>
<p>1.6 Monitoring debtor/ creditor levels</p>	<p>The Creditors and Income Manager is responsible for monitoring levels of debtors and creditors. Details are passed to the treasury team where necessary to assist in updating the cash flow models.</p>
<p>1.7 Banking of funds</p>	<p>Instructions for the banking of income are set out in Financial Regulations. All monies received will be passed to the cashier and be banked without delay.</p>
<p>1.8 Practices concerning prepayments to obtain benefits</p>	<p>The Council has no formal arrangements in place. Where such opportunities arise, the prepayment would be sought and authorised by the Chief Finance Officer.</p>

Treasury Management Practices

9. Money laundering

Background

The Proceeds of Crime Act (POCA) 2002 consolidated, updated and reformed criminal law in the UK in relation to money laundering. The principal offences relating to money laundering are:

Concealing, disguising, converting, transferring or removing criminal property from England and Wales, from Scotland or from Northern Ireland

Being concerned in an arrangement which a person knows or suspects facilitates the acquisition, retention use or control of criminal property

Acquiring, using or possessing criminal property.

Other offences include failure to disclose money laundering offences, tipping off a suspect either directly or indirectly, and doing something that might prejudice an investigation.

Organisations pursuing relevant businesses were required to appoint a nominated officer and implement internal reporting procedures; train relevant staff in the subject; establish internal procedures with respect to money laundering; obtain, verify and maintain evidence and records of the identity of new clients and transactions undertaken and report their suspicions.

In December 2007, the UK Government published the Money Laundering Regulations 2007, which replaced the 2003 Regulations. CIPFA believes that public sector organisations should “embrace the underlying principles behind the money laundering legislation and regulations and put in place anti money laundering policies, procedures and reporting arrangements appropriate and proportionate to their activities”.

The Council is alert to the possibility that it may become the subject of an attempt to involve it in a transaction involving the laundering of money. Accordingly, it will maintain procedures for verifying and recording the identity of counterparties and reporting suspicions, and will ensure that staff involved in this are properly trained. The present arrangements, including the name of the officer to whom reports should be made, are detailed in the schedule below.

Schedule

<p>1.1 Anti-money laundering policy</p>	<p>This Council’s policy is to prevent, wherever possible, the organisation and its staff being exposed to money laundering, to identify the potential areas where it may occur and to comply with all legal and regulatory requirements, especially with regard to the reporting of actual or suspected cases.</p> <p>The Council has accepted responsibility to ensure that those of its staff who are most likely to be exposed to money laundering can make themselves fully aware of the law and, where necessary, are suitably trained.</p>
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<p>1.2 Nomination of Responsible Officer</p>	<p>(a) The Council has nominated Head of Corporate Governance to be the responsible officer to whom any suspicions relating to transactions involving the Council will be communicated.</p> <p>(b) The responsible officer will be conversant with the requirements of the Proceeds of Crime Act 2002 and will ensure relevant staff are appropriately trained and informed so they are alert for suspicious transactions.</p> <p>(c) The responsible officer will make arrangements to receive and manage the concerns of staff about money laundering and their suspicion of it, to make internal enquiries and to make reports, where necessary, to National Criminal Intelligence Services (NCIS).</p>
<p>1.3 Procedures for establishing the Identity of Lenders and Borrowers</p>	<p>(a) In the course of its treasury activities, the Council will only borrow from permitted sources identified in <i>TMP 4 Approved instruments, methods and techniques</i>.</p> <p>(b) The Council will not generally accept loans from individuals.</p> <p>(c) In the course of its treasury activities, the Council will only invest with those counterparties which are on its approved lending list.</p> <p>(d) The identity and authenticity of commercial institutions (banks, building societies and other financial institutions) authorised to carry out borrowing and lending activity in the UK will be checked via the Financial Services Authority's website www.fsa.gov.uk.</p> <p>(e) All receipts/disbursements of funds will be undertaken by BACS or CHAPS settlement.</p> <p>(f) Direct Dealing mandates: The Council will provide (in the case of lending) and obtain (in the case of borrowing) and maintain on file dealing mandates with any new money market counterparty. The mandates should be on letter-headed paper, dated and signed.</p> <p>(g) All banking transactions will only be undertaken by the personnel authorised to operate the Council's banks accounts.</p>

Treasury Management Practices

10. Training and qualifications

The Council recognises the importance of ensuring that all staff involved in the treasury management function are fully equipped to undertake the duties and responsibilities allocated to them. It will therefore seek to appoint individuals who are both capable and experienced and will provide training for staff to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills. The Deputy Chief Executive will recommend and implement the necessary arrangements.

The Deputy Chief Executive will ensure that Council members tasked with treasury management responsibilities, including those responsible for scrutiny, have access to training relevant to their needs and responsibilities. Those charged with governance are required to recognise their individual responsibility to ensure that they have the necessary skills to complete their role effectively.

The present arrangements are detailed in the schedule below.

Schedule

<p>1.1 Qualifications/ experience for treasury staff</p>	<p>Members of the Treasury Team are required to have suitable experience and qualifications for them to carry out their duties competently and appropriate training is provided where necessary.</p>
<p>1.2 Details of approved training courses</p>	<p>The courses/events the Council would expect its treasury personnel to consider are:</p> <ul style="list-style-type: none"> ▪ Certificate in International Treasury Management – Public Finance, a treasury management qualification offered by the <i>Association of Corporate Treasurers</i> ▪ Training courses for Accounting, Auditing, Best Value/Competition, Budgeting, Capital Finance & Borrowing, Financial Management and Treasury Management run by CIPFA and IPF ▪ Any courses/seminars run by Treasury Management Consultants. ▪ Attending CIPFA Conference ▪ Training attended by those responsible for scrutiny of the treasury function
<p>1.3 Records of training received by treasury staff</p>	<p>Treasury-related training records are maintained by staff with their CPD support, with staff appraisal records by the Chief Accountant and with Human Resources.</p>

<p>1.4 Records of training received by those charged with governance</p>	<p>Training records are maintained of those people/committees responsible for governance of treasury management. Committee Services provide details of this.</p>
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Treasury Management Practices

11. Use of external service providers

The Council recognises that responsibility for the treasury management decisions remains with the organisation at all times. It recognises the potential value of employing external providers of treasury management services, in order to acquire access to specialist skills and resources. When it employs such service providers, it will ensure it does so for reasons which will have been submitted to a full evaluation of the costs and benefits. It will also ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and reviewed regular. The Council will ensure, where feasible and necessary, that a spread of service providers is used, to avoid over reliance on one or a small number of companies. Where services are subject to formal tender or re-tender arrangements, legislative requirements will always be observed. The monitoring of such arrangements rests with the Deputy Chief Executive. Details of the current arrangements are set out in the schedule below.

Schedule

<p>1.1 Contract threshold</p>	<p>The Council’s Financial Regulations require that a formal contract is in place with external service providers. The contract will clearly state the services to be provided and the terms on which they will be provided.</p>
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<p>1.2 Details of service providers and procedures and frequency for tendering services</p>	<p>(a) Bankers to the Council Lloyds Bank 25 Gresham Street, London EC2V 7HN Telephone 0808 202 1390 Contract period: From March 2015 Formal agreement in place: Yes</p> <p>(b) Treasury advisor Arlingclose Limited 35 Chiswell Street, London EC1Y 4SE Telephone 08448 808 200 Contract period: Aug 2017 to July 2020 Formal agreement in place: Yes This service may be re-tendered every 3 years</p> <p>(c) Brokers It is considered good practice for the Council to have at least two brokers and to spread business between them.</p> <p>Tradition (UK) Limited Beaufort house, 15 St. Botolph St, London, EC3A 7QX Telephone 0207 422 3500 Contract period: no formal contract Formal agreement in place: No</p> <p>Sterling/ BGC Brokers LP 1 Churchill Place, London, E14 5RD Telephone 020 7894 7742 Contract period: no formal contract Formal agreement in place: No</p>
<p>1.3 Regulatory status of services provided</p>	<p>The Council's external service providers are regulated by the Financial Services Authority (FSA) and Bank of England.</p>

<p>1.4 Details of service provided by Treasury Advisor</p>	<p>The Service provided by the Council’s treasury advisors is:</p> <p>Financial Strategy and Investment Policy</p> <ul style="list-style-type: none"> • Attend 4 strategy meetings per year and review the Council’s financial position in respect of its objectives, strategy, current financial circumstances, assets and liabilities. • Advise on suitable investment strategies to support the Council’s financial objectives in the short, medium and longer term. <p>Market Updates and Interest Rate Forecasting</p> <ul style="list-style-type: none"> • Provide regular interest rate forecasts. • Provide regular updates on economic and political changes that may impact the Council’s investment strategy. <p>Monitoring and Reporting</p> <ul style="list-style-type: none"> • Provide data on the performance of external fund managers for comparison purposes. • Monitor and report on performance of in-house investments against external fund managers on a quarterly basis. <p>Counterparty Creditworthiness</p> <ul style="list-style-type: none"> • Advise on investment counterparty creditworthiness, including provision of prudent parameters, based on information obtained from leading credit rating agencies (Fitch, Standard and Poors, Moody’s). • Provide regular alerts of changes in creditworthiness, monthly reports and analyses. • Check compliance with counterparty creditworthiness policy on a quarterly basis. <p>Training and Documentation</p> <ul style="list-style-type: none"> • Provide training to treasury management staff where necessary, including access to a technical support helpline. • Provide template documents and advice on: <ul style="list-style-type: none"> • Treasury management strategy report • Annual review report • Annual investment strategy <p><i>Future investment of capital receipts</i></p> <p><i>The Council may decide to place funds with external fund managers to provide an element of diversity to the investment portfolio. Part of the service required from our appointed advisor will be to assist and advise on the selection and appointment process and to provide ongoing performance monitoring.</i></p>
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Treasury Management Practices

12. Corporate governance

The Council is committed to the pursuit of proper corporate governance throughout its business and services, and to establishing the principles and practices by which this can be achieved. Accordingly, the treasury management function and its activities will be undertaken with openness and transparency, honesty, integrity and accountability.

The Council has adopted and implemented the key recommendations of the CIPFA Treasury Management Code of Practice (Revised 2009). This, together with the other arrangements detailed in the schedule to this document, are considered vital to the achievement of proper corporate governance in treasury management, and the Deputy Chief Executive will monitor and, if and when necessary, report upon the effectiveness of these arrangements.

Schedule

<p>1.1 Stewardship responsibilities</p>	<p>The Chief Finance Officer ensures that systems exist to deliver proper financial administration and control and maintaining a framework for overseeing and reviewing the treasury management function.</p>
<p>1.2 List of documents to be made available for public inspection.</p>	<p>The following documents are freely available for public inspection:</p> <ul style="list-style-type: none"> ▪ Annual Statement of Accounts ▪ Budget Book ▪ 4 Year Capital Plan ▪ Treasury Management Policy ▪ Treasury Management Strategy ▪ Budget Monitoring Reports ▪ Annual Treasury Report (Outturn)
<p>1.3 Council's website.</p>	<p>Financial information is additionally available on the Council's website.</p>
<p>1.4 Procedures for consultation with stakeholders.</p>	<p>Members and senior officers of the Council are consulted via reports to the Corporate Policy & Resources Committee and officer/member briefing and training sessions.</p>
<p>1.5 Externally managed funds.</p>	<p>The Council currently has no external fund managers.</p>

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Council

22 February 2024



Title	Detailed Budget for 2024-25
Purpose of the report	To make a key decision
Report Author	Paul Taylor Chief Accountant
Ward(s) Affected	All Wards
Exempt	No
Corporate Priority	Community Addressing Housing Need Resilience Environment Services
Recommendations	<p>Council is asked to approve the following:</p> <ol style="list-style-type: none"> 1. To approve a 2.9% increase on the Spelthorne Borough Council element of the Council Tax for 2024-25. Moreover: <ol style="list-style-type: none"> a. The Revenue estimates as set out in Appendix 1 be approved. b. £3,115k as set out in this report are to be appropriated from General Reserves in support of Spelthorne's local Council tax for 2024-25. c. To agree that the Council Tax base for the year 2024-25 is 39,241 Band D equivalent dwellings calculated in accordance with regulation 3 of the Local Authorities (Calculation of Council tax base) Regulations 1992, as amended, made under Section 35(5) of the Local Government Finance Act 1992. 2. Continuing the Council's Local Council Tax Support Scheme with the current rules and regulations. 3. Continuing the complete disregard of war pension / armed forces pension income from benefit calculations. 4. To note the Chief Finance Officer's commentary in section 4 of the report on the robustness of budget estimates and levels of reserves under sections 25 and 26 of the Local Government Act 2003 5. The Council Tax Base for the whole Council area for 2024-25. [Item T in the formula in Section 31b (3) of the local government Finance Act 1992, as amended (the "act")] should be 39,241 band D equivalent dwellings and calculate that the Council Tax requirement for the Council's own

purpose for 2024-25 is £222.41 Per Band D equivalent dwelling.

That the following sums be now calculated by the Council for the year 2024-25 in accordance with Section 31 to 36 of the Local Government Act 1992.

A	107,727,200	Being the aggregate of the amount which the Council estimates for the items set out in Section 31A (2) of the Act considering all precepts issued to it by Parish Councils.
B	-98,999,600	Being the aggregate of the amount which the Council estimates for the items set out in Section 31A (3) of the Act
C	8,727,600	Being the amount by which the aggregate at (A) above exceeds the aggregate at (B) above, calculated by the Council, in accordance with Section 31A (4) of the Act, as its Council Tax requirement for the year
D	222.41	Being the amount at (C) above divided by the amount at 5c (above), calculated by the Council in accordance with Section 31B (1) of the act, as the

									basic amount of its Council Tax for the year (including Parish precepts)																								
									E 0 Being the aggregate amount of all special items (Parish precepts) referred to in Section 34(1) of the Act.																								
									F 222.41 Being the amount at (D) above less the result given by dividing the amount at (E) above by the amount at 5c (above), calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings on those parts of its area to which no Parish precept relates.																								
<p>That the following amounts be calculated for the year 2023-24 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992 as amended by the Localism Act 2011.</p> <table border="1"> <thead> <tr> <th>A</th> <th>B</th> <th>C</th> <th>D</th> <th>E</th> <th>F</th> <th>G</th> <th>H</th> </tr> <tr> <th>£</th> <th>£</th> <th>£</th> <th>£</th> <th>£</th> <th>£</th> <th>£</th> <th>£</th> </tr> </thead> <tbody> <tr> <td>148.27</td> <td>172.99</td> <td>197.70</td> <td>222.41</td> <td>271.83</td> <td>321.26</td> <td>370.68</td> <td>444.82</td> </tr> </tbody> </table>										A	B	C	D	E	F	G	H	£	£	£	£	£	£	£	£	148.27	172.99	197.70	222.41	271.83	321.26	370.68	444.82
A	B	C	D	E	F	G	H																										
£	£	£	£	£	£	£	£																										
148.27	172.99	197.70	222.41	271.83	321.26	370.68	444.82																										
Reason for Recommendation	To deliver services for its residents the Council must set a balanced Revenue Budget and determine its Council tax levels																																

Precepts issued to the Council:

	A £	B £	C £	D £	E £	F £	G £	H £
Surrey County Council	1,172.40	1,367.80	1,563.20	1,758.60	2,149.20	2,540.20	2,2931.00	3,517.20
Surrey Police & Crime Commissioner	215.71	251.67	287.62	323.57	395.47	467.38	539.28	647.14

That, having calculated the aggregate in each case above the Council in accordance with Sections 30 and 36 of the Local Government Finance Act 1992 as amended by the Localism Act 2011, hereby sets the amounts as the amounts of Council tax for the year 2024-25.

The Council has determined that its relevant basic amount of Council Tax for 2024-25 is not excessive in accordance with the principles approved under Section 52ZB Local Government Finance Act 1992.

As the billing authority, the Council has not been notified by a major precepting authority that its relevant basic amount of Council Tax for 2024-25 is excessive and that the billing authority is not required to hold a referendum in accordance with Section 52ZK Local Government Finance Act 1992.

1. Summary of the report

What is the situation	Why we want to do something
<ul style="list-style-type: none"> The Council has a statutory duty to set a balanced Budget and a Council Tax rate for its share of the total Council Tax Bill. The detailed 2024-25 budget report consolidates the Committee's work between September 2023 and January 2024 and includes all the approved revenue growth bids and savings plans. . The below the line (Funding) balances the budget and is explained in the Below the Funding Report presented to the Corporate Policy & Resources Committee meeting on 19 February. . 	<ul style="list-style-type: none"> Council needs to set a balanced budget to continue to fund the services our residents, businesses and communities need. The 2024-25 budget is balanced and therefore any amendments proposed by Councillors need to provide both the impact on the Cost Centres (above the line) and what the impact on the funding (below the line) will be. Council must fulfil its statutory duty and agree a balanced 2024-25 budget at the meeting on 22 February 2024, or before 31 March, if not agreed at that meeting.
This is what we want to do about it	These are the next steps

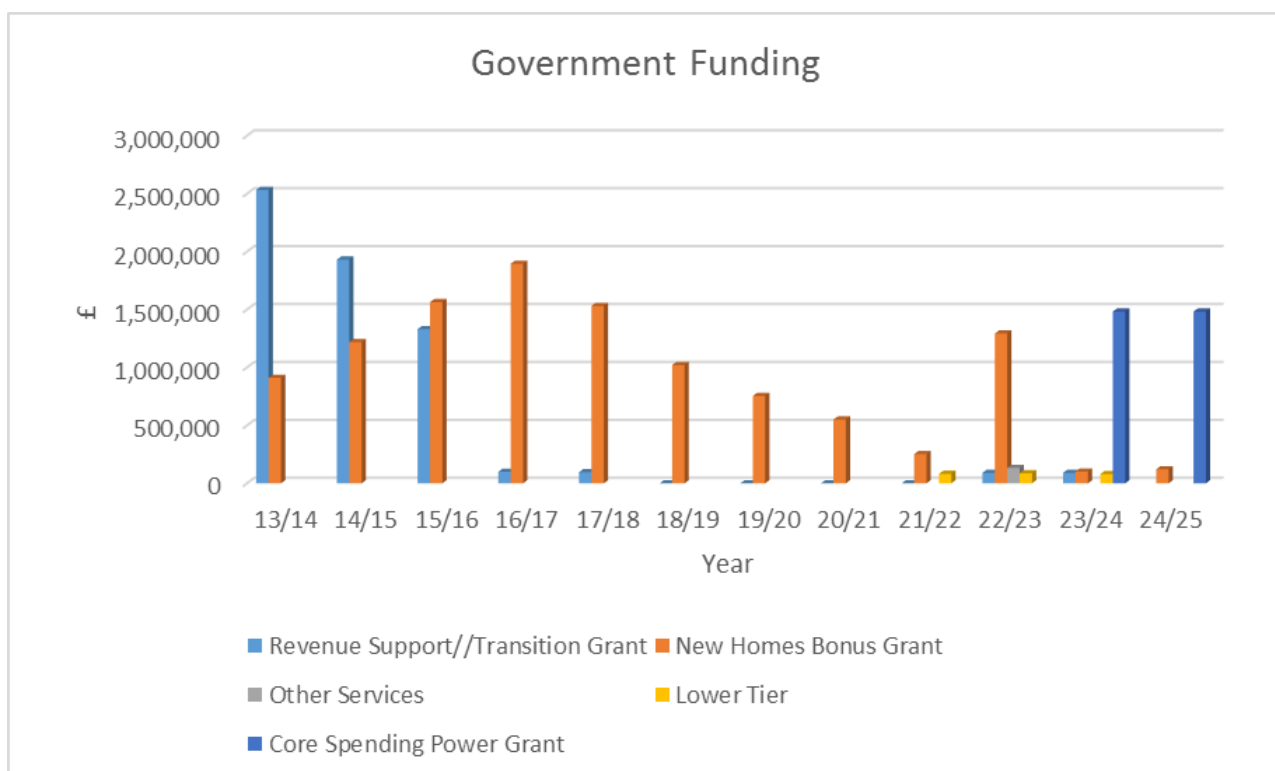
<ul style="list-style-type: none"> • Review all the appendices attached with this report. • Question Chairs of each Committee, Budget Managers and the Chief Accountant about any issues they may have. • Approve the recommended Detailed 2024-25 Budget. 	<ul style="list-style-type: none"> • Approve the proposed 2024-25 Detailed Budget as set out in Appendix 1. •
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2. Key issues

- 2.1 This report is subject to the outcomes agreed at the Corporate Policy & Resources Committee meeting on 19 February and officers may have to issue an addendum report to Council, to account for any changes, after the meeting.
- 2.2 This figures contained in Appendix 1, include all the growth bids and savings plan approved by each Committee and agreed by the Corporate Policy & Resources Committee.
- 2.3 By law Councils are required each year to set a balanced budget. Council will need to be aware that :
- (a) The proposed increases in Car Park charges, which will be subject to public notice.
 - (b) The proposed increases in the Taxi Licensing Fees are subject to the relevant approval at Licensing Committee, which is meeting in March.
 - (c) For noting, the Council is in early discussions with a tenant at Communications House , to retain them in the Borough, and this will involve between £1.5m and £2.0m of projects costs, followed by a rent increase, The discussions have not progressed far at the time of preparing this report and by virtue of the value of these potential contracts, Council needs to be aware of the matter, which could result in either an in-year growth bid for capital and or revenue in 2024-25 and or 2025-26.
- Officers will be looking at several alternatives to dealing with this significant growth bid and if it is:
- Capital related; this can be dealt with as an update to the Estimated Capital Programme and could be funded from internal borrowing.
 - Revenue related; this can be dealt with in several ways including:
 - Delaying other existing refurbishment works for a number of year(s) .
 - Use of the Sinking Fund Reserve with the relevant Council approval.
- 2.4 The main points from the 2024-25 Budget as set out in Appendix 1 are as follows: -

- (a) Increase in the Spelthorne Borough Council element of the Council Tax is £6.27 (2.9%) for the year.
 - (b) Pay Award for all staff, 2.8% and a further 2.8% in 2025-26 (part of a two-year deal), supported by Unison.
 - (c) Discretionary Fees and Charges inflation applied at least 5% (with exception of Meals on Wheels and Day Centre meals, which will be covered by increasing the Room Hire Charges to cover the reduced income.
 - (d) All discretionary fees over £25.00 were rounded up to the nearest pound, as instructed by the Corporate Policy & Resources Committee
 - (e) Contract inflation 5.0%
- 2.5 The Council has done a great job of dealing with the extremely challenging economic context with the UK economy having firstly as result of the COVID_19 pandemic the worst economic downturn over 300 years followed by the Cost-of-Living Crisis. This has not been straight forward, and it is believed that the current situation will deteriorate as more residents renew their mortgages at substantially higher interest rates.
- 2.6 The Council also took the opportunity to create a £200k Cost of Living Reserve from existing funds, which was used almost entirely to provide support for vulnerable households during 2023-24.
- 2.7 It is clear that the Council and its residents remain in exceptionally challenging and uncertain times, and although the challenges faced by Council as a result of the COVID-19 pandemic are largely diminished (although car parking income not quite yet back to pre-pandemic levels), the Cost-of-Living crisis, has adversely impacted on the Council, by over £1.0m in 2023-24. The decision not to raise fees and charges in line with the Consumer Price Index (CPI) in December 2022, which stood at 10.5%, and over 20% for food, has supported a number of the residents in the Borough, including the vulnerable and elderly.
- 2.8 Since November 2021, the steady increase in the Bank of England base rate to 5.25%, as at February 2024, has created a ticking timebomb for the home owners in the Borough as they come to the end of their cheap fixed term mortgage arrangements at under 1% and will be renewing between 4-6%, this means they will have to make some very tough decisions about the future, again, this is likely to impact on the Council with the likelihood of lower collection rates and higher bad debt write offs, which have been reflected in the 2024-25 budget proposals.
- 2.9 The increases in interest rates over the last eighteen months have had a significant impact on the viability of the Council's residential and regeneration development projects and when combined with the financial impacts of reduced heights of buildings, increased construction costs for both materials and labour, in October 2023, Council decided to suspend all of its direct affordable housing projects removing £283m (net expenditure) from its Capital Programme, to allow Officers to reassess the situation and look at forming joint ventures to deliver the housing units desperately needs by younger families, key workers and vulnerable residents in the Borough.

- 2.10 Like many of our businesses in the Borough, the Council is having to forecast and plan.
- 2.11 Trying to predict just when the Council's operating income and services, will return to 'normal' without having to deal with the aftermath of a global pandemic or an ongoing Cost of Living crisis. All of which, has had a serious impact on the Medium-Term Financial Plan (MTFP) and the budget setting process for 2025-26 and beyond.
- 2.12 The Council is continuing to see reduction in some of its services' fees and charges income, the amounts of council tax and business rates collected, and this challenging news is offset by a slight increase in our treasury management income because of the Bank of England increasing base rates over the last years.
- 2.13 Over the last years the United Kingdom has moved from global pandemic through to a Cost-of-Living Crisis the Council is continuing to provide extra support, including financial support to many of our services, including support to households as mentioned earlier. This is making our ability to predict when things will return to 'normal' conditions extremely difficult.
- 2.14 An unexpected increase in global events, such as, the conflicts being experienced across the world, including most recently the Red Sea, are also impacted on the Council, whether that is from this year, notably with our investment and regeneration portfolio, with the government freezing the assets of Russian Businesspeople, Conflicts in the Middle East, which slowed down a predicted downward trend in interest rates, are slowing the recovery process for the Council and its residents.
- 2.15 The Council borrowed during the period 2016-2018 over £1bn to invest in eight commercial properties, in order to replace the reduced funding from central Government, as shown by the chart below:



- 2.16 Over the fifty years life (approximately 44 to 46 years remaining) of the assets, the Council expects to generate over £2.5bn (unadjusted for inflation) in rental income and contribute over £0.5bn to deliver services and support all our residents, particularly the vulnerable, elderly and young in the Borough.
- 2.17 To mitigate the Council's financial risks and protect the residents of the Borough, Sinking Fund Reserves were established to provide support when required. The original aim seven years ago was to increase the Sinking Fund by at least £3.5m a year, which equates to a total of £24.5m. However, the commercial and regeneration property portfolio has outperformed expectations to 31 March 2023, and the Council was able to increase the Sinking Fund to £38m.
- 2.18 Over the next three years, as predicted and advised, Council will have to withdraw funds from the Sinking Fund Reserves to support services and the vulnerable residents in the Borough, and because of the prudent over funding of the Sinking Fund in previous years, Council has the necessary funds to meet the budget challenges and retain in excess of the planned £24.5m. This is using the sinking funds for the earmarked purpose they were designed for, as set out in the original council policy.
- 2.19 In presenting this balanced budget, it has been necessary to utilise £703.8k of the Council's Earmarked Revenue Reserves, which has been approved by the Corporate Policy & Resources Committee, because as mentioned earlier there was an exceptional growth bid of £907,600 to cover projected increase in statutory support for the homeless in the Borough and had it not been for this growth bid, the Council's budget would have been a surplus of £203.8k.
- 2.20 As a result of extensive financial modelling, ranging over the short term, i.e., a few years to the long term, i.e., up to 50 years, and the suspension of the Council Direct Accessible Housing projects, the Council is facing some significant financial challenges over the next three years with significant Council approved cash outflows in support flowing to Knowle Green Estates.
- 2.21 Whilst the Board of Knowle Green Estates Directors are implementing robust cost reduction and budgetary control regimes, the number of units available to rent, is not sufficient to cover its outgoings and therefore, Council will have to consider several options including transferring properties for equity shares or debentures in order to ensure that the Council's tenants, including key workers, young families and vulnerable residents are fully supported.
- 2.22 The forecasts for the Medium-Term Financial Plan (MTFP), otherwise known as the Outline Budget, which includes all the factors mentioned above indicate that whilst the Council has managed to balance the 2024-25 budget, the forecasts (see Appendix 1) for the following three years are challenging:
- (a) 2025-26 - £303k deficit
 - (b) 2026-27 – £2,791k deficit
 - (c) 2027-28 - £2,267k deficit
- 2.23 It should be noted that the Council are expecting in the future period 2026-27 will be particularly challenging if that is the year post the General Election Government implements the Fair Funding review and resets business rates allocations. It is anticipated when this happens that Surrey councils will be disproportionately hit.

- 2.24 It is therefore important that in the current year the Council focuses in the coming year on the strands within its MTFP to ensure it delivers actions which will close the above gaps.
- 2.25 Officers will be monitoring the medium term closely, particularly any adverse interest rate movements and unnecessary delays to the building of the Council's development projects, as the Council could run the risk of approximately £16.0m (estimated at 31 March 2024) of capitalised revenue costs, being charged to the revenue budget. This is a key risk which is commented on further in the S151 Commentary below.
- 2.26 Having identified over £2.1m of savings as part of the 2024-25 budget setting process, Officers will also be working to identify additional cashable service improvements and savings through all the services over the next four years of at least £800k. Moving forward in 2024-25 and onwards, the quarterly monitoring reports will provide regular updates on progress on delivery of savings such as transformation, procurement, and cashable. This is to ensure that Councillors are advised whether savings programmes are on track and if they are not, what actions are being taken to put them back on track.
- 2.27 Appendix 1 summarises the current Detailed Budget proposed for 2024-25. After allowing for Housing Benefit the gross budget is financed as follows,
- (a) Fees and Charges 33.9%
 - (b) Property Rental Income – Increasingly representing a greater proportion of the overall funding 22.9%
 - (c) Interest received – 3.0%
 - (d) General Revenue Grants, including New Homes Bonus which increased substantially this year & Retained Business Rates 20.1%
 - (e) Council Tax 20.1%

Business Rates Retention

- 2.28 The Government has extended the Business Rate Retention programme in its current 50% form until at least 2025-26 and along with the "Fair Funding Review" it will not progress until after the next general election.
- 2.29 Spelthorne Borough Council is also participating in the Surrey National Non-Domestic Rate Pool, alongside other some of the Surrey Districts and Boroughs and Surrey County Council and this will yield an estimated additional retained income of £500k in 2024-25.

Grant Settlement

- 2.30 The Government's Local Government Funding Settlement was announced on 18 December 2023 and initially confirmed that Spelthorne would receive as a new Core Spending Power 3% increase Guarantee grant £1.84m in 2024-25 and £1.61m in 2025-26.
- 2.31 On 24 January, following extensive lobbying by the local government sector, which Spelthorne participated, as well as the Leader of the Council writing to our local MP, expressing concerns that the proposed increase in funds was not sufficient to enable councils to cope with the external pressures, particularly housing and temporary accommodation costs for district and unitaries. The Secretary of State increased the Core Spending Guarantee Grant to deliver a 4% increase in Core Spending Power. This increased the

council's grants by a further £127k and in total the councils' grants increased by £324k, when compared to 2023-24. This is a useful increase but is significantly less than the additional need to spend on housing let alone sufficient to cover our inflationary pressures. Councils and Social Care Councils at the same time received an additional £500m to assist with Adult social care pressures.

Within the £324k increase in grants were the following movements:

- (a) As a result of the reduced number of new dwellings built in the Borough, the Council's **New Homes Bonus** is essentially unchanged at £101.5k for 2024-25, compared to £101k, in 2023-24.
- (b) We have been notified that for 2024-25 we will receive, £96.8k of **Revenue Support Grant**. This represents a £6k (6.7%) inflationary increase.
- (c) **Lower Tier Grant** fell from £80k to £12k.

3. Council Tax

- 3.1 The Government has continued to limit the increase in the amount of Council Tax raised for shire districts and Boroughs to either 3% or a rise of £5 on Band D (whichever is the higher). In Spelthorne's case 3%, would equate to £6.48 on band D. Council will be asked to recommend an increase of 2.90% which equates to £6.27 on a band D (or approximately extra 12 pence extra per week). County Councils and Unitary Authorities can levy a combined Council Tax and additional adult social care precept of up to 4.99%, Surrey County Council is applying the 4.99% increase for 2024-25. The referendum limit for the Police has been set at an increase of £13 Band D equivalent to 4.19%, which the Surrey Police and Crime Commissioner has fully applied.
- 3.2 The Council share of the Band D Council Tax bill for council taxpayers in the Borough has fallen to 9.65% in 2024-25 (9.82%: 2023-24)

Council Tax Support Scheme

- 3.3 The Council will continue the Local Council Tax Support scheme with the same rules and regulations as was agreed for the 2014/15 scheme. This was a 25% deduction made for working age claimants and a 10% deduction for working age claimants who we classified as disabled due to the benefits they receive. This is also considering any annual uprating of applicable amounts or premiums that is announced by central government for the following year.

War Widows

- 3.4 It is sensible to re-confirm the Council's position with respect to the complete disregard of war pension / armed forces pension income from benefit calculations. If the full amount is disregarded the cost of this measure falls on the local authority as only the first £10.00 is disregarded by central government. We have already agreed to do this for our Council tax support scheme. We have always disregarded the full amount since the housing benefit scheme came into existence along with practically every other local authority and the cost to the authority in the last subsidy claim was £1,562. We intend to continue to make this disregard for 2024-25

4. Budget Consultation

- 4.1 Given the challenges over the medium term a Borough wide residents consultation will take place in the autumn 2024, and will include specific budget considerations for the coming years, to assist the Council to adapt its Medium Term Financial Plan.

5. Basis of preparation of the detailed budget

- 5.1 **Service levels** – the budget estimates have been prepared based on maintaining existing service levels except where variations have been approved by the relevant Committee and the Council. Members should be aware of the residual challenges posed by the COVID-19 global pandemic and the both the immediate and ongoing impact of the Cost-of-Living Crisis which may impact either favourably (in the case of interest we earn on our surplus cash) or adversely on the Council Revenue budget. Considerable work has been undertaken to estimate the potential impact of the Cost-of-Living crisis based on the knowledge gained during the pandemic and previous inflationary challenges. The Council has undertaken considerable work to identify savings and efficiencies to offset the list of growth proposals. This is to ensure a balanced budget not just for 2024-26 but also to move us towards us in a sustainable position to balance the Budget in future years.
- 5.2 **Pay and price levels** – 2.8% increase across all staff grades to each Full Time Equivalent employee is being recommended to Council, for each of 2024-25 and 2025-26, equivalent to a cumulative 5.7% over two years (adding £1.2, to the budget) with this two year deal receiving the support of the local Unison branch.

Pensions

- 5.3 Pension Fund valuations for our employer contribution rates for 2023-24 to 2025-26 were agreed notified to the Council in November 2022 as:
- (a) The primary rate which is the contribution paid on an ongoing basis as employees earn additional entitlement will continue at 17.3% for 2023-24 to 2025-26.
 - (b) the secondary rate – this is a lump sum which the Council pays as an employer towards closing the deficit relating to past service benefits. This will increase to £544k in 2023-24, increases to £605k in 2024-25 and to £650k in 2025-26
- 5.4 The next Valuation applies as at 31 March 2025 and will impact on employers' contributions for the years 2026-27 to 2028-29. On the basis of advice from the actuaries The Medium Term Financial Plan and Outline Budget projections has reflected and anticipated no increase in employer contributions from 2026-27.

6. Fees & Charges

- 6.1 In 2023-24 Council applied a 5% increase on its discretionary charges, when the CPI percentage for the twelve months to 31 December 2022 was 10.5%, to assist and support the residents of the Borough during the Cost of Living Crisis.

- 6.2 All 2024-25 fees and charges have been reviewed both by budget managers and the relevant service Committees in the January Committee cycle, with Corporate Policy & Resources Committee reviewing same at their meeting on 19 February.
- 6.3 **Income Generation**
- 6.4 The Budget forecasts have reflected officers' judgements on the future, taking the past three years income as a guide, whilst being mindful of the exceptional general economic context over the last three years, and the economic challenges to be faced over the next five years due to higher than previously anticipated inflationary pressures. In aggregate our income generation was recovering but we are still not expecting some of our income streams such as car parking to fully return to pre-pandemic levels for a while.. By setting fees and charges below inflation, Council could be setting up long term issues for the Council, although, if because of these modest increases, more residents use the Council's services, the increased volume and increase frequency of spend, could make up the income short fall in real terms and this is where the relevant Committees should focus their attention over the coming years.
- 6.5 The net income contribution to the Revenue Budget from our commercial asset's portfolio is budgeted at £10.0m for 2024-25, the Sinking Fund will contribute £2.0m (net) (2023-24: £10.0m) to maintain service delivery to the residents of the Spelthorne.
- 6.6 **Knowle Green Estates Ltd (KGE) - Currently** manages 105 apartments for the Council and is providing homes to key workers, disabled residents, and families (including Afghan families) in the Borough.
- 6.7 The suspension of the council's direct accessible housing deliver projects is having a significant impact on KGE and its finances.
- 6.8 In the short term, following the Extraordinary Council meeting (ECM on 2 February 2023, in light of the pressures facing KGE, and the impact on its short term cashflow, it was agreed to provide the necessary financial support to enable KGE to move forward with the correct funding in place, and to put the Council's residential delivery pipeline onto a financially sustainable basis, whilst Council agrees on the way forward for is direct accessible housing projects.
- 6.9 As a result of the ongoing challenges and in particular the adverse movement in PWLB interest rates, the Board of Directors are looking at several recommendations to put to Council, in order to alleviate the financial pressure on KGE and substantially reduce the current level financial support received from the Council.
- 6.10 On such project to assist with increasing the number of rental units available for residents and thereby increasing the cashflow within KGE is the Local Authority Housing Fund (LAHF). Working with the Department for Levelling Up Housing & Communities (DLUHC) up to 40% funding has been provided to purchases eighteen properties in the Borough. This funding reduces the need to additional loan funding through PWLB and Officers, are looking at alternative approaches to funding the balance of these properties, that would benefit both KGE and the Council, including the issuing of share capital and taking out debentures to provide a flexible loan repayment structure,

particularly if the Council has funded these purchases from internal capital receipts, i.e., it has not had to borrow external funds to acquire these properties.

- 6.11 As part of the review of its direct accessible housing deliver projects, Council will also need to consider the future of KGE and how it will fit in with the revised strategy.
- 6.12 The Board of Directors approved a 2024-25 net expenditure budget for 2024-25 of £193k (2023-24: £428k) and improvement of £235k. Once KGE has returned to financial viability, one of the key policy choices for the Council in the next couple of years will be to determine and agree with KGE an interest margin to apply on affordable rental financing as these will help reduce SBC budget gaps in future years.
- 6.13 KGE is recharged for services provided and a small interest rate margin and this has been accounted for in the Council budget.
- 6.14 **Spelthorne Direct Services Ltd. (SDS)** – The company continues to grow winning a few prestigious contracts and receiving exceptional customer services ratings.
- 6.15 The company is performing well and is current ahead of forecast and is forecast to generate a contribution of £81k at 31 March 2024. The Board of Directors approving a net revenue budget for 2024-25 of (£68k) (2023-24: (£44k)) and improvement of (£24k).
- 6.16 SDS is recharged for services provided to it by the Council budget and is only making finance repayments on start-up capital.

Contingencies.

- 6.17 The General Fund reserve exists as a source of contingency funds should a need arise, which can be addressed through offsetting savings and over the next few years, the Council should be looking to increase this to £5m over the next three to five years.
- 6.18 This would provide some flexibility to meet one off expenditure in the year, rather than relying on existing Earmarked Revenue Reserves, which have been set aside for specific purposes and cannot be used elsewhere.

Interest Rates

- 6.19 The Council has benefited from many years of above average investment returns (over an eleven year period averaging at 4.03%) through a diversified range of pooled investment funds, as highlighted in the Arlingclose presentation to all Councillors on 17 January 2024. The return on these funds was 4.51% at 10 December 2023 (3.18% at 31 December 2022) which is a still a good rate of return even though base rate rose from 1.75% to 5.25% in the 12 months to December 2023.
- 6.20 Whilst this is bad news for the funding of our capital programme, as the cost of PWLB borrowing increases, and due to the number of base rate increases, this has changed almost on a daily basis, yesterday, the Council was being offered 5.60% for 12-month cash deposits.
- 6.21 This is good news for our investments and the 2024-25 detailed budget reflects this opportunity, as Officers are predicting £1.47m (2023-24: £2.4m)

of interest from all our investments, a reduction of approximately £1m on the previous year.

- 6.22 The downturn in the income projections are due to the fact that the Council will have less surplus operating cashflow to relend to other Local Authorities and invest in the overnight money markets. Should Council decide to fund the Leisure Centre via PWLB loans this could substantially improve these figures. However, it will be offset by a similar increase to the Council's aggregate loan interest charged, so overall a neutral impact on the Councils 2024-25 budget proposals.

7. Investment Income

- 7.1 The Corporate Policy & Resources Committee has separately received the Treasury Management Strategy for 2024-25 indicating the current position in respect of interest rates and the proposed strategy for dealing with the lower levels of interest rates and the reduction of investment monies.
- 7.2 Arlingclose advises the Council on expected one or possibly two rate changes in 2024-25 which would affect investments and full details are shown in the Treasury Management Strategy Report.
- 7.3 Council is receiving separately on this agenda the Capital Strategy, which is based on their feedback received, and it sets out the Council's broader approach to management of capital expenditure.
- 7.4 The Treasury Management Strategy, Capital Strategy and the Capital Programme reports set out the Prudential Indicators including the proposed borrowing limits in accordance with the Chartered Institute of Public Finance's Prudential Code.

Use of Reserves

- 7.5 The Corporate Policy & Resources Committee is reviewing the Capital and Revenue Reserves Strategy Report at their meeting on 19 February, which indicates that £3,115k of funding from Earmarked Revenue Reserves will be utilised in 2024-25. The Detailed Budget Report (Appendix 1) indicates that in approving the Budget, Council will approve the following movements on the Council's reserves:
- (a) £96.7k – from the Planning Performance Agreement to fund a Systems Administrator Support Officer
 - (b) £46.3k – from the Green Initiatives Reserve to fund the Environment and Sustainability Officer for 2024-25
 - (c) £84.7k - from the Business Rates Equalisation Reserve to fund for 2024-25 two temporary posts in the Economic Development Team (please refer to the appendices below for more details).
 - (d) £71.7k – from Earmarked Reserves for play equipment (CIL/S106 funds) and Family Support Reimbursements from SCC.
 - (e) £5.7k – from Building Control Reserve to fund a net increase in staff costs, after additional fee income received.
 - (f) £90k – from the Green Belt Fighting Fund to complete the design code.
 - (g) As mentioned above, a net £2,016.1k is planned to be transferred from the Sinking Fund reserves to cover short term dips in investment assets

rental income (in line with the purposes for which the Sinking Funds reserves were put aside for) and as previously reported to Council, these pressures have been fully disclosed since 2021 and were based on the rolling five year projections produced by the Assets and Finance Teams.

- (h) £703,800 from the Social Housing Initiative Fund (Prevent Homelessness Revenue Grant Unapplied Reserve) to cover the deficit caused by the £907,600 growth bid in respect of the increased homelessness pressures in 2024-25, which is a mandatory service for the Council.
- (i) Officers will be monitoring not only Outturn at 2023-24, as indications are that the Council will have an underspend, but 2025-26 and beyond as the Cost-of-Living crisis impacts on the economy and our tenants. The Q3 Revenue Monitoring report indicates that due to improved rental income received and lower than anticipated cost, the Commercial & Regeneration property portfolios will deliver an over recovery of contribution of approximately £1m at 31 March 2024, and will be recommending to Council that this is transferred to the Sinking Fund to cover additional expenditure at Communications House, as a report will be submitted to Development Subcommittee in the next month.

Not only has the investment income portfolio provided for our long-term future prosperity it has enabled the Council to provide a revenue contribution to help finance the capital programme, regenerate the Borough, and continue to provide services and support to our residents.

In 2024-25 it is anticipated that £2.0m (net) will be used to Maintain the £10m contribution towards front line services.

Growth items

- 7.6 All service committees have reviewed and approved the growth bids relating to their services and the Corporate Policy & Resources Committee will be authorising same at their meeting on 19 February 2024. and these are fully reflected in the Detailed Budget report in Appendix 1.
- 7.7 Additional spending pressures or reduced income streams totalling £2.6m have been included in the budget, offset by £0.37m of funding.
- 7.8 The evaluation and approval of growth bids received from services have been conducted by each Committee using several criteria including: -
 - (a) Whether there is an invest to generate future income aspect
 - (b) Whether there is an invest to achieve future savings
 - (c) Whether it is necessary to meet statutory obligations
 - (d) Whether it is necessary for operational reasons, for example service resilience.
 - (e) No growth bids for staffing posts to be considered unless externally funded or because of a specific statutory requirement.
 - (f) Additional costs of service provision
- 7.9 Officers are aware that there are some major discussions be held with a major employer in the Borough with a view to upgrading their current

premises, it is the early stage of negotiations and the Asset portfolio Working Group have been informed. Early cost estimates indicate that these works could cost between £1.5-2.0m upfront costs but associated with an increased rental stream, and are likely to impact on the revenue budget, if and when approved by Council.

- 7.10 Once the full details are available, Officers will be looking to fund these works, through internal borrowings, if capital related expenditure, or by reprogramming the existing planned works or use of the Sinking Fund if these costs are deemed to revenue in nature, to reduce the impact on front line services.

Savings & Additional Income

- 7.11 In total savings of approximately £2.1m have been found and this was mainly due to an exercise carried out to remove redundant codes from the budgets.

7.12 Precepts

- 7.13 Surrey County Council at its meeting on 6 February set a Band D Council tax of £1758.60 representing a 4.99% increase and Surrey Police at its tax setting meeting on the 2 February set a band D Council tax of £323.57 representing a £13 increase on Band D representing a 4.2% increase.

7.14 Medium Term Financial Plan

- 7.15 Within the detailed budget report, officers have included the figures for 2025-26 to 2027-28 and these figures represent the expected outturn for the MTFP, as based on the information above, with the projected deficits highlighted in 2.20 above.

8. Options analysis and proposal

- 8.1 The Council is required to set a balanced budget and in the light of the detailed budget it is recommended the Council increases its share of Council Tax for 2024-25 by 2.90%. The Council is very aware of the financial pressures many of its residents are currently under because of the impacts of Cost-of-Living crisis, however this increase equates to a below inflation increase and is necessary to protect the Council's tax base and its ability to balance its Budget and provide services for its residents.

9. Financial implications

- 9.1 Addressed in the body of the report.

10. Other considerations

- 10.1 The Local Government Act 2003 (the 2003 Act) section 25 requires that when a Council is agreeing its annual Budget the Chief Finance Officer (section 151 Officer) must report to it on the following matters:

- (a) The robustness of the estimates underpinning the Budget
- (b) The adequacy of the proposed reserves' levels

- 10.2 In the exceptionally challenging times all Councils are currently facing because of the past impact of the COVID19 pandemic and both the current and future impact of the Cost of Living Crisis and the housing crisis it is even more important than ever to ensure that the Council pursues a careful and prudent approach to setting its budget (both Revenue and Capital) and considering budget risk, particularly around any long term delays to its

development properties, now that Council have suspended these projects, pending a review of all possible options, otherwise a further £16.0m of capitalised revenue costs may have to be charged back against the 2024-25 and future years Revenue Budget and this will put services at risk, if this is not dealt with in an orderly fashion by Council. The Council has made its best estimate of the need for additional budget to cover likely additional need to spend on Temporary Accommodation to address increasing demand. This is the key reason why the Social Initiatives Fund reserves has been used to help balance the 2024-25 Budget

- 10.3 Officers, working with our Treasury Management advisers, will need to carefully monitor the movements in interest rates, and how to fund the Leisure Centre once the project is completed, make critical judgements on when fees and charges income are likely to fully recover, and evaluate and manage a number of risks facing its commercial and retail income streams, and how this will impact on the Council's current and future budgets.
- 10.4 Given the challenges outlined earlier in the report officers, will continue to monitor collection rates for Council Tax, Business Rates (positively in the last month or so performance on collection of Council Tax has improved), and investment and regeneration assets and Knowle Green Estates Board will monitor rent arrears in residential units, reduce cost, and look to increase income, whilst managing the Council's 105 rental units.
- 10.5 There are a range of other legislative measures in Local Government Acts which are in place to ensure local authorities do not over-commit themselves financially. These include:
 - (a) The Chief Finance Officer's section 114 power and duty, which requires a report to all members of the Council if there is, or likely to be, unlawful expenditure or an unbalanced budget.
 - (b) The Prudential Code issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) which guides local authorities on the affordability of their capital programme.
- 10.6 The 2003 Act requires Members to have regard to this report in making their decisions. The 2003 Act does not provide any specific guidance on how to evaluate the robustness of the estimates. However, it does identify the need to allow for risks and uncertainties that might lead to expenditure exceeding budget by:
 - (a) Making prudent allowance in the estimates for inflation, known cost increases or reductions in income and in addition
 - (b) Ensuring that there are adequate reserves to draw on if the estimates are insufficient.
- 10.7 It is stressed that the advice contained in this report on the appropriate level of reserves is not based on a percentage of spend, but on an assessment of all the circumstances likely to affect the Council. Guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) states the following factors should be considered by the section 151 officer in undertaking an assessment on the overall level of reserves and balances:
 - (a) Assumptions regarding inflation, which clearly are of increased significance at present.

- (b) Treatment of demand led pressures.
 - (c) Treatment of savings
 - (d) Risks inherent in new partnerships etc.
 - (e) Financial standing of the authority (i.e., level of borrowing, debt outstanding etc).
 - (f) The Authority's track record in budget management
 - (g) The Authority's capacity to manage in year budget pressures.
 - (h) The Authority's virements and year end procedures in relation to under and overspends.
 - (i) Estimates of the level and timing of capital receipts.
- 10.8 In assessing the above the s151 Officer is having regard to the constructive and useful discussions, which have been taking place since last summer, with DLUHC colleagues focusing on the Council's approach to mitigating future risks with respect to its debt levels and the role the sinking funds play in this.
- 10.9 In assessing the robustness of the Council's financial position, we have particularly considered risks with respect to our investment assets and have recently received a useful external experts report highlighting the challenges and opportunities presenting with respect to our investment assets. A key element of our risk mitigation continues to be being focused on ensuring that our future sinking funds reserves balances will be sufficient to meet future demands on them. The future balance projections for the next four years are setting out in the Capital & Revenue Reserves Strategy report considered by Corporate Policy and Resource's Committee.
- 10.10 In assessing the robustness of our budget approach, as S151 Officer and working with senior officers and Councillors we are looking ahead over the next four years. We are anticipating that post the General Election there is likely to be a business rates reset and a "Fair Funding" review and redistribution of grants to councils. We are currently assuming that this will happen in 2026-27 and that Spelthorne and other Surrey Councils will be relative losers. We have on grounds of prudence assumed that this will be a hard reset, whereas it is quite possible that there will be some transitional protection for councils. Spelthorne along with other Surrey Councils has recently been doing a collective exercise to review financial resilience. Whilst this has highlighted the challenges ahead in 2026-27, the work suggests that with our current levels of reserves we are currently in a reasonable position but need to plan for meeting the challenges in 2026-27.
- 10.11 We will be particularly focused in the coming year to firstly ensure that we robustly track delivery of cashable savings built into the budget. Progress will be reported regularly to Councillors. Secondly, we are looking ahead to proactively address the challenges potentially arising in 2026-27 and this will include work focused on better understand options around discretionary and secondary expenditure and commencing a zero based budgeting exercise for 2025-26.
- 10.12 The Council's Section 151 Officer has considered and followed those guidelines. The Council is obliged to take these views into consideration when setting the Council Tax and budget for 2024-25.

In coming to a view on the adequacy of reserves it is necessary to take several issues into account including:

- (a) The purpose for which the Council holds a specific reserve and general fund working balance.
- (b) The risks and uncertainties the Council faces that may have financial consequences.
- (c) The likelihood of those risks arising

- 10.13 The above issues, along with the Reserves Policy were considered as part of the Outline Budget report in November and the Capital & Revenue Reserves Strategy report will be reviewed and approved by the Corporate Policy & Resources Committee at their meeting on 19 February The Council's General Fund revenue reserve, which acts as a contingency reserve is currently £2.4m which represents 27.5% of the proposed net budget requirement for 2024-25. We will seek in the coming years to further increase the balance in the General Fund reserve.
- 10.14 Reserves and provisions – the local Government Act 2003 requires the Chief Finance Officer to report on the adequacy of the Council's financial reserves when consideration is given to the general fund budget requirement for the year. Under the local government finance act 1988, all useable revenue balances held by the Council are at the direct disposal of the general fund apart from the Collection Fund and the investment reserve. However, an all of Spelthorne Borough Council's reserves have been approved by Council as earmarked and can only be used for the intend purpose approved.
- 10.15 The Chief Finance Officer considers that the reserves and provisions will ensure that the Council maintains a healthy financial position even in the face of the residual economic impacts of COVID-19 and now the Cost-of-Living Crisis and housing crisis. In forming this judgement, he has had regard to the Chartered Institute of Public Finance and Accountancy (CIPFA) Financial Resilience Index results for the Council which show a strong overall positive picture particularly with respect to reserves levels with 6 of the 8 indicator measures towards the lowest end of risk. This reflects the additional amounts the Council has been putting into its Sinking Funds. As commented in the Capital & Revenue Reserves Policy a recent national benchmarking exercise by LG Improve identified that Spelthorne had at end of 2022-23 the highest ratio of unallocated revenue reserves to net revenue budget of any district or Borough Council in the country.
- 10.16 In response to the impact of COVID-19 which saw the biggest economic downturn for more than three hundred years, and now the Cost-of-Living crisis the Council has carefully reviewed the adequacy of its Sinking Funds reserves designed to be able to absorb potential drops in its commercial income stream. The Government does periodically seek out external expert advice on how its investment portfolio is performing, what are the challenges and risks which need to be addressed. This advice is discussed with councillors, and it is important that the council remains very focused on minimising voids and getting tenants into its investment assets when voids arise.

- 10.17 A key risk and challenge for the Council over the next few years moving forwards, are the sites it owns which are earmarked for regeneration and housing delivery which will need to achieve balanced outcomes which deliver housing meeting the needs of residents and address concerns of existing residents, and minimise across the portfolio sites net capital losses for the Council. If outcomes on schemes are not delivered, then the accumulated associated capitalised costs have to be charged to the Revenue Budget. The combination of crystallising capitalised costs and exposure to capitalised losses could be significant and require the use of a significant proportion of the Council's reserves to offset. It is therefore important that councillors and officers work collaboratively to identify innovative schemes within the place making and joint venture strategy being led by the Group Head for Assets.
- 10.18 The CIPFA Financial Resilience has three measures for which the Council is shown as being at the higher end of risk. These are:
- (a) Gross Debt to revenue budget – this reflects that the Council has more than £1 billion in debt (although we do not have the highest level of debt in our comparator group). What also needs to be considered is that the Council has nearly £1 billion of best-in-class assets backing this debt. It is recognised that in line with property assets across the economy our asset valuations have reduced significantly over the last few years, because of the pandemic and more recently the Cost-of-Living crisis, however, with the income levels and occupancy levels holding up strongly we believe these are temporary balance sheet movements and that the values will recover over time. Further, as the Council has no intentions to sell these assets any paper loss incurred to date, will not crystallise.
 - (b) Through the Council's Sinking Fund strategy, it is seeking to ensure it the council can cope with any unplanned situation, like the war in Ukraine. The debt is being paid down on an annual prudent basis. and the borrowing has been fixed at low rates of interest (an average of 2.33%). There is no risk of interest movement on the debt.
 - (c) Interest to revenue - this reflects the level of debt highlighted above, What the CIPFA indicator does not reflect is that the rental income generated by the commercial assets is more than 2.2 times in value the interest cost and is sufficient to cover interest, annual debt repayments, management costs and to make annual Sinking Fund contributions.
 - (d) The Index flags that due to the Council currently doing well in terms of the amount of Business Rates it retains above the Baseline set by Government that there is a risk when the Government resets the baseline in 2026-27, that the Council is at risk of losing rates when the change happens.
- 10.19 The Chief Finance Officer is satisfied that each service budget has been prepared in the context of the Council's corporate strategies, including the Capital Strategy and longer-term financial strategy which means that the Council is presented with robust estimates as a basis for making decisions about the level of Council tax. Officers have a modelled a range of scenarios including different assumptions around future pay settlements, and rate at which business rates may be withdrawn from the Council by Government.

The nature and size of our revenue budget carries a degree of risk, this is particularly the case in the current Cost of Living crisis, which has followed on so quickly, after the global pandemic.

10.20 Reserves and provisions – the local Government Act 2003 section 26 requires me to report on the adequacy of the Council’s financial reserves when consideration is given to the general fund budget requirement for the year. Independent benchmarking by LGIImprove indicates that Spelthorne has the highest ratio of Revenue Reserves to net Revenue Budget of any district or Borough Council in the country. Under the local government finance act 1988, all revenue balances held by the Council are at the direct disposal of the general fund except for the Collection Fund. However, a number of these balances are earmarked specifically for social housing and the new scheme fund. Detail any other considerations to be considered.

10.21 It continues to be important that the Council critically reviews its financial management performance, with this in mind a refreshed self-assessment against the CIPFA Financial Management Code will be brought to March Audit Committee. One of the Key messages of the Code is that responsibility for owning effective financial management belongs to the whole senior management team both political and officer.

11. Procurement Implications

11.1 None directly applicable

12. Risk Implications

13. Issues considered when evaluating the robustness of the estimates and the adequacy of the reserves is set out below.

13.1 The budget has several risks, and these are set out below:

Outside control	Internally based
Economic and financial impacts of the Cost-of-Living crisis, following so soon after the COVID 19 pandemic, including on residents' ability to pay Council tax, businesses ability to pay business rates, Council income levels, levels of local Council tax support, impacts on commercial rents etc	Failure to maintain momentum in moving towards full occupancy across the Investment Asset portfolio.
External geopolitical conflicts resulting in impacts such as sanctions which impact on income streams	Use of short-term investments to fund the Leisure Centre project will significantly reduce short term operating cash.
PWLB Interest rates, until they fall to below 3% will render projects requiring 80+ loan finance financially unviable.	Failure to sufficiently resource delivery of key asset income generation projects
Severe public sector spending cuts, including cash increases which are significant real terms cuts	Collection of retained business rates and Council tax, as the Cost-of-Living Crisis continues, collection rates are forecast to reduce from 97% to 95% in 2024-25.

	Reliance on interest earnings to balance the budget, particularly if Council decides to use short term investment funds to fund the Leisure Centre project.
Changes to redistribution of Local Government Funding- now anticipated to happen after the next General Election	Failure to develop a new strategy to deliver the Council's housing delivery programme following the suspension of the direct accessible housing projects, due to reduced volume of units, higher building material costs, labour rate inflation, caused by a shortage of skilled workers, together with high PWLB Interest rates, could see the release of £16m of capitalised development costs to the revenue budget in 2024-25 or years to come.
Impact of budget pressures on Surrey County Council and other public sector entities.	
Fair Funding review and business rates reset after the General Election reduces the amount of business rates income the Council can retain	
An increase in the level of voids at our investment properties, followed by a significant number of new tenants entering new leases, will see income reduce and costs increase before our revenue streams return to business as usual.	
Inflation rates do not fall back but instead become embedded adding to our cost pressures on housing delivery and cost of services.	
Housing benefit subsidy/welfare reform.	

The risks are that the level of savings anticipated do not materialise or that there are additional spending pressures. These will be mitigated by ensuring proposals have been properly evaluated before being built into the final budget for example clarifying any contractual assumptions, and thereafter through careful budget monitoring.

14. Legal implications

- 14.1 Councils have a statutory responsibility to set a balanced budget by the beginning of March each year.

14.2 Councillors are reminded that any amendment motions to change the detailed budget, must be submitted to Committee Services by 1200 hours on Tuesday 20 February.

15. Equality and Diversity

15.1 The detailed budget proposals apply to all residents across the Borough. Any significant service changes underpinning the Budget will have Equality Impact Assessments undertaken.

16. Sustainability/Climate Change Implications

16.1 The Budget reflects prioritisation against corporate priorities including climate change. Provision has been for example to create a new climate change officer.

17. Timetable for implementation

17.1 Full Council to approve the budget on 22 February 2024.

Background papers:

2024-25 Reserves Strategy (CPRC)

2024-25 Outline Budget Report (CPRC)

2024-25 Fees & Charges Report (all Committees)

2024-25 Council Tax Base. (CPRC)

Appendices:

Appendix 1 – Detailed budget for 2024-25.

Appendix 2 – Net Expenditure Budget 2024-25 by Committee.

Appendix 3 – General Fund Subjective Analysis.

Appendix 4 – Calculation of Council Tax for 2024-25.

Appendix 5 – Calculation of Council Tax (SBC only) for different valuation bands for 2024-25.

Appendix 6 - Calculation of the total Council Tax (SBC, SCC & SPCC) for different valuation bands for 2024-25.

Appendix 7 – FTE equivalent support provided by SBC to KGE and fully charged to KGE for 2024-25

Appendix 8 – Breakdown of costs by discretionary and mandatory services for each Committee, by Cost centre. based on the 2024-25 detailed budget.

Appendix 9 – Commercial & Regeneration Contribution to front line services for the four years ended 31 March 2028

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Detailed Budget 2024-25 Base Case						Appendix 1
incl all growth bids with 2.8% salary increase						13 February 2024
	2023-24		2024-25	2025-26	2026-27	2027-28
	Revised					
	£	note	£	£	£	£
Gross Expenditure	60,386,500		62,540,700			
Less: Fees and Charges and Specific Grants (excl Housing Benefits)	(13,619,100)		(14,885,600)			
Less: Housing Benefits Grant	(21,556,000)		(21,556,000)			
Net Service Expenditure:	25,211,400		26,099,100	26,099,100	25,134,100	23,769,100
Broken down by Committee						
Regulatory & Administration Committee	6,891,400		6,857,900		6,000	258,000
Corporate Policy & Resources Committee	6,636,600		6,670,600			
Economic Development Committee	(87,900)		(132,400)			
Community Wellbeing & Housing Committee	4,412,300		5,329,700			
Neighbourhood Services Committee	5,949,300		5,973,700	(150,000)	(90,000)	(90,000)
Environment & Sustainability Committee	1,409,700		1,399,600			
	25,211,400	1	26,099,100	25,949,100	25,050,100	23,937,100
Third party inflation	0		0	608,000	395,000	405,000
Fees & charges inflation	0		0	(561,000)	(365,000)	(374,000)
Pensions	0	2	0	45,000	50,000	0
Pay award	0	3	0	691,000	633,000	649,000
Cashable Savings Identified	0	4	0	(240,000)	(360,000)	(480,000)
Business Improvements	0	4	0	(300,000)	(350,000)	(415,000)
Green Initiatives	0	4	0	(100,000)	(150,000)	(500,000)
Uplift in Leisure Centre Income	0	5	0	(665,000)	(1,109,000)	(1,440,000)
Increases in procurement savings	0	4	0	(25,000)	(25,000)	(25,000)
One off Growth bids 24.25	0		0	(262,000)	0	0
Lapsed Growth bids base budgets	0		0	(6,000)	0	0
Service Expenditure	0		0	(815,000)	(1,281,000)	(2,180,000)
NET EXPENDITURE	25,211,400		26,099,100	25,134,100	23,769,100	21,757,100
Investment Property Income per lease incl regen	(46,128,700)	5	(50,958,700)	(51,395,033)	(53,852,226)	(55,755,061)
Landlord Costs	11,943,900	5	6,968,600	9,417,128	8,281,051	8,677,601
Debt Interest payable	25,172,800	5	24,933,100	24,674,531	27,068,000	26,760,000
Minimum Revenue Provision	12,396,800	5	12,918,600	13,242,117	14,144,892	14,496,430
Set Aside	630,000	5	650,000	670,000	690,000	710,000
Capitalised Interest	(1,400,000)	6	(1,217,700)	(1,217,700)	(1,217,700)	(1,217,700)
Interest Cash Equiv.	(500,000)	7	(250,000)	(200,000)	(160,000)	(128,000)
LA & Other Loans Interest Rec	(700,000)	7	0	0	0	0
Interest Rec - Pooled Funds	(1,200,000)	7	(1,224,000)	(1,248,480)	(1,273,450)	(1,298,919)
Interest received on loans to KGE	(818,700)	8	(761,900)	(754,500)	(746,900)	(739,000)
Interest received on loans to SDS	(20,000)	8	(16,000)	(12,000)	(8,000)	(4,000)
NET EXPENDITURE AFTER INTEREST EARNINGS	24,587,500		17,141,100	18,310,163	16,694,767	13,258,451
Appropriation to/(from) Reserves:						
Revenue Contributions to Capital Outlay	805,000		0	0	0	0
Housing Initiatives	0		(703,800)	0	0	0
Funding From Earmarked Reserves	(110,800)	1	(71,700)	0	0	0
Building Control Reserve	0	1	(5,700)	0	0	0
Planning Performance Agreement	(36,800)	1	(96,700)	(53,200)	(53,200)	(53,200)
Green Initiative Fund	(48,800)	1	(46,300)	(46,300)	(46,300)	(46,300)
Local Plan Reserve	(75,000)		0	0	0	0
Inflation Reserve	(362,000)		0	0	0	0
BRR Retention - EcDev	(128,000)	1	(84,700)	0	0	0
IFRS16 Reserve	(472,000)		0	0	0	0
Green Belt Fighting Fund	0		(90,000)	0	0	0
Sinking Fund Contributions	1,037,100	9	833,900	774,838	647,184	774,599
Sinking Fund (Funding)	(11,023,100)	9	(2,850,000)	(5,030,000)	(1,400,000)	0
BUDGET REQUIREMENT	14,173,100		14,026,100	13,955,501	15,842,451	13,933,550
Allocation from National Non-Domestic Rate pool	(450,000)	10	(500,000)	0	0	0
Retained Business Rates	(1,929,000)	10	(1,929,000)	(1,929,000)	(1,200,000)	(1,000,000)
Section 31 Grants	(874,900)	10	(874,900)	(874,900)	(874,900)	(874,900)
Empty property premia	(500,000)	10	0	0	0	0
Lower Tier Services Grant re Core Spending Power	(79,500)	10	(12,300)	(12,300)	(12,300)	0
Core Spending Power Guarantee Grant	(1,483,000)	10	(1,884,000)	(1,613,000)	(1,505,000)	0
Revenue Support Grant	(91,000)	10	(96,800)	(100,000)	(101,000)	0
New Homes Bonus Grant	(101,000)	10	(101,500)	(100,000)	0	0
NET BUDGET REQUIREMENT	8,664,700		8,627,600	9,326,301	12,149,251	12,058,650
Collection Fund (Surplus)/Deficit	100,000		100,000	100,000	180,000	180,000
CHARGE TO COLLECTION FUND	8,764,700		8,727,600	9,426,301	12,329,251	12,238,650
Tax base (net)	40,551	11	39,241	39,829	40,426	41,032
Council Tax rate	216.14	11	222.41	229.08	235.95	243.03
Council Tax yield	8,764,693		8,727,600	9,124,027	9,538,515	9,972,007

Detailed Budget 2024-25 Base Case incl all growth bids with 2.8% salary increase						Appendix 1 13 February 2024
	2023-24 Revised £	note	2024-25 £	2025-26 £	2026-27 £	2027-28 £
DEFICIT/(SURPLUS)	0		0	302,274	2,790,736	2,266,643

Net Expenditure Budget 2024/25 by committee			Appendix 2		
13 February 2024					
Committee	Revised 2023/24 £000s	Proposed 2024/25 £000s	Change from 2023/24 £000s	Increase %	
Audit	214.2	222.0	7.8	4%	
Committee Services	294.0	317.9	23.9	8%	
Corporate Governance	339.7	315.0	(24.7)	-7%	
Corporate Management	629.7	687.5	57.8	9%	
Corporate Publicity	415.9	460.0	44.1	11%	
CServ Management & Support	1,257.2	1,324.5	67.3	5%	
Democratic Rep & Management	435.5	414.2	(21.3)	-5%	
Elections	150.5	10.9	(139.6)	-93%	
Electoral Registration	286.1	280.6	(5.5)	-2%	
HR	415.8	429.0	13.2	3%	
Information & Comms Technology	1,318.3	1,300.3	(18.0)	-1%	
Insurance	388.4	337.8	(50.6)	-13%	
Legal	706.6	713.3	6.7	1%	
Payroll	74.3	76.3	2.0	3%	
Land Charges	(34.8)	(31.4)	3.4	-10%	
Regulatory & Administration Committee	6,891.4	6,857.9	(33.5)	0%	
Accountancy	788.6	810.3	21.7	3%	
Asset Mgn Administration	336.8	493.0	156.2	46%	
Chief Executive	242.4	237.0	(5.4)	-2%	
Deputy Chief Executives	300.9	307.9	7.0	2%	
General Property Expenses	(30.1)	(30.3)	(0.2)	1%	
Facilities Management	751.4	710.8	(40.6)	-5%	
Planned Maintenance Programme	1,315.8	1,335.8	20.0	2%	
Project Management	664.7	679.0	14.3	2%	
MAT Secretariat & Support	101.4	103.7	2.3	2%	
Unapportionable CentralO/heads	2,164.7	2,023.4	(141.3)	-7%	
Corporate Policy & Resources Committee	6,636.6	6,670.6	34.0	1%	

Net Expenditure Budget 2024/25 by committee			Appendix 2		
13 February 2024					
Committee	Revised 2023/24 £000s	Proposed 2024/25 £000s	Change from 2023/24 £000s	Increase %	
Economic Development	323.1	302.8	(20.3)	-6%	
Youth Hub	0.0	0.3	0.3	#DIV/0!	
Incubator	0.0	(8.6)	(8.6)	#DIV/0!	
Staines Market	(68.7)	(62.8)	5.9	-9%	
Staines Town Centre Management	(342.3)	(364.1)	(21.8)	6%	
Economic Development Committee	(87.9)	(132.4)	(44.5)	51%	
Community Care Administration	436.8	395.2	(41.6)	-10%	
Community Centres	604.8	562.2	(42.6)	-7%	
Homelessness	548.1	1,423.5	875.4	160%	
Refugee Schemes	0.0	(0.2)	(0.2)	#DIV/0!	
Housing Benefits Admin	409.0	424.5	15.5	4%	
Housing Benefits Payments	51.0	51.0	0.0	0%	
Housing Needs	1,519.0	1,605.2	86.2	6%	
Sports and Active Lifestyle	18.0	19.2	1.2	7%	
Arts Development	30.5	32.1	1.6	5%	
Leisure Administration	357.3	365.9	8.6	2%	
Sunbury Golf Club	(47.6)	(47.6)	0.0	0%	
Museum	(5.1)	(5.0)	0.1	-2%	
Public Health	4.2	4.6	0.4	10%	
Resource Centre	14.0	14.2	0.2	1%	
Spelthorne Leisure Centre	40.9	22.2	(18.7)	-46%	
Youth	27.1	28.5	1.4	5%	
General Grants	279.8	226.7	(53.1)	-19%	
Meals on Wheels	85.5	116.5	31.0	36%	
Community Development	39.0	39.0	0.0	0%	
Spelthorne Family Support	0.0	52.0	52.0	#DIV/0!	
Community Wellbeing & Housing Committee	4,412.3	5,329.7	917.4	21%	

Net Expenditure Budget 2024/25 by committee			Appendix 2		
13 February 2024					
Committee	Revised 2023/24 £000s	Proposed 2024/25 £000s	Change from 2023/24 £000s	Increase %	
Abandoned Vehicles	3.6	3.6	0.0	0%	
Allotments	(16.6)	(18.6)	(2.0)	12%	
Building Control	(39.4)	5.7	45.1	-114%	
Bus Station	24.9	25.9	1.0	4%	
Car Parks	(54.5)	(384.4)	(329.9)	605%	
Cemeteries	(327.5)	(392.8)	(65.3)	20%	
Community Safety	257.4	309.7	52.3	20%	
Depot	119.0	128.2	9.2	8%	
Neighbourhood Serv Mgt Support	1,380.7	1,404.1	23.4	2%	
Environmental Enhancements	21.6	13.3	(8.3)	-38%	
Environmental Health Admin	1,238.0	1,335.0	97.0	8%	
Environmental Protection Act	96.4	89.9	(6.5)	-7%	
Food Safety	0.9	0.9	0.0	0%	
Grounds Maintenance	1,635.4	1,888.7	253.3	15%	
Licensing	108.8	34.0	(74.8)	-69%	
Parks Strategy	34.8	(1.1)	(35.9)	-103%	
Public Conveniences	1.5	0.0	(1.5)	-100%	
Public Halls	(17.4)	(19.2)	(1.8)	10%	
Refuse Collection	931.6	908.7	(22.9)	-2%	
Rodent & Pest Control	10.8	11.3	0.5	5%	
SAT	165.6	167.1	1.5	1%	
Street Cleaning	782.4	795.0	12.6	2%	
Taxi Licensing	(61.7)	(64.8)	(3.1)	5%	
Waste Recycling	(347.0)	(266.5)	80.5	-23%	
Neighbourhood Services Committee	5,949.3	5,973.7	24.4	0%	
Emergency Planning	95.5	95.5	0.0	0%	
Energy Initiatives	9.7	10.1	0.4	4%	
Planning Development Control	779.5	724.3	(55.2)	-7%	
Planning Policy	535.6	574.5	38.9	7%	
Water Courses & Land Drainage	8.7	6.0	(2.7)	-31%	
Parks Properties project	(19.3)	(10.8)	8.5	-44%	
Environment & Sustainability Committee	1,409.7	1,399.6	(10.1)	-1%	
Net Expenditure	25,211.4	26,099.1	887.7	4%	

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	Community Wellbeing & Housing	Corporate Policy and Resources	Economic Development	Environment & Sustainability	Neighbourhood Services	Regulatory Administrative Comm	Total
	£	£	£	£	£	£	£
Employees	5,560,300	5,494,700	370,000	1,741,500	7,431,800	4,950,300	25,548,600
Premises	2,152,600	1,569,900	178,200	6,900	1,156,600	190,900	5,255,100
Transport	89,600	15,900	4,200	28,800	603,100	190,100	931,700
Supplies and Services	1,717,100	92,300	142,400	394,600	930,400	1,962,700	5,239,500
External Contracts	3,180,000	30,100	94,500	95,400	242,400	51,400	3,693,800
Benefit Payments	21,872,000	0	0	0	0	0	21,872,000
Support to Capital	0	0	0	0	0	0	0
TOTAL EXPENDITURE	34,571,600	7,202,900	789,300	2,267,200	10,364,300	7,345,400	62,540,700
Government Grants	(23,562,400)	0	(181,900)	0	(3,400)	0	(23,747,700)
Rents & Other Income	(5,679,500)	(532,300)	(739,800)	(867,600)	(4,387,200)	(487,500)	(12,693,900)
TOTAL INCOME	(29,241,900)	(532,300)	(921,700)	(867,600)	(4,390,600)	(487,500)	(36,441,600)
NET EXPENDITURE	5,329,700	6,670,600	(132,400)	1,399,600	5,973,700	6,857,900	26,099,100

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Calculation of the basic Council Tax for 2024/25					
Appendix 4					13/02/2024
				£	£
Total Service expenditure for the year					62,540,700
	Less Housing Benefit				-21,556,000
					40,984,700
Add	Transfer to sinking fund reserve		833,900		
	Revenue contribution to capital outlay		0		
	Debt interest payable		24,933,100		
	Minimum Revenue Provision		12,918,600		
	Asset Supervision costs		650,000		
	Landlord Costs		6,968,600		
	Green initiatives		0		
	Contribution to Revenue Reserves		0		
					46,304,200
Gross Expenditure for the year					87,288,900
Less	Gross income for the year		-14,885,600		
	Interest earnings		-1,474,000		
	Income from assets acquisitions		-50,958,700		
	Transfer from sinking fund reserves		-2,850,000		
	KGE Interest		-761,900		
	SDS Interest		-16,000		
	Capitalisation of interest		-1,217,700		
	Transfer from Earmarked Reserves		-1,098,900		
Income for the year					-73,262,800
The Council's net expenditure					14,026,100
Less	Retained share of business rates		-1,929,000		
	Revenue Support Grant		-96,800		
	Non ring fenced grants		-874,900		
	Core Spending Power Grant		-1,884,000		
	National Non Domestic Rate Pool		-500,000		
	Lower Tier Service Grant		-12,300		
	New Homes Bonus		-101,500		
					-5,398,500
	Estimated Deficit on the Collection fund				100,000
Net sum to be recovered through Council Tax					8,727,600
The Council's Band D tax base for 2024/25					39,241
Expressed per equivalent Band D property					
(8763900/40551)					222.41

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**CALCULATION OF COUNCIL TAX FOR DIFFERENT VALUATION BANDS FOR 2024/25
FOR SPELTHORNE'S OWN EXPENDITURE**

1. Basic Council Tax for Band 'D' property as calculated at Appendix F

£222.41

VALUATION BAND

	A	B	C	D	E	F	G	H
2. The Multipliers specified in Section 5(1) of the Local Government Finance Act 1992, to apply to the Basic Tax above.	6/9	7/9	8/9	1	11/9	13/9	15/9	18/9
	£	£	£	£	£	£	£	£
3. Item 1 multiplied by item 2, to give the Council Tax for the year in respect of each valuation band.	148.27	172.99	197.70	222.41	271.83	321.26	370.68	444.82

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**CALCULATION OF COUNCIL TAX FOR DIFFERENT VALUATION BANDS FOR 2024/25
SUMMARY**

<u>VALUATION BAND</u>	A	B	C	D	E	F	G	H
1. Precepts issued to the Council								
	£	£	£	£	£	£	£	£
i) Surrey County Council	1,172.40	1,367.80	1,563.20	1,758.60	2,149.40	2,540.20	2,931.00	3,517.20
ii) Surrey Police	215.71	251.67	287.62	323.57	395.47	467.38	539.28	647.14
2. Spelthorne's Council Tax	148.27	172.99	197.70	222.41	271.83	321.26	370.68	444.82
3. The total of items 1 and 2 above, which is the full Council Tax for 2024/25	<u>1,536.38</u>	<u>1,792.46</u>	<u>2,048.52</u>	<u>2,304.58</u>	<u>2,816.70</u>	<u>3,328.84</u>	<u>3,840.96</u>	<u>4,609.16</u>

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FTEs recharged from Council to Knowle Green Estates

Estates	FTE	
Property Finance Assistant	0.50	
Property Account Manager	0.60	
Property Finance Assistant	0.20	
Principal Residential Property Manager	1.00	
Residential Estates & Facilities Manager	0.80	
Property Admin Assistant	0.05	
Tenancy Sustainment Officer	1.00	
Group Head for Assets	0.02	4.17
Finance		
Deputy CX	0.05	
Chief Accountant	0.10	
Accountant	0.02	0.17
FTEs recharged from Revenue to Capital		
Financial Systems Manager	0.83	
Assistant Financial Systems Manager	0.76	
Independent Living Technical Officer	0.97	
Independent Living Case Worker	0.97	3.53
Other		
Infrastructure Delivery Coordinator	1.00	
CIL Officer	0.50	1.50
Total FTE's Recharged		9.37

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Mandatory/Discretionary Split of 2024-25 Budget by Committees

13/02/2024

Appendix 8

	£	£	£
	Discretionary	Statutory	2024-25 Total
Audit	-	222,000	222,000
Committee Services	63,580	254,320	317,900
Corporate Governance	126,000	189,000	315,000
Corporate Management	15,100	672,400	687,500
Corporate Publicity	460,000	-	460,000
CServ Management & Support	-	1,324,500	1,324,500
Democratic Rep & Management	414,200	-	414,200
Elections	-	10,900	10,900
Electoral Registration	-	280,600	280,600
HR	429,000	-	429,000
Information & Comms Technology	1,106,500	193,800	1,300,300
Insurance	-	337,800	337,800
Legal	-	713,300	713,300
Payroll	76,300	-	76,300
Land Charges	-	31,400	31,400
Regulatory & Administration Committee	2,690,680	4,167,220	6,857,900
Accountancy	-	810,300	810,300
Asset Mgn Administration	493,000	-	493,000
Chief Executive	-	237,000	237,000
Deputy Chief Executives	-	307,900	307,900
General Property Expenses	- 30,300	-	30,300
Facilities Management	710,800	-	710,800
Planned Maintenance Programme	667,900	667,900	1,335,800
Project Management	679,000	-	679,000
MAT Secretariat & Support	-	103,700	103,700
Sea Cadets	-	-	-
Unapportionable CentralO/heads	1,559,920	463,480	2,023,400
Corporate Policy & Resources Committee	4,080,320	2,590,280	6,670,600
Economic Development	302,800	-	302,800
Youth Hub	-	300	300
Incubator	- 8,600	-	8,600
Shared Prosperity Fund	-	-	-
Staines Market	- 62,800	-	62,800
Staines Town Centre Management	- 364,100	-	364,100
Economic Development Committee	- 132,700	300	- 132,400

Mandatory/Discretionary Split of 2024-25 Budget by Committees

13/02/2024

Appendix 8

	£	£	£
Community Care Administration	310,880	84,320	395,200
Community Centres	562,200	-	562,200
Homelessness	-	1,423,500	1,423,500
Refugee Schemes	-	200	200
Housing Benefits Admin	-	424,500	424,500
Housing Benefits Payments	135,000	84,000	51,000
Housing Needs	-	1,605,200	1,605,200
Sports and Active Lifestyle	19,200	-	19,200
Arts Development	32,100	-	32,100
Leisure Administration	365,900	-	365,900
Sunbury Golf Club	-	47,600	47,600
Events	-	-	-
Museum	-	5,000	5,000
Public Health	920	3,680	4,600
Resource Centre	14,200	-	14,200
Spelthorne Leisure Centre	22,200	-	22,200
Youth	28,500	-	28,500
General Grants	226,700	-	226,700
Meals on Wheels	116,500	-	116,500
Community Development	39,000	-	39,000
Research & Consultation	-	-	-
Span	-	-	-
Spelthorne Family Support	52,000	-	52,000
Community Wellbeing & Housing Committee	1,872,700	3,457,000	5,329,700
Abandoned Vehicles	1,800	1,800	3,600
Allotments	-	18,600	18,600
Building Control	2,850	2,850	5,700
Bus Station	25,900	-	25,900
Car Parks	-	384,400	384,400
Cemeteries	-	78,560	392,800
Community Safety	-	309,700	309,700
Depot	128,200	-	128,200
Neighbourhood Serv Mgt Support	1,404,100	-	1,404,100
Environmental Enhancements	5,320	7,980	13,300
Environmental Health Admin	66,750	1,268,250	1,335,000
Environmental Protection Act	-	89,900	89,900
Food Safety	-	900	900
Grounds Maintenance	1,888,700	-	1,888,700
Licensing	-	34,000	34,000
Parks Strategy	-	1,100	1,100
Public Conveniences	-	-	-
Public Halls	-	19,200	19,200
Refuse Collection	-	937,800	908,700
Rodent & Pest Control	-	11,300	11,300
SAT	167,100	-	167,100
Street Cleaning	675,750	119,250	795,000
Taxi Licensing	-	64,800	64,800
Waste Recycling	-	266,500	266,500
Neighbourhood Services Committee	2,678,910	3,294,790	5,973,700

Mandatory/Discretionary Split of 2024-25 Budget by Committees

13/02/2024

Appendix 8

	£	£	£
Emergency Planning	-	95,500	95,500
Energy Initiatives	7,575	2,525	10,100
Planning Development Control	144,860	579,440	724,300
Planning Policy	-	574,500	574,500
Water Courses & Land Drainage	-	6,000	6,000
Parks Properties project	- 10,800	-	10,800
Environment & Sustainability Committee	141,635	1,257,965	1,399,600
Total	11,331,545	14,767,555	26,099,100

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Commercial & Regeneration Portfolio Contribution for the four years to 2027-28

13/02/2024

Appendix 9

Investment	£000s	2024-25	2025-26	2026-27	2027-28
Rent		-£46,533	-£46,713	-£49,099	-£50,872
Landlord Costs		£5,449	£7,533	£3,629	£7,522
Financing costs		£22,067	£21,856	£21,628	£21,302
MRP		£11,453	£11,742	£12,038	£12,342
Set aside		£400	£345	£390	£405
Sinking fund (in)/out		-£1,775	-£3,859	-£444	£642
Contribution (Surplus)/Deficit		-£8,940	-£9,095	-£11,859	-£8,658
Regeneration					
		2024-25	2025-26	2026-27	2027-28
Rent		-£4,414	-£4,682	-£4,753	-£4,883
Landlord Costs		£1,374	£1,884	£4,652	£1,155
Financing costs		£1,035	£1,009	£967	£988
MRP		£925	£946	£983	£956
Set aside		£250	£325	£300	£305
Sinking fund(in)/out		-£241	-£398	-£310	£131
Contribution (Surplus)/deficit		-£1,070	-£916	£1,839	-£1,348
Total					
Rent		-£50,947	-£51,395	-£53,852	-£55,755
Landlord Costs		£6,823	£9,417	£8,281	£8,678
Financing costs		£23,102	£22,866	£22,595	£22,291
MRP		£12,379	£12,688	£13,021	£13,298
Set aside		£650	£670	£690	£710
Sinking fund (in)/out		-£2,016	-£4,257	-£754	£773
Total Contribution (Surplus)/Deficit		-£10,009	-£10,011	-£10,019	-£10,006

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