



To:
All members of the
Overview and Scrutiny Committee

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Date: 14 January 2021

Supplementary Agenda

Overview and Scrutiny Committee - Tuesday, 19 January 2021

Dear Councillor,

I enclose the following items which were marked 'to follow' on the agenda for the Overview and Scrutiny Committee meeting to be held on Tuesday, 19 January 2021:

- | | | |
|------------|---|------------------|
| 7. | Outline Budget 2021-2025 | 3 - 34 |
| | To consider the draft budget proposals for the outline budget 2021-2025. | |
| 8. | Reserves Policy | 35 - 44 |
| | To note the Council's Reserves Policy effective from March 2020. | |
| 10. | Treasury Management Strategy Statement | 45 - 118 |
| | To note a draft report on the Treasury Management Strategy Statement for 2021. | |
| 12. | Updates from Task Groups | 119 - 122 |
| | To receive updates from the following Task Groups: | |
| | Climate Change – Cllr Noble | |
| | End of Life Celebration Centre – Cllr Noble | |
| | Clean Streets – Cllr Gething was previously the Lead member for this Task Group but is no longer a member of the Committee. | |

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The Committee is asked to consider whether:

1. to appoint other members to the Clean Streets Task Group and
2. to co-opt Cllr Gething to continue working on the Task Group

14. Corporate Project Management

123 - 224

To note an update of the current status of Council projects.

Appendix 4 to this report contains exempt information within the meaning of Part 1 of Schedule 12A to the Local Government Act 1972, as amended by the Local Government (Access to Information) Act 1985 and by the Local Government (Access to information) (Variation) Order 2006:

Paragraph 3 – Information relating to the financial or business affairs of any particular person (including the authority holding that information) and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information because, disclosure to the public would prejudice the financial position of the authority.

Yours sincerely

Michelle Beaumont
Corporate Governance

To the members of the Overview and Scrutiny Committee

Councillors:

V.J. Leighton (Chairman)
O. Rybinski (Vice-Chairman)
C.L. Barratt
J.H.J. Doerfel
J.T.F. Doran

R.D. Dunn
T. Fidler
M. Gibson
A.C. Harman
I.T.E. Harvey

N. Islam
T. Lagden
L. E. Nichols
D. Saliagopoulos

Cabinet

27 January 2021



Please Enter Title	Outline Budget
Purpose of the report	To make a Key Decision
Report Author	Terry Collier
Cabinet Member	Councillor Satvinder Buttar
Confidential	No
Corporate Priority	Financial Sustainability
Recommendations	<p>Cabinet is asked to:</p> <ol style="list-style-type: none"> 1. Agree the net budgeted expenditure (before investment and use of reserves) for 2021-22 be set at a maximum level of £22.1m 2. To support the overall strategy set out in the report for addressing efficiencies and achieving medium term financial sustainability
Reason for Recommendation	The report sets out the parameters in which a detailed balanced for 2021-22 can then be worked up and puts forward an updated Medium Term Financial Strategy designed to respond to the challenges of COVID-19.

1. Key issues

- 1.1 The key issue facing this Council, as indeed all Councils, is the impact of COVID-19 on the Council's finances and what the longer term financial effects of the pandemic will be. COVID-19 has resulted in the steepest economic shock to the UK economy for more than three hundred years.
- 1.2 In 2020-21 the Council has experienced significant reductions in services fees and charges income, drops in treasury management income, reductions in amounts of council tax and business rates collected, more residents moving on to localised council tax support. Additionally, the Council has incurred extra expenditure for example supporting the re-opening of its leisure centres, providing food and welfare support to shielded residents. In 2020-21 the Council has received additional grant support to offset much of this impact.
- 1.3 In modelling a possible range of Budget scenarios and outcomes for the period 2021-22 to 2024-25 and revising and refreshing in response the

Council's Medium Term Financial Strategy the Council needs to take a view on a number of factors including:

- (a) Extent to which services income such as car parking charges return to pre-pandemic levels, taking into account that some people's behaviour (for example increased online shopping) may have permanently changed and how long any recovery may take
- (b) Impact on local economy in terms of jobs, particularly with furlough not now ending until April 2021 and what this means for number of residents on localised council support (this reduces the Council's tax base), requiring housing support and struggling to pay council tax
- (c) What is a realistic council tax collection rate to assume?
- (d) What is the likelihood of additional Government financial support in 2021-22 in recognition of the above pressures?
- (e) Refreshing its reserves strategy and consideration of some planned short term use of reserves as part of a longer term strategy. The Council as at end of 2019-20 has £40m in cash backed reserves, and whilst a significant proportion of them are earmarked for specific purposes some could be applied to offset COVID-19 impacts
- (f) The interrelationship between the Council's housing and regeneration Capital Programme and the Council's Revenue Budget in terms of returns the Council will receive from its housing delivery company Knowle Green Estates. This will be influenced by the proportion of the housing programme delivered as affordable housing.

1.4 For all these reasons it is important, as the recent Local Government Association independent Finance Peer Review commented, that the Council carefully reviews and refreshes its MTFs and ensures it achieves a sensible balance between short and longer term measures and does not make knee jerk cuts which a more medium term approach could be applied to manage down the gaps.

1.5 As a result of COVID-19 the financial and economic world the Council is facing has changed. When the Council set its 2020-21 Budget in February 2020 it also on an indicative basis balanced its 2021-22 and 2022-23 Budgets. As a result of modelling since the government funding announcement in December 2020, the Council is still in a strong position and forecasting budget headroom in 2021/22 and 2022/23. However, the council anticipates experiencing budget gaps in 2023/24 and 2024/25. now on current assumptions, before Government funding announcements,

1.6 Whilst the Council is in a relative strong position, the impact of COVID-19 has been considerable and our modelling assumes that COVID-19 will still impact on our financial results until 2024/25, when we anticipate an improvement in general economic conditions.

The recent change in Council policy towards affordable housing delivery has been a key factor in the changes to the financial returns being generated from Knowle Green Estates.

2. **Provisional Local Government Finance Settlement 2021/22**

2.1 The Government announced the Local Government Finance Settlement on the 17th December this year.

The 2021/22 local government finance settlement is for one year only and is based on the Spending Review 2020 funding levels. The details are shown below: -

- **Council Tax** –The council tax referendum limit will be 2% for local authorities, with social care authorities allowed a 3% social care precept, although this can be deferred to 2022/23. The provisional settlement confirmed that Districts and Boroughs will be allowed to apply the higher of the referendum limit or £5, latter in Spelthorne’s case is 2.4%.
- **Business Rates Retention** –The business rates multiplier has been frozen for 2021/22. Therefore, the three elements of the Business Rates Retention system (Baseline Need, NNDR Baseline and Tariff/Top Up amounts) remain at 2020/21 levels. However, the under-indexing multiplier grant has been increased, in order that local authorities do not lose what would have been the increase to the multiplier.
- **Revenue Support Grant (RSG)** – For those authorities still receiving RSG, this has been increased by 0.55%, in line with what would have been the increase to the multiplier.
- **New Homes Bonus** - The 2021/22 allocations have been announced. These will be paid with the legacy payments due from previous years (2018/19 and 2019/20). There will be no legacy payments for the new 2021/22 in-year allocation announced in the settlement.
- **Top Up/Tariff Adjustments (Negative RSG)** –The government has decided to eliminate the negative RSG amounts. This removes a medium term pressure in our Outline Budget projections/
- **Social Care Funding** –There has been an increase to the Social Care Support Grant of £300m. This has been allocated based on Adult Social Care relative need (£60m) and the ability to raise resources through the social care precept (£240m).
- **Lower Tier Services Grant** – A new un-ringfenced lower tier services grant of £111m was announced by the Minister. This has been allocated via 2013/14 Settlement Funding Assessment levels (£86m) to ensure that no authority has a total Core Spending Power less than in 2020/21 (£25m). It appears that this is a one off grant for 2021-22
- **COVID-19 Funding** –Funding was announced of £2.2bn to support local government in 2021/22, alongside support for local tax income and the spreading of deficits. This funding is not included in the Core Spending Power figures.
- **Local Government Funding Reform** – No papers were published relating to the Fair Funding Review or the Business Rates Reset and the Minister would not confirm that the reforms will even take place next year.

2.2 The specific implications from the settlement for Spelthorne are:-

- **Council Tax**- Spelthorne will be able to increase Council Tax in 2021/22 by the greater of 2% or £5 (2.4%)without a referendum.

- **Business Rates-** Local Businesses will not face an increase in Business Rates in 2021/22 as a result of an increase in the multiplier, as this has been frozen at the 2020/21 level. The Council will be compensated for this loss of income through Section 31 Grant.
- **Collection Fund Deficits-** The Government is introducing legislation to enable Councils to spread Council Tax and Business Rate deficits on the Collection Fund over a 3 year period. This will reduce the 2020/21 deficits which need to be addressed as part of budget setting in 2021/22 which have resulted from Covid-19 in 2020/21 but will add to the pressures in the two subsequent years.
- **Irrecoverable Council Tax and Business Rate Losses-** MHCLG has introduced arrangements to meet 75% of irrecoverable losses, this is subject to consultation and will recompense Councils for any losses incurred. This excludes losses relating to non-payment of Council Tax or Business Rates.
- **Negative RSG-**MHCLG has fully funded Negative RSG as part of the Comprehensive Spending Review, there is now no threat of this being imposed as part of the roll-out of Business Rate Reset.
- **New Homes Bonus-** The Council will receive legacy payments of £252,000 in 2021/22, which consists of legacy payments of £247,000 plus an additional allocation of £5,000 announced in the settlement.
- **Lower Tier Services Grant-** The Council will receive £82,000 in Lower Tier Services Grant in 2021/22.
- **Covid-19 Funding-** The Council will receive £506,000 in Covid-19 Grant in 2021/22 for COVID-19 expenditure pressures in 2021/22. The Council will continue to receive a Sales, Fees and Charges Grant for the 3 month period April-June 2021. This grant is to mitigate the loss of income occurring as a result of Covid-19 and provides for 71.25% of income losses overall for the 3 month period. The Council will receive £114,000 in Local Council Tax Support Grant as compensation for higher levels of Council Tax Support claimants.
- **Surrey Business Rates Pool-** For 2021/22 Spelthorne will be part of the Surrey wide business rates pool. A business rates pool is where a top up council (i.e. a council, such as a county council, which receives a transfer of business rates from other councils) combines with a group of tariff councils (i.e. councils which are making transfers to other councils, for example any of the Surrey districts and boroughs) in such a combination that the 50% levy the tariff councils have to pay on any growth in their tax base above the baseline set by the Government is reduced to more or less zero. If the pool proposal were accepted Spelthorne would be one of four Surrey districts and boroughs combined with Surrey CC. This would enable us to potentially retain an additional £300k to £600k of business rates which are not ring-fenced.

The overall funding provided to the Council through Council Tax and Business Rates raising powers and in the form of government grant to the Council is measured and controlled by Government through the Core Spending Power.

The increase in the Council's Core Spending Power in 2021/22 is 1%. A detailed breakdown of the Council's Core Spending Power showing a comparison with other Authorities is shown at Appendix A.

3. Options analysis and proposal

3.1 The Outline Budget needs to cover the following areas:

- (a) Funding support from the Government including New Homes Bonus, and short term Covid-19 funding and address the risks and volatility associated with increasing reliance on business rates retention and the potential for the amount of business rates allowed to be retained to be reduced in future years. Given the impact of Covid-19, future additional revenue from Business Rates may not be assured in the short to medium term.
- (b) Anticipated external pressures such as statutory changes impacting over the outline budget period.
- (c) Need to invest in meeting the challenges of climate change, which may generate upfront capital requirements whilst potentially generating future revenue benefits.
- (d) The impact of pressures on Surrey County Council cascading down as a result of reduced funding from the upper tier authority and its transformation proposals which may have knock on effects on districts and boroughs.
- (e) How we fund our corporate priorities by generating increased sustainable income streams
- (f) The level of Council Tax, which the Council wishes to levy
- (g) Future assumptions on interest rates and investment types.
- (h) The level of services that the Council wishes to provide and the level of revenue expenditure the Council wishes to incur in the provision of those services. This is particularly important in light of the significantly constrained Government funding the Council will now receive.
- (i) The level and range of charges the Council should make for its services.
- (j) The use of revenue reserves (if any) the Council wishes to use to support that level of service.
- (k) The level of reserves the Council wishes to retain to provide investment income and ensure stability for the future.
- (l) The alternative use of reserves to generate future savings.
- (m) To review the Council's portfolio of assets to ensure that it is maximising value obtained from use of assets (both in terms of cost of maintaining those assets and income generated from them) and to review opportunities to rationalise the portfolio and generate additional income streams.
- (n) The level of capital expenditure which the Council wishes to support and how it will seek to borrow, including being prepared to borrow where there are robust business cases in support. This will be more fully

expanded on in the Capital Strategy document which will be updated and will go to February Council for approval.

- 3.2 There is still some uncertainty around Business Rates, with the roll out of 75% business rate retention which has been pushed back to 2022-23 or later. When the change happens it is anticipated that in relative terms Surrey councils may lose and that there may also be a further shift in resources towards upper tier councils with responsibilities for adult social care. We therefore have anticipated in the years beyond 2021-22 there will be steady reductions in the amount of business rates we as a borough council will be allowed to retain, other districts and boroughs are making similar assumptions. These assumptions have been fed into our projections are a key factor in the increase in the budget gap, this is further discussed below.
- 3.3 The above uncertainties are some of the main drivers in the projected budget gaps summarised in Appendix B which will not be sustainable if not addressed.
- 3.4 The projected gaps currently include an assumption around the level of growth required by departments. The actual growth bids and savings have been reviewed by Management Team. The Council has identified some further potential savings options, which are more extensive in nature and far reaching and these would take some time to review and implement.

Projected Budget (Surplus)/Deficit if mitigating actions not put in place (positive figures indicate a budget shortfall to be addressed):

	2021-22 £'000	2022-23 £'000	2023-24 £'000	2024-25 £'000
Estimated Gap	(658)	1,284	2,324	282

All Councils are facing significant financial pressures, this problem is particularly acute amongst District and Borough Councils. The current discussions with neighbouring Districts and Boroughs within Surrey in relation to Unitary debate introduces both a need and an opportunity to work together collaboratively to share services and make savings as partners. This is not a solution in the short term but could certainly make a contribution over the medium term if Members were so minded.

4. OUTLINE BUDGET 2021/2022 – 2024/2025

- 4.1 Attached as Appendix B-1 is a summary of projected expenditure and possible financing to 31 March 2025. The budget gap shown in the table above is the base case projection (AppB-2) which assumes no increase in Council Tax and a 2.5% Pay Award and service expenditure totals £22.1m in 2021/22 in this projection. Alternative scenarios are also provided with a reduced pay award of 0% and 1% and with varying Council Tax increases (AppB3-8).
- 4.2 The scenario which yields the smallest aggregate budget gap for the outline budget period is AppB-8, with a £5 increase in Council Tax and a 1% overall Pay Award.

4.3 Discussions have taken place with Unison pay award based around a 1% package. This is based on

- 0.75 % Pay Award for all staff
- An additional 0.25% for the lowest scales Scale1-3.
- A fixed one of payment, at a cost of 0.25%, which equates to a payment of approximately £100 for all staff.

Following a discussion between Officers and Unison, it has been agreed that the Council will honour any national award agreed in excess of the above.

4.4 Currently the Council's treasury management investments are performing well with the core investments achieving an average of 4.2% in 2019-20. It is anticipated this level of performance can be maintained and has been built into the Outline Budget projections. This level of performance will also help generate interest on the monies being set aside in the sinking funds building up to cover future needs to incur expenditure on our commercial assets such as capital refurbishments or to cover rent free periods.

4.5 The Council has made excellent progress with respect to taking opportunities to maximise income streams from assets. As result of recent acquisitions the Council has secured additional income from assets for a sustained period well beyond the outline budget period of around £10m per annum net of financing and management costs. The Council has grown its dedicated property unit to ensure that it has the right mix of expertise to manage a significant commercial portfolio. The Council also uses a range of advisors to ensure it continually monitors the performance of its portfolio.

4.6 In 2021-22 the Council's commercial assets portfolio will generate a net (after paying interest, loan repayments, supervision costs, and sinking funds set asides) £10.4m to support the Council's revenue budget, see table below:

	2021-22 £'000	2022-23 £'000	2023-24 £'000	2024-25 £'000
Gross Rental Income due	(53,964)	(54,032)	(52,640)	(52,745)
Loan Interest Payable	23,349	23,176	23,029	22,864
Minimum Revenue Provision	12,327	12,637	13,070	13,081
Contribution to Sinking Funds	6,814	7,709	6,814	5,674
Set aside for specific revenue purposes	1,030	1,030	955	955
Net Income (used to fund Revenue budget)	(10,444)	(9,480)	(8,772)	(10,171)

4.7 The projected sinking fund balances at the 1 April each year is summarised in the table below:

	2021-22	2022-23	2023-24	2024-25
	£'000	£'000	£'000	£'000
BP Main Site	4,409	5,409	6,909	8,409
BP SW Corner	998	1,148	1,298	1,448
Elmbrook House	488	538	588	638
Hanover House	0	0	400	850
12 Hammersmith Grove	4,244	3,657	4,615	5,772
Stockley Park	1,327	1,087	1,287	1,487
WBC4	400	600	1,000	1,450
Communications House	1,554	2,054	2,054	2,054
Thames Tower	3,048	4,098	5,123	5,048
Charter Building	5,264	7,064	8,924	10,424
Porter Building	1,584	1,674	1,124	839
Summit Centre	641	891	1,141	1,391
Elmsleigh Centre	770	695	1,076	1,653
Total	24,727	28,915	35,539	41,463

The downward movement in the sinking fund reserve for a property over the budget period reflects a drawdown to offset a estimated or known void/rent free period.

- 4.8 The budget assumes the Harper House and the Whitehouse Hostels will be completed and open for use in 2021-22.
- 4.9 The Council will continue to take forward the strategies outlined above to help support the revenue budget in future years. Additionally, the following factors and actions are anticipated to help close the gaps:
- Review identified proposals for expenditure reductions identified as part of 5%, 7.5% and 10% exercise.
 - Further prioritisation of growth proposals
 - Capitalise on potential for sharing of back office services and front of house services through collaboration with Surrey Boroughs and Districts
 - Focus on cross cutting savings in areas such as printing, postage
 - Assessing one off use of new and existing grants
 - Pursuing external funding from business partners
 - Reviewing revenue contributions to finance capital to ensure sustainability of the Capital Programme
 - Root and Branch efficiency outcomes

- Additional income levels being generated by some service areas

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

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

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

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

5.2 The Council currently uses specific revenue reserves to finance expenditure in the following ways:

- a) Interest equalisation – is built up in years when investment returns are better than expected and used to support investment income in years when returns are lower.
- b) The Housing Initiatives Reserve has been identified as being a source of funding for supporting Housing Strategy initiatives.
- c) Sinking funds for commercial assets to be built up to cover potential end of lease refurbishment and possible future void and rent free periods.
- d) The Local Environmental Assessment reserve has been set up to enable the Council to react to any environmental impacts on the Borough.
- e) The Planned Project Reserve has been set up to allow the council to progress environmental and other sustainable projects

5.3 In order to deliver the Council's ambitious housing programme, as set out in the Housing Strategy and Capital Strategy, there will be a need to borrow over the outline budget period to fund the capital expenditure. Given the relatively low rates the Council can obtain from the likes of the Public Works Loan Board (PWLB); Homes and Community Agency or the European Investment Bank it is more cost effective to borrow rather than draw down medium term investment funds. The Council's treasury management advisers Arlingclose have assisted in developing the Council's borrowing strategy. It should be noted however that Council's cannot borrow to cover deficits in their Revenue Budgets.

5.4 Any underspend in the current year's budget can be set aside to assist with funding 2020-21 or beyond, at quarter 2 of 2019-20 the projected underspend that would be available to assist future years is around £3m.

5.5 At 1 April 2020 Useable Reserves were as follows:

	2020
	£'000
Capital Grants	453
Revenue Grants Unapplied	2,325
Capital Fund*	1,443
Insurance Reserve	50
Planned Spending Funds	11,295
Funds for Acquired Properties	20,511
Youth Fund	20
General Fund Balance	1,248
Local Environmental Assessment Reserve	317
Contributions from developers	2,269
Total	39,931

Note: The funds for acquired properties are being built up in a planned way to ensure that the Council has sufficient funds to protect council taxpayers in the event of future need to incur expenditure on capital refurbishments of the assets and to cover future possible void and rent free periods. The balance on these funds will increase by a further £6m by the end of 2020-21.

6. **The Level of Capital Expenditure to be supported**

6.1 Each year the Council approves a four-year Capital Programme, which is split between Housing and "Other Services."

Funding for the Capital Programme is financed by a mixture of Capital receipts, Capital Grants, S106 receipts, Revenue Contribution to Capital (£750k) and borrowing where required.

Commercial income generating assets acquisitions are funded through borrowing, however these are designed to ensure that they generate a net surplus in excess of borrowing costs in order to provide funds which can be used to support the revenue budget.

7. **Financial implications**

7.1 The financial implications are set out in the report.

8. Other considerations

- 8.1 Any service reductions put forward as part of the Budget process will be subject to Equality Impact Assessments.

9. Sustainability/Climate Change Implications

- 9.1 The Council has declared a Climate Change Emergency. In the short term this may mean additional upfront investment. However, longer term it should also be associated with reduced energy usage and transport costs for the Council. When the detailed budget proposals are brought forward environmental impacts will be part of the criteria used to evaluate savings and growth proposals.

10. Timetable for implementation

- 10.1 A detailed Budget Timetable has been issued to ensure that the Council is in a position to agree a balanced Budget at its 26th February Council meeting.

Background papers:

Appendices as at 120121:

Appendix AppB1 – Summary of 7 scenarios (AppB2 – AppB8 below)

Appendix AppB2 – Base Case scenario

Appendix App B3 - Council Tax 0%, Pay Increase 0%

Appendix AppB4 - Council Tax 0%, Pay Increase 1%

Appendix AppB5 - Council Tax Increase at 0.5% (CPI), Pay 1%

Appendix AppB6 - Council Tax Increase at 1%, Pay 1%

Appendix AppB7 - Council Tax Increase at 2%, Pay 1%

Appendix AppB8 - Council Tax Increase £5, Pay 1%

Appendix – Summary of growth bids

Appendix – Summary of savings bids

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Outline Budget - Summary of Scenario Modelling of Budget Gap – AppB1

	2021-22 £	2022-23 £	2023-24 £	2024-25 £	Workbook reference
Base Case-Council Tax 0% & Pay 2.5%	(658,371)	1,283,559	2,323,805	282,125	AppB2
Council Tax 0%, Pay Increase 0%	(1,134,371)	(42,441)	1,892,805	991,125	AppB3
Council Tax 0%, Pay Increase 1%	(916,971)	129,959	2,065,205	1,163,525	AppB4
Council Tax Increase at 0.5% (CPI), Pay 1%	(956,971)	(76,441)	1,684,605	600,025	AppB5
Council Tax Increase at 1%, Pay 1%	(996,971)	(118,341)	1,641,205	555,125	AppB6
Council Tax Increase at 2%, Pay 1%	(1,076,971)	(202,241)	1,554,305	465,225	AppB7
Council Tax Increase £5, Pay 1%	(1,112,071)	(238,941)	1,516,305	425,825	AppB8

Notes

Recommended pay award

Grades 1-3	1%	
Grades 4 and above	0.75%	
One off for all grades re COVID work	0.25%	approximately £100 per person

Council will honour national pay award if higher than the above settlement.

For every 1% movement in pay impact on budget is £190,400 approximately

For every 0.1% movement in pay impact on budget is £19,040 approximately

Council Tax (CT)

For every 1% movement in CT impact on budget is £80,000 approximately

For every 0.1% movement in CT impact on budget is £8,000 approximately

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Outline Budget - Base Case (Council Tax Increase 0%, Pay 2.5%)					
AppB2					
	2020-21 Original £	2021-22 £	2022-23 £	2023-24 £	2024-25 £
Gross Expenditure	61,359,100	61,359,100			
Less: Fees and Charges and Specific Grants (excl Housing Benefits)	(11,048,700)	(11,056,400)			
Less: Housing Benefits Grant	(29,317,500)	(29,317,500)			
Net Service Expenditure:	20,992,900	20,985,200			
Broken down over Portfolios					
Leader of the Council	1,241,400	1,241,400	1,241,400	1,241,400	1,241,400
Deputy Leader and Finance	3,241,600	3,241,600	3,241,600	3,241,600	3,241,600
Corporate Management	1,057,200	1,057,200	1,057,200	1,057,200	1,057,200
Housing	2,318,500	2,318,500	2,318,500	2,318,500	2,318,500
Planning	948,200	948,200	948,200	948,200	948,200
Environment and Compliance	5,834,000	5,822,000	5,834,000	5,834,000	5,834,000
Community Wellbeing	1,029,100	1,029,100	1,029,100	1,029,100	1,029,100
Economic Development, Customer Service, Estates and Transport	3,308,400	3,312,700	3,317,000	3,321,300	3,325,600
Investment Portfolio, Asset Management and Regeneration	2,014,500	2,014,500	2,014,500	2,014,500	2,014,500
	20,992,900	20,985,200	21,001,500	21,005,800	21,010,100
Salary expenditure - vacancy monitoring	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)
Pay Award & Increments	0	431,000	851,000	1,282,000	1,724,000
Increments	0	50,000	100,000	150,000	200,000
Pensions	1058000	205,000	0	600,000	700,000
Proposed Growth	0	1,266,315	1,134,415	822,115	722,115
Proposed Savings		(489,276)	(489,276)	(489,276)	(489,276)
Service Expenditure	21,750,900	22,148,239	22,786,915	23,559,915	24,056,215
NET EXPENDITURE	21,750,900	22,148,239	22,786,915	23,559,915	24,056,215
Interest earnings	(1,290,000)	(1,249,256)	(1,249,256)	(1,249,256)	(1,249,256)
Asset Acquisition Income	(53,006,200)	(51,339,224)	(52,948,479)	(51,752,261)	(51,855,261)
Debt Interest payable	24,234,600	24,498,320	24,461,580	24,437,470	24,285,120
Minimum Revenue Provision	11,902,900	12,327,200	12,637,706	13,070,431	13,081,231
Set Aside	1,130,000	1,030,000	1,030,000	955,000	955,000
Capitalisation of Interest on Development Properties		(1,221,100)	(1,296,900)	(1,430,300)	(1,491,280)
Net interest margin on loans to KGE	(50,000)	0	(402,413)	(853,300)	(1,803,550)
Contingency Provision for Covid	0	506,397	0	0	0
Recharge of Central Support Costs to KGE	0	(130,000)	(130,000)	(130,000)	(130,000)
NET EXPENDITURE AFTER INTEREST EARNINGS	4,672,200	6,570,575	4,889,152	6,607,698	5,848,218
Appropriation to Reserves:					
Revenue Contributions to Capital Outlay	750,000	835,100	750,000	750,000	750,000
Project Delivery Fund	1,397,400	0	0	0	0
Sinking Fund Contributions	5,814,000	6,814,000	7,709,000	6,814,000	5,674,000
Release of Funding from Sinking Fund	0	(2,625,204)	(1,085,793)	(889,793)	(889,793)
BUDGET REQUIREMENT	12,633,600	11,594,471	12,262,359	13,281,905	11,382,425
Allocation from National Non-Domestic Rate pool	0	0	0	0	0
Retained Business Rates	(3,000,000)	(1,929,000)	(1,929,000)	(1,929,000)	(1,929,000)
Section 31 Grants	(800,000)	(800,000)	(800,000)	(800,000)	(800,000)
Lower Tier Services Grant re Core Spending Power	0	(82,145)	0	0	0
Business Rates - Economic Development Set Aside	0	(800,000)	0	0	0
Covid Grant 2021/22	0	(506,397)	0	0	0
Negative RSG	0	0	0	0	0
New Homes Bonus Grant	(551,100)	(252,000)	(144,000)	0	0
Use of General Fund Reserves (Unused Covid Allocation)	0	0	0	0	0
NET BUDGET REQUIREMENT	8,282,500	7,224,929	9,389,359	10,552,905	8,653,425
Collection Fund (Surplus)/Deficit	(63,000)	117,000	117,000	117,000	100,000
CHARGE TO COLLECTION FUND	8,219,500	7,341,929	9,506,359	10,669,905	8,753,425
Tax base	40,085	39,016	40,101	40,703	41,313
Council Tax rate	205.05	205.05	205.05	205.05	205.05
Council Tax yield	8,219,500	8,000,300	8,222,800	8,346,100	8,471,300
DEFICIT/(SURPLUS)	0	(658,371)	1,283,559	2,323,805	282,125

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Outline Budget - Base Case (Council Tax Increase 0%, Pay 1%)

AppB3

	2020-21 Original £	2021-22 £	2022-23 £	2023-24 £	2024-25 £
Gross Expenditure	61,359,100	61,359,100			
Less: Fees and Charges and Specific Grants (excl Housing Benefits)	(11,048,700)	(11,056,400)			
Less: Housing Benefits Grant	(29,317,500)	(29,317,500)			
Net Service Expenditure:	20,992,900	20,985,200			
Broken down over Portfolios					
Leader of the Council	1,241,400	1,241,400	1,241,400	1,241,400	1,241,400
Deputy Leader and Finance	3,241,600	3,241,600	3,241,600	3,241,600	3,241,600
Corporate Management	1,057,200	1,057,200	1,057,200	1,057,200	1,057,200
Housing	2,318,500	2,318,500	2,318,500	2,318,500	2,318,500
Planning	948,200	948,200	948,200	948,200	948,200
Environment and Compliance	5,834,000	5,822,000	5,834,000	5,834,000	5,834,000
Community Wellbeing	1,029,100	1,029,100	1,029,100	1,029,100	1,029,100
Economic Development, Customer Service, Estates and Transport	3,308,400	3,312,700	3,317,000	3,321,300	3,325,600
Investment Portfolio, Asset Management and Regeneration	2,014,500	2,014,500	2,014,500	2,014,500	2,014,500
	20,992,900	20,985,200	21,001,500	21,005,800	21,010,100
Salary expenditure - vacancy monitoring	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)
Pay Award & Increments	0	172,400	592,400	1,023,400	1,465,400
Increments	0	50,000	100,000	150,000	200,000
Pensions	1058000	205,000	0	600,000	700,000
Proposed Growth	0	1,266,315	1,134,415	822,115	722,115
Proposed Savings	0	(489,276)	(489,276)	(489,276)	(489,276)
Service Expenditure	21,750,900	21,889,639	22,528,315	23,301,315	23,797,615
NET EXPENDITURE	21,750,900	21,889,639	22,528,315	23,301,315	23,797,615
Interest earnings	(1,290,000)	(1,249,256)	(1,249,256)	(1,249,256)	(1,249,256)
Asset Acquisition Income	(53,006,200)	(51,339,224)	(52,948,479)	(51,752,261)	(51,855,261)
Debt Interest payable	24,234,600	24,498,320	24,461,580	24,437,470	24,285,120
Minimum Revenue Provision	11,902,900	12,327,200	12,637,706	13,070,431	13,081,231
Set Aside	1,130,000	1,030,000	1,030,000	955,000	955,000
Capitalisation of Interest on Development Properties	0	(1,221,100)	(1,296,900)	(1,430,300)	(1,491,280)
Net interest margin on loans to KGE	(50,000)	0	(402,413)	(853,300)	(1,803,550)
Contingency Provision for Covid	0	506,397	0	0	0
Recharge of Central Support Costs to KGE	0	(130,000)	(130,000)	(130,000)	(130,000)
NET EXPENDITURE AFTER INTEREST EARNINGS	4,672,200	6,311,975	4,630,552	6,349,098	5,589,618
Appropriation to Reserves:					
Revenue Contributions to Capital Outlay	750,000	835,100	750,000	750,000	750,000
Project Delivery Fund	1,397,400	0	0	0	0
Sinking Fund Contributions	5,814,000	6,814,000	6,814,000	6,814,000	6,814,000
Release of Funding from Sinking Fund	0	(2,625,204)	(1,085,793)	(889,793)	(889,793)
BUDGET REQUIREMENT	12,633,600	11,335,871	11,108,759	13,023,305	12,263,825
Allocation from National Non-Domestic Rate pool	0	0	0	0	0
Retained Business Rates	(3,000,000)	(1,929,000)	(1,929,000)	(1,929,000)	(1,929,000)
Section 31 Grants	(800,000)	(800,000)	(800,000)	(800,000)	(800,000)
Lower Tier Services Grant re Core Spending Power	0	(82,145)	0	0	0
Business Rates - Economic Development Set Aside	0	(800,000)	0	0	0
Covid Grant 2021/22	0	(506,397)	0	0	0
Negative RSG	0	0	0	0	0
New Homes Bonus Grant	(551,100)	(252,000)	(144,000)	0	0
Use of General Fund Reserves (Unused Covid Allocation)	0	0	0	0	0
NET BUDGET REQUIREMENT	8,282,500	6,966,329	8,235,759	10,294,305	9,534,825
Collection Fund (Surplus)/Deficit	(63,000)	117,000	117,000	117,000	100,000
CHARGE TO COLLECTION FUND	8,219,500	7,083,329	8,352,759	10,411,305	9,634,825
Tax base	40,085	39,016	40,101	40,703	41,313
Council Tax rate	205.05	205.05	205.05	205.05	205.05
Council Tax yield	8,219,500	8,000,300	8,222,800	8,346,100	8,471,300
DEFICIT/(SURPLUS)	0	(916,971)	129,959	2,065,205	1,163,525

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Outline Budget - Base Case (Council Tax Increase 0%, Pay 0%)

AppB4

	2020-21 Original £	2021-22 £	2022-23 £	2023-24 £	2024-25 £
Gross Expenditure	61,359,100	61,359,100			
Less: Fees and Charges and Specific Grants (excl Housing Benefits)	(11,048,700)	(11,056,400)			
Less: Housing Benefits Grant	(29,317,500)	(29,317,500)			
Net Service Expenditure:	20,992,900	20,985,200			
Broken down over Portfolios					
Leader of the Council	1,241,400	1,241,400	1,241,400	1,241,400	1,241,400
Deputy Leader and Finance	3,241,600	3,241,600	3,241,600	3,241,600	3,241,600
Corporate Management	1,057,200	1,057,200	1,057,200	1,057,200	1,057,200
Housing	2,318,500	2,318,500	2,318,500	2,318,500	2,318,500
Planning	948,200	948,200	948,200	948,200	948,200
Environment and Compliance	5,834,000	5,822,000	5,834,000	5,834,000	5,834,000
Community Wellbeing	1,029,100	1,029,100	1,029,100	1,029,100	1,029,100
Economic Development, Customer Service, Estates and Transport	3,308,400	3,312,700	3,317,000	3,321,300	3,325,600
Investment Portfolio, Asset Management and Regeneration	2,014,500	2,014,500	2,014,500	2,014,500	2,014,500
	20,992,900	20,985,200	21,001,500	21,005,800	21,010,100
Salary expenditure - vacancy monitoring	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)
Pay Award & Increments	0	0	420,000	851,000	1,293,000
Increments	0	50,000	100,000	150,000	200,000
Pensions	1,058,000	205,000	0	600,000	700,000
As yet unidentified annual growth anticipated to come	0	1,266,315	1,134,415	822,115	722,115
Proposed Savings		(489,276)	(489,276)	(489,276)	(489,276)
Service Expenditure	21,750,900	21,717,239	22,355,915	23,128,915	23,625,215
NET EXPENDITURE	21,750,900	21,717,239	22,355,915	23,128,915	23,625,215
Interest earnings	(1,290,000)	(1,249,256)	(1,249,256)	(1,249,256)	(1,249,256)
Asset Acquisition Income	(53,006,200)	(51,339,224)	(52,948,479)	(51,752,261)	(51,855,261)
Debt Interest payable	24,234,600	24,498,320	24,461,580	24,437,470	24,285,120
Minimum Revenue Provision	11,902,900	12,327,200	12,637,706	13,070,431	13,081,231
Set Aside	1,130,000	1,030,000	1,030,000	955,000	955,000
Capitalisation of Interest on Development Properties		(1,221,100)	(1,296,900)	(1,430,300)	(1,491,280)
Net interest margin on loans to KGE	(50,000)	0	(402,413)	(853,300)	(1,803,550)
Contingency Provision for Covid	0	506,397	0	0	0
Recharge of Central Support Costs to KGE	0	(130,000)	(130,000)	(130,000)	(130,000)
NET EXPENDITURE AFTER INTEREST EARNINGS	4,672,200	6,139,575	4,458,152	6,176,698	5,417,218
Appropriation to Reserves:					
Revenue Contributions to Capital Outlay	750,000	835,100	750,000	750,000	750,000
Project Delivery Fund	1,397,400	0	0	0	0
Sinking Fund Contributions	5,814,000	6,814,000	6,814,000	6,814,000	6,814,000
Release of Funding from Sinking Fund	0	(2,625,204)	(1,085,793)	(889,793)	(889,793)
BUDGET REQUIREMENT	12,633,600	11,163,471	10,936,359	12,850,905	12,091,425
Allocation from National Non-Domestic Rate pool	0	0	0	0	0
Retained Business Rates	(3,000,000)	(1,929,000)	(1,929,000)	(1,929,000)	(1,929,000)
Section 31 Grants	(800,000)	(800,000)	(800,000)	(800,000)	(800,000)
Lower Tier Services Grant re Core Spending Power	0	(82,145)	0	0	0
Business Rates - Economic Development Set Aside	0	(800,000)	0	0	0
Covid Grant 2021/22	0	(506,397)	0	0	0
Negative RSG	0	0	0	0	0
New Homes Bonus Grant	(551,100)	(297,000)	(144,000)	0	0
Use of General Fund Reserves (Unused Covid Allocation)	0	0	0	0	0
NET BUDGET REQUIREMENT	8,282,500	6,748,929	8,063,359	10,121,905	9,362,425
Collection Fund (Surplus)/Deficit	(63,000)	117,000	117,000	117,000	100,000
CHARGE TO COLLECTION FUND	8,219,500	6,865,929	8,180,359	10,238,905	9,462,425
Tax base	40,085	39,016	40,101	40,703	41,313
Council Tax rate	205	205	205	205	205
Council Tax yield	8,219,500	8,000,300	8,222,800	8,346,100	8,471,300
DEFICIT/(SURPLUS)	0	(1,134,371)	(42,441)	1,892,805	991,125

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Outline Budget - Base Case (Council Tax Increase 0.5%, Pay 1%)

AppB5

	2020-21 Original £	2021-22 £	2022-23 £	2023-24 £	2024-25 £
Gross Expenditure	61,359,100	61,359,100			
Less: Fees and Charges and Specific Grants (excl Housing Benefits)	(11,048,700)	(11,056,400)			
Less: Housing Benefits Grant	(29,317,500)	(29,317,500)			
Net Service Expenditure:	20,992,900	20,985,200			
Broken down over Portfolios					
Leader of the Council	1,241,400	1,241,400	1,241,400	1,241,400	1,241,400
Deputy Leader and Finance	3,241,600	3,241,600	3,241,600	3,241,600	3,241,600
Corporate Management	1,057,200	1,057,200	1,057,200	1,057,200	1,057,200
Housing	2,318,500	2,318,500	2,318,500	2,318,500	2,318,500
Planning	948,200	948,200	948,200	948,200	948,200
Environment and Compliance	5,834,000	5,822,000	5,834,000	5,834,000	5,834,000
Community Wellbeing	1,029,100	1,029,100	1,029,100	1,029,100	1,029,100
Economic Development, Customer Service, Estates and Transport	3,308,400	3,312,700	3,317,000	3,321,300	3,325,600
Investment Portfolio, Asset Management and Regeneration	2,014,500	2,014,500	2,014,500	2,014,500	2,014,500
	20,992,900	20,985,200	21,001,500	21,005,800	21,010,100
Salary expenditure - vacancy monitoring	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)
Pay Award & Increments	0	172,400	592,400	1,023,400	1,465,400
Increments	0	50,000	100,000	150,000	200,000
Pensions	1,058,000	205,000	0	600,000	700,000
As yet unidentified annual growth anticipated to come	0	1,266,315	1,134,415	822,115	722,115
Proposed Savings		(489,276)	(489,276)	(489,276)	(489,276)
Service Expenditure	21,750,900	21,889,639	22,528,315	23,301,315	23,797,615
NET EXPENDITURE	21,750,900	21,889,639	22,528,315	23,301,315	23,797,615
Interest earnings	(1,290,000)	(1,249,256)	(1,249,256)	(1,249,256)	(1,249,256)
Asset Acquisition Income	(53,006,200)	(51,339,224)	(52,948,479)	(51,752,261)	(51,855,261)
Debt Interest payable	24,234,600	24,498,320	24,461,580	24,437,470	24,285,120
Minimum Revenue Provision	11,902,900	12,327,200	12,637,706	13,070,431	13,081,231
Set Aside	1,130,000	1,030,000	1,030,000	955,000	955,000
Capitalisation of Interest on Development Properties		(1,221,100)	(1,296,900)	(1,430,300)	(1,491,280)
Net interest margin on loans to KGE	(50,000)	0	(402,413)	(853,300)	(1,803,550)
Contingency Provision for Covid	0	506,397	0	0	0
Recharge of Central Support Costs to KGE	0	(130,000)	(130,000)	(130,000)	(130,000)
NET EXPENDITURE AFTER INTEREST EARNINGS	4,672,200	6,311,975	4,630,552	6,349,098	5,589,618
Appropriation to Reserves:					
Revenue Contributions to Capital Outlay	750,000	835,100	750,000	750,000	750,000
Project Delivery Fund	1,397,400	0	0	0	0
Sinking Fund Contributions	5,814,000	6,814,000	6,814,000	6,814,000	6,814,000
Release of Funding from Sinking Fund	0	(2,625,204)	(1,085,793)	(889,793)	(889,793)
BUDGET REQUIREMENT	12,633,600	11,335,871	11,108,759	13,023,305	12,263,825
Allocation from National Non-Domestic Rate pool	0	0	0	0	0
Retained Business Rates	(3,000,000)	(1,929,000)	(1,929,000)	(1,929,000)	(1,929,000)
Section 31 Grants	(800,000)	(800,000)	(800,000)	(800,000)	(800,000)
Lower Tier Services Grant re Core Spending Power	0	(82,145)	0	0	0
Business Rates - Economic Development Set Aside	0	(800,000)	0	0	0
Covid Grant 2021/22	0	(506,397)	0	0	0
Negative RSG	0	0	0	0	0
New Homes Bonus Grant	(551,100)	(252,000)	(144,000)	0	0
Use of General Fund Reserves (Unused Covid Allocation)	0	0	0	0	0
NET BUDGET REQUIREMENT	8,282,500	6,966,329	8,235,759	10,294,305	9,534,825
Collection Fund (Surplus)/Deficit	(63,000)	117,000	117,000	117,000	100,000
CHARGE TO COLLECTION FUND	8,219,500	7,083,329	8,352,759	10,411,305	9,634,825
Tax base	40,085	39,016	40,101	40,703	41,313
Council Tax rate	205	206	210	214	219
Council Tax yield	8,219,500	8,040,300	8,429,200	8,726,700	9,034,800
DEFICIT/(SURPLUS)	0	(956,971)	(76,441)	1,684,605	600,025

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Outline Budget - Base Case (Council Tax Increase 1%, Pay 1%)

AppB6

	2020-21 Original £	2021-22 £	2022-23 £	2023-24 £	2024-25 £
Gross Expenditure	61,359,100	61,359,100			
Less: Fees and Charges and Specific Grants (excl Housing Benefits)	(11,048,700)	(11,056,400)			
Less: Housing Benefits Grant	(29,317,500)	(29,317,500)			
Net Service Expenditure:	20,992,900	20,985,200			
Broken down over Portfolios					
Leader of the Council	1,241,400	1,241,400	1,241,400	1,241,400	1,241,400
Deputy Leader and Finance	3,241,600	3,241,600	3,241,600	3,241,600	3,241,600
Corporate Management	1,057,200	1,057,200	1,057,200	1,057,200	1,057,200
Housing	2,318,500	2,318,500	2,318,500	2,318,500	2,318,500
Planning	948,200	948,200	948,200	948,200	948,200
Environment and Compliance	5,834,000	5,822,000	5,834,000	5,834,000	5,834,000
Community Wellbeing	1,029,100	1,029,100	1,029,100	1,029,100	1,029,100
Economic Development, Customer Service, Estates and Transport	3,308,400	3,312,700	3,317,000	3,321,300	3,325,600
Investment Portfolio, Asset Management and Regeneration	2,014,500	2,014,500	2,014,500	2,014,500	2,014,500
	20,992,900	20,985,200	21,001,500	21,005,800	21,010,100
Salary expenditure - vacancy monitoring	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)
Pay Award & Increments	0	172,400	592,400	1,023,400	1,465,400
Increments	0	50,000	100,000	150,000	200,000
Pensions	1,058,000	205,000	0	600,000	700,000
As yet unidentified annual growth anticipated to come	0	1,266,315	1,134,415	822,115	722,115
Proposed Savings		(489,276)	(489,276)	(489,276)	(489,276)
Service Expenditure	21,750,900	21,889,639	22,528,315	23,301,315	23,797,615
NET EXPENDITURE	21,750,900	21,889,639	22,528,315	23,301,315	23,797,615
Interest earnings	(1,290,000)	(1,249,256)	(1,249,256)	(1,249,256)	(1,249,256)
Asset Acquisition Income	(53,006,200)	(51,339,224)	(52,948,479)	(51,752,261)	(51,855,261)
Debt Interest payable	24,234,600	24,498,320	24,461,580	24,437,470	24,285,120
Minimum Revenue Provision	11,902,900	12,327,200	12,637,706	13,070,431	13,081,231
Set Aside	1,130,000	1,030,000	1,030,000	955,000	955,000
Capitalisation of Interest on Development Properties		(1,221,100)	(1,296,900)	(1,430,300)	(1,491,280)
Net interest margin on loans to KGE	(50,000)	0	(402,413)	(853,300)	(1,803,550)
Contingency Provision for Covid	0	506,397	0	0	0
Recharge of Central Support Costs to KGE	0	(130,000)	(130,000)	(130,000)	(130,000)
NET EXPENDITURE AFTER INTEREST EARNINGS	4,672,200	6,311,975	4,630,552	6,349,098	5,589,618
Appropriation to Reserves:					
Revenue Contributions to Capital Outlay	750,000	835,100	750,000	750,000	750,000
Project Delivery Fund	1,397,400	0	0	0	0
Sinking Fund Contributions	5,814,000	6,814,000	6,814,000	6,814,000	6,814,000
Release of Funding from Sinking Fund	0	(2,625,204)	(1,085,793)	(889,793)	(889,793)
BUDGET REQUIREMENT	12,633,600	11,335,871	11,108,759	13,023,305	12,263,825
Allocation from National Non-Domestic Rate pool	0	0	0	0	0
Retained Business Rates	(3,000,000)	(1,929,000)	(1,929,000)	(1,929,000)	(1,929,000)
Section 31 Grants	(800,000)	(800,000)	(800,000)	(800,000)	(800,000)
Lower Tier Services Grant re Core Spending Power	0	(82,145)	0	0	0
Business Rates - Economic Development Set Aside	0	(800,000)	0	0	0
Covid Grant 2021/22	0	(506,397)	0	0	0
Negative RSG	0	0	0	0	0
New Homes Bonus Grant	(551,100)	(252,000)	(144,000)	0	0
Use of General Fund Reserves (Unused Covid Allocation)	0	0	0	0	0
NET BUDGET REQUIREMENT	8,282,500	6,966,329	8,235,759	10,294,305	9,534,825
Collection Fund (Surplus)/Deficit	(63,000)	117,000	117,000	117,000	100,000
CHARGE TO COLLECTION FUND	8,219,500	7,083,329	8,352,759	10,411,305	9,634,825
Tax base	40,085	39,016	40,101	40,703	41,313
Council Tax rate	205	207	211	215	220
Council Tax yield	8,219,500	8,080,300	8,471,100	8,770,100	9,079,700
DEFICIT/(SURPLUS)	0	(996,971)	(118,341)	1,641,205	555,125

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Outline Budget - Base Case (Council Tax Increase 2%, Pay 1%)

AppB7

	2020-21 Original £	2021-22 £	2022-23 £	2023-24 £	2024-25 £
Gross Expenditure	61,359,100	61,359,100			
Less: Fees and Charges and Specific Grants (excl Housing Benefits)	(11,048,700)	(11,056,400)			
Less: Housing Benefits Grant	(29,317,500)	(29,317,500)			
Net Service Expenditure:	20,992,900	20,985,200			
Broken down over Portfolios					
Leader of the Council	1,241,400	1,241,400	1,241,400	1,241,400	1,241,400
Deputy Leader and Finance	3,241,600	3,241,600	3,241,600	3,241,600	3,241,600
Corporate Management	1,057,200	1,057,200	1,057,200	1,057,200	1,057,200
Housing	2,318,500	2,318,500	2,318,500	2,318,500	2,318,500
Planning	948,200	948,200	948,200	948,200	948,200
Environment and Compliance	5,834,000	5,822,000	5,834,000	5,834,000	5,834,000
Community Wellbeing	1,029,100	1,029,100	1,029,100	1,029,100	1,029,100
Economic Development, Customer Service, Estates and Transport	3,308,400	3,312,700	3,317,000	3,321,300	3,325,600
Investment Portfolio, Asset Management and Regeneration	2,014,500	2,014,500	2,014,500	2,014,500	2,014,500
	20,992,900	20,985,200	21,001,500	21,005,800	21,010,100
Salary expenditure - vacancy monitoring	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)
Pay Award & Increments	0	172,400	592,400	1,023,400	1,465,400
Increments	0	50,000	100,000	150,000	200,000
Pensions	1,058,000	205,000	0	600,000	700,000
As yet unidentified annual growth anticipated to come	0	1,266,315	1,134,415	822,115	722,115
Proposed Savings		(489,276)	(489,276)	(489,276)	(489,276)
Service Expenditure	21,750,900	21,889,639	22,528,315	23,301,315	23,797,615
NET EXPENDITURE	21,750,900	21,889,639	22,528,315	23,301,315	23,797,615
Interest earnings	(1,290,000)	(1,249,256)	(1,249,256)	(1,249,256)	(1,249,256)
Asset Acquisition Income	(53,006,200)	(51,339,224)	(52,948,479)	(51,752,261)	(51,855,261)
Debt Interest payable	24,234,600	24,498,320	24,461,580	24,437,470	24,285,120
Minimum Revenue Provision	11,902,900	12,327,200	12,637,706	13,070,431	13,081,231
Set Aside	1,130,000	1,030,000	1,030,000	955,000	955,000
Capitalisation of Interest on Development Properties		(1,221,100)	(1,296,900)	(1,430,300)	(1,491,280)
Net interest margin on loans to KGE	(50,000)	0	(402,413)	(853,300)	(1,803,550)
Contingency Provision for Covid	0	506,397	0	0	0
Recharge of Central Support Costs to KGE	0	(130,000)	(130,000)	(130,000)	(130,000)
NET EXPENDITURE AFTER INTEREST EARNINGS	4,672,200	6,311,975	4,630,552	6,349,098	5,589,618
Appropriation to Reserves:					
Revenue Contributions to Capital Outlay	750,000	835,100	750,000	750,000	750,000
Project Delivery Fund	1,397,400	0	0	0	0
Sinking Fund Contributions	5,814,000	6,814,000	6,814,000	6,814,000	6,814,000
Release of Funding from Sinking Fund	0	(2,625,204)	(1,085,793)	(889,793)	(889,793)
BUDGET REQUIREMENT	12,633,600	11,335,871	11,108,759	13,023,305	12,263,825
Allocation from National Non-Domestic Rate pool	0	0	0	0	0
Retained Business Rates	(3,000,000)	(1,929,000)	(1,929,000)	(1,929,000)	(1,929,000)
Section 31 Grants	(800,000)	(800,000)	(800,000)	(800,000)	(800,000)
Lower Tier Services Grant re Core Spending Power	0	(82,145)	0	0	0
Business Rates - Economic Development Set Aside	0	(800,000)	0	0	0
Covid Grant 2021/22	0	(506,397)	0	0	0
Negative RSG	0	0	0	0	0
New Homes Bonus Grant	(551,100)	(252,000)	(144,000)	0	0
Use of General Fund Reserves (Unused Covid Allocation)	0	0	0	0	0
NET BUDGET REQUIREMENT	8,282,500	6,966,329	8,235,759	10,294,305	9,534,825
Collection Fund (Surplus)/Deficit	(63,000)	117,000	117,000	117,000	100,000
CHARGE TO COLLECTION FUND	8,219,500	7,083,329	8,352,759	10,411,305	9,634,825
Tax base	40,085	39,016	40,101	40,703	41,313
Council Tax rate	205	209	213	218	222
Council Tax yield	8,219,500	8,160,300	8,555,000	8,857,000	9,169,600
DEFICIT/(SURPLUS)	0	(1,076,971)	(202,241)	1,554,305	465,225

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Outline Budget - Base Case (Council Tax Increase £5, Pay 1%)

AppB8

	2020-21 Original £	2021-22 £	2022-23 £	2023-24 £	2024-25 £
Gross Expenditure	61,359,100	61,359,100			
Less: Fees and Charges and Specific Grants (excl Housing Benefits)	(11,048,700)	(11,056,400)			
Less: Housing Benefits Grant	(29,317,500)	(29,317,500)			
Net Service Expenditure:	20,992,900	20,985,200			
Broken down over Portfolios					
Leader of the Council	1,241,400	1,241,400	1,241,400	1,241,400	1,241,400
Deputy Leader and Finance	3,241,600	3,241,600	3,241,600	3,241,600	3,241,600
Corporate Management	1,057,200	1,057,200	1,057,200	1,057,200	1,057,200
Housing	2,318,500	2,318,500	2,318,500	2,318,500	2,318,500
Planning	948,200	948,200	948,200	948,200	948,200
Environment and Compliance	5,834,000	5,822,000	5,834,000	5,834,000	5,834,000
Community Wellbeing	1,029,100	1,029,100	1,029,100	1,029,100	1,029,100
Economic Development, Customer Service, Estates and Transport	3,308,400	3,312,700	3,317,000	3,321,300	3,325,600
Investment Portfolio, Asset Management and Regeneration	2,014,500	2,014,500	2,014,500	2,014,500	2,014,500
	20,992,900	20,985,200	21,001,500	21,005,800	21,010,100
Salary expenditure - vacancy monitoring	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)
Pay Award & Increments	0	172,400	592,400	1,023,400	1,465,400
Increments	0	50,000	100,000	150,000	200,000
Pensions	1,058,000	205,000	0	600,000	700,000
As yet unidentified annual growth anticipated to come	0	1,266,315	1,134,415	822,115	722,115
Proposed Savings	0	(489,276)	(489,276)	(489,276)	(489,276)
Service Expenditure	21,750,900	21,889,639	22,528,315	23,301,315	23,797,615
NET EXPENDITURE	21,750,900	21,889,639	22,528,315	23,301,315	23,797,615
Interest earnings	(1,290,000)	(1,249,256)	(1,249,256)	(1,249,256)	(1,249,256)
Asset Acquisition Income	(53,006,200)	(51,339,224)	(52,948,479)	(51,752,261)	(51,855,261)
Debt Interest payable	24,234,600	24,498,320	24,461,580	24,437,470	24,285,120
Minimum Revenue Provision	11,902,900	12,327,200	12,637,706	13,070,431	13,081,231
Set Aside	1,130,000	1,030,000	1,030,000	955,000	955,000
Capitalisation of Interest on Development Properties		(1,221,100)	(1,296,900)	(1,430,300)	(1,491,280)
Net interest margin on loans to KGE	(50,000)	0	(402,413)	(853,300)	(1,803,550)
Contingency Provision for Covid	0	506,397	0	0	0
Recharge of Central Support Costs to KGE	0	(130,000)	(130,000)	(130,000)	(130,000)
NET EXPENDITURE AFTER INTEREST EARNINGS	4,672,200	6,311,975	4,630,552	6,349,098	5,589,618
Appropriation to Reserves:					
Revenue Contributions to Capital Outlay	750,000	835,100	750,000	750,000	750,000
Project Delivery Fund	1,397,400	0	0	0	0
Sinking Fund Contributions	5,814,000	6,814,000	6,814,000	6,814,000	6,814,000
Release of Funding from Sinking Fund	0	(2,625,204)	(1,085,793)	(889,793)	(889,793)
BUDGET REQUIREMENT	12,633,600	11,335,871	11,108,759	13,023,305	12,263,825
Allocation from National Non-Domestic Rate pool	0	0	0	0	0
Retained Business Rates	(3,000,000)	(1,929,000)	(1,929,000)	(1,929,000)	(1,929,000)
Section 31 Grants	(800,000)	(800,000)	(800,000)	(800,000)	(800,000)
Lower Tier Services Grant re Core Spending Power	0	(82,145)	0	0	0
Business Rates - Economic Development Set Aside	0	(800,000)	0	0	0
Covid Grant 2021/22	0	(506,397)	0	0	0
Negative RSG	0	0	0	0	0
New Homes Bonus Grant	(551,100)	(252,000)	(144,000)	0	0
Use of General Fund Reserves (Unused Covid Allocation)	0	0	0	0	0
NET BUDGET REQUIREMENT	8,282,500	6,966,329	8,235,759	10,294,305	9,534,825
Collection Fund (Surplus)/Deficit	(63,000)	117,000	117,000	117,000	100,000
CHARGE TO COLLECTION FUND	8,219,500	7,083,329	8,352,759	10,411,305	9,634,825
Tax base	40,085	39,016	40,101	40,703	41,313
Council Tax rate	205	210	214	219	223
Council Tax yield	8,219,500	8,195,400	8,591,700	8,895,000	9,209,000
DEFICIT/(SURPLUS)	0	(1,112,071)	(238,941)	1,516,305	425,825

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Summary of Growth

Growth Item	Amount	2021/22	2022/23	2023/24	2024/25	
Microsoft licensing	65,000	65,000	65,000	65,000	65,000	Agreed by MAT to go forward to Members
Increase in contribution for membership of the EM3 LEP	10,000	10,000	10,000	10,000	10,000	Agreed by MAT to go forward to Members
To formalise temporary additional hours for HR Manager (Angela Tooth).	15,000	15,000	15,000	15,000	15,000	Agreed by MAT to go forward to Members
To regrade the Payroll Officers from scale 6 to scale M1	9,100	9,100	9,100	9,100	9,100	Agreed by MAT to go forward to Members
To regrade the HR Advisors (2 posts) from M1 to M2	5,800	5,800	5,800	5,800	5,800	Agreed by MAT to go forward to Members
To regrade HR Assistant posts (2.2 fte) from Scale 3/5 to 3/6	1,600	1,600	1,600	1,600	1,600	Agreed by MAT to go forward to Members
To regrade HR Systems and MI Officer post from scale 6 to scale 6/M1	3,900	3,900	3,900	3,900	3,900	Agreed by MAT to go forward to Members
Information Governance Co-ordinator (IGO)	42,000	42,000	42,000	42,000	42,000	Agreed by MAT to go forward to Members
Task Group co-ordinator	30,100	0	0	0	0	Not Agreed to go forward to Members
Climate change	25,000	10,000	0	0	0	Agreed by MAT to go forward to Members
Tothill Car Park loss of income	12,900	12,900	12,900	12,900	12,900	Agreed by MAT to go forward to Members
Bridge St Car Park loss of income	41,000	41,000	41,000	41,000	41,000	Agreed by MAT to go forward to Members
South Street Car Park Rents	8,300	8,300	8,300	8,300	8,300	Agreed by MAT to go forward to Members
End of partnership with RBC	21,200	21,200	21,200	21,200	21,200	Agreed by MAT to go forward to Members
Legal & Court Costs	30,000	25,000	25,000	25,000	25,000	Agreed by MAT to go forward to Members
Expert Advice	15,000	15,000	15,000	15,000	15,000	Agreed by MAT to go forward to Members
SEP Fixed Payments	0	0	0	0	0	Agreed by MAT to go forward to Members
Textile collection	7,000	7,000	0	0	0	Agreed by MAT to go forward to Members
SAT Loss of Income re Covid	25,900	0	0	0	0	Agreed by MAT to go forward to Members
GP Surveyor (Municipal portfolio and planned and responsive maintenance when brought in house April 2021) SM1	67,255	0	0	0	0	To be discussed with Members
Regrading for Property Account Manager to SM1	8,850	0	0	0	0	To be discussed with Members
Finance and Budget Manager for development projects SM1 (showing scales at 21-22 rates)	67,255	0	0	0	0	To be discussed with Members
Principal Building Surveyor (SM1) Full time	68,697	68,697	68,697	68,697	68,697	Agreed by MAT to go forward to Members
Senior Building Surveyor (M2)	52,585	52,585	52,585	52,585	52,585	Agreed by MAT to go forward to Members
Clerk of Works Full time S6	43,233	43,233	43,233	43,233	43,233	Agreed by MAT to go forward to Members
Procurement Officer as a result of the planned and responsive maintenance service coming back in house 0.5 FTE @ S6	20,309	0	0	0	0	To be discussed with Members
Annual licence for planned and responsive maintenance ICT system	10,000	10,000	10,000	10,000	10,000	Agreed by MAT to go forward to Members
Annual licence for planned and responsive maintenance ICT system	5,000	5,000	0	0	0	Agreed by MAT to go forward to Members
Interim Residential Property Manager Part time (21 hours) SM2	43,443	0	0	0	0	To be discussed with Members
Temporary resource Part time Lettings Manager for Charter Building after the departure of Landid in January 2021	26,000	0	0	0	0	To be discussed with Members
Temporary resource required to complete work on getting municipal lease and licences and all other relevant financial information onto the Blue Box System.	52,000	0	0	0	0	To be discussed with Members
Housing Data & Contracts Officer	48,152	48,152	48,152	48,152	48,152	Agreed by MAT to go forward to Members
Housing First	85,000	85,000	85,000	85,000	85,000	Agreed by MAT to go forward to Members
Step-down	No net increase	0	0	0	0	Agreed by MAT to go forward to Members
Covid TA	No net increase	0	0	0	0	Agreed by MAT to go forward to Members
Harper House	(11,000)	0	0	0	0	Agreed by MAT to go forward to Members
White House	136,000	136,000	136,000	136,000	136,000	Agreed by MAT to go forward to Members
Graphic Designer	34,600	0	0	0	0	Agreed by MAT to go forward to Members
Marketing	11,000	11,000	11,000	11,000	11,000	Agreed by MAT to go forward to Members
Computer software	2,800	2,800	2,800	2,800	2,800	Agreed by MAT to go forward to Members
Website software	5,900	5,900	5,900	5,900	5,900	Agreed by MAT to go forward to Members
Audit Fees	50,000	200,000	200,000	200,000	200,000	Agreed by MAT to go forward to Members
Increase in Fuel Duty	7,400	0	0	0	0	Agreed by MAT to go forward to Members
Increase in contribution for membership of the EM3 LEP (Duplicated)	10,000	0	0	0	0	Not Agreed to go forward to Members
Committee Services	19,800	19,800	19,800	19,800	19,800	Agreed by MAT to go forward to Members
Committee Services	74,000	74,000	74,000	74,000	74,000	Agreed by MAT to go forward to Members

Recruit an Admin Assistant in Legal. Scale 3-6	27,500	0	0	0	0	Not Agreed to go forward to Members
Legal Executive – property M1 – M3+1	44,100	44,100	44,100	44,100	44,100	Agreed by MAT to go forward to Members
Legal Assistant. Scale 3-6	27,500	0	0	0	0	Not Agreed to go forward to Members
Recruitment of Senior Contracts Lawyer M1- SM2	55,600	55,600	55,600	55,600	55,600	Agreed by MAT to go forward to Members
Legal training budget	3,000	0	0	0	0	Not Agreed to go forward to Members
Legal Books and publications	3,000	0	0	0	0	Not Agreed to go forward to Members
To pay for a member of staff to attend the (CIPFA) Diploma in Contract Management.	2,990	0	0	0	0	Not Agreed to go forward to Members
Meals on Wheels Evening Driver	16,900	16,900	16,900	16,900	16,900	Agreed by MAT to go forward to Members
Call Out Allowance MOW	7,200	7,200	7,200	7,200	7,200	Agreed by MAT to go forward to Members
SPAN Equipment purchase Increase	20,000	0	0	0	0	Agreed by MAT to go forward to Members
Covid related additional expenditure	11,100	0	0	0	0	Agreed by MAT to go forward to Members
Costs to be incurred by Local Plan examination	200,000	200,000	0	0	0	Agreed by MAT to go forward to Members
Climate change	30,100	0	0	0	0	Not Agreed to go forward to Members
Business Rates at Knowle Green	16,000	0	0	0	0	Not Agreed to go forward to Members
Cleaning Contract Increase	4,000	4,000	4,000	4,000	4,000	Agreed by MAT to go forward to Members
Active Lifestyle and Wellbeing Officer	14,000	0	0	0	0	Not Agreed to go forward to Members
Additional Hours for employee / retention	12,400	0	0	0	0	Not Agreed to go forward to Members
Education Ambassador	25,000	0	0	0	0	Not Agreed to go forward to Members
Loss of Income across Council -Contingency for COVID Uncertainty		400,000	200,000	100,000	0	Agreed by MAT to go forward to Members
Traveller Transit Site		0	150,000	0	0	Agreed by MAT to go forward to Members
Environmental Health HoS Regrade		2,700	2,700	2,700	2,700	Agreed by MAT to go forward to Members
Contingency Provision for Planning Appeals		200,000	0			Agreed by MAT to go forward to Members
Contingency Provision for Internal Audit Work		10,000	0	0	0	Agreed by MAT to go forward to Members
Proposal to move Procurement Manager to a temporary contract for 2 years with Council from her current contractor role.		104,300	60,300			To be discussed with Members
Standing charges for telephony connections are due to increase		2,000	2,000			Agreed by MAT to go forward to Members
Community Infrastructure overspend		30,000				Agreed by MAT to go forward to Members
	1,827,469	2,131,767	1,575,767	1,263,467	1,163,467	

Total Growth (excluding identified funding below)

2,131,767 1,575,767 1,263,467 1,163,467

Housing Growth to be funded from Rental Income	-48,152	-48,152	-48,152	-48,152	Funding for above growth
Housing Growth to be funded from MHCLG/Homelessness Grant	-85,000	-85,000	-85,000	-85,000	Funding for above growth
Housing have put forward savings to fund the cost of Whitehouse	-136,000	-136,000	-136,000	-136,000	Funding for above growth
Additional Meals on Wheels Income which would more than cover the cost of the additional driver/call out allowance.	-24,100				Funding for above growth
Use of Green Fighting Fund	-400,000	0	0	0	Funding for above growth
Planned & Responsive Maintenance Runnymede Contract Saving	-172,200	-172,200	-172,200	-172,200	Funding for above growth

Agreed Growth (net of funding)

1,827,469 1,266,315 1,134,415 822,115 722,115

Summary of Savings

Details of Savings Offered	Explanation of proposed saving	Amount	Full / Part Year	Ongoing or one off	Full year cost if different	Service impact Assessment of saving	Offered By
Public Halls Telephones	No Telephones in Public Halls	400	Full Year	Ongoing		None	Jackie Taylor
Green Waste	Increased income from additional customers	100,000	Full Year	Ongoing		None	Jackie Taylor
Clinical Waste	Budget no longer required	1,000	Full Year	Ongoing		None	Jackie Taylor
Kingston Road Car Park	The car park has now been purchased by SBC and rent payment is no longer required	95,000	Full Year	Ongoing		None	Jackie Taylor
Increase allotment income	Allotments are becoming more popular and income is expected to be higher	5,000	Full Year	Ongoing		None	Jackie Taylor
Lower Water Charges	Closure of Water Park at Lammas has reduced the costs	10,000	Full Year	Ongoing		None	Jackie Taylor
APC Toilet Facilities	All toilet facilities have been removed and now managed by parks	1,500	Full Year	Ongoing		None	Jackie Taylor
APC Toilet Facilities	All toilet facilities have been removed and now managed by parks	1,000	Full Year	Ongoing		None	Jackie Taylor
DS Leased cars	Leased car budget no longer required as none of staff members have a lased car	6,000	Full Year	Ongoing		None	Jackie Taylor
HMO Licensing Fees	Expected increase in income	12,700	Full Year	Ongoing		None	Tracey Willmott-French
Pest Control Service	For the last three years the pest control contract has been provided by a different provider and under a different type of	10,500	Full Year	Ongoing		None	Tracey Willmott-French
Senior Facilities Manager post	Post to be deleted as previous post holder now in a new position.	40,376	Full Year	Ongoing			Heather Morgan / John Hessbrook
Contract Cost for Planned Maintenance	Old contract cost for Planned Maintenance with Runnymede. This will now fund an inhouse service which is shown in the growth bids	172,200	Full Year	Ongoing		An inhouse service must go ahead	Heather Morgan / John Hessbrook
Parks Properties	Introduction of new budget for Parks Properties at Long Lane Pavilion & Staines Park Pavilion. This is the net affect	13,700	Full Year	Ongoing			Nick Cummings
Less reliance on external internal audit	The Council places reliance on Mazars for external internal audit. It is considered that this can be reduced with amendments to the working practices in audit	10,000	Full Year			There will be more work to be undertaken in-house and will impact on resources	Victoria Statham
KG Office Moves	Knowle Green Office Move budget can be reduced and was mainly input for Project LIMA	10,000	Full Year	Ongoing			John Hessbrook / Heather Morgan
Computer Software	Software	20,000	Full Year	Ongoing			Esme Spinks / Heather Morgan
Planning Fees	Increase in Pre-app budget due to usage and also fee increase	5,000	Full Year	Ongoing		and also fee increase put forward for 2021-22.	Esme Spinks / Heather Morgan
Planning Fees	Increase in Planning app fees due to usage and also fee increase	30,000	Full Year	Ongoing		BH would like to note that after viewing previous	Esme Spinks / Heather Morgan
Planning Policy Training Budget	No longer required as member of staff training complete.	3,000	Full Year	Ongoing			Ann Biggs / Heather Morgan
Reduction in Insurance Premium costs	As agreed and advised by Stuart Mann	134,100	Full Year	One Off			Stuart Mann
Row20 above	Remove saving pending confirmation not a cost shunt	- 20,000					
Row 16 above#	Saving funding matching growth	- 172,200					
		489,276					

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Cabinet

27 January 2021



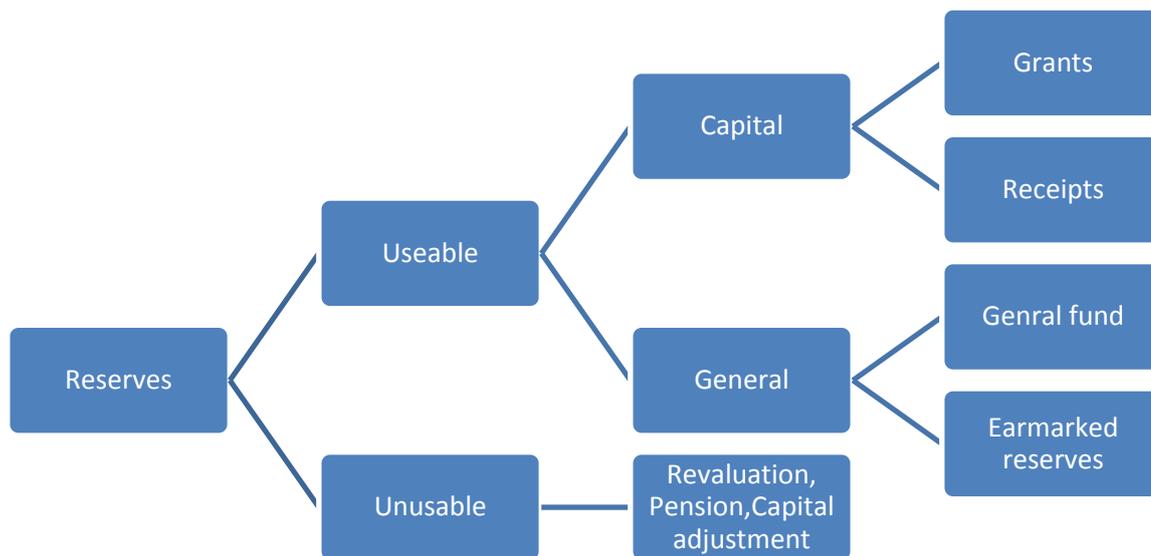
Title	Reserves Policy
Purpose of the report	To approve the reserves policy and note the restatement of useable reserves as at 1 January 2021.
Report Author	Paul Taylor Chief Accountant
Cabinet Member	Cllr. Sati Buttar
Confidential	No
Corporate Priority	Financial Sustainability
Recommendations	Cabinet is asked to: Approve as part of its Outline Budget strategy and note the restatement of reserves at 1 January 2021.
Reason for Recommendation	Not applicable.

1. Key issues

- 1.1 Benchmarking carried out by Local Government Improve on Council's reserves as at 31 March 2020, has highlighted that Spelthorne has the highest ratio of unallocated revenue reserves to net revenue budget of any district or borough in the country. This positively reflects the Council's strategy of building up these reserves over the last few years in order to mitigate risk.
- 1.2 On 21 May 2020, the Council agreed to utilise £2.2 million of the Council's useable reserves to support taxpayers and businesses in the Borough through the COVID-19 pandemic, before any formal Government announcements on financial support.
- 1.3 Having subsequently received additional Government support for COVID-19 the Council only needed £0.7 million and subject to any further impact on the Council between January and March 2021, the Council will be looking to review the earlier decision and return £1.5 million to an earmarked COVID-19 support reserve.
- 1.4 As part of its annual strategic review of reserves, it is proposed that the Useable Reserves at 31 December 2020 as set out in appendix A(i) be restated as at 1 January 2021 set out in appendix A(ii) to reflect and realign the Council's General Fund reserves with its strategic goals for the next three years.

2. Overview, background, strategic context, purpose and management

- 2.1 The Council manage its money by dividing it between two types of reserves - useable reserves and unusable reserves (an explanation of these terms can be found below).
- 2.2 Managing our money in this way means that we can budget successfully for what we need to deliver services now whilst building up funds that will grow over time and so protecting services in the future.
- 2.3 The chart and explanations below illustrate how those reserves are split.



- 2.4 **Useable reserves:** This is money that each council has set aside to provide services such as rubbish collection and for its day to day running. Useable reserves are made up of two further pots known as the 'general fund' and 'capital reserves'. These two useable reserves are in turn made up of other pots of money.
- (a) **General Fund balance:** This is a contingency fund - money set aside for emergencies or to cover any unexpected costs that may occur during the year, such as unexpected repairs.
- (b) **Earmarked reserves:** This is money that has been set aside for a particular purpose, such as buying or repairing equipment or the maintenance of public parks or buildings or equalising over time a particular income stream.
- (c) **Capital receipts:** This is the name given to the income received when assets are sold (such as land or buildings) in Spelthorne BC, these receipts will include the monies received from KGE. Capital receipts can only be used to buy or fund capital expenditure. Capital expenditure is the money spent on buying assets that have a lasting value. These assets could be land, buildings or large pieces of equipment such as vehicles.
- (d) **Capital grants:** Capital grants are sums of money given to councils by the government. This money can only be used as capital expenditure, in other words this money can only be used to buy assets of lasting value.
- 2.5 **Unusable reserves:** The unusable reserves pot contains funds that cannot be used to provide services or used for day to day running costs. These

reserves required by the accounting and statutory regulations the Council follows and enable proper accounting practice to be applied and then reversed out to ensure no impact on council tax bottom line. The unusable reserves hold funds that have 'unrealised gains or losses'. This means that we have assets such as buildings whose value changes over time. There may also be commitments linked to these assets such as loans or maintenance needs. The funds held in the unusable reserves fund can only be unlocked and turned into usable money if the assets are sold.

2.6 **Background**

- (a) Sections 32 and 43 of the Local Government Finance Act 1992 require local authorities to consider the level of reserves when setting a Budget Requirement. Section 25 of the Local Government Act 2003 requires the Chief Financial Officer (Section 151 Officer) to report formally on the adequacy of proposed reserves when setting the Budget Requirement each February.
- (b) Reserves are an important part of the Council's financial strategy and are held to create long-term budgetary stability. They enable the Council to manage change without undue impact on the Council Tax and are a key element of its strong financial standing and resilience. The Chartered Institute of Public Finance and Accountancy (CIPFA) monitors trends in movements in reserves as part of its Resilience Index. In recent years the Council has been steadily increasing the level of its reserves, particularly its Sinking Funds. The Council's key sources of funding face an uncertain future and the Council therefore holds earmarked reserves and a working balance in order to mitigate future financial risks.
- (c) Earmarked reserves are reviewed annually as part of the budget process, to determine whether the original purpose for the creation of the reserve still exists and whether the reserves should be released in full or in part. Particular attention is paid in the annual review to those reserves whose balances have not moved over a three-year period.
- (d) The Council's overall approach to reserves will be defined by the system of internal control. The system of internal control is set out, and its effectiveness reviewed, in the Annual Governance Statement. Key elements of the internal control environment are objective setting and monitoring, policy and decision-making, compliance with statute and procedure rules, risk management, achieving value for money, financial management and performance management.
- (e) The Council currently maintains:
 - i) · a General Fund general reserve.
 - ii) · various earmarked general reserves.
 - iii) · a Capital Grants reserve; and
 - iv) · a Capital Receipts reserve.
- (f) Additionally, the Council is required to maintain unusable reserves to comply with accounting requirements although, as the term suggests, these reserves are not available to fund expenditure.

- (g) The level of the general reserve is a matter for the Council to determine having had regard to the advice of the Chief Finance (S151) Officer. The level of the reserve will be a matter of judgement which will take account of the specific risks identified through the various corporate processes. It will also take account of the extent to which specific risks are supported through earmarked reserves.
- (h) In principle, only the income derived from the investment of reserve funds should be available to support recurring spending.

2.7 **Strategic context**

- (a) The Council is facing a significant withdrawal of grant funding and the transfer of funding risk from Government with demand for at least some services forecast to grow. The impact of COVID 19 upon our fees and charges has been significant, and similarly on the income it has collected from council tax and business rates and Council must annually review its priorities in response to these issues.
- (b) Reserves play an important part in the Council's medium-term financial strategy and are held to create long-term budgetary stability. They enable the Council to manage change without undue impact on the Council Tax and are a key element of its strong financial standing and resilience.
- (c) The Council holds reserves in order to mitigate future risks, such as increased demand and costs; to help absorb the costs of future liabilities; and to enable the Council to resource policy developments and initiatives without a disruptive impact on Council Tax.
- (d) Capital reserves play a crucial role in funding the Council's Capital Strategy. The Capital Receipts Reserve are used to create capacity to meet future capital investment.
- (e) The Council relies on interest earned through holding reserves to support its general revenue spending plans.
- (f) Reserves are one-off money. The Council aims to avoid using reserves to meet ongoing financial commitments other than as part of a sustainable budget plan. The Council has to balance the opportunity cost of holding reserves in terms of Council Tax against the importance of interest earning and long-term future planning.

2.8 **Purpose**

2.9 Reserves are therefore held for the following purposes, some of which may overlap and include:

- (a) Providing a working balance i.e. the General Fund general reserves.
- (b) Smoothing the impact of uneven expenditure profiles between years e.g. local elections, structural building maintenance and carrying forward expenditure between years.
- (c) Holding funds for future spending plans e.g. Capital Expenditure Reserve, and for the renewal of operational assets e.g. repairs and renewal, and Information Technology renewal.
- (d) Meeting future costs and liabilities where an accounting 'provision' cannot be justified.

- (e) Meeting future costs and liabilities to cushion the effect on services e.g. The Insurance Reserve for self-funded liabilities arising from insurance claims.
 - (f) To provide resilience against future risks.
 - (g) To create policy capacity in a context of forecast declining future external resources e.g. COVID-19 Resilience Reserve
- 2.10 All earmarked reserves are held for a specific purpose. This, together with a summary on the movement on each reserve, is published annually, to accompany the annual Statement of Accounts.
- 2.11 The use of some reserves is limited by regulation e.g. the Collection Fund balance must be set against Council Tax levels
- 2.12 As part of the Annual Budget, Treasury Management Strategy and the Capital Strategy setting process, Officers will review the reserves and apply reserves as part of the Capital Financing Requirement (CFR), typically, using Capital Receipts, Capital Grants or contributions from revenue in the first instance. (The CFR is the amount of capital expenditure that has not yet been financed by capital receipts, capital grants or contributions from revenue)
- 2.13 **Management**
- 2.14 All reserves are reviewed as part of the budget preparation, financial management and closing processes. The Council will consider a report from the S151 Officer on the adequacy of the reserves in the annual budget-setting process. The report will contain estimates of reserves where necessary. The Cabinet will consider actual reserves when approving the statement of accounts each year.
- 2.15 The following matters apply to our major useable reserves as restated:
- (a) The General Fund working balance will not fall below £1.25 million without the approval of The Council.
 - (b) The Asset Improvement Reserve is applied to meet future costs of improving or maintaining our properties.
 - (c) The Rent Equalisation Reserve (Sinking Funds) is available to cover rent free periods for incoming tenants, voids and defaults.
 - (d) The Business Rates Equalisation Reserve is available to smooth out the irregularity of business rates income retained
 - (e) The Interest Equalisation Reserve is available to smooth out interest rate fluctuations in volatile market conditions.
 - (f) There are several minor reserves that are still required going forward, i.e., Youth Council and Social housing Initiative as they are currently still required.
- 2.16 Going forward the Council will review the Reserves Policy on an annual basis as part of the budget setting process and from time to time may restructure its reserves to meet its future needs and plans.
- 2.17 As at 1 January 2021 the Council proposes to reclassify its -£46,170,872 useable reserves as set out in Appendix A (ii) and note the establishment and availability of a £1.5m for COVID 19 reserve.

3. Supporting the Outline Budget Strategy

- 3.1 Clearly the financial impacts of COVID-19 on the Council's Budget is going to take some time before they diminish. At the 21 May 2020 Extraordinary Council Meeting, the Council approved use of up to £2.2m of reserves to help support the Council through the impacts of COVID-19. We have spent approximately £0.7m of those reserves.

4. Financial implications

- 4.1 There are no financial implications because of restating our General fund Earmarked reserves.

5. Other considerations

- 5.1 There are no other considerations to be considered in respect of **Equality and Diversity** as a result of the restatement of General Fund reserves.

6. Sustainability/Climate Change Implications

- 6.1 Not applicable.

7. Timetable for implementation

- 7.1 To be implemented straight away once approved.

Background papers:

Appendix A

- (i) Useable Reserves as at 31 December 2020**
- (ii) Restated Useable Reserves as at 1 January 2021 including COVID-19 Reserve**

Appendix A (i)

2020-21

New Reserve

£

Reserves at 31 December 2020

Usable Reserves

General Fund Balance	-1,277,327	No change
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Capital Grants Unapplied	-3,583,771	No change
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Revenue Grants Unapplied	-2,276,955	No change
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Earmarked Reserves

Capital Fund	-432,193	Asset Improvement Reserve (AIR)
Social Housing Initiatives	-135,750	No change
NSF Revenue	-1,220,817	No change
Interest Equalisation Reserve	-493,454	No change
Bridge Street Car Park Reserve	-33,229	Renamed
		Rent Equalisation Reserve
BP Main Site Sinking Fund Reserve	-4,409,037	(RER)
BP SWC Sinking Fund Reserve	-998,196	RER
Elmbrook House Sinking Fund Reserve	-487,651	RER
12 Hammersmith Grove Sinking Fund Reserve	-4,243,056	RER
Stockbury Park Sinking Fund Reserve	-1,327,645	RER
WBC4 Sinking Fund Reserve	-400,000	RER
Communications House Sinking Fund Reserve	-1,554,163	RER
Thames Tower Sinking Fund Reserve	-4,437,973	RER
Charter Building Sinking Fund Reserve	-4,073,895	RER
Porter Building Sinking Fund Reserve	-1,384,212	RER
Summit Centre Sinking Fund Reserves	-640,661	RER
Elmsleigh Centre Sinking Fund Reserves	-1,272,445	RER
Building Control	-162,676	AIR
Heathrow Third Runway	-317,143	Renamed
Planned Projects Fund	-1,367,146	RER
Planning Perform. Agree. Riser	-125,000	RER
CIL Admin Reserve	-238,158	No change just consolidated
CIL Local Reserve	-131,374	No change just consolidated
CIL Strategic Reserve	-2,945,527	No change just consolidated
Bronzefield Maintenance Reserve	-231,669	AIR
Insurance Fund Reserve	-50,041	AIR
PDG Reserve	-50,000	AIR
Carry Forward Reserve	-1,291,761	AIR
Business Rates Equalisation Reserve	-4,162,582	No change
Youth Council	-19,814	No change
S106 Parks	-21,773	No change
S106 London Irish	-654	No change
S106 Hengrove Park	-100,000	No change
S106 Stanwell	-273,124	No change

Total Earmarked Reserves	-39,032,819	
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Total Usable Reserves as at 31 December 2020	-46,170,872	
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Appendix A (ii)	2020-21	Restatement
Restatement of reserves at 1 January 2021	£	
General Fund Balance	-1,277,327	No change
Capital Grants unapplied	-3,583,771	No change
Revenue Grants Unapplied	-2,276,955	No change
Earmarked Reserves		
CIL - Consolidated	-3,315,059	No change - consolidated
S106	-395,551	No change - consolidated
Business Rates Equalisation Reserve	-4,162,582	No change
Interest Equalisation Reserve	-493,454	No change
Social Housing Initiatives	0	No change/to COVID 19
Youth Council	-19,814	No change
NSF Revenue Reserve	0	No change/to COVID 19
Environ. Impact Ass. Reserve	-317,143	Change of name
Car Park Reserve	-33,229	Change of name
Asset Improvement Reserve (AIR)	-3,710,486	Consolidated
Rent Equalisation reserve (RER)	-25,028,934	Consolidated
COVID-19	-1,556,566	
Total Earmarked Reserves	<u>-39,032,819</u>	
 Total Usable Reserves as restated 1 January 2021	 <u>-46,170,872</u>	

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Cabinet

24 February 2021



Title	Treasury Management Strategy Statement 2021/22
Purpose of the report	To make a recommendation to Council on a Key Decision
Report Author	Anna Russell, Deputy Chief Accountant
Cabinet Member	Councillor Sati Buttar
Confidential	No
Corporate Priority	Financial Sustainability
Recommendations	<p>Cabinet is asked to:</p> <ol style="list-style-type: none"> 1. To make a recommendation to Council to approve the proposed Treasury Management Strategy for 2021/22 as set out in this report. 2. To note the updated Treasury Management Practices (TMP) and Schedules
Reason for Recommendation	The Treasury Management strategy is fundamental to developing the financial sustainability of the Council.

1. Key issues

- 1.1 Treasury management is the management of the Council's cash flows, borrowing and investments, and the associated risks. The Council 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 Council's prudent financial management.
- 1.2 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 2017 Edition (the CIPFA Code) which requires the Council to approve a treasury management strategy before the start of each financial year.
- 1.3 In addition, the Ministry for Housing, Communities and Local Government (MHCLG) 2018 *Investments Guidance* requires the Council to approve an investment strategy before the start of each financial year, including for non-treasury investments.
- 1.4 This report fulfils the Council's legal obligation under the *Local Government Act 2003* to have regard to both the CIPFA Code and the MHCLG Guidance.

- 1.5 In accordance with the MHCLG Guidance, the Council could be asked to approve a revised Treasury Management Strategy Statement should the assumptions on which this report is based change significantly before the annual publication. Such circumstances would include, for example, a large, unexpected change in interest rates, in the Council's Capital Programme or in the level of its investment balances.
- 1.6 The Treasury Management Practices (TMP) and Schedules, included at Appendix C, set out the manner in which this Council will seek to achieve its treasury management policies and objectives and how it will manage and control those activities.
- 1.7 The following sections on external context are mainly provided by Arlingclose before the Spending Review at the end of November 2020.

External Context - Economic background

- 1.8 Economic background: The impact on the UK from coronavirus, lockdown measures, the rollout of vaccines, as well as the new trading arrangements with the European Union (EU), will remain major influences on the Council's treasury management strategy for 2021/22.
- 1.9 The Bank of England (BoE) maintained Bank Rate at 0.10% in December 2020 and its Quantitative Easing programme at £895 billion having extended it by £150 billion in the previous month. The Monetary Policy Committee (MPC) voted unanimously for both, but no mention was made of the potential future use of negative interest rates. In the November Monetary Policy Report (MPR) forecasts, the Bank expects the UK economy to shrink -2% in Q4 2020 before growing by 7.25% in 2021, lower than the previous forecast of 9%. The BoE also forecasts the economy will now take until Q1 2022 to reach its pre-pandemic level rather than the end of 2021 as previously forecast. By the time of the December MPC announcement, a COVID-19 vaccine was approved for use, which the Bank noted would reduce some of the downside risks to the economic outlook outlined in the November MPR.
- 1.10 UK Consumer Price Inflation (CPI) for November 2020 registered 0.3% year on year, down from 0.7% in the previous month. Core inflation, which excludes the more volatile components, fell to 1.1% from 1.5%. The previous month. Labour market data for the three months to October 2020 showed the unemployment rate rose to 4.9% while the employment rate fell to 75.2%. Both measures are expected to deteriorate further due to the ongoing impact of coronavirus on the jobs market, particularly when the various government job retention schemes start to be unwound in 2021, with the BoE forecasting that unemployment will peak at 7.75% in Q2 2021. In October, the headline 3-month average annual growth rate for wages were 2.7%% for total pay and 2.8% for regular pay. In real terms, after adjusting for inflation, total pay growth was up by 1.9% while regular pay was up 2.1%.
- 1.11 GDP growth rebounded by 16.0% in Q3 2020 having fallen by -18.8% in the second quarter, with the annual rate rising to -8.6% from -20.8%. All sectors rose quarter-on-quarter, with dramatic gains in construction (41.2%), and production (both 14.7%). Monthly GDP estimates have shown the economy recovery slowing and remains well below its pre-pandemic peak. Looking ahead, the BoE's November Monetary Policy Report forecasts economic growth will rise in 2021 with GDP reaching 11% in Q4 2021, 3.1% in Q4 2022 and 1.6% in Q4 2023. In his recent Spending Review, the Chancellor of the

Exchequer indicated that GDP is likely to remain below pre-pandemic levels up to 2025.

- 1.12 GDP growth in the euro zone rebounded by 12.7% in Q3 2020 after contracting by -3.7% and -11.8% in the first and second quarters, respectively. Headline inflation, however, remains extremely weak, registering -0.3% year-on-year in November, the fourth successive month of deflation. Core inflation registered 0.2% year-on-year, well below the European Central Bank's (ECB) target of 'below, but close to 2%'. The ECB is expected to continue holding its main interest rate of 0% and deposit facility rate of -0.5% for some time but expanded its monetary stimulus in December 2020, increasing the size of its asset purchase scheme to €1.85 trillion extended until March 2022.
- 1.13 The US economy contracted at an annualised rate of -31.4% in Q2 2020 and then rebounded by 33.4% in Q3. The Federal Reserve maintained the Fed Funds rate at between 0% and 0.25% and announced a change to its inflation targeting regime to a more flexible form of average targeting. The Fed also provided strong indications that interest rates are unlikely to change from current levels over the next three years.
- 1.14 Former vice-president Joe Biden won the 2020 US presidential election. Mr Biden is making tackling coronavirus his immediate priority and will also be reversing several executive orders signed by his predecessor and will take the US back into the Paris climate accord and the World Health Organization.

External Context - Credit Outlook

- 1.15 After spiking in late March as coronavirus became a global pandemic and then rising again from October/November, credit default swap (CDS) prices for the larger UK banks have steadily fallen back to near pre-pandemic levels. Although uncertainty around COVID-19 related loan defaults led to banks provisioning billions for potential losses in the first half of 2020, drastically reducing profits, reported impairments for Q3 were much reduced in some institutions. However, general bank profitability in 2020 and 2021 may be significantly lower than in previous years.
- 1.16 The credit ratings for many UK institutions were downgraded on the back of downgrades to the sovereign rating. Credit conditions more generally, though, in banks and building societies have tended to be relatively benign, despite the impact of the pandemic.
- 1.17 Looking forward, the potential for bank losses to be greater than expected remains a risk, suggesting that a cautious approach to bank deposits in 2021/22 remains advisable.

External Context – Interest Rate forecast

- 1.18 The Council's treasury management adviser Arlingclose is forecasting that BoE Bank Rate will remain at 0.1% until at least the first quarter of 2024. The risks to this forecast are judged to be to the downside as the BoE and UK government continue to react to the coronavirus pandemic and the new EU trading arrangements. The BoE extended its asset purchase programme to £895 billion in November while keeping Bank Rate on hold and maintained this position in December. However, further interest rate cuts to zero, or possibly negative, cannot yet be ruled out, but this is not part of the Arlingclose central forecast.

- 1.19 Gilt yields are expected to remain very low in the medium-term while short-term yields are likely to remain below or at zero until such time as the BoE expressly rules out the chance of negative interest rates or growth/inflation prospects improve. The central case is for 10-year and 20-year to rise to around 0.60% and 0.90% respectively over the time horizon. The risks around the gilt yield forecasts are judged to be broadly balanced between upside and downside risks, but there will almost certainly be short-term volatility due to economic and political uncertainty and events.
- 1.20 A more detailed economic and interest rate forecast provided by Arlingclose is attached at Appendix A.
- 1.21 For the purpose of setting the budget, it has been assumed that new treasury investments will be made at an average rate of 0.10%, and that new long-term loans will be borrowed at an average rate of 3%.

Local Context

- 1.22 On 30 November 2020, the Council held £1,144.3m of borrowing, £125.2m of treasury investments and £986.7m of non-treasury investment property. Overall, the Council holds investments of £32.4m net borrowing. This is broken down further in Table 1, next.

Table 1: Current Investment & Debt Portfolio Position

As at 30.11.2020	Actual Portfolio £m	Average Rate %
External Borrowing:		
Public Works Loan Board	(1,051.9)	2.3%
Local Authorities (short term)	(92.4)	0.8%
Total Gross External Debt	(1,144.3)	
Long-Term Investments:		
Pooled Fund Investments	32.2	3.5%
Fixed Rate Deposits	2.0	3.6%
Funding Circle	0.4	1.3%
Short-Term Investments:		
Local Authorities	60.0	0.3%
Other Investment funds	5.0	1.2%
Fixed Rate Deposits	10.0	0.1%
Money Market Funds	15.6	0.2%
Total Investments	125.2	
Net (borrowing) / investments	(1,019.1)	
Non-treasury investments:		
Investment property	986.7	5.2%
Overall net borrowing	(32.4)	-

- 1.23 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 and is being viewed as a diversification tool within the investment portfolio, and as an economic development opportunity enabling the Council to support local businesses where demand exists.
- 1.24 **Minimum Revenue Provision (MRP):** Where the Council finances capital expenditure by debt, the Council 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 Council's Annual MRP Statement is included at Appendix B. It should be noted that the Council repays borrowing each year, and that this is reflected in the MRP.
- 1.25 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, sometimes known as internal borrowing.
- 1.26 Forecast changes in the capital financing requirement (CFR), investments and borrowing are shown in the CFR summary in Table 2 next.

Table 2: Capital Financing Requirement and forecast

	Actual 31.03.2020	Forecast 31.03.2021	Estimate 31.03.2022	Estimate 31.03.2023	Estimate 31.03.2024
	£m	£m	£m	£m	£m
Opening CFR	1,051.1	1,116.1	1,128.2	1,156.7	1,237.1
In-year movement (below)	65.0	12.1	28.5	80.4	48.5
Closing CFR	1,116.1	1,128.2	1,156.7	1,237.1	1,285.6
Less: External borrowing*	(1,109.6)	(1,082.5)	(1,086.8)	(1,126.5)	(1,081.6)
Internal borrowing	6.5	45.7	69.9	110.6	204.0

<i>Capital programme:</i>					
Housing & Regeneration	18.6	26.4	35.4	69.7	53.7
Housing Opportunities	57.5	0.3	0.0	0.0	0.0
Other capital expenditure	2.0	1.7	10.3	24.4	9.4
Total Capital Expenditure	78.1	28.4	45.7	94.1	63.1
<i>Financing:</i>					
General Fund Reserves	(0.8)	(0.6)	(1.4)	(0.2)	(0.2)
Homes England funding	0.0	(2.8)	0.0	0.0	0.0
Capital Receipts	(0.6)	(0.2)	(0.3)	(0.1)	(0.6)
Other funding	(0.7)	(0.8)	(3.2)	(0.8)	(0.7)
Net Financing Need	76.0	24.0	40.8	93.0	61.6
Less: Minimum Revenue Provision (MRP)	(11.0)	(11.9)	(12.3)	(12.6)	(13.1)
In-year movement in CFR	65.0	12.1	28.5	80.4	48.5

- 1.27 The Council has an increasing CFR due to the Capital Programme. With minimal available funding, and the Council will therefore be required to borrow up to £28m over the period 2020/21 to 2023/24. The Authorised Borrowing Limit, currently £1,350m, will be reviewed and revised as appropriate to reflect borrowing requirements in future years.
- 1.28 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 2021/22.

Local context - Liability benchmark

- 1.29 To compare the Council's actual borrowing against an alternative strategy, a liability benchmark (a measure of risk proposed by CIPFA) 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 £10m at each year-end to maintain sufficient liquidity but minimise credit risk.

Table 3: Liability benchmark

	Actual 31.03.2020	Forecast 31.03.2021	Estimate 31.03.2022	Estimate 31.03.2023	Estimate 31.03.2024
	£m	£m	£m	£m	£m
CFR	1,116	1,128	1,157	1,237	1,286
Less: Usable reserves	(42)	(42)	(42)	(42)	(42)
Less: Working capital	(35)	(35)	(35)	(35)	(35)
Minimum investment	10	10	10	10	10
Liability benchmark	1,049	1,061	1,090	1,170	1,219

- 1.30 The liability benchmark indicates that the required minimum level of borrowing is forecast to be £1,061m as at 31 March 2021 after taking into account usable reserves, working capital and the minimum investment of £10m.

2. Borrowing and Investment Strategies

Borrowing Strategy

- 2.1 The Council currently holds £1,135m of loans (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. This continues to be the case, with the important caveat that Council has no intention to buy investment assets primarily for yield, and specifically not in the current or next two financial years. This is as set out in the Council's Capital Strategy. The Council's focus is funding its housing and regeneration programme and services expenditure. The Council therefore expects to meet the new criteria published in November 2020 for accessing Public Works Loan Board funds.

- 2.3 The balance sheet forecast in Table 2 shows that the Council expects borrowing to be up to £1,334m in 2021/22. The Council may also borrow additional sums to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing of £1,350 million.
- 2.4 The revised draft Capital Programme budget for 2020/21 has been set at £132m. The Council's Authorised Borrowing Limit has been set at £1,350m in line with the change in the Capital Programme. This is to enable the Council to fund housing developments and place-shaping within the Borough. Rental income from existing investment property are set aside to increase sinking funds, which contribute towards financing of future property-related costs.
- 2.5 **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 of 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.
- 2.6 **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.
- 2.7 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.
- 2.8 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 2021/22 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.
- 2.9 The Council has previously raised the majority of its long-term borrowing from the PWLB. The government increased PWLB rates by 1% in October 2019 making it now a relatively expensive option, although still affordable. HM Treasury, following consultation, has lowered PWLB rates back down by 1% in November 2020. The Council will consider 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 Code.
- 2.10 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.

- 2.12 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.
- 2.13 In addition, the Council may borrow short-term when needed to cover unplanned cash-flow shortages.
- 2.14 **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
- 2.15 **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.
- 2.16 **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.
- 2.17 **LOBOs:** The Council does not hold, and never has, 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.
- 2.18 **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 (see section on Related Matters from 2.57 below).

- 2.19 **Debt rescheduling:** The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount 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.

Investment Strategy

- 2.20 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 £46.8m as at the end of October 2020 (Table 1). This includes £29.5m pooled funds, noting that the COVID-19 crisis resulted in a reduction in the capital value of these funds in March 2020, at the time of the first lockdown. This reduction is expected to be temporary and has since partially recovered.
- 2.21 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.
- 2.22 **Objectives:** Both the CIPFA Code and the MHCLG 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.
- 2.23 **Negative interest rates:** The COVID-19 pandemic has increased the risk that the Bank of England will set its Bank Rate at or below zero, which is likely to feed through to negative interest rates on all low risk, short-term investment options. Since investments cannot pay negative income, negative rates will be applied by reducing the value of investments. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.
- 2.24 **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.
- 2.25 **Business models:** Under the 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.

- 2.26 **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.
- 2.27 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	£5m 5 years	£5m 20 years	£5m 20 years
AA+	£10m 25 years	£10m 10 years	£5m 5 years	£5m 10 years	£5m 10 years
AA	£10m 15 years	£10m 5 years	£5m 4 years	£5m 5 years	£5m 10 years
AA-	£10m 10 years	£10m 4 years	£5m 3 years	£5m 4 years	£5m 10 years
A+	£5m 5 years	£10m 3 years	£5m 2 years	£5m 3 years	£5m 5 years
A	£5m 5 years	£10m 2 years	£5m 13 months	£5m 2 years	£5m 5 years
A-	£5m 5 years	£10m 13 months	£5m 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.

- 2.28 **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.
- 2.29 **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

- 2.31 **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.
- 2.32 **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.
- 2.33 **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.
- 2.34 **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.
- 2.35 **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.
- 2.36 **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.
- 2.37 **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.

- 2.39 **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.
- 2.40 **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.
- 2.41 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.
- 2.42 **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.
- 2.43 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.

- 2.44 **Investment Limits:** The maximum that will be lent to any one organisation (other than the UK Government) will be £10 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.
- 2.45 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.
- 2.46 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

- 2.47 **Liquidity management:** A 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.
- 2.48 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

- 2.49 The Council measures and manages its exposures to treasury management risks using the following indicators.
- 2.50 **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.
- 2.51 **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	£20m

- 2.52 **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.
- 2.53 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.
- 2.54 The Council generally invests medium- to long-term at fixed rates. The Council currently has no variable rate investments.
- 2.55 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.
- 2.56 **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	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%

- 2.57 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.
- 2.58 This indicator allows us to have the percentage of borrowing maturing in each time period shown above, taking into account our current debt profile and providing an allowance for new borrowing, while having consideration to the Capital Programme.
- 2.59 **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, next.

Table 7: Principal limits

<i>Price Risk Indicator</i>	2021/22	2022/23	2023/2024
Limit on principal invested beyond year end	£70m	£70m	£70m

Related Matters

- 2.60 The CIPFA Code requires the Council to include the following in its treasury management strategy.
- 2.61 **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).

- 2.62 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.
- 2.63 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.
- 2.64 In line with the CIPFA 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.
- 2.65 **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.
- 2.66 **IFRS 16 Leases:** Councillors are reminded that IFRS 16 has been delayed to 1 April 2022, as noted in a CIPFA LASAAC Statement on the Deferral of the Adoption of IFRS 16 Leases. In the meantime, and in preparation, officers will be conducting a balance sheet review of the financial impact on the Council, its capital strategy, treasury management strategy and revenue budgets, with the aim to report findings in July 2021.

3. Financial implications

- 3.1 The budget for investment income in 2021/22 is £1.25m, based on an investment portfolio of £109m (purchase cost) at an average interest rate of 1.1%. The budget for debt interest paid in 2021/22 is £24.5m, based on an average debt portfolio of £1,135m at an average interest rate of 2.2% (2.3% long-term). The alternative approach would be to use this funding for further strategic acquisitions. If the Council finds itself in this position, a full cost-benefit analysis will be completed to determine the most advantageous approach.
- 3.2 Debt interest paid in 2020/21 is forecast to be £24.7m. This reflects the costs the Council is now committed to pay following strategic acquisitions completed since 2016/17 to date, for which fixed rate finance was taken from the PWLB. It should be borne in mind that the gross rental income significantly exceeds this cost, resulting in a net revenue surplus for the Council forecast to be £10m, (gross £50m) on commercial assets for 2020/21 after debt financing and set aside costs.

4. Other considerations

None.

5. Risk considerations

- 5.1 The MHCLG Guidance and the CIPFA Code do not prescribe any particular treasury management strategy for local authorities to adopt. The Chief Financial Officer, having consulted the Cabinet Member for Finance, believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. The strategy has been drawn up with detailed reference to 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 9.

Table 9: 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
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. Options analysis and proposal

6.1 Not applicable

8. Sustainability/Climate Change Implications

8.1 None.

9. Timetable for implementation

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

Background papers:

Appendices:

TMS 2122 - Appendix A Arlingclose vJan21 (2 pages)

TMS 2122 - Appendix B Annual MRP Statement

TMS 2122 - Appendix C TM Practices and Schedules vJan21 (50 pages)

Appendix to the Treasury Management Strategy 2021/22

Arlingclose Economic & Interest Rate Forecast December 2020

Arlingclose forecasts are given on the next page of this appendix.

Underlying assumptions:

- The medium-term global economic outlook has improved with the distribution of vaccines, but the recent upsurge in coronavirus cases has worsened economic prospects over the short term.
- Restrictive measures and further lockdowns are likely to continue in the UK and Europe until the majority of the population is vaccinated by the second half of 2021. The recovery period will be strong thereafter, but potentially longer than previously envisaged.
- Signs of a slowing UK economic recovery were already evident in UK monthly GDP and PMI data, even before the second lockdown and Tier 4 restrictions. Employment is falling despite an extension to support packages.
- The need to support economic recoveries and use up spare capacity will result in central banks maintaining low interest rates for the medium term.
- Brexit will weigh on UK activity. The combined effect of Brexit and the after-effects of the pandemic will dampen growth relative to peers, maintain spare capacity and limit domestically generated inflation. The Bank of England will therefore maintain loose monetary conditions for the foreseeable future.
- Longer-term yields will also remain depressed, anchored by low central bank policy rates, expectations for potentially even lower rates and insipid longer-term inflation expectations. There is a chance yields may follow a slightly different path in the medium term, depending on investor perceptions of growth and inflation, or the deployment of vaccines.

Forecast:

- Arlingclose expects Bank Rate to remain at the current 0.10% level.
- Our central case for Bank Rate is no change, but further cuts to zero, or perhaps even into negative territory, cannot be completely ruled out, especially with likely emergency action in response to a no-deal Brexit.
- Gilt yields will remain low in the medium term. Shorter term gilt yields are currently negative and will remain around zero or below until either the Bank expressly rules out negative Bank Rate or growth/inflation prospects improve.
- Downside risks remain, and indeed appear heightened, in the near term, as the government reacts to the escalation in infection rates and the Brexit transition period ends.

%

	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
Official Bank Rate													
Upside risk	0.00	0.00	0.15	0.15	0.15	0.15	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Arlingclose Central Case	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
Downside risk	0.30	0.40	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
3-month money market r.													
Upside risk	0.05	0.05	0.10	0.10	0.15	0.20	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Arlingclose Central Case	0.10	0.10	0.15	0.15	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20
Downside risk	0.30	0.40	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
1yr money market rate													
Upside risk	0.05	0.05	0.10	0.10	0.15	0.20	0.40	0.40	0.40	0.40	0.40	0.40	0.40
Arlingclose Central Case	0.15	0.15	0.25	0.25	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Downside risk	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15
5yr gilt yield													
Upside risk	0.40	0.40	0.45	0.45	0.50	0.50	0.55	0.60	0.60	0.65	0.65	0.70	0.70
Arlingclose Central Case	0.00	0.00	0.05	0.10	0.15	0.20	0.20	0.20	0.25	0.25	0.25	0.25	0.25
Downside risk	0.40	0.45	0.50	0.55	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60
10yr gilt yield													
Upside risk	0.30	0.35	0.40	0.45	0.50	0.50	0.55	0.60	0.60	0.65	0.65	0.70	0.70
Arlingclose Central Case	0.25	0.30	0.35	0.35	0.40	0.40	0.45	0.45	0.50	0.55	0.55	0.55	0.60
Downside risk	0.50	0.50	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55
20yr gilt yield													
Upside risk	0.40	0.40	0.45	0.45	0.50	0.50	0.55	0.60	0.60	0.65	0.65	0.70	0.70
Arlingclose Central Case	0.70	0.70	0.75	0.75	0.75	0.80	0.80	0.85	0.85	0.85	0.85	0.90	0.90
Downside risk	0.30	0.30	0.35	0.35	0.35	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40
50yr gilt yield													
Upside risk	0.40	0.40	0.45	0.45	0.50	0.50	0.55	0.60	0.60	0.65	0.65	0.70	0.70
Arlingclose Central Case	0.60	0.60	0.65	0.65	0.65	0.70	0.70	0.75	0.75	0.75	0.75	0.80	0.80
Downside risk	0.30	0.30	0.35	0.35	0.35	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40

PWLB Certainty Rate (Maturity Loans) = Gilt yield + 0.80%

PWLB Infrastructure Rate (Maturity Loans) = Gilt yield + 0.60%

Explanatory note: Upside risk is the increase over the central case. Downside risk is the decrease below the central case. For example, for the Dec-21 Official Bank Rate, when Arlingclose’s central case is 0.10%, the upside risk is +0.15% (ie a rate of 0.25%) and the downside risk is -0.50% (ie a rate of -0.40%).

Minimum Revenue Provision Statement 2021/22

Annual Minimum Revenue Provision Statement 2021/22

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 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 Authority to approve an Annual MRP Statement each year and recommends several options for calculating a prudent amount of MRP. The following statement 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.
- 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.

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 during 2021/22 will not be subject to an MRP charge until 2022/23.

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Spelthorne Borough Council
Treasury Management Practices and Schedules

Contents

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

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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 suitability and adequacy 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. Refinancing Risk Management
6. Legal and Regulatory Risk Management
7. Fraud, Error and Corruption, and Contingency Management

1. 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 will be limited to those set out in *TMP4 Approved investments, methods and techniques* and listed in the schedule. It also recognises the need to have, and will therefore maintain, a formal counterparty policy in respect of those organisations from which it may borrow, or with whom it may enter into other financing arrangements.

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. This assessment will include consideration of credit ratings from all 3 ratings agencies and other alternative assessments of credit strength (for example, statements of potential government support, Credit Default Swaps (CDS) information). The Council will also take into account information on corporate developments of and market sentiment towards investment counterparties.</p> <p>The current criteria are set out in the Council's Annual Treasury Management Strategy and are agreed by Cabinet 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 Cabinet 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.

4.1 Exchange rate risk management	<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. 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.

5.1 Projected capital investment requirements	<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>
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<p>5.2 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>5.3 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>

6. 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>6.1 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 2017 and subsequent amendments ▪ CIPFA Guide for Chief Financial Officers on Treasury Management in Local Authorities ▪ CIPFA Prudential Code for Capital Finance in Local Authorities 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 MHLG's statutory Guidance on Minimum Revenue Provision (MRP) updated 2018 ▪ The MHCLG 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 MHCLG'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
<p>6.2 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 Cabinet.</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>6.3 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>6.4 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 roles of the Cabinet and Overview and Scrutiny Committee.

7. 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>7.1 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>1. <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"> • Chief Accountant – Paul Taylor • Deputy Chief Accountant – Anna Russell • Accounting Assistant – Sol Tate • Accounting Assistant – John Bradley-Turner • Systems Accountant – Jodie Hawkes <p>Being added January 2021:</p> <ul style="list-style-type: none"> • Technical Accountant – Lewis Chingwaru <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</u> (SSI) 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 authorised 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>7.2 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>7.3 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>7.4 Internal Audit</p>	<p>Internal Audit carry out an annual regulatory review of the treasury management function including probity testing. <i>See TMP7 Budgeting_accounting and audit arrangements.</i></p>
<p>7.5 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 authorised 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>7.6 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>7.7 TM system</p>	<p>The TM 'CS Lucas' system was implemented during 2020 and continues to be incorporated into the TM function (Dec20). 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 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>

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

1.1 Policy concerning methods for testing value for money	Best value reviews will include the production of plans to review the way services are provided by <ul style="list-style-type: none">• Challenging• Comparing performance• Consulting with other users and interested parties• Applying competition principles 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.
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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 Cabinet 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 advisors 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 Overview and Scrutiny Committee. The report will include:</p> <ul 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> <ul style="list-style-type: none">a) Changes to Prudential Indicators during the course of the financial yearb) Options Appraisal to determine a funding decisionc) raising a new long-term loan / long-term source of financed) prematurely restructuring/redeeming an existing long-term loand) 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) leasingh) change in banking arrangementsi) appointing/replacing a treasury advisorj) appointing/replacing a fund managerk) 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 Cabinet 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 the CLG (now MHCLG) 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.

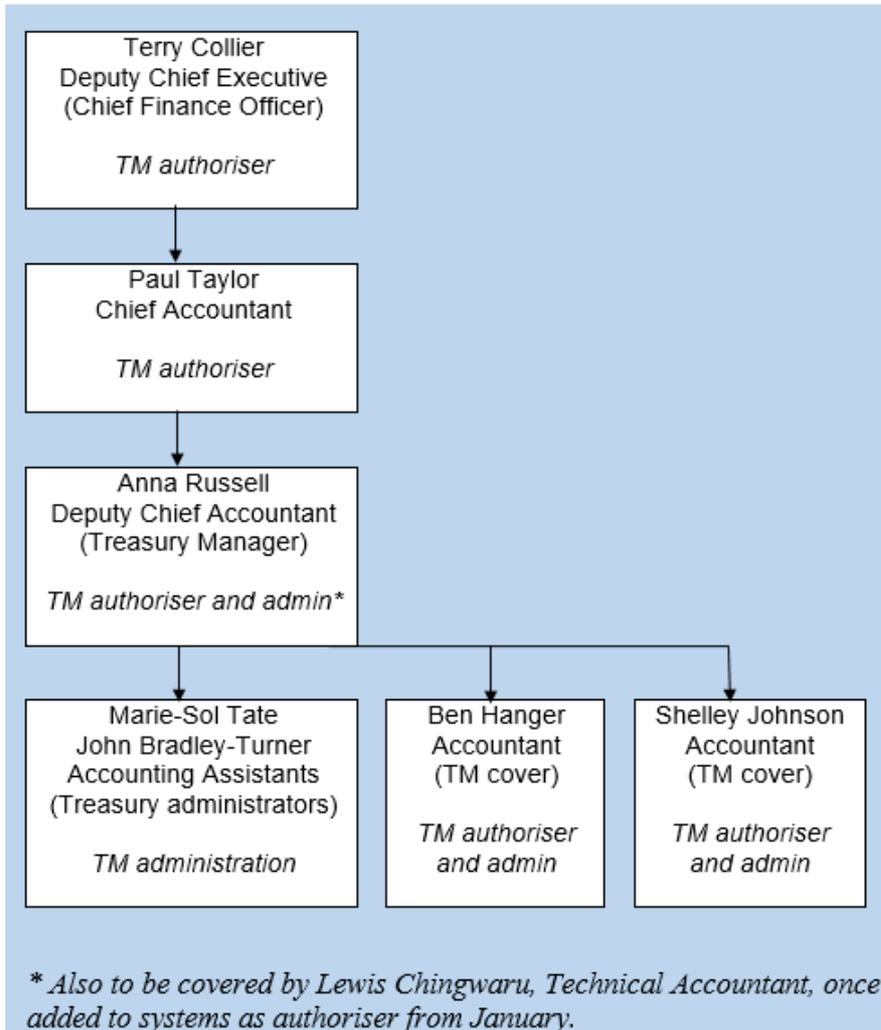
The Chief Finance Officer will ensure that there are clear written statements of the responsibilities for each post engaged in treasury management, and the arrangements for absence cover. The Deputy Chief Executive will also ensure that at all times those engaged in treasury management will follow the 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 Cabinet) receiving and reviewing reports on treasury management policies, practices and activities (following receipt by Cabinet) <p>The Cabinet:</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.

	<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>1.6 Authorised officers</p>	<p>Responsible officer for borrowing/ investment decisions: Mainly Chief Accountant – Paul Taylor Deputy Chief Accountant – Anna Russell</p> <p>Also Accounting Assistant – Marie-Sol Tate 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 Deputy Chief Accountant– Anna Russell Accountant – Shelley Johnson Accountant – Ben Hanger (ICD not bank) Accounting Assistants – Marie-Sol Tate, John Bradley-Turner</p> <p>Transaction recording*: Accounting Assistants – Marie-Sol Tate, John Bradley-Turner Deputy Chief Accountant– Anna Russell 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>1.7 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>1.8 List of approved brokers</p>	<p>Brokers used by the Council are named in <i>TMP 11: External Service Providers</i></p>

<p>1.9 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>1.10 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>1.11 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>1.12 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>1.13 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>1.14 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 Cabinet 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 Cabinet will receive regular monitoring reports on treasury management activities and risks and the Overview and Scrutiny 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 Cabinet 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 Overview and Scrutiny Committee during the year.</p> <p>All of the above reports will also be submitted to Overview and Scrutiny Committee who will be responsible for the scrutiny of treasury management policies and practices.</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 Cabinet and are integrated into the Council’s overall financial planning and budget process.</p> <p>The Overview and Scrutiny 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 MHCLG’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 Overview and Scrutiny Committee will also receive a copy of this report to carry out its scrutiny role of treasury management.</p>
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<p>3. Annual Treasury Report</p>	<p>The Chief Finance Officer will produce an annual report for the Cabinet 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 Overview and Scrutiny 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 Overview and Scrutiny 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 Overview and Scrutiny Committee will also receive a copy of this report to carry out its scrutiny role of treasury management.</p>

<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 Cabinet and Overview and Scrutiny 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

1.1 Statutory/regulatory requirements	Balanced Budget Requirement 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: (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. S33 of the Act requires the Council to set a council tax sufficient to meet expenditure after taking into account other sources of income.
1.2 Proper accounting practice	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>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
1.7 Internal Audit	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.
1.8 Compliance with CIPFA Treasury Management and Prudential Codes	<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>
1.9 Costs for treasury management	The budget for treasury management forms part of the Corporate Services budget.

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 will be viewed over three time-horizons and will be used to formulate the Council's borrowing and investment strategy by identifying periods of surplus or shortfall of cash balances.</p> <p>The cash flow forecasts and statements are held at operational level. The accuracy and effectiveness of the Council's cash flows are dependent on the accuracy of estimating expenditure, income and their 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 is prepared for the financial year once the budget for the ensuing year has been agreed, which is monitored and updated on a monthly basis. It identifies the major inflows and outflows on a month by month basis.</p> <p>It is prepared using the agreed revenue budget and capital programme for the financial year and based on the knowledge obtained from the Council's various service sections incurring the expenditure /receiving the income and can be supplemented by the experience from previous years.</p> <p>Daily cash flows show forecast and planned movements of cash on a daily basis, including the matching of known inflows and payments. This is recorded in spreadsheets held on the T drive.</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 from payroll, creditors etc. Income transactions are posted independently of the treasury function and are reconciled to the AIM system on a daily basis.</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

1.1 Qualifications/ experience for treasury staff	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.
1.2 Details of approved training courses	The courses/events the Council would expect its treasury personnel to consider are: <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
1.3 Records of training received by treasury staff	Treasury-related training records are maintained by staff with their CPD support, with staff appraisal records by the Chief Accountant and with Human Resources.
1.4 Records of training received by those charged with governance	Training records are maintained of those people/committees responsible for governance of treasury management. Committee Services provide details of this.

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 subjected to regular review. And it 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 and details of the current arrangements are set out in the schedule below.

Schedule

1.1 Contract threshold	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.
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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

1.1 Stewardship responsibilities	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.
1.2 List of documents to be made available for public inspection.	The following documents are freely available for public inspection: <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)
1.3 Council's website.	Financial information is additionally available on the Council's website.
1.4 Procedures for consultation with stakeholders.	Members and senior officers of the Council are consulted via reports to the Overview and Scrutiny Committee and officer/member briefing and training sessions.
1.5 Externally managed funds.	The Council currently has no external fund managers.

Leadership Task Group on Climate Change

Report to Overview and Scrutiny Committee - Tuesday 19th January, 2021

The reformed Task Group on Climate Change has now met three times since the 22nd September 2020. The last meeting was on January 5th.

Our core focus in the initial meetings had been to consider two key areas of work. Firstly, establishing and confirming a core list of areas where we as a Council have full control over what we do and manage. The second, consider how we might influence others whether that be our own residents in Spelthorne or beyond.

Having declared a climate emergency – with the full intention of cutting our carbon emissions to zero at the earliest practicable date, preparatory work has been undertaken with outside consultants APSE (Association for Public Service Excellence). They have completed their initial work on identifying our current carbon footprint and are now completing work on a carbon trajectory for us to begin the task of overall reduction.

It is hoped the work will be completed by the next time we meet on January 26th.

2) Establishment of smaller sub-groups of the Task Group to focus on specific issues.

Initial work has begun on four of the six previously identified sub-groups of the main task group.

a) Subgroup on Transport

Transport has already been identified by the initial work of APSE as an area where SBC can do better to reduce our carbon emissions. The Chair of the Task Group, Cllr. Noble and Cllr. Bateson have identified the need for an initial review of lower cost machinery and equipment being used by Streetscene based at the Depot. Much of this equipment, leaf blowers, chainsaws, grass trimmers etc. are most often petrol or diesel driven and use two-stroke engines – some of the most polluting engines available.

To switch larger and more costly vehicles such as Refuse Vehicles will need more time and considerable wider planning. Renewal of large fleet vehicles is carried out over a longer period and involves greater capital costs. Working with partners such as Surrey County Council or other Boroughs could ensure a greater cost-efficiency when procuring expensive vehicles and equipment in the longer term.

Although the Council has 'dipped its toes' in the water by purchasing a small number of EV vehicles, this sub Task Group will begin to look at all forms of transport, including not only vehicles owned and run by the council but also how we can influence a behavioural change with private car owners through to developing a wider strategy.

Further research is also required into alternatives to electrically powered vehicle such as hydrogen.

b) Subgroup on Policies review

Due to pressures internally with core senior Officers tackling both the COVID-19 crisis and the changes and possible consequences of Brexit, progress on Policy Reviews has yet to take place. However, all departments and core Council business areas have been made aware the declared climate emergency decision must now take front of stage when all decisions are being made. There may well need to be a consideration for staff training in this area to instill the necessity for this to take place.

c) Subgroup on Council Assets Review

Initial discussions are about to begin on thorough review of all Council assets including property, vehicles, equipment, procurement, work practices and other areas. This will be a huge undertaking and consideration needs to be given to resourcing the review both financially and physically.

d) Subgroup on Financial Investments Review

This sub-group, which includes Cllr. Brar, Cllr. Doerfel and Cllr. Noble has yet to meet as we have had to allow the Officers involved time to complete the annual Council Budget Setting process. SBC's main financial advisors Arlingclose have been briefed to consider a switch to greener investments for the Council and, when practical the sub group will meet with relevant Officers. This again will need to be a longer-term strategy given the nature of investments currently and the desire to move to a more 'greener' investment agenda.

c) Partnering with other organisations

At the last meeting of the Task Group on Tuesday 5th January, we received a presentation from Carolyn McKenzie, Director of Environment at Surrey, from the perspective of both Surrey and the Surrey Environment Partnership. Carolyn gave a very detailed brief on the work of the Partnership for the County and several other Borough and District Councils. There is a vast amount of work

going on and a whole range of bodies and organisations contributing to the work of the partnership. It became clear there are a host of opportunities for Spelthorne to both join in with and learn from, rather than reinvent the wheel..

Carolyn also informed the group about the opportunities to access funding from the government and other bodies to help pay for the immense amount of work that is needed. The Task Group will review what Carolyn presented at their next meeting and begin to build a dialogue to help move us forward.

The smaller action group on this area will include Cllr. Fidler, Cllr. Vinson, Cllr. Siva and Cllr Noble and Sandy Muirhead.

d) Communications Programme

The next issue of the Bulletin will be 'Green' focused.

It will include a broad spectrum of information, advice, and practical tips on how nearly our 100,000 residents can take steps to decrease their individual carbon footprint.

It will also promote several possible new initiatives within the Borough.

In addition to the Bulletin issue, the communications team will be looking at reviewing the Council website and social media offering about the climate emergency announcement and core initiatives being undertaken by SBC.

This sub-group needs also to look at a communication strategy with Sandy Muirhead and Jen Medcraff aimed at Councillors and internal staff to raise the level of awareness and need for change within the council regarding the seriousness of our climate emergency announcement.

e) Personal audit of Councillors

So far only two of the group have submitted their own 'personal audit' of their own carbon footprint but the Chair asked for others to take a look at their own lifestyles and try and work out as best possible their own contribution to the worlds greenhouse gases.

Diary date and time of next meeting:

Date of next meeting 26th January 2021

Time: 18.00

Place: Via Skype/Teams

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Overview and Scrutiny Committee



19 January 2021

Title	Corporate Project Management
Purpose of the report	To note
Report Author	Sandy Muirhead
Cabinet Member	Councillor Robert Noble
Confidential	No except Appendix 4
Corporate Priority	Financial Sustainability
Recommendations	The Overview and Scrutiny Committee is asked to: Note the report and change of categorisation of projects.
Reason for Recommendation	Not applicable

1. Key issues

- 1.1 This report highlights the work of the Council on projects.
- 1.2 The Corporate Project Dashboard tracks progress of projects and work streams across the Council (**Appendices 1-4**). Some projects have been impacted by the ongoing emergency response to COVID-19 and this emergency response certainly looks as if it will extend into spring 2021. The projects have been presented differently to highlight in order those that are possibly of most interest to Councillors.
- 1.3 The Council's focus continues to be on effectively managing its property investments and delivering on significant regeneration and housing projects, with the property and investment portfolio being managed, controlled, and reported through the officer 'Development and Investment Group'(DIG) with relevant decisions made by Cabinet members at the 'Property and Investment Committee' (PIC) for matters that fall within its remit. Reports are still presented to Cabinet when this is required. The detail of these projects is captured at these meetings with high-level information being captured as part of the 'Corporate Project Register' and 'Corporate Project Dashboard' documents (Appendix 3). These asset-related projects are managed via relevant industry software (Argus). These development projects are due to be presented in detail and discussed at an Extraordinary Council Meeting on the 21 January 2021. Therefore to avoid the duplication of work during this COVID-19 emergency the confidential information for these projects is not forming part of the agenda to this meeting.
- 1.4 This is linked to, and sits alongside, a move away from a Cabinet model of governance to a Committee System (a public consultation exercise to get views on this proposed change closed on 14 January 2021). It is currently

proposed that Assets (acquisitions and developments) will be within the remit of the Policy and Resources Committee. As the Council is looking to increase transparency around decision making across the board governance arrangements will be strengthened to ensure that regeneration and development projects are kept under regular review at key gateways and progress against budgets monitored. The current intention is that officers will report to a Project/Programme Board led by Councillors who will be supported by independent external advisors in undertaking this role. The detail around governance, processes and the operational model is currently being finalised.

- 1.5 Development projects use a variety of tools to manage projects and follows industry standard methodologies bespoke to each project through their life cycle. Unlike Prince2 which is process driven (and for this reason not widely adopted in this sector), Development is different insofar as it is knowledge driven so each project has its own bespoke approach but uses similar management tools. The financial aspects are currently managed by the Argus Developer system (which is used throughout the property industry). It is used for financial performance and in doing so takes account of programme durations, costs, values, risk allowances, unit mix, cashflow, and sensitivity analysis. This forms a 'live' business case which can be easily updated and amended as and when variables change. It enables the development manager (as distinct from a project manager) to calculate development feasibilities rapidly, to test assumptions across project variables (which allows them to identify risks and understand project phasing), build an airtight business case (including cashflow) and keep on top of projects and budgets by running actuals against budgets and forecasts. It applies all the same principles and rigour that you would expect of a project management system but in a way that is adapted to best meet the financial needs of a development project.
- 1.6 For non-asset projects the methodology used, titled "projects made simple", is based on Prince 2 principles whereby project managers must complete a business case, risks, and issues at the start of the project. It is expected project managers undertake ongoing monitoring of projects through highlight reporting and updating risk assessments, plus ensuring any major changes are logged via a change request form. Projects also need to ensure they continue to undertake Equality and Diversity impact assessments, , and where appropriate Privacy Impact Assessments plus take account of sustainability, and comply with necessary Government legislation.
- 1.7 At the suggestion of the portfolio holder, **Appendix 1** shows a revised format for categorisation of the projects under clear headings and their associated summary updates. It is hoped this makes it quicker and easier for members to focus on projects of particular interest specific to the residents in their wards as well as internal projects relevant across the whole council.

2. Options analysis and proposal

- 2.1 To ensure appropriate projects are undertaken it is important to follow the Council projects made simple process. For developments specific programme management strategies are used which are built around established financial performance metrics using Argus Developer software to deliver effective project and development management.
- 2.2 Not to do so could result in project failure and lack of governance on projects.

3. Financial implications

- 3.1 Projects should not be initiated unless there is a clear business case and funding stream in place. These should be indicated at the project planning stage regardless of whether the 'Argus developer' or 'projects made simple' process is used.
- 3.2 Project business cases include the procurement business case document as appropriate.

4. Other considerations

- 4.1 As with the financial needs, resources must be given equal attention, with the appropriate departments and services being considered so that the appropriate and necessary skills can be made available to meet delivery deadlines.
- 4.2 Given the current structure, and working practices of the Council, prioritisation of workloads will prove crucial to engage key members of the delivery team to ensure deadlines are met.
- 4.3 Where resource availability is proving to be a risk with potential to threaten the agreed delivery date, then escalation for support must be made and a revised timetable for implementation produced.

5. Sustainability/Climate Change Implications

- 5.1 As a council that has declared a 'climate emergency', all projects where appropriate should now detail how the project will support/impact sustainability/climate change issues.

6. Timetable for implementation

- 6.1 Project status is reported to MAT, Cabinet Briefing and Overview and Scrutiny every quarter.

Background papers:

Appendices:

Appendix 1 Summary List of Projects

Appendix 2 Corporate Project Dashboard (Non-asset projects)

Appendix 3 Development projects

Appendix 4 Southern Light Railway (confidential)

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	Appendix 1 Projects
RAG status	Housing
Green	Ceaser Court Phase 1– Housing supply (Practical Completion Jan 2021)
Amber	Ceaser Court Phase 2 – Housing supply, subject to planning
Green	West Wing (Knowle Green) – Housing supply (Under construction – completes April 2021)
Amber	Thameside House – Housing supply (subject to planning)
Green	White House – Housing supply – accommodation for homeless clients (under construction – completes May 2021)
Amber	Ashford Hospital Car Park – Housing supply – focus on affordable housing
Green	Harper House – Housing supply – emergency B&B focus. Under construction – complete April 2021.
Amber	William Hill/Vodafone
	River and Other developments
Amber	Waterfront Development – Staines-upon-Thames regeneration
Amber	Oast House
	Major Community Infrastructure
Amber	Ashford Multi-Storey Car Park – Development
Green	Spelthorne Leisure Centre – Development / Health and Well being
Green	Southern Light Railway – Transportation (Heathrow development) Part 2 Confidential
Amber	Tothill car park redevelopment
	Income generation/asset management
Green	Knowle Green Project Claude upgrade to facilities at Knowle Green offices and car park improvements
	Community Infrastructure
Green	Fordbridge Day Centre – Increase space
Amber	Laleham Park Pavilion – Community benefit (recreational)
	Refurbishment of Laleham Park play area– Community and environmental improvement
Amber	Multi-use Park Bins – Environmental benefit / community improvement

Green	Refurbishment of Studios Road play area Community improvement
Green	Refurbishment of Felthamhill Road play area Community improvement
	Business Development
Green	Incubator Small business generation (Start-Up Hub)
Green	EU Exit
Green	Commercial Waste
	Internal cross cutting projects
Green	Changing to a Committee System – transparency and governance
Green	Continuous Improvement Project – efficiency and transformation
Red	GDPR – compliance with GDPR regulations and efficiency
Green	Payment Allocation – improved customer allocation and reduction in staff resources to manage
Green	Electronic signature
Green	Local Land Charges Migration Programme (Infrastructure Act)
	Internal ICT infrastructure investment
Amber	Replace “Skype for Business” / “Teams”– Improve customer management and experience
Green	Host replacement – Data management
Green	Replacement Phones for CS – improved customer experience and staff
Red	Door Entry System (HFX) -improved security and access
Green	Webcasting – improved experience for virtual viewing of Council meetings
Green	Homeworking kit rollout for improved remote working
Green	Public Address System – allows messages to be disseminated in Knowle Green offices
Green	Fifth Host for VDI – improved resilience
Green	Training Room - Borough Emergency Centre set up and better technology for training purposes in the future
Green	Offline Back-ups and Cloud Architecture
	Service Technology Projects

Amber	Rent Management Project:- Emergency Accommodation & Spelthorne Rent Assure Scheme
Green	CIVICA Disposal Module– Data management for revenues and benefits
Red	Academy to 2012 / Ingres Upgrade – improved operating system
Amber	Dwellent Tennant Portal enabling management of properties and tenants
	Property Management Software – Data management
Green	Corporate Hybrid Printing – Financial savings on print and postage
Green	EDRMS Back scanning – to digitise documents required for the future
Green	Bartec – for Refuse enquiries
Amber	Harper House and Whitehouse Wi-Fi
Green	Enterprise iDox -to assist planning processes
Amber	SPAN - replace existing system
Amber	Project Documentation Module – to develop an electronic project management system
Green	Leisure Information Board – to replace and update on current Board
	Software Improvements
Green	Office 365 Upgrade – Improved and efficient staff working
Amber	Training on software improvements

Key:

 Red	Project experiencing critical issues causing it to be placed on Hold, Deferred or to miss crucial target dates.
 Amber	Project experiencing issues which shall have impact and may cause

	the delivery date to be missed.
 Green	Project being delivered to schedule ~ but, issues might be experienced with Risks mitigated successfully.
 Blue	Awaiting further information.

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Appendix 3 Portfolio of Projects

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Appendix 2 Asset projects
Appendix 3 Non-Asset Projects
Appendix 4 Southern Light Railway

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Income Generation/Asset Management

Knowle Green Works/Project Claude

RAG status	Green
Status	: Clean and Safe Environment
Benefits Identified and Anticipated Delivery to Target:	<p>Project scope changed to cover some of the other SBC premises, including The Depot, and the works to the Social Club reviewed in terms of spend and decision to continue with these particular renovations to follow from MAT.</p> <p>Works covered by original scope have been completed and a review at a date within the next year or two expected on the Social Club element/s, but this shall depend upon the return to Staff at Knowle Green.</p>
Progress against milestones	<p><u>Last Period Key Achievements:</u></p> <ul style="list-style-type: none"> • Toilet work completed at Knowle Green and the Depot • Disable toilet facilities installed at Knowle Green <p><u>Next Period Key Activities:</u></p> <ul style="list-style-type: none"> • Decision to come for Social Club renovations at some future date • KG Car Park works to be initiated
Stakeholder Engagement:	Regular consultations with MAT and other delivery partners
Risks	<p>1. Contractor timeframe problems: - Likelihood 3 x Impact 3 = Risk Score: 9</p> <p>2. Design Approval: - Likelihood 3 x Impact 4 = Risk Score: 12</p> <p>3. Staff inconvenience: - Likelihood 5 x Impact 3 = Risk Score: 15</p>
Issues	COVID-19 reprioritisations ~ especially with works related to the Social Club
Resources	Facilities Management and Runnymede Building Services Team
Anticipated Completion Date	To be confirmed
Comments	

Item	Amount	Date and Comments
Approved Budget	£184,000	
Actual Spend to Date		
Projected Spend		
Variance from Agreed Budget		

Community Infrastructure

Fordbridge Day Centre - Extension

RAG status	Green
Status	Community Infrastructure
Benefits Identified and Anticipated Delivery to Target:	<p>Additional floor space required for use by the Centre's visitors.</p> <p>Initially expected to complete June 2020 but now not until end March 2021 as project was put on hold due to COVID-19 whilst service provider determined if extension was still required</p>
Progress against milestones	<p><u>Last Period Key Achievements:</u></p> <ul style="list-style-type: none"> • Planning Application approved – 5 February 2020 • Design received • Works went out to tender 5/10/20 • Tenders received and appointment of contractor made 04/12/20 <p><u>Next Period Key Activities:</u></p> <ul style="list-style-type: none"> • Ensure COVID-19 safe working is in place before start of works • Start on site 04/01/21 • Effective on-site management of works
Stakeholder Engagement:	<p>Regular and on-going information sharing with: -</p> <ol style="list-style-type: none"> 1. Management Team 2. Councillors 3. Design team 4. Contractors 5. Day Centre Manager
Risks	<p>Build cost inflation considerations: - Likelihood 3 x Impact 3 = Risk Score: 9</p>
Issues	<p>Need to agree pedestrian access layout with highways officer</p> <p>Full structural drawings not yet produced which will delay tendering the project</p> <p>Tenders received and came in higher than expected (less than 10 % over budget) and have been value engineered to try and bring price down.</p> <p>Bringing the project in under budget could only be achieved by fundamentally compromising the environment of the clients, so overspend will be funded from planned and responsive maintenance budget.</p>
Resources	<ol style="list-style-type: none"> 1. Asset Management / Property Development 2. Project Team 3. Legal 4. Procurement 5. Communications

Anticipated Completion Date	26 March 2021
Comments	<p>Project on hold April 2020. Management concern whether Day Centres will operate as they previously had post COVID-19 (additional floor space might not be required)</p> <p>Project now restarted due to request from Independent Living/Housing to do so September 2020. Works went out to tender October.</p> <p>Initially expected to complete June 2020 but now not until end March 2021 as project was put on hold due to COVID-19 whilst service provider determined if extension was still required</p>

Item	Amount	Date and Comments
Approved Budget	£130,000	Approved as part of capital programme 2020/21
Actual Spend to Date	£13,350	Planning application and drawings
Projected Spend	£140,000	Overspend to be funded from planned and responsive maintenance
Variance from Agreed Budget	£116,650	

Laleham Park Pavilion

RAG status	Amber
Status	Community Infrastructure: Clean and Safe Environment
Benefits Identified and Anticipated Delivery to Target:	To provide seasonal catering facility and reduce Health & Safety risks by the demolition of a redundant pavilion building Provision of new toilet facilities Timescales for this project have been delayed due to protracted discussions with the EA due to perceived flood risk.
Progress against milestones	<u>Last Period Key Achievements:</u> <ul style="list-style-type: none"> EA objections to Flood Risk Assessment now overcome Planning Consent achieved October 2020 Application to Natural England for Bat Removal Licences applied for <u>Next Period Key Activities:</u> <ul style="list-style-type: none"> Issue Tender for demolition of w/c and pavilion and rebuilding of new w/c block Obtain licence from Natural England to ensure removal of bats March/April 2021
Stakeholder Engagement:	Regular and on-going information sharing with: - <ul style="list-style-type: none"> Management Team Councillors Design team Contractors Liaising with Jackie Taylor, Heather Morgan, and Mark Rachwal
Risks	COVID-19 impact on construction works Likelihood:- 2 x Impact:- 1 = Risk Score = 2 Bat removal licence not approved Likelihood: - 1 x Impact:- 4 = Risk Score = 4 Costings exceed expectation Likelihood: - 2 x Impact:-3 = Risk Score = 6
Issues	None at this stage
Resources	Asset Management / Property Development / Project Team / Legal / Procurement / Communications
Anticipated Completion Date	August 2021
Comments	

Item	Amount	Date and Comments
Approved Budget	£250,000	
Actual Spend to Date	£18,000	
Projected Spend	£250,000	
Variance from Agreed Budget	0%	

Sunbury Leisure Centre

RAG status	Green
Status	Community Infrastructure: Clean and safe environment
Benefits Identified and Anticipated Delivery to Target:	<p>Pool tiles have popped and examples of tenting have occurred as water temperature and levels have been dropped during last year's initial lockdown period when the centre was closed. Therefore the pool is unusable and repair works are necessary to bring it back into use.</p> <p>A tender process is underway to identify a suitable specialist contractor. Subject to Covid restrictions, works may be able to start in March 2021.</p>
Progress against milestones	<p><u>Last Period Key Achievements:</u></p> <ul style="list-style-type: none"> • Structural survey and concrete testing undertaken to ensure there were no other underlying issues that may have led to the damage occurring. • Engagement with engineers and EA to agree scope of works. Additionally EA have identified additional work requirements such as retiling the pool surround, repainting steel roof supports and replacement of the pool filters; contractors are also pricing up this work for the Council's consideration <p><u>Next Period Key Activities:</u></p> <ul style="list-style-type: none"> • Tender process commenced 6 January 2021 and returns are anticipated in 4 weeks. • <i>Recommendation of contractor to MAT and Cabinet in February.</i> • <i>Appointment of selected contractor once approvals in place.</i> • <i>Commencement of works in March subject to selected contractor lead in/mobilisation periods.</i> • <i>Timetable for completion of works to be agreed with the contractor.</i> • <i>The above timetable could be affected by Covid restrictions.</i>
Stakeholder Engagement:	Regular updates with leisure team, local ward councillors, Everyone Active and MAT.
Risks	<ol style="list-style-type: none"> 1. Contractor timeframe problems: - Likelihood 3 x Impact 3 = Risk Score: 9 2. Design Approval: - Likelihood 3 x Impact 4 = Risk Score: 12 3. Staff inconvenience: - Likelihood 5 x Impact 3 = Risk Score: 15
Issues	COVID-19 may have impacts on specialists availability and duration of works.
Resources	Facilities Management and Assets Team
Anticipated Completion Date	To be confirmed post tender.
Comments	Costs of works to be funded from Repairs and Maintenance budget. Anticipated costs in the order of £250,000.

Multi-use Bins in Parks

RAG status	Amber
Status	Community Infrastructure: Clean and Safe Environment and Financial Sustainability
Benefits Identified and Anticipated Delivery to Target:	<ul style="list-style-type: none"> ○ Potentially an annual saving due to a change in supplier ○ Staff time for other duties increased due to less bins to service ○ No loss of facilities for members of the public using the parks ○ Less “Clutter “ in parks with duplicated furniture ○ The level of dog bag usage is significantly reduced
Progress against milestones	<p><u>Last Period Key Achievements:</u></p> <ul style="list-style-type: none"> • Installed bases for dispensers at 8 sites <p><u>Next Period Key Activities:</u></p> <ul style="list-style-type: none"> • Continue surveying sites
Stakeholder Engagement:	Key Delivery Partners (ICT, Legal Services, Procurement and Communications) have been consulted with involvement of only the Communications Team being deemed as being required for delivery of this project.
Risks	Vandalism to bins/dispensers 2/5 x 3/5 Risk Score = 6/25
Issues	Some park users are upset at reduction in the number of bins.
Resources	<ul style="list-style-type: none"> ○ Installation of new furniture and removal of redundant bins will be undertaken by in house staff. ○ Cost of external contractor to carry out this work was found to be excessive.
Anticipated Completion Date	
Comments	

Item	Amount	Date and Comments
Approved Budget		No direct budget allocated – using GM code for funding
Actual Spend to Date	TBC	
Projected Spend		
Variance from Agreed Budget		

Refurbishment of **Studios Road, Shepperton play area**

RAG status	Green
Status	Community Infrastructure and Environment
Benefits Identified and Anticipated Delivery to Target:	Refurbishment of Studios Road, Shepperton play area , which is need of modernisation and repair.
Progress against milestones	<p><u>Last Period Key Achievements:</u></p> <ul style="list-style-type: none"> • Tenders sent out October 2020 • Tenders received December 2020 <p><u>Next Period Key Activities:</u></p> <ul style="list-style-type: none"> • Order to be placed – January 2021 • Works to start – January/February 2021
Stakeholder Engagement:	Community Grounds maintenance
Risks	Delay in delivery of equipment due to COVID Sickness due to COVID Weather delay
Issues	COVID could impact delays to installation and delivery
Resources	Grounds Maintenance
Anticipated Completion Date	March 2021
Comments	

Item	Amount	Date and Comments
Approved Budget	£50K	Monies from S106
Actual Spend to Date	£0K	
Projected Spend	£50K	
Variance from Agreed Budget		

Refurbishment of **Feltham Hill Road play area**

RAG status	Green
Status	Community Infrastructure and Environment
Benefits Identified and Anticipated Delivery to Target:	Refurbishment of Feltham Hill Road play area , which is need of modernisation and repair.
Progress against milestones	<p><u>Last Period Key Achievements:</u></p> <ul style="list-style-type: none"> • Tenders sent out October 2020 • Tenders received December 2020 <p><u>Next Period Key Activities:</u></p> <ul style="list-style-type: none"> • Order to be placed – January 2021 • Works to start – January/February 2021
Stakeholder Engagement:	Community Grounds maintenance
Risks	Delay in delivery of equipment due to COVID Sickness due to COVID Weather delay
Issues	COVID could impact delays to installation and delivery
Resources	Grounds Maintenance
Anticipated Completion Date	March 2021
Comments	

Item	Amount	Date and Comments
Approved Budget	£40K	Monies from S106
Actual Spend to Date	£0K	
Projected Spend	£40K	
Variance from Agreed Budget		

Business Development Incubator

RAG status	Green
Status	Business Development and Financial Stability
Benefits Identified and Anticipated Delivery to Target:	<p>Following the council's purchase of the Summit Centre at Sunbury Cross the Incubator will be situated in the lower ground floor area. There will be the need for some minor alterations, and quotes have been provided to undertake the work to the functional layout.</p> <p>SBC are now in possession of the keys to the premises, and the 1st Floor is now let to a 3rd Party company.</p> <p>The Procurement exercise has been undertaken and of the 27 'Expressions of Interest' only one application was made, by "CoTribe".</p> <p>Cabinet approval is now being sought at the next Cabinet Meeting, scheduled for January/February 2021.</p>
Progress against milestones	<ul style="list-style-type: none"> • Internet Connection: Softcat have installed the Internet line, ICT installed router December 2020. • Appointment of Operator: As per CoTribe who has successfully passed all necessary checks. Awaiting Cabinet approval to progress with contract (due to value of the contract over a 5-year term). • Refurbishment of space: Quote have been received and selection process is to be progressed w/c 21/12. <p>Next Period:</p> <ul style="list-style-type: none"> • Refurbishment anticipated to be completed by the end of February 2021 • Soft launch (currently anticipated to be by the end of March), to be followed by the Hard Launch in due course (April/May).
Stakeholder Engagement:	<p>Internal: Regular communication updates to Assets, Procurement/Legal, Communications and ICT.</p> <p>External: On-going/continues E-mail with service delivery partners and with potential/interested 3rd Party customers.</p>
Risks	<p>Location not agreed upon Likelihood: - 1 x Impact:- 5 = Risk Score = 5</p> <p>Decision to use premises for other means Likelihood: - 1 x Impact:- 5 = Risk Score = 5</p> <p>Contract not signed off Likelihood: - 2 x Impact:- 5 = Risk Score = 10</p> <p>Deadlines missed (refurbishment issues) Likelihood: - 3 x Impact:- 5 = Risk Score = 15</p>
Issues	<p>Length of time Procurement process has taken ~ appreciated that COVID-19 has impacted.</p> <p>Return to Cabinet (for Contract Approval).</p>
Resources	<p>No issues experienced with resource availability. ICT and Comms input has been appreciated. Assets Team assisted with the securing of the building.</p>
Anticipated	April/May 2021 – Hard Launch.

Completion Date	Operation shall have been functioning on a “scaled back” basis from February 2021.
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Item	Amount	Date and Comments
Approved Budget		SBC £150k ring-fenced/Shepperton Studios investment/Generated Income from 3 rd Party (CoTribe) £70k pa after.
Actual Spend to Date	16,000	Broadband installation
Projected Spend		
Variance from Agreed Budget	0%	

EU Exit

RAG status	Green		
Status	Business Development National		
Benefits Identified and Anticipated Delivery to Target:	To ensure Spelthorne Borough Council, its community and businesses are as prepared as possible, to the changes brought about by leaving the EU The UK left the EU with a deal on 31 December 2020. However, it is still not clear the precise impacts as a result due to a ranges of changes in custom and border requirements. It is expected these will become clearer with time.		
Progress against milestones	In a YouGov poll taken on 12 October 2020respondents respondents cited the EU Exit as the third biggest issues facing the country (just behind health and the economy). Until close to Christmas 2020 there still seemed to significant differences on key points in agreeing a “deal”. However, a deal was agreed. Businesses cite that the UK no longer being in the EU will impact the application of numerous things including <ul style="list-style-type: none"> • Taxes and duties • Safety Standards • Personal data • Movement of goods • Movement of people 		
Stakeholder Engagement:	Communication, and dissemination of relevant information has been undertaken with businesses and the community and will continue as the implications of the “deal” become clear.. An assessment of the impact on any staff from EU countries has been undertaken.		
Risks	Impact of ‘No Deal’ exit: - Likelihood 4 x Impact 4 = Risk Score: 16		
Issues	Uncertainty on impacts of EU exit on UK economy especially with the additional effects on the economy of COVID-19 19. As an example, those in the hospitality industry fear not being able to recruit employees from the EU, while importers and exporters are worried about delays at the UK and EU ports.		
Resources	Resource requirement and availability shall receive prioritisation once the dates and tasks for EU Exit become more defined.		
Anticipated Completion Date	Spring 2021		
	Item	Amount	Date and Comments
	Approved Budget	£12,000	
	Actual Spend to Date	£12,.000	Budget spent to support food banks as requirements high in 2020
	Projected Spend	TBC	
	Variance from Agreed Budget	0%	

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Commercial Waste

RAG status	Green
Status	Business Development Cleaner & Safer Environment and Financial Sustainability
Benefits Identified and Anticipated Delivery to Target:	<p>Better working relationships with the Business Community. Increased volume of recycling being collected across the Borough. Increased revenue stream for several Council departments. Improvements to our 'carbon footprint'.</p> <p>COVID-19 is perhaps the currently the only issue which may impact the delivery and SDS meeting growth targets.</p>
Progress against milestones	<ul style="list-style-type: none"> ○ <u>Last Period Key Achievements:</u> <ul style="list-style-type: none"> ▪ Contracts to be sent out ▪ Invoices raised ▪ Marketing letters/campaigned with business rates depts. ▪ Website released ▪ Purchase of bins ▪ HR contracts to be written ▪ All processes now in place ○ <u>Next Period Key Activities:</u> <ul style="list-style-type: none"> ▪ Marketing to increase customer base ▪ Set up Direct Debit service ▪ Integrate the 'handheld' devices for drivers/VWS system
Stakeholder Engagement:	External supplier was used to ease pressure on internal ICT workload. All other departments were committed to delivery dates, but there were issues with the contract/Legal timelines.
Risks	<ol style="list-style-type: none"> 1. Delays associated with COVID-19: Likelihood:- 5 x Impact:- 3 = Risk Score = 15 2. Stakeholder delays to agreed timelines: Likelihood: - 4 x Impact:- 2 = Risk Score = 8 3. Unnecessary spend due Framework restriction: Likelihood: - 3 x Impact:- 2 = Risk Score = 6 4. Lack of take up to the service: Likelihood: - 1 x Impact:- 5 = Risk Score = 5 5. Waste Disposal costs rise: Likelihood: - 2 x Impact:- 2 = Risk Score = 4
Issues	Some 'Issues' have been covered by the management of risks. But also include the delay experienced in opening the necessary bank account due internal processes.
Resources	Neighbourhood Services were/are the main resource.
Anticipated Completion Date	The commercial waste service has been delivered, with some of the above deliveries, with overall completion anticipated to be February 2021. Thereafter is simply a case of growing the business to meet projected targets and income streams
Comments	Framework associations with purchase/s required by this project are likely to cost the Council some £30,000 and will delay the purchase/delivery of the waste vehicle

Item	Amount	Date and Comments
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Approved Budget	£450,000	
Actual Spend to Date	£60,000	Approximate figure
Projected Spend	£450,000	
Variance from Agreed Budget	0%	

Cross Cutting Projects

Changing to a Committee System

RAG status	Green	
Status	Cross cutting project: Management	
Benefits Identified and Anticipated Delivery to Target	<p>The benefits of the new Committee System will be improved decision-making in terms of-</p> <ul style="list-style-type: none"> Accountability Credibility Collaboration Timeliness <p>There is a tight timetable designed to make the change in decision-making arrangements fin place for the Annual Council Meeting in May 2021.</p>	
Progress Against Milestones	<p>Friday 20 November</p> <p>Friday 20 November</p> <p>Monday 23 November</p> <p>Monday 30 November</p> <p>Monday 7 December</p> <p>Thursday 10 December</p> <p>Monday 14 December</p> <p>Monday 8 January</p> <p>14 January</p> <p>Monday 18 January</p>	<p>Project Team Meeting</p> <p>Working Group will receive a proposed model with options for consideration</p> <p>Working Group Kick Off Meeting</p> <p>Working Group Meetings: To a) discuss the proposed model and options and b) agree draft content public consultation</p> <p>Working Group Meeting</p> <p>Council Meeting: Update on progress, approve model and questionnaire</p> <p>Public consultation starts Working Group Meeting</p> <p>Working Group Meeting: To discuss the constitutional changes and proposed approach</p> <p>Public Consultation closes</p> <p>Working Group Meeting: To consider the results of Public Consultation and any revisions</p> <p>Working Group Meetings as</p>

	<p>Jan & Feb Thursday 25 February</p> <p>Tuesday 16 March</p> <p>Wednesday 17 March</p> <p>Thursday 25 March</p> <p>Thursday 1 April</p> <p>Thursday 8 April (AM)</p> <p>Thursday 8 April (PM)</p>	<p>required</p> <p>Council Meeting – Update on progress</p> <p>Working Group Meeting: Update in advance of ECM</p> <p>Member Code of Conduct Meeting: To consider the proposed changes to the Constitution</p> <p>Extraordinary Council Meeting: Resolution to amend the Council’s governance arrangements</p> <p>Publication requirements</p> <p>Training for Officers</p> <p>Training for all Councillors</p>
Risks	<p>Lack of Officer resource (in COVID-19 conditions): - Likelihood 4 x Impact 5 = Risk Score: 20</p> <p>Lack of Councillor resource: - Likelihood 2 x Impact 5 = Risk Score: 10</p> <p>Political difference of opinion (within Working Group): - Likelihood 3 x Impact 5 = Risk Score: 15</p> <p>Associated constitutional changes are not made: - Likelihood 2 x Impact 5 = Risk Score: 10</p> <p>Loss of project focus due to breadth of task: - Likelihood 2 x Impact 4 = Risk Score: 8</p> <p>Inability to recruit Committees staff (to support new system): - Likelihood 4 x Impact 4 = Risk Score: 16</p>	
Issues	Engagement of staff due to COVID-19 19 , Brexit and emergency planning workloads	
Budgets	In terms of the implementation budget provision will need to be made for £75,000. A contingency has been added to the estimated costs.	
Stakeholder Engagement	<ul style="list-style-type: none"> • Project Team (Officers) • Working Group (Councillors and Officers) • All political groups • Management Team and Group Heads • Public consultation (4 weeks) 	

Resource	Siraj Choudhury (Project Manager), Victoria Statham and Karen Limmer (Legal), Gill Scott and new staff (Committees), Jennifer Medcraft (Comms)
Anticipated Completion Date	The tight timetable is designed to have the change in decision-making arrangements in place for the Annual Council Meeting in May 2021.

Item	Amount	Date and Comments
Approved Budget	75,000	Budget to cover consultancy, advertisement for recruitment and public consultation plus overall implementation but it does not include the initial and ongoing cost of new staffing costs (£58,400 from 2021/22)
Actual Spend to Date	c.1,500	Advertising for recruitment and public consultation
Projected Spend	73,140	Consultancy fees ongoing
Variance from Agreed Budget	0%	

Continuous Improvement Programme

RAG status	Green
Status	Cross Cutting Projects: Management
Benefits Identified and Anticipated Delivery to Target	To identify efficiencies and savings wherever feasible and improved processes to ensure the authority delivers its services in the most effective manner for the Council and residents. There are likely to be some 'cashable' savings, but most are likely to be 'non-cashable'. Expected benefits on basis of projects identified to date £240k of cashable and non-cashable savings.
Progress Against Milestones	<u>Key Achievements: -</u> End of 'Basic Discovery' – completed to schedule. End of 'Phase 1 Discovery' ("Staff Impacting") – delayed due to capacity and engagement difficulties. End of 'Phase 1 Discovery' ("Customer Impacting") – significantly delayed due to increased detail of discovery and engagement difficulties. End of 'Phase 2 Discovery' – timescales reviewed with 8-month plan completed Review of Project (internal) – from late April 2020. Savings of £140k achieved Presentation of R&B Project (May 2018-April 2020) outputs – in June 2020 'Annual Continuous Improvement Function for The Council' commenced in June 2020 COVID-19 has led to difficulties in engagement with all teams due to emergency response in many areas but also undertaken some improvements which have assisted staff in that response and continue to do so. Additionally, in early 2021 will be 0.5FTE secondment to assist a service in dealing with knock on consequences of COVID-19 19 workloads. In 2021 continue delivery of projects to ensure improvements made and enhanced engagement with teams to see further benefits.
Risks	Lack of Officer resource in R&B Project: - Likelihood 4 x Impact 5 = Risk Score: 20 Difficulty engaging with Staff: - Likelihood 4 x Impact 5 = Risk Score: 20 Difficulty with Staff not being 'open': - Likelihood 3 x Impact 4 = Risk Score: 12 Resistance to change/'Silo' working: - Likelihood 3 x Impact 4 = Risk Score: 12 Loss of project focus due to breadth of task: - Likelihood 3 x Impact 4 = Risk Score: 12 Outputs are insufficient for MAT/Cabinet: - Likelihood 3 x Impact 4 = Risk Score: 12
Issues	Engagement of staff due to COVID-19 19 workloads
Budgets	Projects costed and delivery plan constructed to identify priority areas, and any invest to save growth items which provide opportunities for efficiency savings.
Stakeholder Engagement	Regular and on-going meetings with: - <ul style="list-style-type: none"> ○ Staff team and individual level ○ Management Team and Group Heads ○ Communication developed - monthly updates on both IT tips and continuous improvement ideas and successes.

Resource	Number of projects require ICT input and availability of ICT resource likely to be a significant risk.
Anticipated Completion Date	Ongoing work with individual projects and quick wins to improve efficiency of organisation

Item	Amount	Date and Comments
Approved Budget		Projects costed and delivery plan constructed to identify priority areas, and any invest to save growth items which provide opportunities for efficiency savings.
Actual Spend to Date		
Projected Spend	TBC	
Variance from Agreed Budget	0%	

GDPR – Steps to Compliance

RAG status	Red
Status	Cross cutting projects: Management
Benefits Identified and Anticipated Delivery to Target:	To achieve compliance with statutory data protection legislation; the General Data Protection Regulation 2018, the Data Protection Act 2018 and the Privacy and Electronic Communications Regulation (PECR). To reduce <ul style="list-style-type: none"> • risks associated with noncompliance and breaches • reputational damage • fines associated with noncompliance and breaches • claims for compensation To complete requires input from other services within the council.
Progress against milestones	GDPR requires that organisations hold a Record of Processing Activity; SBC uses Information Asset Registers (IAR) to meet this requirement. Completion of IARS for all customer information assets needs to be completed to ensure full compliance. Currently 48% of IARS have reached a stable condition - i.e. requiring no further work other than a yearly review. A number of others are close to completion.
Stakeholder Engagement:	Variable depending on the service – some very engaged, others not engaged.
Risks	<ul style="list-style-type: none"> • noncompliance and breaches • reputational damage due to above • fines associated with noncompliance and breaches • claims for compensation due to above <p>BREXIT: Risk that data stored outside of the UK may not be accessible if there is no deal with the EU. Mitigated by most of our software suppliers have servers in the UK. Relevant services are aware of the risk.</p>
Issues	Service resources to ensure data protection fully integrated into service day job – extra data protection resource should assist
Resources	A full-time permanent Information Governance Coordinator resource started work on 8 December 2020 –work will initially focus on helping the services to get their IARs to a stable position.
Anticipated Completion Date	Not able to anticipate completion dates due to requiring input from other services within the council. Given compliance with legislation is an ongoing requirement likely project will never be completed although certain aspects to a baseline level is possible.
Comments	Anticipate that progress with IARs will improve following the start of the IG Coordinator. Services need to engage with IG as they know their data the best.

Item	Amount	Date and Comments
Approved Budget	None	
Actual Spend to Date	N/A	
Projected Spend	N/A	

Payment Allocation

RAG status	Green
Status	Cross cutting projects: Management (Finance)
Benefits Identified and Anticipated Delivery to Target:	<p>The benefits of the Payment Allocation project are in two areas:</p> <ol style="list-style-type: none"> 1. Website: to improve the website experience to encourage customers to pay via website. 2. Matching: to understand why we have mismatches or are slow to match payments and to fix the issues. The benefits are the efficiencies that will be gained across sections. <p>Target Date is end of June 2021</p>
Progress against milestones	<p><u>Last Period Key Achievements:</u></p> <ul style="list-style-type: none"> • Still waiting on Capita to complete the Pay360 changes to header and footer and a minor change to wording. Will chase with account manager. • Building an e-form to replace Other Documents part of Capita Pay360 solution • Building 3 e-forms for Building Control which are linked to Capita Secure Card Portal and take the payment as well. 2 of these have gone live. <p><u>Next Period Key Activities:</u></p> <ul style="list-style-type: none"> • Implement Capita Pay360 changes. • Complete the e-form to replace Other Documents part of Capita solution • building on the e-form to replace all of Capita Pay360 • complete the work on the call scripts for Customer Services for the Planning and Building Control options • more investigation into cases where no invoice is produced • Work with each section to understand common invoicing and payment matching issues and any training issues
Stakeholder Engagement:	These activities are now part of the Continuous Improvement Report and a focus for regular updates with Finance
Risks	<p>Lack of resource will lead to delays in the investigations Likelihood: - 3 Impact:- 3 = Risk Score = 9</p> <p>Capita not delivering (if they close the business or support for that product) Likelihood: - 2 Impact:- 3 = Risk Score = 6</p>
Issues	
Resources	Resources in other sections are fully utilised with their COVID-19 activities, so investigation may be delayed.
Anticipated Completion Date	Target Date is end of June 2021
Comments	

Electronic Signature

RAG status	Green
Status	Cross Cutting Project: Management
Benefits Identified and Anticipated Delivery to Target	To realise time and cost benefits by incorporating a digital signature solution. The project is still at a very early stage and the understanding of requirements and solution options continue. Thus far, indications are that once a 3 rd Party supplier is selected (post Procurement Process), that a solution can be implemented and operational in a matter of days.
Progress Against Milestones	<u>Last Period Key Achievements:</u> <ul style="list-style-type: none"> • Product demos have been offered by 2 major market leaders (<i>Adobe</i> and <i>DocuSign</i>) • Feedback from attendees is being gathered for analysis <u>Next Period Key Activities:</u> <ul style="list-style-type: none"> • Activities to resume in the New Year <ul style="list-style-type: none"> ○ Conclude information/solution analysis ○ Initiate Selection/Procurement Process ○ Implement the solution
Risks	Pricing structure offers little/no benefit Likelihood: - 2 x Impact:- 5 = Risk Score = 10 Lack of ‘buy-in’ from Service Areas Likelihood: - 1 x Impact:- 5 = Risk Score = 5 Data Protection considerations/requirements not met immediately Likelihood: - 3 x Impact:- 5 = Risk Score = 15
Issues	<ul style="list-style-type: none"> • Resource availability at key/required times shall remain an issue due to the nominated resource having to prioritise their workload and demands • GDPR/Data Protection considerations are of concern due to use of offshore servers • EU Exit influencing the GDPR concerns
Stakeholder Engagement	Thus far ICT, GDPR and service requestor have been engaged in key discussion. Demos have been attended by a wider audience within SBC.
Resource	ICT and GDPR resources shall feature heavily at the outset of the delivery phase with the appropriate involvement of Service Lines. Availability to be determined.
Anticipated Completion Date	Depending upon the selection/Procurement process the project might be delivered within the current Financial Year or extend to a date in the Summer of 2021.

Item	Amount	Date and Comments
Approved Budget		None yet requested.
Actual Spend to Date		
Projected Spend		
Variance from Agreed Budget		

Local Land Charges Migration Programme (Infrastructure Act)

RAG status	Green
Status	Cross Cutting Project
Benefits Identified and Anticipated Delivery to Target:	Following Management Team sign off Land Charges have been updating data where possible and liaising with teams to ensure that they, as stakeholders, are aware of their responsibilities within the project. Land Registry have completed a data extraction via IDOX and as our data is of a high quality have asked to move the end date up to the end of 2020.
Progress against milestones	<p><u>Last Period Key Achievements:</u></p> <ul style="list-style-type: none"> We have amended registrations in relation to Financial charges, CIL, grants, TPOs which following extraction have been successful. We have been working with the Land Registry is creating rules to rectify some of the issues in relation to statute requirements and are due to have training for use of their migration tool to amend the issues in relation to most of the planning errors with spatial extents All grants data updated in TLC as per email from KS/DA and TW in Indep. Living Financial charges amended - still ongoing awaiting further clarification re ongoing entries from TWF <p><u>Next Period Key Activities:</u></p> <ul style="list-style-type: none"> All stakeholders working on cleaning up incorrect or out of date data as per data extraction summary. Working with migration tool to complete spatial extents and completing rules for transfer of correct data. Transfer of TPOs and certain legal documents to SharePoint
Stakeholder Engagement:	Relevant services Data capture
Risks	Resource from other services Likelihood 4 x Impact 5 = Risk Score = 20
Issues	
Resources	Number of services Land charges
Anticipated Completion Date	Migration original completion date 30.3.21 but availability of high quality data has brought forward to 31.1.21 Transfer of TPOs and certain legal documents to SharePoint 31.3.21
Comments	

Item	Amount	Date and Comments
Approved Budget		
Actual Spend to Date		
Projected Spend		
Variance from Agreed Budget		

Internal ICT infrastructure investment

Replace “Skype for Business” / “Teams”

RAG status	Amber
Status	Internal ICT infrastructure investment
Benefits Identified and Anticipated Delivery to Target	Support is being withdrawn for Skype for Business in 2021 and Senior Management had expressed an interest in moving to “Teams”. Numerous advantages with the use of Teams ~ mainly collaboration benefits.
Progress Against Milestones	Connectivity to MS Online configuration has completed. Roll-out to Staff has commenced and is being done by department. Conversion of Response Groups to ‘Auto-Attendants’ is underway.
Risks	Staff understanding: - Likelihood: 3 x Impact: 4 = Risk Score= 12 Lack of IT resource for delivery: - Likelihood: 5 x Impact: 5 = Risk Score = 25 Compatibility issues with VDI: - Likelihood: 4 x Impact: 5 = Risk Score = 20 Resource issue on VDI: - Likelihood: 4 x Impact: 5 = Risk Score = 20
Issues	Teams uses a lot of processor resource, resulting in a detrimental effect on session hosts in VDI. Staff are being asked to work ‘Locally’. Team is one of the biggest culture changes in the way we work. Staff are being provided with training material, but there are areas of concern as to whether they are referring to it. Because of required permission levels and complexity of migration steps currently there are not enough people in ICT that can help with the migration. Delivery is currently being done by a single person (after hours as the resource is still having to deliver 9-5 role). We are reliant on CITRIX to develop their workspace product to ensure that all the features in Teams are available in VDI.
Stakeholder Engagement	All Staff
Resource	ICT
Anticipated Completion Date	End of Financial Year
Comments	Awaiting Senior Management decision on extending resource in VDI and for stand-alone phones. Hardware kit for standalone-phones and conferencing kit for meeting rooms to be purchased.

Item	Amount	Date and Comments
Approved Budget		Forms part of the ‘Document Management’ /Office365 budget
Actual Spend to Date	£32,139	
Projected Spend		Anticipated to be within £50k
Variance from Agreed Budget		

Host Replacement

RAG status	Green
Status	Internal ICT infrastructure investment
Benefits Identified and Anticipated Delivery to Target	Replacement of our 5 core infrastructure hosts. Awaiting release of new processors from AMD and Intel ~ due Q1 2021. 3 months
Progress Against Milestones	To start Q1 2021
Risks	
Issues	Resource availability. Dependent upon AMD or Intel releasing new models.
Stakeholder Engagement	ICT All staff
Resource	ICT
Anticipated Completion Date	End of current financial year (March 2021)
Comments	

Item	Amount	Date and Comments
Approved Budget	£45,000	
Actual Spend to Date	Nil	
Projected Spend		
Variance from Agreed Budget		

Replacement Phones for CS

RAG status	Green
Status	ICT infrastructure investment
Benefits Identified and Anticipated Delivery to Target:	<p>Matching the needs of our customers across multichannel communications is important to the service's effectiveness. Whether by email, web chat or phone, we want to make the experience as seamless and consistent as possible through digital transformation. By changing our current telephone system and provider, we aim to integrate processes and systems where not currently possible; break down silos; and flexibly manage all communications interactions internally and externally across the organisation.</p> <p>Specifically, we will be gaining the system functionality to:</p> <ul style="list-style-type: none"> - Measure customer experience - Map customer & agent experience - Provide 360 view of the customer – or as joined up as possible - Give agents single sign on - Integrate back office systems - Deliver a universal queue across all channels - Facilitate self-service and automation
Progress against milestones	<p>Project has been on hold due Covid-19 emergency.</p> <ul style="list-style-type: none"> • <u>Last period Key Achievements:</u> - <ol style="list-style-type: none"> 1. PM has been assigned 2. Project Scoping document has been signed off 3. Servers have been built 4. Currently working through technical pre-requisites/building test plans • <u>Next period Key Activities:</u> - <ol style="list-style-type: none"> 1. Assign an engineer and agree start date (dependent on pre-requisitions completion)
Stakeholder Engagement:	Thorough engagement with all service areas ~ provision of questionnaires/meetings/IVR prompts for incorporation into process flows.
Risks	<p><u>Risks:</u></p> <ul style="list-style-type: none"> • Disaster Recovery considerations to be fully understood and risks mitigated. • Servers not built to Netcall's requirements • Integration with existing applications (e.g. 'Screen popping') • 2FA with Teams for Agent Directory may not work • Remote access may not support the requirements needed for Netcall
Issues	Teams deployment at Spelthorne needs to be fully rolled out and functional so that the configuration can begin.
Resources	Project is well supported by ICT.
Anticipated Completion Date	Q1 2021

Item	Amount	Date and Comments
Approved Budget	£120,143.00	Over 5 years

Actual Spend to Date	£0.00	
Projected Spend	120,143.00	
Variance from Agreed Budget	0%	

Door Entry System (HFX)

RAG status	RED
Status	ICT infrastructure investment
Benefits Identified and Anticipated Delivery to Target	Added security for the building. Greater options for Staff for time-recording. 2021
Progress Against Milestones	Full assessment has been completed for ALL Council sites. Suppliers have been approached and prices been received. Procurement have produced documentation in conjunction with ICT. Specification completed but project may have to be retendered as delayed until next year so will fallout of current timelines.
Risks	Current security Time and resource for implementation
Issues	Availability of funds Rewiring and door replacement if staff on site.
Stakeholder Engagement	1) Facilities 2) ICT 3) Communication with staff on operation of system
Resource	ICT Facilities Procurement
Anticipated Completion Date	December 2021
Comments	Capital Bid rejected but to be financed through Responsive Maintenance Budget, but because of the pool issues at Sunbury Leisure Centre requiring funding, the project has been deferred until 2021/22.

Item	Amount	Date and Comments
Approved Budget	£100k	From planned and responsive maintenance budget price and installation of software (£70-80k) then £20k for rewiring
Actual Spend to Date		
Projected Spend		
Variance from Agreed Budget		

Webcasting

RAG status	Green
Status	Internal ICT infrastructure investment
Benefits Identified and Anticipated Delivery to Target	To provide a better quality of image for webcasting for Council meetings to the Public.
Progress Against Milestones	Installed as requested. Awaiting Handover to Committee Services.
Risks	Insufficient Bandwidth: Likelihood: 2 x Impact: - 5 = Risk Score= 10 Failure of Broadcasting Software: Likelihood: 2 x Impact: - 5 = Risk Score= 10
Issues	Delay in delivery due to lead-times on hardware due COVID-19 emergency
Stakeholder Engagement	Committees, Communication and MAT were engaged throughout. With communication to Councillors being managed by one of these Teams.
Resource	ICT
Anticipated Completion Date	Delivered in December 2020 Closure report in New Year
Comments	Requested by MAT in emergency response to the COVID-19 crisis.

Item	Amount	Date and Comments
Approved Budget		MAT allocated £7k
Actual Spend to Date	£6,484	
Projected Spend	£7,000	Additional s/w licence
Variance from Agreed Budget		

Homeworking Kit Roll-out

RAG status	Green
Status	Internal ICT infrastructure investment
Benefits Identified and Anticipated Delivery to Target	Ability for Staff to work at home during the COVID-19 emergency.
Progress Against Milestones	Roll-out continues. 100-150 batch is currently being rolled-out
Risks	<ol style="list-style-type: none"> 1. Damage to new kit: - Likelihood: 2 x Impact 4: = Risk Score: 8 2. Insufficient stock for all Staff: - Likelihood: 5 x Impact 3: = Risk Score: 15 3. Kit not being returned: - Likelihood: 1 x Impact 5: = Risk Score: 5 4. Users misplacing kit: - Likelihood: 4 x Impact 4: = Risk Score: 16 5. Inappropriate use of kit: - Likelihood: 3 x Impact 5 = Risk Score: 15
Issues	<ol style="list-style-type: none"> 1. Requirements for the laptops keep changing 2. ISPs/Users not providing their internet speeds 3. Staff having insufficient Broadband to connect 4. Insufficient monitors at KG as these have been issued to Staff (at home)
Stakeholder Engagement	All Staff engaged throughout the delivery process. ICT constantly responding to change in needs.
Resource	ICT
Anticipated Completion Date	Ongoing- closure report as moving to business as usual

Item	Amount	Date and Comments
Approved Budget	No budget allocated	Authorisation by MAT
Actual Spend to Date	£62,742	
Projected Spend	Unknown at present	Information being secured by ICT
Variance from Agreed Budget	0%	

Public Address System

RAG status	Green
Status	ICT infrastructure investment: Safety
Benefits Identified and Anticipated Delivery to Target:	Requested by Safety Group and ICT instructed to deliver the service. To communicate with Staff should an emergency arise in the Reception Area. Microphone installed in both the Reception Area and Chief Executive's Secretariat office. Install completed. ICT managed delivery/installation on behalf of the Safety Group.
Progress against milestones	Install completed. Cable rerouting to take place to improve connectivity/sound quality to the Chief Execs microphone.
Stakeholder Engagement:	Safety Group were consulted throughout delivery and relevant choices made.
Risks	Blackspots might be encountered: - Likelihood 1 x Impact 5 = Risk Score: 5
Issues	Supporting structural and H&S concerns were addressed during delivery.
Resources	ICT and Facilities were available throughout delivery.
Anticipated Completion Date	Summer 2020 Project closure report to be completed

Item	Amount	Date and Comments
Approved Budget	£12,000	This was a "Supplementary Bid" made by the Safety Group
Actual Spend to Date	£12,730	Overspend approved by Deputy Group Head (Commissioning & Transformation)
Projected Spend		
Variance from Agreed Budget	0%	

Fifth Host for VDI

RAG status	Green
Status	ICT Infrastructure Project: Management
Benefits Identified and Anticipated Delivery to Target	Dependent upon Host Replacement project. One of the hosts from the existing core infrastructure will be used to add a 5 th host into the VDI infrastructure for greater resilience purposes. This is required due to the unforeseen levels of homeworkers as a result of COVID-19.
Progress Against Milestones	To commence ONLY when Host Replacement is completed.
Risks	
Issues	
Stakeholder Engagement	
Resource	ICT
Anticipated Completion Date	
Comments	

Item	Amount	Date and Comments
Approved Budget	£10,000	Still going through the approval process with MAT.
Actual Spend to Date		
Projected Spend		
Variance from Agreed Budget		

Training Room

RAG status	Green
Status	ICT infrastructure investment
Benefits Identified and Anticipated Delivery to Target	Improved Training and Audio-Conferencing facilities.
Progress Against Milestones	Screens have been bought and tested. Next Period: Purchase conferencing kit.
Risks	None identified
Issues	Resource availability.
Stakeholder Engagement	Emergency Planning Facilities
Resource	ICT
Anticipated Completion Date	End of Financial Year (20/21)
Comments	

Item	Amount	Date and Comments
Approved Budget	£15,000	
Actual Spend to Date	£2,742	
Projected Spend	£15,000	This figure shall cover the set-up of 2 rooms.
Variance from Agreed Budget	0%	

Offline Back-ups and Cloud Architecture

RAG status	Green
Status	ICT infrastructure investment Management
Benefits Identified and Anticipated Delivery to Target	Feasibility study to determine costs 'v' benefits of using offline back-ups and Cloud architecture.
Progress Against Milestones	Recently begun. Still early stages.
Risks	
Issues	Resource availability.
Stakeholder Engagement	MAT shall be presented with the findings of the study.
Resource	ICT
Anticipated Completion Date	Summer 2021
Comments	This is a repeat of the study done some 5 years ago, which showed that Cloud solutions were too expensive at that time.

Item	Amount	Date and Comments
Approved Budget		No spend
Actual Spend to Date		
Projected Spend		
Variance from Agreed Budget		

Service Technology Projects

Rent Management Project: - Emergency Accommodation & Spelthorne Rent Assure Scheme

RAG status	Amber
Status	Service Technology Project
Benefits Identified and Anticipated Delivery to Target	<p>Project Description</p> <p>Phase 1 - B&B Development of a replacement for the stand-alone system which records client status of those in Bed and Breakfast and Temporary Accommodation for a new system using Integra and Civica. The current system is no longer fit for purpose and no longer supported. The new system includes both client placement and rent management elements.</p> <p>Phase II - SRA Replacement of the current Rent Assure Scheme (SRA) including landlord and tenant management processes (mainly spreadsheets) by process maps developed within Civica to record and monitor all aspects of the ‘people’ element of the scheme and in Integra to manage the rental income and rent management aspects in a more structured way.</p> <p>Benefits include</p> <ul style="list-style-type: none"> • the improved ability to monitor and manage placements and discharges from accommodation in both areas. • the mitigation of risks around the software used being unfit for purpose or difficult to navigate. • negates the need to double enter financial information in 2 systems (Integra and local systems) and the potential of errors occurring during this process. • better transparency and continuity between the Civica and Integra data held. • Improved confidence in the financial and personal information recorded. <p>Anticipated Delivery to target</p> <p>Phase 1 – B&B - Went fully live on both Integra and Civica in December 2020, following slippage due to resource and other issues (COVID-19 and remote working) earlier in the year. In addition to the replacement system, a full reconciliation of all current and former tenants’ arrears was completed between the B&B system and Integra</p> <p>Phase 2 – SRA. The Integra financial elements of the rent management solution for SRA went live mid-December. This included a full reconciliation of all rent accounts. The development of the Civica process maps and templates is scheduled to be completed and training delivered by mid Feb 2021. All landlord and tenant information are already loaded onto the system.</p>

<p>Progress Against Milestones</p>	<p>The Rent Management Project was initiated in 2018 and has slipped over this period for several well documented reasons. These were all reported to the Project Board and agreed.</p> <p>Status includes:</p> <table border="1" data-bbox="440 416 1366 602"> <thead> <tr> <th></th> <th>Final Milestone</th> <th>% complete</th> </tr> </thead> <tbody> <tr> <td>B&B - Integra and Civica elements</td> <td>Live Nov 2020</td> <td>100%</td> </tr> <tr> <td>SRA – Integra</td> <td>Live Dec 2020</td> <td>100%</td> </tr> <tr> <td>SRA - Civica</td> <td>Due to go Live Feb 2021</td> <td>75%</td> </tr> </tbody> </table> <p>SRA development work on Civica includes.</p> <ul style="list-style-type: none"> • Work is now completed in populating the scheme user details (tenants and landlords and properties). (100%) • Back scanning current live case information is complete (100%) • All property information is loaded onto Civica (100%) • Process maps are now being finalised to guide staff through the workflow for booking a household into a private rented property as well recording the checks required before occupancy. (75%) • Letter templates are being finalised and built into the SRA processes. (75%) <p>The final elements of development will take approx. 6 weeks and be delivered by mid-February 2021</p>		Final Milestone	% complete	B&B - Integra and Civica elements	Live Nov 2020	100%	SRA – Integra	Live Dec 2020	100%	SRA - Civica	Due to go Live Feb 2021	75%
	Final Milestone	% complete											
B&B - Integra and Civica elements	Live Nov 2020	100%											
SRA – Integra	Live Dec 2020	100%											
SRA - Civica	Due to go Live Feb 2021	75%											
<p>Risks</p>	<p>As we are in the final stages of delivery of this project, the potential risks are minimised, however resource availability due to other pressures of work, COVID or sickness may delay completion of the final elements of the development work. Staff availability in both Housing, Finance and IT is limited and the next few months as we are entering a busy time. Although difficult to mitigate completely, this risk is being managed closely</p> <p>** See abridged version of the risk log at end of document</p>												
<p>Issues</p>	<p>To track and monitor rent accounts in an accurate and timely manner, a series of reports need to be specified. The reports being identified are above and beyond any management information available previously. This will allow us to manage people and rent arrears /rent accounts in a structured way.</p>												
<p>Stakeholder Engagement</p>	<p>Regular project team meetings and project board meetings have taken place throughout the project including representatives for Housing, Finance, and ICT.</p> <p>Updates have been provided to staff through team meetings and training sessions.</p>												
<p>Resource</p>	<p>The required staff input to complete this project has been identified and accounted for to allow progression against timescales and targets.</p>												
<p>Anticipated</p>	<p>The full roll out of the Bed and Breakfast system replacement was</p>												

Completion Date	<p>completed in December 2020</p> <p>The SRA element is projected to be fully completed by February 2021.</p> <ul style="list-style-type: none"> • The Integra SRA rent management solution and rent account reconciliation exercise was completed mid-December. • The Civica element – both tenant and landlord processes - are due to complete development and relevant staff trained by mid-February 2021 • Ongoing. Completion estimate mid-February 2021
Comments	<p>The complexities of this project were initially underestimated. The amount of time taken to reconcile the rent accounts on both B&B and SRA have accounted for some of the slippage. Latterly remote working challenges, resource availability and COVID pressures accounted for additional slippage.</p> <p>The replacement systems and the accuracy and transparency of the tenants/client records and the rent account and arrears status have never been as accurate.</p> <p>Implementing these replacement systems has put us in a far better place overall.</p>

Item	Amount	Date and Comments
Approved Budget	£25.5K	
Actual Spend to Date	£25.5K	Budget spent
Projected Spend	£25.5K	
Variance from Agreed Budget		0%

Project delivered on budget. Most of the development time and effort was completed by Spelthorne staff with no direct cost as the solution was carefully developed using existing core systems.

Civica Housing module – cost £17.5K, (Paid)
 Locata interface development - cost £7.5K (Paid)
 Ad hoc expenses for training - £500 (Paid)

*** Risk log
 (abridged extract)

Risk #	Description	Likelihood of occurrence (1-5)	Impact on project (1-5)	Risk Score	Status
001	The main risk is around getting both Integra and the B&B systems reconciled and ready for parallel running. Failure to do this in the specified timeframe will result in slippage.	3	4	12	Closed

002	The rent management associated with the Rent Assure scheme is being worked on separately to the B&B system. There is a risk that this will not be ready in time for parallel running. Additional resource (Finance staff) has been taken on board to progress the systems reconciliation.	3	3	9	Closed. Decision made to go live separately on Phase 1 and II
003	Availability of resources to roll out the next phases of the project remains a risk as the schedule is tight with little slippage built into the pre parallel running preparation phase. Staff availability, alongside their day roles may pose a challenge if not managed carefully.	4	4	16	Open
004	Slippage will occur as a result of COVID-19 pressures on resources and time	4	5	20	Open

CIVICA Disposal Module

RAG status	Green
Status	Service Technology Projects: Management
Benefits Identified and Anticipated Delivery to Target	Compliance with GDPR. Releasing storage. “Switch-on”/Commencement for deletion to begin in January 2021. Could not be switched on until data put into correct format, which took 3months.
Progress Against Milestones	Data conversion completed Nov 2020 Module can now be switched on
Risks	Resource requirement for deletion issues Likelihood: - 4 x Impact:- 1 = Risk Score 4
Issues	All issues resolved
Stakeholder Engagement	ICT System administrators in finance and revenue monthly group GDPR
Resource	Module paid for and just time to implement
Anticipated Completion Date	End of January 2021 Support for any errors in deletions shall be provided for 12 months.
Comments	

Item	Amount	Date and Comments
Approved Budget	£10,005	Complete payment from 2019/20 budget.
Actual Spend to Date	£10,005	
Projected Spend		
Variance from Agreed Budget	0%	

Academy to 2012 / Ingres Upgrade

RAG status	Red
Status	Service Technology Projects: Management
Benefits Identified and Anticipated Delivery to Target	Revenue and benefits system will not work if do not install upgrade and this work classes as a major upgrade. In undertaking the work to upgrade, it was concluded this was best undertaken by SBC but the released product from Capita had multiple issues preventing installation. These outstanding issues were escalated to Capita management for resolution so upgrades could take place. Capita's slow response led to a very small-time window to complete the upgrade so Capita provided a fix to allow the current system to be usable until end of June 2021 as the delays were due to the release by Capita of an imperfect product requiring patches/fixes.
Progress Against Milestones	Prerequisites system administrator functions to be completed by March
Risks	Likelihood 3 Impact 5 Risk 15 resource being released from relevant services due to workplace pressures including COVID-19 19
Issues	Impact of COVID-19 19 on relevant teams. Period of testing time in relevant areas (need a month)
Stakeholder Engagement	Meeting with systems administrators on project Staff
Resource	Systems administrators time is critical
Anticipated Completion Date	Likely start date March to avoid annual billing period and end of year restrictions. End of June 2021.
Comments	

Item	Amount	Date and Comments
Approved Budget		
Actual Spend to Date		
Projected Spend		
Variance from Agreed Budget		

Dwellant Tenant Portal

RAG status	Amber
Status	Service Technology Project: Management (Asset)
Benefits Identified and Anticipated Delivery to Target:	<p>Communication with residential tenants.</p> <p>Required for Ceaser Court Ph1 completion of 55 units and tenants moving in in February 2021.</p>
Progress against milestones	<p><u>Last Period Key Achievements:</u></p> <ul style="list-style-type: none"> • Template portal created, which forms generic base for all buildings. • The Bugle Portal created – but not yet complete. • The Ceaser Court ‘Handbook’ almost complete and this can be used to update ‘Portal’ pages. • Some Process Mapping done for back-end functions to assign jobs to Runnymede Borough Council. • Complaints process, Privacy Statement, Fire Strategy for ‘Stay-put’ are all being produced. • Municipal portfolio repairs and maintenance being brought In-house means more Dwellant process-mapping required. <p><u>Next Period Key Activities:</u></p> <ul style="list-style-type: none"> • Complete the outstanding work on the Residential portal. • Define the Municipal portal requirements and implement. • Implement the Facilities Management part of the system ensuring that the needs for managing both portfolios are met. • Work with KGE Lettings project to ensure the management of tenants through Dwellant and Bluebox. • Work with the Repairs and Maintenance project to ensure that the properties, tenants, and contractors are added to the system and any history of ongoing work is also added. • Work with Customer Services to ensure the correct processes are in place for acting on any requests.
Stakeholder Engagement:	<ul style="list-style-type: none"> • Regular training with Dwellant consultant • Regular meetings with Asset Management for Residential • Regular meetings with Assets Management Team Consultant for Lettings process • Regular meetings with Runnymede Borough Council, Building Surveyor • Regular meetings with Asset Management Consultant for Repairs and Maintenance Migration Project • Meetings with Customer Services as required • Regular (weekly) meetings with Group Heads
Risks	<p>Delays caused by the complication of 2 portfolios for 2 different organisations (KGE and SBC)</p> <p>Likelihood: - 4 Impact:- 4 = Risk Score = 16</p>

	<p>Nonstandard contractor invoicing (not done in Dwellant) causes delays Likelihood: - 3 Impact:- 3 = Risk Score = 9</p> <p>Slow responses to Residential queries if there are lots of questions when the move into Caesar Court Likelihood: - 3 Impact:- 3 = Risk Score = 9</p>
Issues	<p>Process mapping is required to be done urgently. Change Request to be agreed. Dwellant implementation activities may be delayed while we await decisions from KGE and SBC.</p>
Resources	<p>Resources are also continuing with their BAU work and responding to COVID-19 pressures, so there is significant multi-tasking and last minute planning.</p>
Anticipated Completion Date	<p>Mid Feb for Residential (Ceasar Court Phase 1) 1st April for Municipal</p>
Comments	

Item	Amount	Date and Comments
Approved Budget		Contract for the software was made a year ago. There are monthly costs which will increase now that we are loading about 205 units to the system.
Actual Spend to Date		The implementation fee has already been paid. Runnymede staff contracts have been drawn up. Consultants have been hired.
Projected Spend		This was forecast to be for 300 units. As we add more Residential units, we may approach this number by the end of this year.
Variance from Agreed Budget		None.

Property Management Software

RAG status	Green
Status	
Benefits Identified and Anticipated Delivery to Target:	<p>The Bluebox system has been implemented successfully and is now being used on a daily basis for both KGE and Spelthorne, as an asset register and accounting system.</p> <p>There are some new features being added currently and these filter through regularly as the system is improved. These updates are all included as part of the contract that was originally agreed. Some are system upgrades and some are new features being made available.</p>
Progress against milestones	<p><u>Last Period Key Achievements:</u> <u>Last Period Key Achievements:</u></p> <ul style="list-style-type: none"> • Bluebox Implementation completed • KGE accounts being run through Bluebox entirely now • Billing for BP rent to take place for 1st Quarter 2021 <p><u>Next Period Key Activities:</u></p> <ul style="list-style-type: none"> • Final completion
Stakeholder Engagement:	Assets Finance
Risks	Migated as now completing
Issues	None
Resources	Project completed and system will be used as part of business as usual going forward
Anticipated Completion Date	January 2021
Comments	Project closure report to be completed

Item	Amount	Date and Comments
Approved Budget		
Actual Spend to Date		
Projected Spend		
Variance from Agreed Budget		

Corporate Hybrid Printing

RAG status	Green
Status	Service Technology Project: Management
Benefits Identified and Anticipated Delivery to Target:	<p>Improved efficiencies and savings in terms of Staff time and associated costs (including that spent on paper and postage).</p> <p>The project has sought to identify, in a thorough manner, all benefits and potential disadvantages associated with the delivery of this corporate solution. The Procurement Team have been key to discussions and understanding thus far.</p> <p>So as to determine how best to ascertain, and realise, the greatest of business advantage, a “Feasibility Study” has been initiated with one of the key suppliers in this field – a proper ‘Tender Process’ was followed in this selection, on the understanding that a full ‘Tender Process’ shall be initiated for the selection of a 3rd Party to provide us with the longer term solution for our printing needs.</p>
Progress against milestones	<p><u>Last Period Key Achievements:</u></p> <ul style="list-style-type: none"> • Service Partner (AM&M) selected for a 2 month ‘Feasibility Study’ • ‘Feasibility Study’ contracts exchanged • Planning for commencement of ‘Feasibility Study’ has been conducted <ul style="list-style-type: none"> ○ Prioritisation of Service Lines have been noted ~ due to respective workloads <p><u>Next Period Key Activities:</u></p> <ul style="list-style-type: none"> • ‘Feasibility Study’ to commence post the Christmas/New Year period <ul style="list-style-type: none"> ○ Service Line consultation and information exchange ○ Regular (weekly) progress meetings have been scheduled with AM&M
Stakeholder Engagement:	Regular Team Meetings and consultations continue.
Risks	<p>Lack of information exchange and understanding Likelihood: - 1 x Impact:- 5 = Risk Score = 5</p> <p>Minimal/nil advantages to be gained Likelihood: - 1 x Impact:- 5 = Risk Score = 5</p> <p>Pricing structure offers little/no financial benefit Likelihood: - 2 x Impact:- 5 = Risk Score = 10</p>
Issues	Resource availability at key/required times shall remain an issue due to the nominated resource having to prioritise their workload and demands.
Resources	Representatives from all Service Lines have been identified and engaged in consultations.
Anticipated Completion Date	Summer/Early Autumn 2021

Comments	
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Item	Amount	Date and Comments
Approved Budget	£2,500	Amount spent on a Feasibility Study (with AM&M) in advance of requesting an amount for the corporate solution.
Actual Spend to Date	£2,500	
Projected Spend	£2,500	
Variance from Agreed Budget	0%	

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EDRMS and Back-scanning

RAG status	Green
Status	Service Technology Projects: Management
Benefits Identified and Anticipated Delivery to Target:	<p>Improved document security, management, and retrieval. Reduction in storage space required. Enable staff to work from home and still access documents.</p> <p>This is now business as usual for the team and therefore the project can be closed. Closure report to be written.</p>
Progress against milestones	<p><u>Last Period Key Achievements:</u></p> <ul style="list-style-type: none"> • The team were able to be in the office 2-3 days a week and scanning on those days. Mostly working on the Planning DM back scanning. • Template work for Planning Template DM team (to enable them to use IDOX Enterprise) continues. The SBC logo change has been added to the scope of this work. • Completed the scanning of journals for Finance. • Re-categorisation of Planning applications submitted as merely "Other Plans" has been done while working from home. They are working on the "major applications" list that Gillian Richardson provide. applications • An e-form has been written for the sections to submit back scanning requirements. It is not live yet. <p><u>Next Period Key Activities:</u></p> <ul style="list-style-type: none"> • The team are redeployed to help EH with data entry on Uniform from Jan 2021. This means they lose 0.5 FTE on their usual work. • Continue with the scanning, extend it to work on the back scanning for other departments again. • Continue with template work. • Continue with re-categorisation work.
Stakeholder Engagement:	<ul style="list-style-type: none"> • Not much engagement because other sections are very busy
Risks	<p>Lockdown and higher tiers will impact the team because they are only scanning 3 days per week, when they are in the office.</p> <p>Likelihood: - 5 Impact:- 3 = Risk Score = 15</p>
Issues	
Resources	
Anticipated Completion Date	<p>Completed 30/11/20</p> <p>Now this will be ongoing business as usual.</p>
Comments	

Item	Amount	Date and Comments
Approved Budget		The team are now permanent employees.
Actual Spend to Date		Identified on the staffing request in 2019.
Projected Spend		No further spending.
Variance from Agreed Budget		n/a

Bartec for 'Refuse Enquiries'

RAG status	Green
Status	Service Technology Projects: Clean and Safe Environment
Benefits Identified and Anticipated Delivery to Target:	<ul style="list-style-type: none"> • Time and Cost savings • Reduction in calls to the service • Improved all-round Customer experience • Reduction in paper process/usage • In Depot reporting/analysis
Progress against milestones	<p>The relevant Project Documentation is currently being prepared. The Project Team have been continuously working with ICT and Bartec to roll actions to reach milestones. Training, testing the new system upgrade, testing web view and route optimisation for road sweepers.</p> <ul style="list-style-type: none"> ○ Last Period Key Achievements: <ul style="list-style-type: none"> ▪ Continuous work on overview of current waste management system ▪ Training for in-cab terminals and updates have been successfully completed ▪ R16 training for our Bartec champion ○ Next Period Key Activities: <ul style="list-style-type: none"> ▪ Spelthorne upgrade to test session R16 is currently underway (14/12) ▪ To determine the possibility of Customer Services Officers to have access to Bartec web view (ICT reviewing) ▪ Missed Bin E-forms introduction and arrange workshops for ICT and Bartec Internal workflows for admin team (Dec 2020 completion) • All Admin Team Members to receive training on R16
Stakeholder Engagement:	Regular meetings and communication for all interested parties. E-forms launch shall be broadcast on all internal and external communication channels.
Risks	<ol style="list-style-type: none"> 1. Software: - Likelihood 3 x Impact 4 = Risk Score: 12 2. New workflows not adhered to: - Likelihood: 2 x Impact: 3 = Risk Score: 6
Issues	<ol style="list-style-type: none"> 1. Project timeframe/delivery delay 2. Covid-19 emergency 3. IT Issues 4. Lack of buy-in/use by residents
Resources	Internal and External resources are available to meet delivery schedule
Anticipated Completion Date	December 2021

Item	Amount	Date and Comments
Approved Budget		
Actual Spend to Date		
Projected Spend		

Variance from Agreed Budget		
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Harper House and Whitehouse Wi-Fi

RAG status	Amber
Status	Service Technology Project: Housing
Benefits Identified and Anticipated Delivery to Target	Provision of secure Wi-Fi to the guests of these properties.
Progress Against Milestones	New project. 3 rd Party Suppliers have provided quotes.
Risks	Lead time for implementation (Suppliers – normally a minimum of 90 days): Likelihood: - 5 x Impact:- 5 = Risk Score = 25 Building Infrastructure (structured cabling): Likelihood: - 3 x Impact:- 5 = Risk Score = 15 On-going Management/Support of Wi-Fi__33 to an agreed SBC level of security: Likelihood:- 4 x Impact:- 4 = Risk Score = 16
Issues	Resource availability
Stakeholder Engagement	
Resource	ICT and Housing
Anticipated Completion Date	April 2021 ~ see below.
Comments	ICT were approached in mid-December for an April delivery, but this will be very hard to realise.

Item	Amount	Date and Comments
Approved Budget		Housing to provide Budget figures.
Actual Spend to Date		
Projected Spend		
Variance from Agreed Budget		

Enterprise iDox

RAG status	Green
Status	Service Technology Project: Management
Benefits Identified and Anticipated Delivery to Target:	<ul style="list-style-type: none"> Improved processes using workload reports to identify red/amber/green status of target dates. Listing officer workload priorities to assist with allocation of cases and management of officer workload to help with achieving target dates for determination. Greater use of electronic systems and consultations to enable working towards being paper lite. <p>This will help to improve workload monitoring, achieve greater accuracy and efficiency, and assist in meeting Government Performance Targets.</p> <p>Delayed from original (November 2019) date due to the availability external consultants.</p>
Progress against milestones	<p><u>Last Period Key Achievements:</u></p> <ul style="list-style-type: none"> Enterprise Consultancy carried out March and August 2020 <p><u>Next Period Key Activities:</u></p> <ul style="list-style-type: none"> Enterprise Consultancy to conclude in February 2021 Project shall be considered completed post the above consultancy and a Closure Report shall follow
Stakeholder Engagement:	Regular/continued engagement with Planning Staff, ICT and IDOX Consultants.
Risks	Resource availability and relevant skills Likelihood: - 1 x Impact:- 5 = Risk Score = 5
Issues	COVID-19 response requirements being made on project members. Reprioritising of workload/project tasks due to the COVID-19 response.
Resources	Planning Team / ICT / iDox Consultants
Anticipated Completion Date	February 2021
Comments	

Item	Amount	Date and Comments
Approved Budget		No direct budget for the project but has been funded by Planning (Consultancy) Budget.
Actual Spend to Date		
Projected Spend		
Variance from Agreed Budget		

SPAN

RAG status	Amber
Status	Service Technology Project
Benefits Identified and Anticipated Delivery to Target	To move away from holding data in numerous spreadsheets and incorporate the information into a single CRM system. Delayed due to resource priorities (COVID-19 response).
Progress Against Milestones	Front-end form has been built for the Users, but total functionality remains to be delivered.
Risks	None identified
Issues	Resource time shall remain an issue due to prioritisation.
Stakeholder Engagement	Regular updates with ICT and Independent Living shall resume in the New Year.
Resource	Availability as mentioned previously.
Anticipated Completion Date	Financial Year (21/22).
Comments	

Item	Amount	Date and Comments
Approved Budget		No budget ~ Internal spend.
Actual Spend to Date		
Projected Spend		
Variance from Agreed Budget		

Project Documentation Module

RAG status	Amber
Status	Service Technology Project: Management
Benefits Identified and Anticipated Delivery to Target	To deliver an improved and automated mechanism to manage project delivery and reporting processes. Work has commenced
Progress Against Milestones	Database and most of the forms have been built.
Risks	
Issues	Resource availability/prioritisation of work
Stakeholder Engagement	Regular updates to customer.
Resource	ICT
Anticipated Completion Date	End of current Financial year 20/21
Comments	Delayed by resource implications due to COVID-19 19 work requirements

Item	Amount	Date and Comments
Approved Budget		No cost
Actual Spend to Date		
Projected Spend		
Variance from Agreed Budget		

Leisure Information Board

RAG status	Green
Status	Service Technology Projects: Economic Development
Benefits Identified and Anticipated Delivery to Target	Remove the LED Board in the Staines Library and install a new communications board within the Borough.
Progress Against Milestones	
Risks	
Issues	
Stakeholder Engagement	Economic Development and Leisure.
Resource	
Anticipated Completion Date	
Comments	Tesco, BID and Elmsleigh Centre have been approached for input and progress for installation at an agreed location.

Item	Amount	Date and Comments
Approved Budget	£15,000	
Actual Spend to Date	Nil	
Projected Spend		
Variance from Agreed Budget		

SBC software improvements

Office 365

RAG status	Green
Status	Software Improvements: Management
Benefits Identified and Anticipated Delivery to Target	The current Microsoft product is being replaced with the Office 365 product. As Office 365 is a hosted product, the training programme, along with the actual roll-out, shall prove to be 'significant'. Rolled out to all Staff.
Progress Against Milestones	The organisation has been moved over to Office 365 and final issues to resolve relate to full rollout of Microsoft Teams
Risks	Likelihood 2 Impact 5= 10
Issues	a) Resource impact of COVID-19 19 on ICT and therefore capacity to deliver b) Staff willingness to learn new systems in current climate.
Stakeholder Engagement	Information and guidance produced to assist staff with implementation
Resource	Capacity of ICT
Anticipated Completion Date	Feb 2021
Comments	Closure Report to follow in New Year

Item	Amount	Date and Comments
Approved Budget		Forms part of the 'Document Management' /Office365 budget
Actual Spend to Date	£ 28, 629	
Projected Spend	£125k estimated	Per anum due to licence requirements of Office 365. Licence cost will vary a little depending on number of staff (leavers and starters)
Variance from Agreed Budget		

Delivery of Training to Staff

RAG status	Amber
Status	Software Improvements: Management
Benefits Identified and Anticipated Delivery to Target	Mandatory Training for Staff failing to achieve minimum standards of cyber security awareness. + External Trainer for Teams training.
Progress Against Milestones	Training has been prepared for the mandatory training. External Trainer has been recruited.
Risks	Cyber Security errors through lack of training: Likelihood: - 3 x Impact:- 5 = Risk Score = 15 Lack of engagement with Teams through lack of training: Likelihood: - 3 x Impact: - 2 = Risk Score = 6
Issues	Resource availability
Stakeholder Engagement	
Resource	ICT
Anticipated Completion Date	End of current financial year
Comments	

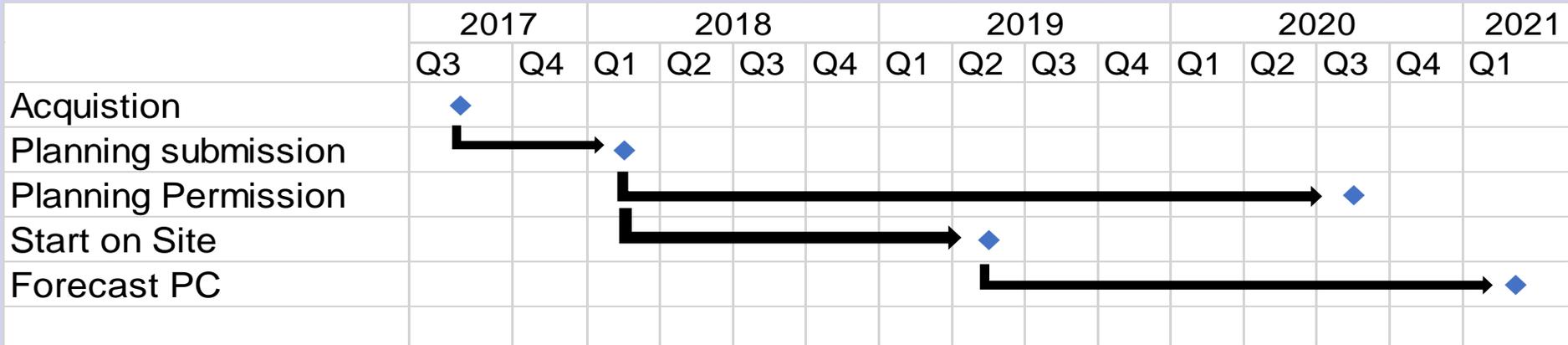
Item	Amount	Date and Comments
Approved Budget	£5,000	
Actual Spend to Date	£5,000	
Projected Spend		
Variance from Agreed Budget	0%	

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Part 1 Public

Ceaser Court Phase 1

Project Sponsor Heather Morgan
 Project Manager Richard Mortimer



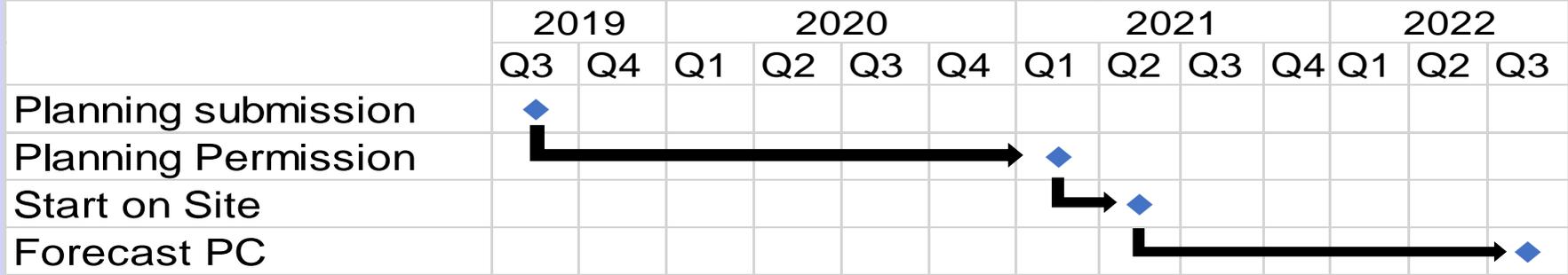
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Acquisition	20 September 2017
Planning submission	March 2018
Last Planning permission	July 2020
Start on Site	24 th June 2019
Forecast PC	January 2021
Market Absorption (excl AH)	25pcm

Total Acquisition cost	
Forecast Build costs + Fees	
Gross development value	

Ceaser Court Phase 2

Project Sponsor Heather Morgan
 Project Manager Richard Mortimer



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Planning submission	August 2019
Planning permission	Feb 2021
Start on Site	Apr 2021
Forecast PC	Sept 2022
Market Absorption (excl AH)	25pcm

Development costs +fees	
Gross development value	

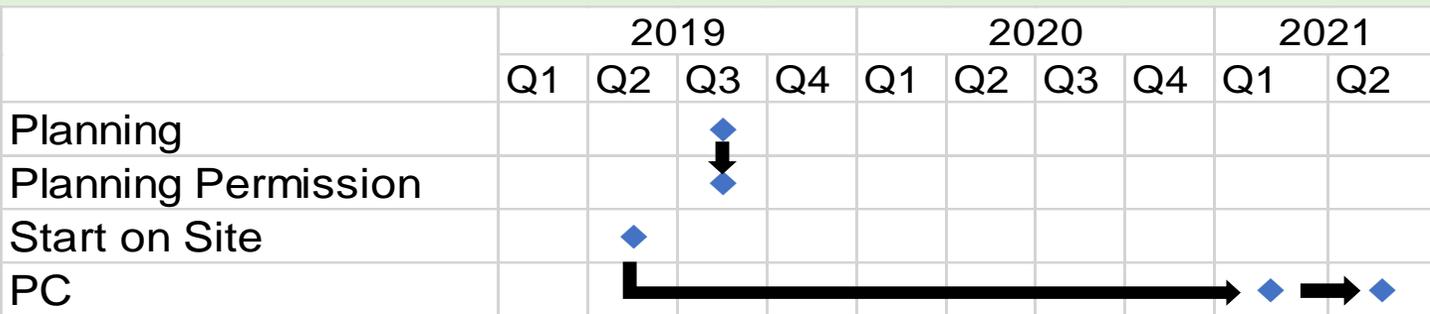
Weekly Project Ceaser Court Status Report

Project status				Report Date:		21 December 2020			
				Sales/revenue	Flat numbers	Flat Rents	Gross rent pcm	Gross rent annual	Net pa(25% - Private/15%AH)
Phase 1 - non completion notice issued on 17 August 2020. Steps being taken with Legal to protect Councils position.. Contractor PC forecast 8 Jan 2021. Assets forecast 29 Jan 2021.				P1 - 1 Bedroom	22 – incl 6 AH				
Political approval of Phase 2 revised scheme. Submission to LPA on 20 Nov. Cabinet Paper for build costs to be part of ECM and then Cabinet/ Full Council. Planning approved for pathway and relocation of PV's.				P1 - 2 Bedroom	33 – incl 12 AH				
Outstanding Phase 2 matter is revised VA for S106 AH to reflect 39 apartment scheme.				P2 – 1 Bedroom	11 – incl 6 AH				
Dexters (Phase 1 – 18 x AH units. Phase 2 – 13 x AH units). Ave 33% - to update to 50% AH.				P2 – 2 Bed	22 – Incl 5 AH				
Health & Safety		Occurrences		P2- 3 bed	3 – incl 2 AH				
Accidents reported		Site manager had COVID-19 symptoms. Off work from 16 March. Returned to work on 6 April.		Totals					
Near Misses		- 0		Finance		Cost to Date	Forecast to PC	Comments	
Actions taken		Site works stopped and thoroughly deep cleansed		Cabinet approved build costs					
Key Milestones		Comments		Date	Forecast build costs – P1/P2				
Phase 1 – Works .		GCL de-snagging completed on GF- 4 th floors. Awaiting dates from GCL to allow SBC and consultants to inspect. Staircores, communal areas and externals incomplete. Roof-100% complete		Dec 20	Soft Strip Demo				
Planning submission – Phase 2		Revised scheme drawings submitted 20 Nov. Reconsultation period expired 11 Dec..		Dec 20	Professional fees				
Planning Determination – Phase 2		Political directive to change scheme has resulted in slippage to Feb 21.		Feb 21	Other cost (CIL, Planning etc)				
Key Issues / Risks		Mitigation		Site purchase					
LPA negotiations re % AH will need to start again re revised scheme.		M	LPA's valuer to respond to revised VA for 39 unit scheme. Chasing for 2 weeks.		Associated costs				
Planning for removal of TPO trees on Phase 2 site and to facilitate location of Sulo bins. Risk to Phase 1 programme but not critical path		L	Part of Phase 2 application, Due to delays, a separate a temporary Phase 1 bin store is being installed to discharge this requirement.		Interest costs				
Political directive to hold back has led to delays in determining Phase 2 and		L	Political conclusion reached on 19 Oct and revised scheme submitted. Has put back Cabinet Paper for build costs (to be part of ECM)		Contingency costs				
					Total				
				Return on cost		Gross yield per annum		Net yield per annum (assuming 25/15% costs)	

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West Wing Knowle Green

Project Sponsor Heather Morgan
 Project Manager Richard Mortimer



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Last Planning submission	July (Roof works)
Latest Planning permission	Aug 2019 Committee
Start on Site	June 2019
PC	Feb-April 2021
Market Absorption (AH)	All let in month 1 Post PC

Development costs	
Gross development value	

Weekly Project West Wing Knowle Green Status Report

Report Date:

21 December 2020

Project status

Lifebuild – 50% of works to 3rd floor completed. All temp works/propping removed. These works will result in 10 week delay on 3rd floor plus previous 6 week delay due to asbestos removal in the flooring. Ground floor (GF) benchmark unit will be completed in early Jan.

DDA changes to 3 bed unit on GF agreed with Housing Support and works instructed-Housing have agreed to fund from grant monies.

SBC Parking Barrier –electrical supply to be provided by SBC not WW. Future proofing considerations if WW is sold in the future.

Sales/revenue	Numbers	Gross Sales	Rents-Monthly/Unit	Gross rent pcm	Gross rent annual	Net per annum (assuming 15%)
Studio/1 Bedroom	4					
2 Bedroom	17					
3 Bedroom	4					
Totals	25					

Key Milestones		Comments	Date
External Works/Demo Contract		Roofing, PV's and fire protection works completed. Storm left site.	27 Apr 20
Main Fit Out		GF- 2 nd fix + kitchens underway , 1 st floor – started 2 nd fix this week and 2 nd flr 1 st fix started. 3 rd floor in delay	Dec 20
Practical Completion		Affinity cant connect water until after 15 March. If not feasible then PC in late April 21.	Feb-Apr 21

Key Issues / Risks		Mitigation
Operational Clashes	L	Regular engagement with internal stakeholders to ensure key areas of sensitivity are addressed. Progress disruptive works whilst building is empty.
Cost certainty For Conversion	L	Split package strategy has been successful in managing out risk. Costs for additional fire protection works still within total forecast budget.
Increasing Covid-19 risks: social distancing may slow down fit out. Supply chain issues may delay products if closures enforced.	M	Continue to impose very high standards of hygiene protocols. Daily toolbox talks re distancing/safety. Place early orders and consider equal/approved spec items where non-availability.

Finance	Cost to Date	Forecast to PC	Comments
Cabinet approved development costs			
Main Contractor build costs			
Soft Strip / Demo			
Professional fees			
Other cost (CIL, Planning etc)			
Site purchase			
Associated costs			
Interest costs			
Contingency			
Total			

Return on cost (excluding interest)	Gross yield per annum	Net yield per annum (assuming 25% costs)

Harper House status report

Report Date:

21 December 2020

Project status

HE audit concluded and comments on draft report are satisfactory. Highlighted one approval still outstanding and Environmental Health (EH) being chased. Final report now awaited.

Site well managed and no delays currently being reported.

MCS (main contractor) programme of 52 weeks. Currently on programme/cost. Site visits undertaken by Metropolitan Housing and ongoing discussions regarding any required specification changes to the building.

H&S – one worker reported on 3 Nov with Covid-19. Site subsequently closed and deep cleaned. No other staff showing symptoms.

Sales/ revenue	numbers	Rents	Gross rent pcm	Gross rent annual	Net per annum (assuming 25%)
1 Bed/2 pers					
2 Bed/3 pers					
3 Bed/4 pers					
Totals					

Key Milestones	Comments	Date
Planning Permission	Resolution granted 18 Oct 19. Chasing EH for outstanding pre-comm sign off.	Oct 19
Demo	Works completed 24 Feb.	Feb 20
Main Build Works	Timber roof trusses complete, felt and battening progressing. Floor screed at GF/1 st floors. 1 st fix M&E/plumbing progressing on upper floors	Dec 20
Practical Completion	MCS build programme forecast at 52 weeks. On programme.	April 21

Finance	Cost to Date	Forecast to PC	Comments
Cabinet approved development costs			
Main Contractor build costs			
Professional fees			
Demo			
Other cost (CIL, Planning etc)			
Site purchase			
Associated costs			
Finance costs			
Contingency			
Total			

Key Issues / Risks		Mitigation
Crane – larger crane installed and more oversail licences may be needed. Local resident seeking compensation	L	Crane jib now being folded out of hours so no oversailing when winded.
Programme risk due to COVID-19 which impacts time and availability of materials	M	All materials ordered for programmed works during lockdown. High hygiene levels being maintained. MCS procuring ahead of need. Resequencing of works to bring forward GF/1 st floor screed and 1 st fix M&E and plumbing.

Return on cost	Gross yield per annum	Net yield per annum (assuming 25% costs)

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Weekly Project White House - Hostel Status report

Report Date: 21 December 2020

Project status
 Last pre-comm condition dealt with– discharge confirmed by Environmental Health

Metropolitan Housing – additional spec items such as wifi , cctv and fob system-to be grant funded via Housing. Also reviewing adapted facilities which may qualify for Better Care grant funding too.

planning– consent granted for energy centre/bins and 3 extra cars spaces on 4 June 2020. Planning granted for extended working hours.
 S278 – seeking to omit drainage. Detailed designs submitted to SCC for agreement. Legal then to close out mini S278 Agreement.

Sales/ revenue	Flat numbers	Flat Rents	Gross rent pcm	Gross rent annual	Net rent per annum (assuming 25%)
Single room hostel	27				
Studio hostel	4				
Totals	31				

Health & Safety	Occurrences
Accidents reported	- 0
Near Misses	- 0
Actions taken	- n/a

Finance	Cost to Date	Forecast to PC	Comments
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Key Milestones	Comments	Date
HE Funding	HE contract executed	April 20
Procure operator	Metropolitan Housing selected.	Sept 20
Main Works	Roofing 95% complete. Windows installed and striking of scaffold commenced. Screeding and metal studwork continuing internally.	Dec 20
Practical Completion	7 weeks programme slippage still being maintained.	May 21

Cabinet approved development costs			
Approved demolition costs			
Main Contractor build costs			
Professional fees			
Other cost (CIL, Planning etc)			
Site purchase			
Associated costs			
Interest costs			
Grant fund offset			
Contingency			
Total			

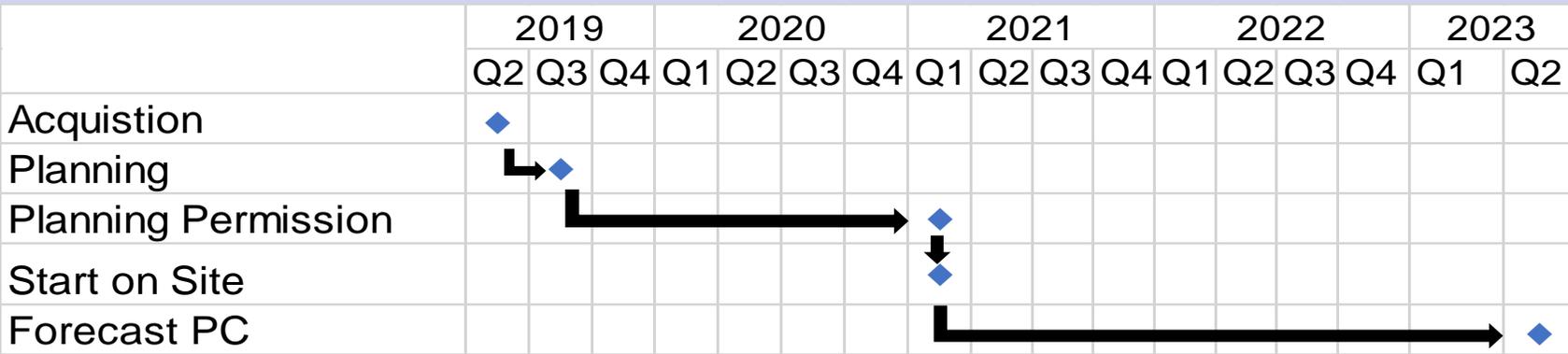
Key Issues / Risks	Mitigation
S278 works agreement. SCC unable to confirm drainage assets within the highway.	L Seeking to engineer out drainage. Designs have been prepared and are with SCC for approval. SCC are, in principle, satisfied with this approach. Completion of S278 via mini-agreement
COVID-19 will lead to programme slippage (time/materials availability)	M Collaborating with contractor to minimise programme/financial risks. Extended hours. Bringing forward works to mitigate.
New operator may have specific	L Engaging with MH to familiarise them with the building, its facilities and consider any required

Return on cost	Gross yield per annum	Net yield per annum (assuming 25% costs)
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Weekly Ashford Hospital status report

Project Sponsor Heather Morgan
 Project Manager Richard Mortimer



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Acquisition	04 May 2019
Planning submission	13 July 2020
Planning permission	Jan 2021
Start on Site	Q1 2021
Forecast PC	Q2 2023
Market Absorption (excl AH)	25pcm

Total Acquisition cost	
Build costs	
Gross development value	

Weekly Ashford Hospital status report

Report Date:

21 December 2020

Project status

Planning application for 127 units. MoU signed with NHS to take up to 115 units. 12 x S106 AH units in Block B)B), others in Block B and C. KCC VA – 22 AH units agreed.

Archaeology dig and SI submitted to remove pre-comm condition. All consultee/case officer queries resolved. Preferred bidder Rydon- continuing to address clarifications/VE in order to progress contract closure subject to planning. Full Council approved build costs on 29 October 2020.

LPA/Legal advice sought regarding enforceability for S106 which has delayed determination to Jan 2021. planning committee.

Key Milestones		Comments	Date
Demo		Demo contractor selected and ready to mobilise in Jan 21 subject to planning approval.	Jan 21
Main Works Tender		Finalising contract terms based on Stage 3 design.	Dec 20
Planning Determination		LPA has delayed to Jan committee to resolve S106 enforceability point above.	Jan 21
Conclude main contractor appointment		Full Council approved. Planning required to conclude contract.	Jan 21
Start on site		Archaeology/SI completed, Demo start in Jan 21 stp. Main works – early Q2 21	Jan 21

Key Issues / Risks		Mitigation
Archaeology a risk/delay	L	Watching brief on tunnel required by County Archaeologist.
Responses from Surrey Highways may delay determination	L	Satisfactory responses received
Build costs are higher than original approval	L	VE undertaken and +12 more units to mitigate. Full Council approval obtained on 29 Oct 20.

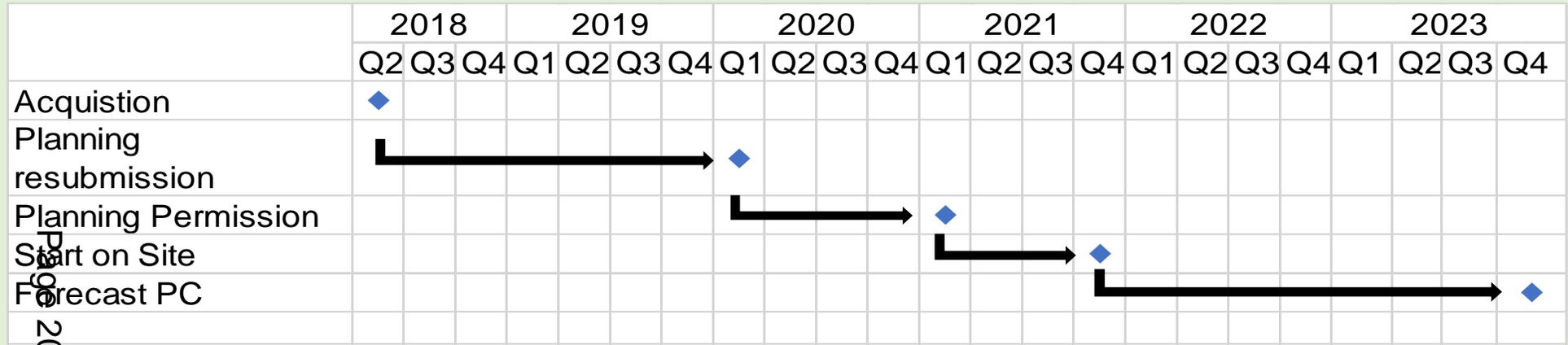
Sales/revenue	numbers	Rents pcm-80%M RV	Gross rent pcm	Gross rent annual	Net per annum (assuming 25% costs)
1 Bedroom	36				
2 Bedroom	88				
3 Bedroom	3				
Totals	127				

Finance	Cost to Date	Forecast to PC	Comments
Cabinet approved development costs			
Main Contractor build costs			
Professional fees			
Other cost (CIL, Planning etc)			
Site purchase			
Associated costs			
Finance costs			
Contingency			
Total			

Return on cost	Gross yield per annum	Net yield per annum (assuming 25% costs)

Thameside House

Project Sponsor Heather Morgan
 Project Manager Richard Mortimer



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Acquisition	02 May 2018
Planning submission	12 March 2020
Planning permission	Feb 2021 tbc
Start on Site (main build)	Q4/2021
Forecast PC	Q4/2023
Market Absorption (excl AH)	25 apts/pcm

Total Acquisition cost	
Forecast Build costs	
Gross development value	

Weekly Project Thameside House Status Report

Report Date:

21 December 2020

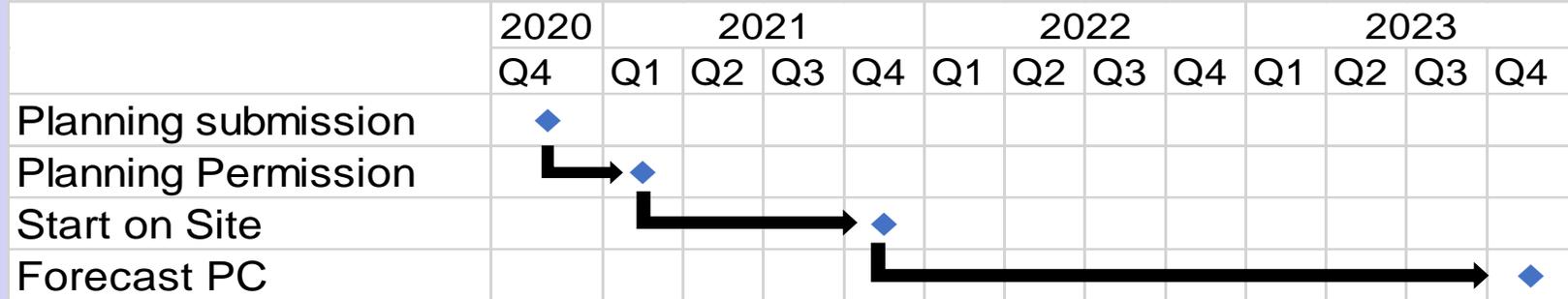
Project status				Sales/revenue	Numbers	Area	Gross Sales	Rents	Gross rent pcm	Gross rent annual	Net per annum (assuming 25%)	
<p>All key planning strategies and supporting documents agreed with LPA and statutory consultees. AH Proposition (50%) – 5x2 beds S106 agreed, plus 58 x2 beds + 7x 1 bed voluntary AH. A political decision is required. Review potential for adaptable units with Housing at next design stage.</p> <p>Remaining planning issues to close out - 1. LLFA – detail on flood drainage provided, response being chased .2. Response awaited from LPA re additional queries on Sequential and Exceptions Test.3. AH mix.- confirm no's/mix. 4. Air Quality – LPA chasing EH for a response.</p> <p>Rents – will review as evidence base indicates these may have increased</p>				1 Bedroom	69							
				2 Bedroom	67							
				3 Bedroom	4							
				Offices								
				Totals	140 apts							
Key Milestones				Finance		Cost to Date	Forecast to PC	Comments				
Planning Submission		Submitted on 12 March		Mar 20		Cabinet approved development costs						
Statutory Consultation		All statutory consultees satisfied with proposals. Recent LPA queries being addressed		Dec 20		Main Contractor build costs						
Planning Determination		Target Feb subject to ECM agreement.		Feb 21		Professional fees						
Start on Site (soft strip/demo)		Soft strip/demo tender below budget. Cabinet Paper for approval subject to planning/ECM		Mar 20		Other cost (CIL, Planning etc)						
Key Issues / Risks		Mitigation		Site purchase		Associated costs						
Minimum height and density required to maintain viable scheme.		M	Planning and DRP support. Public sentiment a risk. Scheme compliant with CAA regs and aligns with emerging local plan.		Interest costs		Contingency					
Cost certainty. Tall buildings on tight site (programme and logistical aspects)		L	Design to Stage 3+ and early contractor engagement to refine buildability/logistics. NR engagement pre-demo.		Total		Return on cost (including interest)		Gross yield per annum		Net yield per annum (assuming 25% costs)	
Coordinated objections about height from local residents/STC.		H	Berkeley consent a precedent and Draft Local Plan support for tall buildings. DRP and LPA support.									
LPA raised queries regarding impacts on specific junctions.		L	Surrey Highways have confirmed the Transport Assessment is acceptable and no further junction testing is required.									

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Leisure Centre

Project Sponsor Lee O'Neil

Project Manager Richard Mortimer



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Planning submission	27 Nov 2020
Planning permission	Mar 2021
Start on Site	Nov 2021
Forecast PC	Q4 2023
Market Void	

Development costs	£40m Passivhaus
Gross development value	

Weekly Project Leisure Centre Status report

Report Date:

21 December 2020

Project status

Passivhaus (PHI) Stage 3 design compliance validated. Stage 4a design commenced. Planning submitted on 27 November 2020. Full council approved planning submission and build costs budget on 29 October 2020. Council Working Group signed off submission on 25 November 2020. Planning application validated on 4 December.

OJEU tender for construction works based on Stage 3 design commenced 16 December based on 2 stage Design and Build. Contractor appointment expected April 21.

Application for CIL funding being prepared.

Sales/ revenue	Anticipated Net income
25 m Main pool, Learner pool, Sauna & Steam room, Spectator seating to pool hall, Sports Hall, Health & fitness, Multi Activity Studio, Spin studio, Multi-purpose room, Soft play, 2 x rooms for physio, Clip n climb, Reception with retail, Café (100 seats) with poolside viewing, 2 x small Sided 3G pitches, 2 x Full sided 3G pitches, Parking	

Key Milestones	Comments	Date
Full Council Approval	Obtained 29 October	29 Oct 20
Target Planning Submission	Submitted 27 November	27 Nov 20
Target Planning Determination	March Planning Committee	3 Mar 21
Contractor Appointment	OJEU process proposed to capture all key LC contractors	April 21
Start on Site	Targeting November 21	Nov 21

Total			
Finance	Cost to Date	Forecast to PC	Comments
Cabinet approved development costs			
Main Contractor build costs			
Professional fees			
Other cost (CIL, Planning etc)			
Site purchase			
Associated costs			
Interest costs			
Contingency			
Total			

Key Issues / Risks	Mitigation
Site designated as PUOS	L Site usage surveys show de-minimis use. Public consultation 96% support.
Programme delays have led to greater uncertainty over build costs. Also now COVID-19/Brexit.	M Soft market test completed to firm up on procurement process. Tender strategy aligns with market and should optimise participants/competitiveness
Until demo of existing LC, there will be a 90 parking space deficiency for 4 months	L Review options

Return on cost	Gross yield per annum	Net yield per annum (assuming 25% costs)

Projects currently at
feasibility stage

Ashford multi-storey car park

Project Sponsor Heather Morgan
Project Manager Richard Mortimer

			2020				2021				2022			
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Planning submission														
Planning Permission														
Start on Site														
PC														
Market Void/Absorption														

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Planning submission	tbc
Planning permission	tbc
Start on Site	tbc
PC	tbc
Market Void	

Development costs	
Gross development value	

Weekly Project Ashford multi-storey Status report

Report Date:

21 December 2020

Project status

Two Fluent schemes – 1. Full basement offer providing 74 parking spaces (1 level of u/g parking – 64 spaces + 10 on street spaces) plus GF 13,000sqft and 48 apartments over. 2. No Basement offer providing 50 car spaces and 4000sqft retail. Option 2 provides greater cost certainty, programme benefits, higher ROC/yield profile

Financial appraisal and cost plans undertaken on both options. Councillor preference for Option 1. Issues and Responses Note prepared that addresses recent councillor feedback and importance of defining ground floor uses. Surrey CC have potential interest for 2500sqft library relocation which may unlock existing site for development. To be reviewed in context of wider Ashford Regeneration

Key Milestones	Comments	Date
Complete 9 months of enforcement	Completed	June 19
Cabinet Approvals	Dependent on ECM/Cabinet approvals	Jan 21
Public Consultation	Target date to be agreed with DIG.	TBC
Planning Submission	Target date to be agreed with DIG.	TBC

Key Issues / Risks	Mitigation
Community do not support the loss of public car parking provision.	H Usage stats are low. Mitigation to demonstrate displaced cars can be accommodated on street. Schemes provide 10 public spaces at street level
Abnormal costs for basement parking spaces are likely to be high in comparison to values.	M Consider lower residential parking ratio to reduce dig and/or share spaces available for retail/public? Option 2 eliminates basement.
Height and scale of building needs to be in keeping with suburban scale of High St.	M Maximise site with appropriate sized units to meet market and mix. Benchmark scheme opposite at Brooklands.

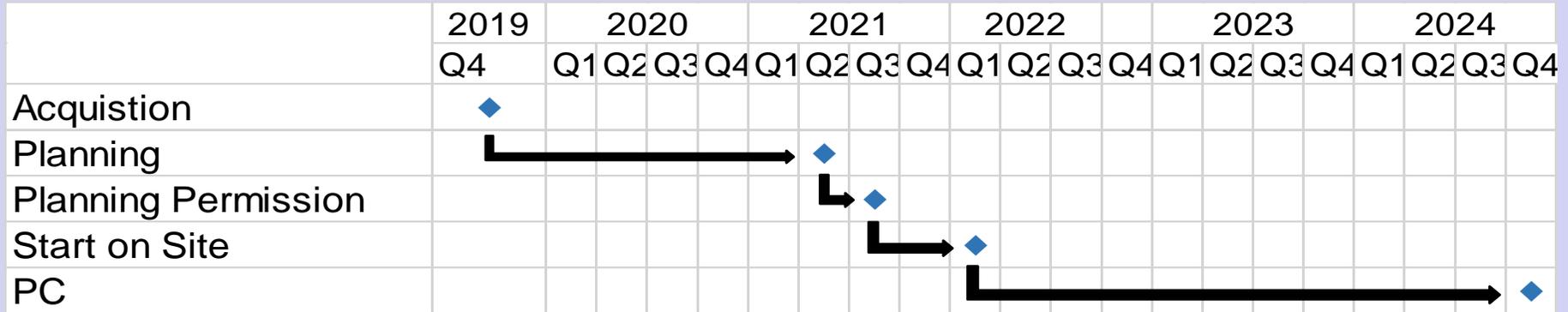
Sales/ revenue	numbers	Area	Rents pcm	Gross rent pcm	Gross rent annual	Net per annum (assuming 25%)
1 Bedroom	18					
2 Bedroom	30					
Retail/Community						
Totals	48					

Finance	Cost to Date	Forecast to PC	Comments
Cabinet approved development costs			
Main Contractor build costs			
Professional fees			
Other cost (CIL, Planning etc)			
Site purchase			
Associated costs			
Interest costs			
Contingency			
Total			

Return on cost	Gross yield per annum	Net yield per annum (assuming 25% costs)

The Oast House

Project Sponsor Heather Morgan
Project Manager Richard Mortimer



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Acquisition	25 October 2019
Planning submission	Apr 2021 tbc
Planning permission	Aug 2021
Start on Site	Q1 2022
PC	Q4 2024
Market Void	25-30 units/month

Total Acquisition cost	
Development costs	
Gross development value	

The Oast House status report

Report Date:

21 December 2020

Project status		
<p>Informal workshop held between design team and LPA where general buy in to design philosophy although two medium rise blocks need additional work to mitigate longer distance views by breaking down bulk/massing. Further LPA meeting in Jan</p> <p>Appraisal shows scheme remains marginally financially viable if 100% affordable and theatre costs absorbed into development costs.</p>		
Key Milestones	Comments	Date

Pre-App/Workshop 2	Revisions made to address LPA comments regarding towers. Meeting sought in Jan 2021 to review and develop design. Mix need to be maintained to limit impact on financial viability.	Jan 21
Design Review Panel	To be considered with LPA depending on feedback/progress on densities etc in Jan 2021.	Jan 21
Public Consultation	TBC	Mar 21
Planning Submission	Target date – looking tight.	Apr 21

Key Issues / Risks	Mitigation
Height and massing – if LPA don't support Rev 9 changes	H Present 100% AH + enabling development argument if theatre gets Cabinet go ahead.
Build costs need to be reduced to make scheme viable	M Ensure building ratios are efficient. Look at alternative spec for AH option.
Financing the conversion of the Listed building and theatre may put pressure on project viability	M Consider scope reduction for Listed Building fit out.

Sales/ revenue	numbers	Rents	Gross rent pcm	Gross rent annual	Net per annum (assuming 15% for resi)
Residential					
Workspace					
Totals					

Finance	Cost to Date	Forecast to PC	Comments
Cabinet approved development costs			
Main Contractor build costs			
Professional fees			
Other cost (CIL, Planning etc)			
Site purchase			
Associated costs			
Finance costs			
Contingency			
Total			

Return on cost	Gross yield per annum	Net yield per annum

Tothill Car Park

Project Sponsor Heather Morgan
Project Manager Nick Cummings

	2020				2021				2022			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Acquisition	◆											
Planning												
Planning Permission												
Start on Site												
PC												

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Acquisition	January 2020
Planning submission	Under Review
Planning permission	Under Review
Start on Site	tbc
PC	
Market Void	

Total Acquisition cost	
Development costs	
Gross development value	

Weekly Tothill Car Park status report

Report Date:

21 December 2020

Project status

Professional Team appointments approved and confirmed. Project initiation Meetings underway and initial Stage 2 design progressing from current Stage 1

Preparation of outline planning/parameters application to be prepared alongside plans for additional parking capacity at Elmsleigh Surface parking. Strategic review of town centre car parking is underway to establish parking capacity to support resi-led development of the site

Target date of Jan 2021 for PDR (office to resi) application to be submitted for Communications House.

Key Milestones		Comments	Date
Appointment of Professional Team		Approved and confirmed 17th June 2020	17 June 2020
Progress Stage 1 Design to Stage 2		w/c 22/06/20	22 June 2020
Submission of PD app for Communications House		Docs prepared awaiting pre-app feedback from EA concerning flood risk	Jan 2021
Establish use and parameters for application and work on car park strategy		Design underway	Feb 2021

Key Issues / Risks		Mitigation
Flooding	M	Design development underway to accommodate flood alleviation.
Car Parking	M	Preliminary parking study undertaken which will feed into wider town centre car parking study
Planning	M	Substantial redevelopment requiring a complex planning application.

Sales/ revenue	numbers	Rents	Gross rent pcm	Gross rent annual	Net per annum (assuming 25%)
Totals					

Finance	Cost to Date	Forecast to Stage 2	Comments
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Cabinet approved development costs			
Main Contractor build costs			
Professional fees			
Other cost (CIL, Planning etc)			
Site purchase			
Associated costs			
Finance costs			
Contingency			
Total			

Return on cost	Gross yield per annum	Net yield per annum (assuming 25% costs)

William Hill/Vodafone

Project Sponsor Heather Morgan
Project Manager Nick Cummings

	2020				2021				2022
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Acquisition	◆								
Planning									
Planning Permission									
Start on Site									
PC									

Acquisition	January 2020
Planning submission	Under Review
Planning permission (granted)	Under Review
Start on Site	tbc
PC	tbc
Market Void	

Total Acquisition cost	
Development costs	
Gross development value	

Weekly Update William Hill/Vodafone status report

Report Date: 21 December 2020

Project status
 Target to deliver approximately 14 affordable flats as part of the ongoing regeneration of Staines town centre. The Professional Team have been appointed for Stage 2 Planning Application

 Negotiations remain ongoing with a potential new tenant to take retail space at the ground floor. Further retail options being reviewed

Sales/ revenue	numbers	Rents	Gross rent pcm	Gross rent annual	Net per annum (assuming 25%)
1 Bedroom					
2 Bedroom					
3 Bedroom					
Totals					

Key Milestones	Comments	Date
Appointment of professional Team	Approved team and appointments confirmed	17 th June 2020
Initial Project Meetings	w/c 22/06/20	22/06/20
Design initiation and progress	Stage 1 Plans prepared Stage 2 design to proceed	22/06/20
Stage 2 design	Stage 2 design freeze	Nov 2020

Finance	Cost to Date	Forecast to Stage 2	Comments
Cabinet approved development costs			
Main Contractor build costs			
Professional fees			
Demo			
Other cost (CIL, Planning etc)			
Site purchase			
Associated costs			
Finance costs			
Contingency			
Total			

Key Issues / Risks		Mitigation
Protected Frontage and full scope of Site	M	Planning investigation and research
Agreement to lease of retail unit		Informal discussions with alternative retailers – reconfiguration option study of retail unit to suit alternative retail users

Return on cost	Gross yield per annum	Net yield per annum (assuming 25% costs)

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Development agreement

Weekly Project Waterfront status report

Project status

Arora pre app underway. Public consultation dates will depend on feedback from pre-app.

Arora change in brand from DoubleTree to Pullman accepted. Arora extension of time to 31 January 2021 for planning submission accepted. Agreement reached with Arora to extend Thames Side Brewery's occupation with provision to terminate on serving one months notice. Legal need to vary the DA with Arora before executing Brewery lease.

Report Date: 21 December 2020

Sales/ revenue	numbers	Rents	Gross rent pcm	Gross rent annual	Net per annum
1 Bedroom		£		£	
2 Bedroom		£		£	
Other facilities	Proposed hotel and community facilities- size and mix subject to planning				
Totals				£	

Health & Safety	Occurrences
Accidents reported	- 0
Near Misses	- 0

Finance	Cost to Date	Forecast to PC	Comments
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Key Milestones	Comments	Date
Pre-App 1	Meetings scheduled by Arora to discuss with LPA	Dec 20
Public Consultation 1	Delay in pre app date likely to defer public consultation to Jan 21.	Jan 21
Cabinet Presentation	Date to be confirmed	Jan 21
Planning Application	Contract deadline - 31 Jan 2021. Concern that time is tight – ongoing discussions to get Arora's programme on schedule.	31 Jan 21

Cabinet approved development costs			
Main Contractor build costs			
Professional fees			
Other cost (CIL, Planning etc)			
Site purchase			
Associated costs			
Finance costs			
Contingency			
Total			

Key Risks/Issues		
Loss of car park and its mitigation may create a deficiency in Town Centre public provision	M	Town Centre study currently being undertaken and this will be coordinated with Arora to offset impacts.
COVID-19 led market instability could lead to Arora renegotiating terms/withdrawing	L	The deal is structured so both parties are aligned in the short/long term performance of the project.
Scale of development will need to align with Government's	M	Proposals modelled around precedent parameters similar to completed Bellway

Return on cost	Gross yield per annum	Net yield per annum (assuming 25% costs)

Glossary

AH - Affordable Housing – 80% of market rent

Contingency – typically at feasibility stage a 10% contingency is adopted this reduces through the design development stages to as low as 2.5% depending in the complexity and duration of the project

Total cost to completion – all development costs including land acquisition

CAA - Civil Aviation Authority

CIL – Community Infrastructure Levy

DA – Development Agreement

EA – Environment Agency

ECM – Extraordinary Council Meeting

HE – Highways England

LLFA - Lead Local Flood Authority

LPA - Local Planning Authority

Mpa - Million per annum

NR - Network Rail

PDR – Planning Prior Approval (for conversion)

PRS - Private rented sector

PC – Practical completion

STC - Subject to Contract

VA – Viability Assessment (affordable housing)

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
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