



Please reply to:

Contact: Gillian Scott
Service: Committee Services
Direct line: 01784 444243
E-mail: g.scott@spelthorne.gov.uk
Date: 21 January 2020

Notice of meeting

Cabinet

Date: Wednesday, 29 January 2020

Time: 7.30 pm

Place: Goddard Room, Council Offices, Knowle Green, Staines-upon-Thames

The members of the Cabinet	Cabinet member areas of responsibility
I.T.E. Harvey (Leader)	Leader and Council Policy co-ordination
A.C. Harman (Deputy Leader)	Deputy Leader and Finance
M.M. Attewell	Community Wellbeing and Housing
R.O. Barratt	Environment and Compliance
I.J. Beardsmore	Strategic Planning - Local Plan
A. Brar	Portfolio Holder for Housing
H. Harvey	Portfolio Holder for Investment, Management and Regeneration
J. McIlroy	Portfolio Holder for Planning Department Management
O. Rybinski	Economic Development, Customer Service, Estates and Transport
J.R. Sexton	Portfolio Holder for Corporate Management

Councillors are reminded that the Gifts and Hospitality Declaration book will be available outside the meeting room for you to record any gifts or hospitality offered to you since the last Committee meeting.

Spelthorne Borough Council, Council Offices, Knowle Green

Staines-upon-Thames TW18 1XB

www.spelthorne.gov.uk customer.services@spelthorne.gov.uk Telephone 01784 451499

AGENDA

Page nos.

- 1. Apologies for absence**
To receive any apologies for non-attendance.
- 2. Minutes** **5 - 12**
To confirm the minutes of the meeting held on 4 December 2019 as a correct record.
- 3. Disclosures of Interest**
To receive any disclosures of interest from councillors in accordance with the Council's Code of Conduct for members.
- 4. Petition on the Local Plan** **13 - 14**
Cabinet member: Councillor I. J. Beardsmore

The Council has received a petition with 609 signatories requesting that Spelthorne Borough Council reconsiders its proposals to release two Green Belt sites within Charlton Village for the development of housing.

The matter is referred to Cabinet for consideration and a response.

In accordance with Standing Order 16.4 in the Constitution, the options available to Cabinet are:

(a) to take the action the petition requests; or

(b) not to take the action requested for reasons put forward in the debate; or

(c) to note the petition and keep the matter under review.
- 5. Spelthorne Borough Council (Off-Street Parking Places) Order 2020 - Key Decision** **15 - 72**
Councillor R.O. Barratt

To consider a report on proposals for the Spelthorne Borough Council (Off-Street Parking Places) Order 2020.
- 6. Treasury Management half yearly report 2019/20** **73 - 84**
Councillor A.C. Harman

To receive a report on the half yearly Treasury Management position.
- 7. Treasury Management Strategy Statement 2020/21** **85 - 154**

Councillor A.C. Harman

To consider the Treasury Management Strategy for 2020/21 and recommend it to Council for approval.

8. Housing Strategy 2020-2025 **155 - 210**

Councillor A. Brar

To consider the proposed Housing Strategy for 2020-2025 and recommend it to Council for approval.

9. Pay Policy Statement 2020/21 **211 - 234**

Councillor O. Rybinski

To consider the Pay Policy Statement for 2020/21 and recommend it to Council for approval.

10. Spelthorne Leisure Centre - Consultation **To Follow**

Councillor M.M. Attewell

To consider a consultation on revised proposals for a new Spelthorne Leisure Centre.

11. To delegate authority to select the supplier of a refuse collection vehicle **235 - 236**

Councillor R.O Barratt

To consider a report on the selection of a supplier of a refuse collection vehicle.

12. Leader's announcements

To receive any announcements from the Leader.

13. Urgent Action

To note two urgent actions undertaken by the Chief Executive.

On 6th and 9th December 2019, the Chief Executive in consultation with the Leader, agreed lettings on part of the 3rd floor and part of the 4th floor respectively, within Charter Building, Uxbridge. These are not Key Decisions. The matters were considered as urgent actions because the proposed tenants required completion of the lettings before the Cabinet was next due to meet.

14. Urgent items

To consider any items which the Chairman considers as urgent.

15. Exempt Business

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

**16. Review of Knowle Green Estates Ltd
Councillor I.T.E. Harvey**

237 - 272

To consider a report on a review of Knowle Green Estates Ltd.

Reason for exemption - Confidential Appendix, Business Plan

It may be necessary to exclude the press and public during consideration of this item due to the fact that the Appendix to the 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 on the basis that the confidential business case contains commercially sensitive information which the Company requires to be protected in order to procure development schemes and rent properties in a competitive commercial environment.

Minutes of Cabinet

4 December 2019

Present:

Councillor I.T.E. Harvey, Leader and Council Policy co-ordination
Councillor A.C. Harman, Deputy Leader and Finance
Councillor M.M. Attewell, Community Wellbeing and Housing
Councillor R.O. Barratt, Environment and Compliance
Councillor J.R. Boughtflower, Corporate Management
Councillor O. Rybinski, Economic Development, Customer Service, Estates
and Transport

Apologies: Councillor I.J. Beardsmore, Strategic Planning – Local Plan

Councillors in attendance:

Councillor C. Bateson

2656 Minutes

The minutes of the Cabinet meeting held on 6 November 2019 were agreed as a correct record.

2657 Disclosures of Interest

There were none.

2658 Recommendation of the Audit Committee on Corporate Risk Management

Cabinet considered the recommendation from the Audit Committee on the Corporate Risk Register.

Resolved to approve the Corporate Register as submitted.

Reason for the decision:

The Register summarises the Council's most significant risks. It sets out the controls which have been put in place and identifies any further action which might be needed to mitigate risks.

2659 Outline Budget 2020/21 to 2023/24 - Key Decision

Cabinet considered a report on the Outline Budget for 2020/21 to 2023/24 which outlined the current expected budget gaps for 2020/21 and the following three years.

The Chief Finance Officer advised Cabinet that there would be an impact on the detailed budget arising from the Pension fund review which requires a significant increase to employer contributions. This had not previously been flagged as anticipated by the actuaries or pension fund administrators when

the Outline Budget was considered and the reasons for the proposed increase and options for managing impact on the Budget were being explored with actuaries.

Cabinet asked to receive a further report at its next meeting giving more information on the impact to the budget as a result of the Pension fund review.

Resolved to receive a further report on the Outline Budget for 2020/21 to 2023/24 addressing the impact arising from the Pension fund review, at the next meeting of Cabinet on 29 January 2020.

Reason for Decision

Cabinet needs to fully understand the implications for the Outline Budget as a result of the Pension fund review before it can agree the recommendations in the report.

2660 Capital Monitoring Report

Cabinet considered a report on the current level of capital spend covering the period April to September 2019.

Resolved to note the current level of capital spend.

2661 Revenue Monitoring Report

Cabinet considered a report on the current level of revenue spend covering the period April to September 2019.

Resolved to note the current level of revenue spend.

2662 Calendar of Meetings

Cabinet considered a report on the Calendar of meetings for 2020-21.

The meetings for 2020 to 2021 had been programmed to ensure that the Council makes decisions in a timely way to help with the implementation of its priorities and strategies, as well as fulfilling its constitutional and legal obligations.

Resolved to recommend Council to approve the Calendar of meetings 2020-21.

2663 Leader's announcements

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

The Local Plan Preferred Options Consultation for the Borough has now been open for 4 weeks.

The Council has extended its public consultation on a new Local Plan for the Borough, which sets out proposals for where housing, employment and other

development will be built up to 2035. The original consultation period already exceeded the statutory minimum 6 weeks to take account of the Christmas break. However, the General Election wasn't originally expected and therefore we've again extended the period within which local residents can respond.

The consultation will now run until Tuesday 21 January 2020 and gives another two weeks for residents to give their views on the proposed allocations and policies.

Four public events have been held to provide further information to residents and interested parties and a further three events are planned in December and if needed in the New Year to ensure everyone is fully informed and can have their say.

The Council met with senior officials from the Ministry of Homes, Communities and Local Government to express the deep concerns over the very high housing figure calculated for the Borough using the Government's standard method for calculating 'need'. Using this method, the figure for Spelthorne is 603 homes per year. Like many local authorities in Surrey, it is incredibly challenging to find sites to meet that need. Spelthorne is 65% Green Belt and 17% is water. In fact, 26% of our Green Belt is made up of the reservoirs. The Council will continue to push the Government to bring this figure down so we can deliver a Local Housing Plan that is acceptable to our communities.

On Monday 11 November a Remembrance Ceremony was held here at the Council Offices and we were joined by veteran Bill Sykes who helped plant a Red Oak tree outside the Council offices on the Green in readiness for the commemoration of the 75th Anniversary of VE Day on 8 May 2020.

Spelthorne in Bloom celebrated its 30th year on 4 November, where winners were presented with their awards at Shepperton Studios. There were so many beautiful and imaginative entries this year. Thank you to the volunteers and gardeners for all their hard work ensuring another successful year and congratulations to the finalists and winners.

The hard work and sporting achievements of local players, coaches and volunteers was celebrated at the annual Spelthorne Sports Awards at Shepperton Studios on Tuesday 19 November. The winners, and everyone nominated for these awards, are a credit to Spelthorne and to sport. Thanks to everyone who helped to organise the event and many congratulations to everyone who received an award.

The Council has announced that it will be offering Council Tax exemptions from April 2020 to young people leaving care aged between 18 and 25. Care leavers have often had their childhoods affected by instability and trauma.

After much public support, the Council is pleased to share the news that the 'silent soldier', which was vandalised last month has now been repaired and put back in its rightful place in Memorial Gardens, Staines-upon-Thames.

The Council has produced a written response and local impact report for the Southampton to London Pipeline Project. The proposed pipeline will pass through the Borough and while we understand the national need for the infrastructure project, our primary objective must be to ensure that sufficient protection is provided for our community and environment. The Council is looking for Esso to engage with us and our residents constructively, to put in place the specific protections we seek.

Spelthorne Borough Council has launched a public consultation on the draft framework for our new Homelessness Strategy, which will address homelessness and rough sleeping in Spelthorne for 2020 to 2025. The consultation opened Monday 2 December and runs up to midday Monday 6 January. The overall aims of the strategy are to ensure nobody sleeps rough in Spelthorne, ending the use of bed and breakfast accommodation, reducing the length of time people stay in temporary accommodation, increasing the use of the private sector for homelessness prevention and investing in staff training and development to improve the Housing Options service.

This week the winter edition of The Bulletin has been delivered with articles on tackling rough sleeping, festive recycling and local seasonal events. This Bulletin is a special edition which includes an 8 page Local Plan Consultation insert informing residents on why we need a new Local Plan and a map for each area across the Borough showing proposed site allocations. Christmas in Stanwell is back on Friday 6 December with the annual Christmas light switch-on and lantern parade. Everyone is welcome to join us for a mince pie or two!

As Leader of Spelthorne Borough Council, I attended a Council meeting at Grand Port Mauritius on Friday 15th November to formally mark the 10th anniversary of our Twinning Charter. The visit was entirely self-funded and reflects my personal desire to reaffirm the decade long twinning. Taking time out from his annual vacation visiting family on the island, the Chief Executive - in his own time and at his own expense - also joined me on 15th November to mark this occasion. We both participated in a working session in the Grand Port Council Chamber with District Councillors and Heads of Department. The Chairman and Chief Executive of Grand Port then publicly reaffirmed the relationship between the two boroughs in signing a 10th anniversary Charter declaration which will be displayed in our public vestibule outside the Council Chamber. The Chairman and Chief Executive of Grand Port will be visiting Spelthorne early in 2020.

2664 Urgent Action

Cabinet noted the urgent action taken by the Chief Executive in consultation with the Leader on 9 November 2019, to agree one letting within the fourth floor of the Thames Tower, Reading. The matter, which was not a Key Decision, was considered as urgent action because the proposed tenant required completion of the letting before the Cabinet was next due to meet.

2665 Urgent items

There were none.

2666 Exempt Business

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

2667 Exempt report - Investment acquisition Y - Key decision

Paragraph 3 – Information relating to the financial or business affairs of any particular person (including the authority holding that information)

Cabinet considered an exempt report on an opportunity to acquire an asset for affordable housing to provide 43 apartments with 27 parking spaces.

The Group Head for Regeneration and Growth gave a presentation on the proposal setting out the rationale for acquisition, the costs involved and the due diligence process.

Cabinet expressed concern that liability for external building maintenance, including a contribution towards grounds maintenance, rested with the leaseholder and asked for further clarity on the scope to change this position, before it agreed to proceed with the acquisition.

Alternative options considered and rejected by the Cabinet:

- Not to proceed with the acquisition.

Resolved to delegate the decision to proceed with the acquisition and approve the following recommendations, to the Leader, Councillor I.T.E. Harvey, subject to clarity as to the estate service charge:

1. Approve the funding of Knowle Green Estates Limited (KGE) to facilitate the acquisition of the 999 years long leasehold interest in the affordable housing asset identified in this report;
2. Formally approve the terms agreed, and authorise the Chief Executive (in consultation with the Chief Finance Officer, the Leader and the Cabinet Member for Finance) to agree any further additional terms as funder to enable KGE to proceed with their acquisition of the asset;
3. Authorise the Chief Finance Officer to decide the most financially advantageous funding arrangements for the purchase, and overall to ensure the funding for the acquisition is prudentially affordable; and
4. Authorise the Head of Corporate Governance to enter into any legal documentation necessary to fund the acquisition of the asset including the completion of the associated loan agreement with KGE.

Reasons for Decision

Approving this funding will enable the provision of 43 new apartments for affordable rent with 27 car spaces. The scheme is anticipated to be completed in Spring 2022 and is in line with Spelthorne's strategy to significantly increase the supply of affordable homes within the Borough. The scheme will also support the Council to continue with its strategy to reduce the number of households in emergency and temporary accommodation.

NOTES:-

- (1) Members of the Overview and Scrutiny Committee are reminded that under Overview and Scrutiny Procedure Rule 16, the "call-in" procedure shall not apply to recommendations the Cabinet makes to the Council. The matters on which recommendations have been made to the Council, if any, are identified with an asterisk [*] in the above Minutes.**
- (2) Members of the Overview and Scrutiny Committee are entitled to call in decisions taken by the Cabinet for scrutiny before they are implemented, other than any recommendations covered under (1) above.**
- (3) Within five working days of the date on which a decision of the Cabinet or a Cabinet Member is published, not less than three members [one of whom must be the Chairman] of the Overview and Scrutiny Committee are able to "call in" a decision;**
- (4) To avoid delay in considering an item "called in", an extraordinary meeting of the Overview and Scrutiny Committee will be convened within seven days of a "call in" being received if an ordinary meeting is not scheduled in that period;**
- (5) When calling in a Cabinet decision for review the members doing so should in their notice of "call in":-**
 - Outline their reasons for requiring a review;**
 - Indicate any further information they consider the Overview and Scrutiny Committee needs to have before it in order to conduct a review in addition to the written report made by officers to the Cabinet;**
 - Indicate whether, where the decision was taken collectively by the Cabinet, they wish the Leader or his nominee (who should normally be the Cabinet Member) or where the decision was taken by a Cabinet Member, the member of the Cabinet making the decision, to attend the committee meeting; and**

- ***Indicate whether the officer making the report to the Cabinet or the Cabinet Member taking the decision or his/her representative should attend the meeting.***
- (6) ***The deadline of five working days for "call in" by Members of the Overview and Scrutiny Committee in relation to the above decisions by the Cabinet is the close of business on 13 December 2019.***

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SAVE CHARLTON VILLAGE

Petition to Spelthorne Borough Council

We, the undersigned, are opposed to the proposed developments of Charlton Village. We call upon Spelthorne Borough Council to: -

- 1. Reject the proposed plans to build additional housing**
- 2. Fully consult with local residents on any future proposals**

Charlton Village is a small settlement comprising of around 450 homes, consisting primarily of elderly residents and families with young children. Residents know their neighbours and therefore build positive relationships. Situated in a rural setting, we are fortunate to be surrounded by Green Belt land which defines our village and offers home to much wildlife and protected species. Our infrastructure is such that we have one road which allows access, but despite this, a large amount of traffic passes through, posing significant danger to residents. With both the Eco Park and the expansion of Shepperton Studios the Village simply cannot withstand any more through traffic. Despite this the proposal of an additional 300+ houses (potentially a further 600 cars) gaining access is unacceptable. There is more land in the area, suitable for housing, which wouldn't impact the same on the local community which is why we strongly oppose your plans.

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Cabinet**29 January 2020**

Title	The Spelthorne Borough Council (Off-Street Parking Places) Order 2020		
Purpose of the report	To make a Key Decision		
Report Author	Bruno Barbosa, Parking Services Operational Manager Jackie Taylor, Group Head of Neighbourhood Services		
Cabinet Member	Councillor Richard Barratt	Confidential	No
Corporate Priority	Financial Sustainability		
Recommendations	<ol style="list-style-type: none"> 1) Authorise the Group Head of Neighbourhood Services to proceed with the proposals made in this report and to implement the Spelthorne Borough Council (Off-Street Parking places) Order 2020; 2) Authorise the Head of Corporate Governance to publish all notices required to implement the Spelthorne Borough Council (Off-Street Parking Places) Order 2020; 3) Authorise the Group Head of Neighbourhood Services in consultation with the Head of Corporate Governance to consider and address any objections and to amend the proposals if necessary following the public consultation; 		
Reason for Recommendation	To ensure that parking regulations in all off street car parks identified within this report are current and enforceable To support the Council's aim for Financial Sustainability		

1. Key issues

- 1.1 The Council is able to control parking within its administrative area through the production of an Off Street Parking Places Order under the Road Traffic Regulation Act 1984. The order recommended within this report sets out the terms and conditions for use of Council owned car parks, and the charges and penalties which apply to those using the car park. Once made it would form the legal basis from which all future charges and enforcement actions are made.
- 1.2 Due to the number of changes proposed to the existing 2018 order, a new Off Street Parking Places Order is proposed to implement these changes and produce a comprehensive and up to date order. A copy of the new order indicating the proposed changes to be made is attached at **Appendix 1**.

1.3 **Introductory points:**

- (a) This Parking Order revision does not factor in impacts of the potential introduction of Controlled Parking Zones in Staines by Surrey County Council, which have the potential to increase the demand of off street parking spaces. If the demand is significantly increased, the next revision will take into consideration the supply available when projecting the suitable tariffs.
- (b) A comparison has been made with neighbouring authorities to assess parking charges, whilst we do not wish to price ourselves out of the market we need to ensure that charges are broadly similar and represent value for money. Where the average occupation rates are high the tariff charges have not been increased, and where occupation rates are abnormally low (in comparison to nearby sites) the tariffs have been adjusted so that it's cheaper in shorter stay bands and more expensive on longer stay bands (to motivate higher rotation and occupation).
- (c) The cost for each season ticket in Ashford was increased to 58p per day on the previous revision of this Parking Order. To further note, due to the significant challenges posed by the main road closure in front of the Ashford MSCP the council decided to make the car park free of charge during the works, and up to 05/01/2020.

1.4 **Appendix 1 – Parking Order – Revisions/changes:**

- (a) In Article 10 of the Parking Order the mention to Thames Street car park (Sunbury) was removed, since the general definition of the surface precluding the bay markings is sufficient and removes the need to add/remove specific mentions in future revisions of the Parking Order if locations are added where bay markings are not possible/practicable.
- (b) Article 41 was redrafted, since the original wording implied that by making a machine become out of service (by vandalism, or wilful misuse) then the tariff in place would not be chargeable. The wording redraft makes it clear that only Spelthorne Borough Council can suspend the applicability of the tariff, and customers that encounter a machine that is not apparently functional should contact Spelthorne Borough Council to ascertain if the tariff applies, or if they need to park elsewhere.
- (c) Article 42 was corrected, as the original description of the process did not accurately reflect the operation of the system at Elmsleigh Surface car park and Elmsleigh MSCP. The physical ticket remains the only reliable means to prove payment at point of exit, and the ANPR camera system installed does not provide the same level of reliability by means of natural and designed limitations.
- (d) Article 43 was corrected, as it implied the loss of the ticket at the above mentioned car parks required customers to approach a Civil Enforcement Officer, when this facility is automatic and present in every Pay on Foot machine on site. This article further implied the ability to park for more than 24 hours, where the Parking Order actually imposes a limit on the length of stay of 24 hours.

- (e) “Disabled persons’ vehicles” has been split into two separate subjects, since the previous revision of the Parking Order did not explicitly mention the additional grace period conferred to Disabled Badge holders in Pay and Display car parks, instead relying on the last approved Enforcement Policy (dating to 2013) for that mention. This revision removes the need for the Enforcement Policy to be referred to, and instead rightly incorporates this facility on the Parking Order itself.
- (f) Under the Motorcycles heading, a new point was added to make it explicit that, despite being exempt from paying the tariffs within this Order, they are not permitted to park in Disabled persons’ bays, as well as contractor/permit bays (the latter was not explicit on the previous revision, making it thus possible for a motorcycle to prevent the use of a dedicated bay by the associated paying customer).
- (g) The addition of three articles under the above headings means that further article mentions have a different article number to the equivalent in the previous revision of this Order.
- (h) Article 61 has been significantly enhanced, since the previous revision did not incorporate the area effectively in the order, and thus making the previous article wording without practical effect. The revised wording and addition of the relevant entries on the Schedules now permits the Bus Station area by the south entrance of Elmsleigh Shopping Centre to be enforced. The wording and revision of this article was done with consultation of Surrey CC Passenger Transport, who support this inclusion and expressed their concern over the misuse of the area by private vehicles and taxis.

1.5 Appendix 1 – Schedule 1 – Revisions/changes:

- (a) In Schedule 1, the paid car park entries outside of Staines-upon-Thames have had the maximum length of stay included, since it was missing in the previous revision (this is a requirement to enforce abandonment). Riverside Underground car park and South Street (Saturday Only) car park have been removed from this revision, due to lack of usage and suitability of existing arrangements. These car parks will now therefore be managed instead through separate lease agreements and no longer constitute public car parks.

1.6 Appendix 1 – Schedule 2 – Revisions/changes:

- (a) In Schedule 2, Elmsleigh Surface Car Park and MSCP have had their maximum stay corrected, since the previous revision mentioned an 11 hour maximum stay but the parking system and tariff state charges for stays beyond 11 hours. The maximum stay has thus been corrected to 24 hours, since this is the maximum charge that the Council is able to enforce on site.

1.7 Appendix 1 – Schedule 3 – Revisions/changes:

- (a) In Schedule 3 there are multiple revisions particularly as they relate to new/revised areas with no tariff applicable, to reflect changes to how these areas operate or to address enforcement concerns due to improper parking:

- Knowle Green parking has been split into three types of parking, with associated defined areas:
 - Employee parking;
 - Visitor parking;
 - Resident parking.
- Additional area of Elmsleigh Road car park included, by request of Elmsleigh Shopping Centre management, enabling the enforcement of their dedicated bays.
- Bus area of Elmsleigh Shopping Centre added, with wording and definitions agreed with Surrey County Council.
- Bishop Duppa's Recreation Ground added, to enable the implementation of waiting restrictions in the access road, after complaints from residents and members of public of obstructive parking in that road, near to the junction with the main road.

1.8 Appendix 1 – Schedule 4 – Revisions/changes:

- In Schedule 4, referring to short stay car parks, Tothill MSCP has been moved in, and conversely removed from Schedule 5, which refers to long stay car parks. There is a tariff imbalance that effectively made Tothill be more expensive to park in at some tariff points than the adjacent car parks that were in Schedule 4.
- Elmsleigh Surface Pay on Foot had the incorrect Sunday tariff times, which was corrected from up to 7pm to up to midnight.
- Tariff changes applied to Elmsleigh Surface, Elmsleigh MSCP and Tothill MSCP. The following is a side by side comparison of the original tariff in these sites against the new proposed tariff:

	Parking Order 2018	Parking Order 2020
	Monday to Saturday	Monday to Saturday
Up to 1 hour	£1.30	£1.00 (-£0.30)
Up to 2 hours	£2.30	£2.00 (-£0.30)
Up to 3 hours	£2.70	£3.00 (+£0.30)
Up to 4 hours	£3.80	£4.00 (+£0.20)
Up to 5 hours	£7.00	£7.00 (no change)
Over 5 hours	£12.20	£12.00 (-£0.20)
7pm-12am (not applicable to Tothill)	£2.00	£2.00 (no change)
	Sunday 8am to 7pm	Sunday 8am to 7pm
All day (between times specified)	£2.00	£2.00 (no change)

The changes on the tariff bands simplify the structure so that it's a direct multiple of the amount of hours (up to 4 hours) and in whole pounds (no decimals). The calculated impact is of an increase of customers on the first hour by 30%, and of 25% on the second hour. The increase on the charge for the third hour is estimated to equate to a potential decrease of 25% in customers, with the increase in the fourth hour having the same potential impact. The changes on the other bands are nil or of negligible impact due to their low usage. Projecting the impact of these on a sample for Elmsleigh Surface+MSCP, the potential impact would be an overall increase in customers of 14.7%, with a marginal increase of income by £3,788.65.

To further support these changes, similar locations have been surveyed, with the following being a summary of the findings:

Shopping Centre Car Parks	The Heart (Walton-on-Thames)	Queensmere Observatory (Slough)	Addlestone One	Two Rivers (Staines)	Woking Shopping Car Park
Up to 1hr	£0.80	£1.00	£1.00	£1.20	£1.50
Up to 2hr	£1.50	£2.00	£2.00	£2.20	£3.00
Up to 3hr	£2.50	£3.00	£3.00	£2.70	£4.50
Up to 4hr	£3.50	£4.00	£4.00	£3.70	£6.00
Up to 5hr	£6.00	£5.00	£5.00	£7.00	(n/a)
24 hours	£15.00	£10.00	£15.00	£12.00	£12.00

Of the surveyed locations that are similar on locality features, only Woking presents a higher tariff than our current one, and the new tariff would place us in a competitive footing with other shopping areas of Surrey, as well as presenting a financially significantly more appealing option for Staines Town Centre short-term parking customers.

1.9 Appendix 1 – Schedule 5 – Revisions/changes:

- (a) In Schedule 5, Bridge Street is changed from a tariff on Monday to Saturday to exclusive use by Season Ticket Holders from Monday to Saturday, whilst retaining the original Sunday tariff. This is due to the executive decision to permit Elmsleigh Surface Car Park season tickets being relocated to Bridge Street, resulting in the total number of season tickets in Bridge Street Car Park now equating to the near totality of the car park capacity. This guarantees availability of space for season ticket holders in Bridge Street, and displaces pay and display customers to the nearest car parks available (Riverside Surface, Elmsleigh Road and Tothill MSCP).

1.10 Appendix 1 – Schedule 7 – Revisions/changes:

- (a) In Schedule 7, Tothill MSCP and Bridge Street car park were added to the locations with possible contract parking;
- (b) In Schedule 7, Residential Season tickets in Laleham Village Car Park (The Broadway) Laleham, Thames Street Sunbury, Orchard Meadow Sunbury and The Walled Garden Sunbury have a heavily discounted charge, amounting to a daily charge of £0.16 in car parks with a £2.00 to park the whole day. The charge for Business Season Tickets in the same locations is nearly twice this amount, with a daily average charge of £0.30. The two types of Season tickets have been merged into one, titled “Local Season Ticket”, with a charge matching the Business Season Ticket charge.
- (c) In Schedule 7, the Visitors permit book has been removed as the stock is depleted, and provided a heavily discounted parking allowance in any car park in the borough at an operational deficit.

1.11 Appendix 1 – Schedule 8 – Revisions/changes:

- (a) In Schedule 8, the Disabled Persons’ Badge Holders’ Season Tickets for Elmsleigh Surface/MSCP charges are disproportionately low, compared to regular season tickets. Blue Badge holders currently pay an average daily charge of £0.28 to park in the centre of Staines for any length of time, whereas regular Season Ticket Holders pay £1.96 on average per day, and regular customers pay £13.40 for a full day charge. This facility is not available in any other car park in Spelthorne, and on Pay and Display car parks all Blue Badge Holders receive an additional hour grace on top of what they pay to park for (besides the blue badge already conferring 3 hours of free parking on waiting restrictions on-street). The operational cost of providing this facility is not sustainable and consequently this season ticket is removed. There are currently 14 active customers benefiting from this season ticket, and due consideration will be given to them when the facility is removed.

1.12 Appendix 1 – Schedule 10 – Revisions/changes:

- (a) In Schedule 10, items previously marked as free for charities and voluntary organisations have now been marked as being free at the discretion of Spelthorne Borough Council. The rationale for this change is that the previous wording permitted a charity or voluntary organisation to request any car park for any period of time free of charge for their exclusive use, or alternatively require a dispensation for any amount of vehicles for any amount of time in any car park. This change now eliminates that risk, and introduces the ability for Spelthorne Borough Council to decide on a case by case basis if the normal charges can be waived for these organisations.
- (b) The Lost ticket charge for Elmsleigh Surface Car Park has been revised to reflect the updated full day charge under the proposed new tariff.

1.13 **Appendix 1 – Schedule 12 – Revisions/changes:**

(a) Site map revisions/corrections for:

- Kingston Road car park, to include recently purchased land;
- Bridge Street car park, to include the access road;
- Knowle Green council offices, to include all parking areas on-site;
- Elmsleigh Road, to include areas of requested enforcement on behalf of Elmsleigh Shopping Centre;
- Elmsleigh Shopping Centre Bus Station, to be added;
- Bishop Duppa's Recreation Ground, to be added.

1.14 **Summary:**

(a) Key changes included within the proposed Order are:-

- Revision of wording for accuracy and efficacy
- Mapping revisions for new enforceable land areas and/or layout arrangement
- Inclusion of new enforceable parking places
- Removal of parking places
- Increase parking charges where appropriate
- Amend charging structures to improve occupancy and usage rates

1.15 **Consultation:**

- (a) Before implementing the proposed Off Street Parking Order 2020 we are required to consult with members of the public. The 4 week consultation period consists of advertising the proposed order in the car parks, council offices, in the local paper and to statutory consultees.
- (b) The Group Head of Neighbourhood Services in consultation with the Head of Corporate Governance will consider and address any objections and amend the proposals if necessary following the public consultation.
- (c) If the new Order is approved we will be required to advertise in the car parks, council offices and local newspapers that the Order is in force and tariff boards will need to be amended.

2. **Options analysis and proposal**

2.1 Implement the proposed Parking Order with all revisions as well as the new Civil Enforcement (Recommended option):

In order to efficiently regulate the use of car parks and effectively prevent and enforce misuse, it is proposed that Cabinet approves and agrees to:

- (a) Authorise the Group Head of Neighbourhood Services to proceed with the proposals made in this report and implement the Spelthorne Borough Council (Off-Street Parking places) Order 2020;

- (b) Authorise the Head of Corporate Governance to publish all notices required to implement the Spelthorne Borough Council (Off-Street Parking Places) Order 2020;
- (c) Authorise the Group Head of Neighbourhood Services in consultation with the Head of Corporate Governance to consider and address any objections and to amend the proposals if necessary following the public consultation.

2.2 Implement the proposed Parking Order without the proposed revisions for tariffs (Fourth option):

In order to efficiently regulate the use of car parks and effectively prevent and enforce misuse, it is proposed that Cabinet approves and agrees to:

- (a) Authorise the Group Head of Neighbourhood Services to proceed with the proposals made in this report and implement the Spelthorne Borough Council (Off-Street Parking places) Order 2020;
- (b) Authorise the Head of Corporate Governance to publish all notices required to implement the Spelthorne Borough Council (Off-Street Parking Places) Order 2020;
- (c) Authorise the Group Head of Neighbourhood Services in consultation with the Head of Corporate Governance to consider and address any objections and to amend the proposals if necessary following the public consultation.

2.3 Do not implement the new Parking Order (not recommended):

If the proposed Off Street Parking Places Order is not implemented, it will impact on the Council's ability to effectively regulate the use of the car parks. It will also result in a loss of revenue, as the current parking order does not reflect the current demand of residents and businesses.

2.4 Risk has been considered as part of this report and any specific high risks are included in the table below:

Category Risk	Action/Controls
To enable enforcement action to be taken against drivers of vehicles who park in a hazardous manner to the detriment of pedestrians in off street areas	Introduction of the Spelthorne Borough Council (Off-Street Parking Places) Order 2020
Regulate the use of the car parks to prevent misuse and anti-social behaviour	Introduction of the Spelthorne Borough Council (Off-Street Parking Places) Order 2020
Failure to implement and make the Order - loss of revenue and control over parking	Ensure Order is promptly advertised, made and implemented

3. Financial implications

- 3.1 There are costs associated with advertising the proposals and order and also for changes to tariff boards. These are expected to be in the region of £3k which can be met within the current budgets.
- 3.2 Selection by Cabinet of an option that does not include the removal of the nil charge first hour will imply a budgetary pressure of £29,385.91, arising from the yearly operational deficit created by the tariff.
- 3.3 Increases have been made to tariffs and if implemented the additional income is estimated to be:-
- Tariff changes in Staines-upon-Thames - +£94k (higher income possible if the impact expectations are surpassed)

4. Legal and other considerations

- 4.1 Parking in off street parking places can be regulated by Order to prevent misuse. Crime & disorder implications increase if an Order is not made and kept up to date and car parking cannot be regulated.
- 4.2 Any order regulating parking must be implemented in accordance with the provisions of the Road Traffic Regulation Act 1984, which includes consultation with the regulatory statutory bodies and members of the public. The process for introducing a new order is contained in the Local Authorities' Traffic Orders (Procedure) (England & Wales) Regulations 1996.

5. Timetable for implementation

- 5.1 The proposed timetable is set out below:

Report to Cabinet	29 January 2020
Consultation-4 weeks	February 2020 – March 2020
Evaluate representations	Tbc
Implementation of new parking order	1 April 2020 (planned)

Background papers: none

Appendices: Appendix 1 draft Parking Order 2020 (with Schedules)

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SPELTHORNE BOROUGH COUNCIL

**THE SPELTHORNE BOROUGH COUNCIL
(OFF-STREET PARKING PLACES) ORDER 2018**

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

**SECTION I
CITATION AND INTERPRETATION**

Citation

1. This Order shall come into operation on **1st April 202018** and may be cited as The Spelthorne Borough Council (Off-Street Parking Places) Order 202018.

Interpretation

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

“relevant position” in respect of: -

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

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

“the Council” means Spelthorne Borough Council;

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

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

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

SECTION II

USE OF PARKING PLACES

Classes of vehicles

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

Position of vehicles

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

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

Manner of parking of trailers

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

Use of vehicles in parking places

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

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

Maximum period of waiting

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

Removal of a vehicle from parking places

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

Movement of vehicles in a parking place

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

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

Manner of moving vehicles

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

Safe custody of vehicles

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

Direction in which vehicles must be driven

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

Entry and exit

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

Suspension of parking place

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

Liability

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

Other provisions

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

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

SECTION III

PAYMENT FOR PARKING

Pay and display parking tickets

37. The driver of a vehicle left in accordance with the provisions of this Order in a pay and display parking place specified in Schedule 1 shall immediately purchase a valid parking ticket from a ticket machine situated within the parking place at the price and for the period indicated in Schedules 4 to 7 and exhibit the parking ticket on the vehicle in the relevant position.
38. A parking ticket used in a parking place specified in Schedule 1 shall only be a valid parking ticket if it has been purchased from a ticket machine at the parking place where the vehicle is left and to cover the entire period that the vehicle is parked in the parking place.

Tickets non-transferable

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

Restriction on removal of parking tickets

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

Absence of ticket machine

41. If at the time when a vehicle is left in a parking place shown in Schedule 1 during the charging hours there is no [operational](#) ticket machine at the parking

place, or all the ticket machines at that parking place carry notices placed upon them by a person duly authorised by the Council indicating that they are out of order, the driver of that vehicle shall be ~~exempt from purchasing a parking ticket~~required to contact Spelthorne Borough Council to ascertain if a charge is payable or when the machine(s) will resume operation.

Pay on foot

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

Season tickets

44. Season tickets to park shall be available for the parking places as specified in Schedule 7 but each season ticket shall be valid only for the parking place or places specified upon it.
45. The driver of a vehicle left in accordance with the provisions of this Order in a parking place as specified in Schedule 7 shall be exempt from purchasing a

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

46. Season tickets shall be priced as specified in Schedule 7.
47. A season ticket holder will incur an administrative charge for lost or replacement season tickets as indicated in Schedule 10.

Contract Permits

48. Contract permits to park shall be available for the parking places as specified in Schedule 7 but each contract permit shall be valid only for the parking place or places specified upon it.
49. The driver of a vehicle left in accordance with the provisions of this Order in a parking place as specified in Schedule 7 shall be exempt from purchasing a parking ticket if there is displayed in the relevant position a valid contract permit purchased from the Council.
50. Contract permits shall be priced as specified in Schedule 7.
51. A contract permit holder will incur an administrative charge for lost or replacement season tickets as indicated in Schedule 10.

Disabled persons' vehicles

52. Disabled Persons' Badge Holders must pay the relevant charge as set out in Schedules 4 to 7, in accordance with Article 37.

53. For Disabled Persons' Badge Holders who pay the relevant charge as set out in Schedules 4 to 7, in accordance with Article 37, will be granted an additional hour of grace to their purchased expiry time as shown on the Pay and Display

[ticket \(except on Elmsleigh Multi-storey Pay on Foot and Elmsleigh Surface Pay on Foot\).](#)

Disabled persons' vehicles [season tickets](#)

[5254](#). Disabled Persons' Badge Holders may apply to the Council to purchase a concessionary season ticket for the parking places specified in Schedule 8 and each season ticket shall only be valid for that parking place.

[5355](#). The driver of a vehicle left in accordance with the provisions of this Order in a parking place as specified in Schedule 8 shall be exempt from purchasing a parking ticket if they are in possession of a valid disabled badge holders' season ticket purchased from the Council.

[5456](#). Disabled persons' badge holders' season tickets shall be priced as specified in Schedule 8.

Motor-cycles

[5557](#). The driver of a motor-cycle which is left in accordance with the provisions of this Order in a parking place specified in Schedules 1 and 2 in the position marked for such vehicles (if any) or in any marked bay ~~not being a disabled person's bay~~ shall be exempt from payment for parking.

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

Council staff parking

[5659](#). The driver of a vehicle left in accordance with the provisions of this Order on parking places specified in Schedules 1 to 3 and displaying a valid pass issued under the Council Staff Parking Scheme shall be exempt from

purchasing a parking ticket and from time limits (if any) as indicated in Schedules 1 to 3.

[5760](#). Where a ticket, season ticket or staff permit has been displayed on a vehicle in the relevant position no person other than the driver of that vehicle shall remove the permit from the vehicle unless authorised to do so by the driver of that vehicle.

Elmsleigh Bus Station

[5861](#). No vehicle, with the exception of buses, shall be left in Elmsleigh Bus Station.

[The provision of this area is dedicated exclusively to Service Vehicle Operator's Licence or Community Bus Permit and those vehicles with express authorisation from Spelthorne Borough Council being used in direct support of those operating under a Public Service Vehicles Operator's Licence or Community Bus Permit.](#)

PART IV

PENALTY CHARGE AT PARKING PLACES

Penalty charge

[5962](#). If a vehicle is left in a parking place in contravention of or without complying with any Article of this Order a penalty charge shall be payable and/or the vehicle may be removed from that location or parking place

Penalty charge notice

[6063](#). Where a penalty charge may have been incurred it shall be the duty of the civil enforcement officer to issue a penalty charge notice which shall include the information required by the 2004 Act.

Payment of the penalty charge notice

[6164](#). The owner of the vehicle in respect of which the penalty charge has been incurred shall pay the amount of the penalty charge to the Council as specified in Schedule 9.

Indications as evidence

[6265](#). The particulars given in the penalty charge notice attached to a vehicle in accordance with this Article shall be treated as evidence in any proceedings relating to failure to pay such penalty charge.

Restriction on removal of a penalty charge notice

[6366](#). When a penalty charge notice has been attached to a vehicle in accordance with any of the foregoing provisions of this Order, no person, not being the driver of the vehicle, a police constable in uniform, a civil enforcement officer or

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

PART V

DISPOSAL OF VEHICLES ABANDONED IN PARKING PLACES

6467. (i) The Council may sell or otherwise dispose of a vehicle which has been, or could at any time be, removed from a parking place pursuant to Article 20, if the vehicle appears to have been abandoned, provided that this power of disposal shall not be exercisable unless the Council has taken such of the following steps as are applicable to the vehicle in question, and there has elapsed a period of six weeks beginning with the taking of the first of those steps.
- (ii) Where the vehicle carries a registration mark the Council shall ascertain from the appropriate body the name and address of the person who is the Registered Keeper of the vehicle pursuant to the Vehicles Excise and Registration Act 1994, unless the Council is satisfied that the true owner of the vehicle has identified himself to it.
- (iii) The Council shall, where it is by virtue of paragraphs (ii), (iv) and (v) of this Article, aware of the name and address of a person who appears to be the owner of the vehicle, send a Notice to that person at that address stating that it is the intention of the Council to sell or otherwise dispose of the vehicle (which shall be sufficiently described in the Notice) on or after a specified date (which shall not be less than two weeks from the date of the Notice and in any event not earlier than six weeks from the date of the first step taken by the Council under this Part of this Order) unless it is in the meantime removed by or on behalf of that person from such place as is specified by the Council in the said Notice or from such place as may be subsequently notified in writing by the Council to that person.

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

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

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

PART VI

REVOCATIONS

[6568](#). The Spelthorne Borough Council (Off Street Parking Places) Order 2018~~6~~ as amended is hereby revoked in its entirety.

THE COMMON SEAL of
SPELTHORNE BOROUGH
COUNCIL was hereunto affixed
this day of
 2018

in the presence of:

Michael Graham
Head of Corporate Governance

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SPELTHORNE BOROUGH COUNCIL (OFF-STREET PARKING PLACES) ORDER

20182020

List of Schedules

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

SPELTHORNE BOROUGH COUNCIL (OFF-STREET PARKING PLACES) ORDER 20182020

SCHEDULE 1

PAY AND DISPLAY PARKING PLACES

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

SCHEDULE 1 (continued)
PAY AND DISPLAY PARKING PLACES

Parking Place	Description (see Schedule 12 site plans)	Classes of vehicles	Days and hours of operation	Charging days and hours Maximum period of waiting
Riverside Underground Car Park, Staines-upon-Thames	West of Thames Street including the access road from Riverside Surface Car Park	Motor cars with or without trailers Motor cycles with or without side cars Invalid carriages Vehicles less than 1.98 metres in height	All days All hours	8.00am to 7.00pm Saturday only Maximum 11 hours
South Street West Car Park, Staines-upon-Thames	To rear of 111 High Street	Motor cars without trailers (Contract Bays only)	All days All hours	8.00am to 7.00pm Monday to Sunday Maximum 24 hours
South Street Saturday Car Park, Staines-upon-Thames	South east side of South Street and north east of United Synagogue	Motor cars with or without trailers Motor cycles with or without side cars Invalid carriages	Saturday only 8.00am to 7.00pm	8.00am to 7.00pm Saturday only Maximum 11 hours
Tothill Multi-storey Car Park, Staines-upon-Thames	East of Thames Street Including ground floor service area	Motor cars with or without trailers Motor cycles with or without side cars Invalid carriages Vehicles less than 1.90 metres in height	All days Times vary advertised on site.	8.00am to 7.00pm Monday to Sunday Maximum 11 hours
Ashford Multi-storey Car Park, Ashford	South west of Church Road	Motor cars with or without trailers Motor cycles with or without side cars Invalid carriages Vehicles less than 1.90 metres in height	All days 8.00am to 7.00pm	8.00am to 7.00pm Monday to Saturday <u>Maximum 24 hours</u>

SPELTHORNE BOROUGH COUNCIL (OFF-STREET PARKING PLACES) ORDER 20182020

SCHEDULE 1 (continued)

PAY AND DISPLAY PARKING PLACES

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

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

	ground	Invalid carriages		
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SPELTHORNE BOROUGH COUNCIL (OFF-STREET PARKING PLACES) ORDER ~~2018~~2020

**SCHEDULE 2
PAY ON FOOT PARKING PLACES**

Parking Place	Description (see Schedule 12 site plans)	Classes of vehicles	Days and hours of operation	Charging days and hours Maximum period of waiting
Elmsleigh Multi-storey Car Park, Staines-upon-Thames	East side of South Street	Motor cars with or without trailers Motor cycles with or without side cars Invalid carriages Vehicles less than 2.00 metres in height	All days Times vary. As advertised on site.	8.00am to 7.00pm Monday to Sunday Maximum 24 44 hours
Elmsleigh Surface Car Park, Staines-upon-Thames	East side of South Street	Motor cars with or without trailers Motor cycles with or without side cars Invalid carriages Vehicles less than 2.00 metres in height Market trader vehicles up to 10 tonnes (in connection with market events only)	All days Times vary. As advertised on site.	8.00am to 12.00am Monday to Sunday Maximum 24 44 hours

SPELTHORNE BOROUGH COUNCIL (OFF-STREET PARKING PLACES) ORDER ~~2018~~2020

SCHEDULE 3

FREE PARKING PLACES

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

upon-Thames		Vehicles less than 2.13 metres in height		
Spelthorne Leisure Centre, Staines-upon-Thames	Customer Parking at Spelthorne Leisure Centre Staines-upon-Thames Disabled Parking Bays Only	Motor cars with or without trailers Motor cycles with or without side cars Invalid carriages	All days All hours	Maximum of 3 hours waiting period.
Ashford Recreation Ground, Ashford	Area marked out for car parking	Motor Cars with or without trailers. Motor cycles with or without side cars Invalid Carriages Vehicles less than 2.10 metres in height	1 October – 31 March 7.30am – 6pm 1 April - 30 September 7.30am – 8.30pm	Maximum 11 hours
<u>Elmsleigh Road Car Park, Staines-upon-Thames</u>	<u>East of Thames Street, area with demarcated bays with “Elmsleigh Shopping Centre” livery signs.</u>	<u>Motor cars without trailers</u> <u>Motor cycles with or without side cars</u> <u>Invalid carriages</u>	<u>All days</u> <u>All hours</u>	<u>No waiting for vehicles without express authorisation from the Elmsleigh Shopping Centre, the land owner, or a contractually authorised representative.</u>
Cedars Recreation Ground, Sunbury on Thames	Area marked out for car parking	Motor Cars with or without trailers. Motor cycles with or without side cars Invalid Carriages	1 October – 31 March 7.30am – 6pm 1 April - 30 September 7.30am – 8.30pm	Maximum 11 hours
Charlton Village Hall, Shepperton	Area marked out for car parking	Motor Cars with or without trailers. Motor cycles with or without side cars Invalid Carriages	All days All hours	Maximum 11 hours
Fordbridge Recreation Ground, Ashford	Area marked out for car parking	Motor Cars with or without trailers. Motor cycles with or without side cars Invalid Carriages	1 October – 31 March 7.30am – 6pm 1 April - 30 September	Maximum 11 hours

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

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

SPELTHORNE BOROUGH COUNCIL (OFF-STREET PARKING PLACES) ORDER ~~2018~~2020

SCHEDULE 4

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

	Elmsleigh Road Pay and Display	Elmsleigh Multi-storey Pay on Foot	Elmsleigh Surface Pay on Foot	Riverside Surface Car Park Pay and Display	<u>Tothill Multi-storey, Staines-upon-Thames</u>	Riverside Undergroun d Pay and Display	South Street Saturday Pay and Display
	Monday to Saturday	Monday to Saturday	Monday to Saturday	Monday to Saturday	<u>Monday to Saturday</u>	Saturday only	Saturday only
Up to 1 hour	£1.30	£1. 00 30	£1. 00 30	£1.30	<u>£1.00</u>	£1.30	£1.30
Up to 2 hours	£2.30	£2. 00 30	£2. 00 30	£2.30	<u>£2.00</u>	£2.30	£2.30
Up to 3 hours	£2.70	£ 3.00 2.70	£ 3.00 2.70	£2.70	<u>£3.00</u>	£2.70	£2.70
Up to 4 hours	£3.80	£ 4.00 3.80	£ 4.00 3.80	£3.80	<u>£4.00</u>	£3.80	£3.80
Up to 5 hours	£7.00	£7.00	£7.00	£7.00	<u>£7.00</u>	£7.00	£7.00
Over 5 hours	£12.20	£12. 00 20	£12. 00 20	£12.20	<u>£12.00</u>	£12.20	£12.20
7pm-12am		<u>£2.00</u>	<u>£2.00</u> 1.20	£1.20			
	Sunday 8am to 7pm	Sunday 8am to 7pm	Sunday 8am to 7pm <u>12am</u>	Sunday 8am to 12am	<u>Sunday 8am to 7pm</u>		
All day (between times specified)	£2.00	£2.00	£2.00	£2.00	<u>£2.00</u>		

SPELTHORNE BOROUGH COUNCIL (OFF-STREET PARKING PLACES) ORDER ~~2018~~2020

SCHEDULE 5

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

Pay and Display Car Parks

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	Bridge Street, Staines-upon-Thames (Monday to Saturday)	Kingston Road, Staines-upon-Thames (Monday to Saturday)	Tothill Multi-storey, Staines-upon-Thames (Monday to Saturday)
Up to 1 hour	<u>Season ticket holders only</u>	£1.30	£1.30
Up to 2 hours		£2.30	£2.30
Up to 3 hours		£2.70	£2.70
Up to 4 hours		£3.50	£3.50
Up to 5 hours		£3.70	£3.70
Over 5 hours		£7.30	£7.30
7pm -12am			
Weekly ticket (Monday 7am to Friday 7pm)		£35	
All day (between times specified)	(Sunday 8am to 12am)	(Sunday 8am to 7pm)	(Sunday 8am to 7pm)
	£2.00	£2.00	£2.00

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

SPELTHORNE BOROUGH COUNCIL (OFF-STREET PARKING PLACES) ORDER 20182020

SCHEDULE 6

PARKING TARIFFS - RECREATION GROUNDS

Pay and display car parks

		All Year	
Lammas Recreation Ground, Staines-upon-Thames	Up to 1 hour	£0.50	
	Up to 2 hours	£2.00	
	Up to 4 hours	£3.00	
	Over 4 hours	£7.00	
Laleham Park Car Park Thameside Car Park, Laleham	Up to 1 hour	£0.50	
	Up to 2 hours	£2.00	
	Up to 4 hours	£3.00	
	Over 4 hours	£7.00	
Shepperton Village Hall	Up to 1 hour	£0.00	
	Up to 2 hours	£1.00	
	Over 2 hours	£3.00	
Dumsey Meadow, Shepperton	Up to 1 hour	£0.00	

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

SPELTHORNE BOROUGH COUNCIL (OFF-STREET PARKING PLACES) ORDER 20182020

SCHEDULE 7

SEASON TICKETS, CONTRACT PARKING

	Parking Places	Period	Fee level
Season Tickets All days	Bridge Street, Staines-upon-Thames Kingston Road, Staines-upon-Thames Tothill Multi-storey, Staines-upon-Thames Elmsleigh Multi-storey Car Park, Staines-upon-Thames	<u>3 months</u>	<u>£205.00</u>
		<u>6 months</u> 3 months	<u>£380.00</u> £205.00
		<u>12 months</u> 6 months	<u>£715.00</u> £380.00
	Ashford multi-storey		
	<u>Ashford multi-storey</u>	3 months	£60.00
		6 months	£100.00
		12 months	£180.00
Contract Parking Monday to Friday	Riverside Underground, Staines-upon-Thames	3 months	£207.00
		6 months	£415.00
		12 months	£715.00
Contract Parking Monday to Sunday	South Street West, Staines-upon-Thames Elmsleigh Road Car Park, Staines-upon-Thames <u>Tothill Multi-storey, Staines-upon-Thames</u> <u>Bridge Street, Staines-upon-Thames</u>	<u>12 months</u>	<u>£830.00</u>

Railway Season Ticket Holders All days	Kingston Road, Staines-upon-Thames	<u>3 months</u>	<u>£230.00</u>
		<u>12 months</u> 3 months	<u>£800.00</u> £230.00
<u>Business-Local</u> Season Ticket	Thames Street, Sunbury Orchard Meadow, <u>Sunbury</u>	Up to 3 months	£65.00
	The Walled Garden, Sunbury	Up to 6 months	£85.00
	Manor Park, Shepperton Laleham Village Car Park (The Broadway) Laleham; Shepperton Village Hall	Up to 12 months	£110.00
<u>Residential Season Ticket</u>	Laleham Village Car Park (The Broadway) Laleham	3 months	£35.00
	Thames Street, Sunbury Orchard Meadow, <u>Sunbury</u>	6 months	£45.00

	The Walled Garden, Sunbury	12 months	£60.00
Visitor Permits (book of 10)			£11.00 per book of 10

SPELTHORNE BOROUGH COUNCIL (OFF-STREET PARKING PLACES) ORDER 20182020

SCHEDULE 8

DISABLED PERSONS' BADGE HOLDERS' SEASON TICKETS (WHITE CARDS)

Parking places	Period	3 months	6 months	9 months	12 months
Elmsleigh Surface and Elmsleigh Multi-storey	Charge payable	£26.00	£51.50	£77.00	£103.00

SPELTHORNE BOROUGH COUNCIL (OFF-STREET PARKING PLACES) ORDER ~~2018~~2020

SCHEDULE 9

PENALTY CHARGE NOTICES

Article 51 - Penalty Charges

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

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

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

SPELTHORNE BOROUGH COUNCIL (OFF-STREET PARKING PLACES) ORDER 20182020

SCHEDULE 10

Miscellaneous charges

Description	Charge	Comment
Dispensations	£15 per day per vehicle	This charge relates to administrative costs relating to processing of such dispensations. This charge will be waived for charities and voluntary organisations <u>may be waived, at Spelthorne Borough Council's discretion.</u>
Suspensions used to reserve parking spaces	£30 one off administrative charge and £15 per day per vehicle	This charge <u>may be waived, at Spelthorne Borough Council's discretion,</u> will be waived for charities and voluntary organisations.
Film Company dispensations and suspensions	Vehicles 3.5 tonnes and under, £15 for each bay occupied per vehicle per day. For HGVs and vehicles over 3.5 tonnes £25 for each bay occupied per vehicle per day. Maximum charge £1000	
Lost or replacement season tickets/ cards, and contract permits and entry/exit cards	£14 per <u>season</u> ticket/ or card	This charge is also applicable should a season ticket holder change vehicles and require a new card or season ticket.
<u>Lost ticket (use of Elmsleigh Surface car park)</u>	<u>£14 per ticket or card</u>	<u>Charge payable at the Pay on Foot machine.</u>
Market trader vehicles (use of Elmsleigh Surface car park)	£7 per vehicle per day for vehicles up to 10 tonnes	This charge relates to vehicles used in connection to market days and special market based events.
Fishing permit for Thameside car park, Laleham	£15 per vehicle for 3 consecutive days between Friday and Monday	Permits are not available via pay and display machines. An application for a permit must be made to Spelthorne Borough Council.

SPELTHORNE BOROUGH COUNCIL (OFF-STREET PARKING PLACES) ORDER 20182020

SCHEDULE 11

List of all Car Parks

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

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

SCHEDULE 12
Site Plans for all Car Parks

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Cabinet**29 January 2020**

Title	Treasury Management Half Yearly Report 2019/20		
Purpose of the report	To note		
Report Author	Anna Russell, Deputy Chief Accountant		
Cabinet Member	Councillor Tony Harman	Confidential	No
Corporate Priority	Financial Sustainability		
Recommendations	Cabinet is asked to note the treasury position achieved during the first six months of 2019/20 and the financial environment in global markets.		
Reason for Recommendation	Not applicable		

1. Key issues

- 1.1 Treasury Management is the management of the Council's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.
- 1.2 The Council has adopted the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (the CIPFA Code), which requires the Council to report on performance of the treasury management function at least twice yearly (mid-year and at year end).
- 1.3 The Council's Treasury Management Strategy for 2019/20 was reviewed and approved by Cabinet on 30 January 2019, and approved by Council on 21 February 2019, and has been consistently applied since the beginning of the financial year.
- 1.4 This report is an interim statement of treasury activities for the first six months of the financial year, to the end of September 2019. 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. This report covers treasury activity and the associated monitoring and control of risks.
- 1.5 The 2017 Prudential Code includes a requirement for local authorities to provide a Capital Strategy, a summary document approved by full Council covering capital expenditure and financing, treasury management and non-

treasury investments. The Authority's Capital Strategy, complying with CIPFA's requirement, was approved by Council on 21 February 2019.

External Context – Economic background

- 1.6 UK Consumer Price Inflation (CPIH) fell to 1.7% year/year in August 2019 from 2.0% in July, weaker than the consensus forecast of 1.9% and below the Bank of England's target. The most recent labour market data for the three months to July 2019 showed the unemployment rate edged back down to 3.8% while the employment rate remained at 76.1%, the joint highest since records began in 1971. Nominal annual wage growth measured by the 3-month average excluding bonuses was 3.8% and 4.0% including bonuses. Adjusting for inflation, real wages were up 1.9% excluding, and 2.1% including, bonuses.
- 1.7 The Quarterly National Accounts for Q2 GDP confirmed the UK economy contracted by 0.2% following the 0.5% gain in Q1 which was distorted by stockpiling ahead of Brexit. Only the services sector registered an increase in growth, a very modest 0.1%, with both production and construction falling and the former registering its largest drop since Q4 2012. Business investment fell by 0.4% (revised from -0.5% in the first estimate) as Brexit uncertainties impacted on business planning and decision-making.
- 1.8 Politics, both home and abroad, continued to be a big driver of financial markets over the last quarter. Boris Johnson won the Conservative Party leadership contest and has committed to leaving the EU on 31st October regardless of whether a deal is reached with the EU. Mr Johnson prorogued Parliament which led some MPs to put forward a bill requiring him to seek a Brexit extension if no deal is in place by 19th October. The move was successful and, having been approved by the House of Lords, was passed into law. The Supreme Court subsequently ruled Mr Johnson's suspension of Parliament unlawful.
- 1.9 Tensions continued between the US and China with no trade agreement in sight and both countries imposing further tariffs on each other's goods. The US Federal Reserve cut its target Federal Funds rates by 0.25% in September to a range of 1.75% - 2%, a pre-emptive move to maintain economic growth amid escalating concerns over the trade war and a weaker economic environment leading to more pronounced global slowdown. The euro area Purchasing Manager Indices (PMIs) pointed to a deepening slowdown in the Eurozone. These elevated concerns have caused key government yield curves to invert, something seen by many commentators as a predictor of a global recession. Market expectations are for further interest rate cuts from the Fed and in September the European Central Bank reduced its deposit rate to -0.5% and announced the recommencement of quantitative easing from 1st November.
- 1.10 The Bank of England maintained Bank Rate at 0.75% and in its August Inflation Report noted the deterioration in global activity and sentiment and confirmed that monetary policy decisions related to Brexit could be in either direction depending on whether or not a deal is ultimately reached by 31st October.

External Context – Financial markets

- 1.11 After rallying early in 2019, financial markets have been adopting a more risk-off approach in the following period as equities saw greater volatility and bonds rallied (prices up, yields down) in a flight to quality and anticipation of more monetary stimulus from central banks. The Dow Jones, FTSE 100 and FTSE 250 are broadly back at the same levels seen in March/April.
- 1.12 Gilt yields remained volatile over the period on the back of ongoing economic and political uncertainty. From a yield of 0.63% at the end of June, the 5-year benchmark gilt yield fell to 0.32% by the end of September. There were falls in the 10-year and 20-year gilts over the same period, with the former dropping from 0.83% to 0.55% and the latter falling from 1.35% to 0.88%. 1-month, 3-month and 12-month LIBID (London Interbank Bid) rates averaged 0.65%, 0.75% and 1.00% respectively over the period.
- 1.13 Recent activity in the bond markets and PWLB interest rates highlight that weaker economic growth remains a global risk. The US yield curve remains inverted with 10-year Treasury yields lower than US 3-month bills. History has shown that a recession hasn't been far behind a yield curve inversion. Following the sale of 10-year Bunds at -0.24% in June, yields on German government securities continue to remain negative in the secondary market with 2 and 5-year securities currently both trading around -0.77%.

External Context – Credit background

- 1.14 Credit Default Swap (CDS) spreads rose and then fell again during the quarter, continuing to remain low in historical terms. After rising to almost 120bps in May, the spread on non-ring-fenced bank NatWest Markets plc fell back to around 80bps by the end of September, while for the ring-fenced entity, National Westminster Bank plc, the spread remained around 40bps. The other main UK banks, as yet not separated into ring-fenced and non-ring-fenced from a CDS perspective, traded between 34 and 76bps at the end of the period.
- 1.15 There were minimal credit rating changes during the period. Moody's upgraded The Co-operative Bank's long-term rating to B3 and Fitch upgraded Clydesdale Bank and Virgin Money to A-.

Local Context

- 1.16 With the purchase of properties starting with the BP international campus site in Sunbury during 2016/17, the Council now has significant levels of long-term borrowing, secured to fund the property acquisitions.
- 1.17 The Council's current strategy when making strategic asset acquisitions is to take advantage of the cheap borrowing rates available, whilst maintaining and supplementing when possible the investment portfolio that has been built up.
- 1.18 For the year ended 31 March 2019, the Council had capital expenditure of £382m including £361m (94%) on investment properties. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR); usable reserves and working capital are the underlying resources available for investment. This is summarised in Table 1 next.

Table 1: Capital Expenditure Summary as at 31 March 2019

	2018/19 £'000
Opening Capital Financing Requirement	678,998
<i>Capital investment</i>	
Property, Plant and Equipment	19,823
Investment Properties	360,590
Intangible Assets	132
Revenue Spend Funded from Capital under Statute	1,250
Total Capital Investment	381,795
<i>Sources of Finance</i>	
Capital Receipts	(381)
Government Grants and Contributions	(1,100)
Revenue contributions	(747)
Repayment of debt	(7,845)
Total Sources of Finance	(10,073)
Closing Capital Financing Requirement	1,050,720

- 1.19 The Council's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing, in order to reduce risk and keep interest costs low. The treasury management position as at 30 September 2019 and the change over the period is shown in Table 2 next.

Table 2: Treasury Management Summary

	31/03/2019 Balance £m	Movement £m	30/09/2019 Balance £m
Long-term borrowing	(1,043)	(1)	(1,044)
Short-term borrowing	(10)	4	(6)
Total borrowing	(1,053)	3	(1,050)
Long-term investments	37	(1)	36
Short-term investments	30	(5)	25
Cash and cash equivalents	26	2	28
Total investments	93	(4)	89
Net borrowing	(960)	(1)	(961)

- 1.20 Cash balances total £28m and short-term investments £25m, reflecting the increases in income generation. These cash funds are being kept liquid to ensure that funding is readily available in the context of development project and potential acquisition costs expected over the coming months.

2. Borrowing Strategy to 30 September 2019

- 2.1 At 30 September 2019, the Council held £1,050m of loans, a small decrease of £3m from 31 March 2019, including £1,033m long-term PWLB borrowing as part of its strategy for funding major acquisitions and developments. The 30 September 2019 borrowing position is show in Table 3 next.

Table 3: Borrowing Position

	31/03/2019		30/09/2019
	Balance £m	Movement £m	Balance £m
Public Works Loan Board	1,027	6	1,033
Local authorities - long-term	16	5	11
Local authorities - short-term	10	(4)	6
Total Borrowing	1,053	(3)	1,050

- 2.2 At 30 September 2019, the Council also had short-term borrowing totalling £6m. This reflected the cash-flow impact of some of the costs associated with acquisitions. These funds were borrowed from other local authorities because of the short-term nature of the requirement and the affordable rates on offer.
- 2.3 The Council will also consider borrowing additional funds on both a long- and short-term basis for further strategic acquisition purchases that occur in the future. Work is ongoing with Arlingclose and the portfolio holder to ensure that the cheapest and most appropriate duration and source are secured.
- 2.4 The Council's chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Council's long-term plans change being a secondary objective.
- 2.5 Affordability and the "cost of carry" remained important influences on the Council's borrowing strategy alongside the consideration that, for any borrowing undertaken ahead of need, the proceeds would have to be invested in the money markets at rates of interest significantly lower than the cost of borrowing.

Treasury Investment Activity

- 2.6 Both the CIPFA Code and government guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.
- 2.7 As at 30 September 2019, the Council's investment portfolio totalled £89m, with £53m of this being short-term and cash funds. A breakdown of the investments is given in **Appendix A**.
- 2.8 The pooled fund investments form a key part of the portfolio and a full list of these and their current performance is detailed in **Appendix B**. Pooled investments for period to end of September was £817k, with an annualised revenue return (dividend yield) of £1.54m (4.8%).

Investment Performance Monitoring

- 2.9 Security of capital has remained the Council's main investment objective. This has been maintained by following the Council's counterparty policy as set out in its Treasury Management Strategy Statement for 2019/20.

- 2.10 The Council seeks professional advice from Arlingclose and closely adheres to the advice set out in the Ministry of Housing, Communities and Local Government (MHCLG) guidance. Given Spelthorne's dependency on investment returns to balance the budget, the Council's investment strategy is also kept under constant review and quarterly review meetings are held with Arlingclose, the Council's treasury advisor.
- 2.11 Counterparty credit quality was assessed and monitored with reference to credit ratings (the Council's minimum long-term counterparty rating for institutions defined as having "high credit quality" is A- across rating agencies Fitch, S&P and Moody's); credit default swap prices, financial statements, information on potential government support and reports in the quality financial press.

Readiness for Brexit

- 2.12 Given the continuing uncertainty around the UK's departure from the EU, the Council will ensure there are enough accounts open at UK domiciled banks and Money Market Funds to hold sufficient liquidity required in the near term and that its account with the Debt Management Account Deposit Facility (DMADF) remains available for use in an emergency.

Non-Treasury Investments

- 2.13 The definition of investments in CIPFA's revised Treasury Management Code now covers all the financial assets of the Authority as well as other non-financial assets which the Authority holds primarily for financial return. This is replicated in MHCLG's Investment Guidance, in which the definition of investments is further broadened to also include all such assets held partially for financial return.
- 2.14 The Council held such investments in directly owned property valued at £985m at the end of March 2019, as well as shareholding in Knowle Green Estates Limited, with investment property of £7m.

Outlook for the remainder of 2019/20 as at end September 2019

- 2.15 The global economy is entering a period of slower growth in response to political issues, primarily the trade policy stance of the US. The UK economy has displayed a marked slowdown in growth due to both Brexit uncertainty and the downturn in global activity. In response, global and UK interest rate expectations have eased dramatically.
- 2.16 There appears no near-term resolution to the trade dispute between China and the US, a dispute that the US appears comfortable exacerbating further. With the 2020 presidential election a year away, Donald Trump is unlikely to change his stance.
- 2.17 Central bank actions and geopolitical risks will continue to produce significant volatility in financial markets, including bond markets.
- 2.18 Our treasury advisor Arlingclose expects Bank Rate to remain at 0.75% for the foreseeable future but there remain substantial risks to this forecast, dependant on Brexit outcomes and the evolution of the global economy. Arlingclose also expects gilt yields to remain at low levels for the foreseeable future and judge the risks to be weighted to the downside and that volatility will continue to offer longer-term borrowing opportunities

3. Financial implications

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

4. Other considerations

- 4.1 The Council fully complies with best practice as set out in CIPFA's 2019 Treasury Management and Prudential Codes and in MHCLG's Guidance on Investments effective from April 2018.
- 4.2 Nothing in the Council's current strategy is intended to preclude or inhibit capital investment in local projects deemed beneficial to the local community and which have been approved by the Council.

5. Timetable for implementation

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

Background papers: None.

Appendices: Appendix A - Details of Investments
Appendix B - Pooled Funds

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Details of Investments Held as at 30 September 2019

Investment Type	Valuation £m	Yield %	Start Date	Maturity Date
Pooled Investment Funds <i>(see Appendix B for details)</i>				
Charteris Elite Premium Income Fund	0.7	4.9%	11-May-12	N/A
Schroders UK Corporate Bond Fund	1.8	3.8%	11-May-12	N/A
Schroders Income Maximiser Fund	1.1	7.7%	06-Jul-12	N/A
Schroders Income Maximiser Fund	0.9	7.7%	24-Jul-15	N/A
Schroders Income Maximiser Fund	0.9	7.7%	26-Aug-16	N/A
Schroders Income Maximiser Fund	2.7	7.7%	25-Feb-19	N/A
M&G Global Dividend Fund	1.8	3.1%	27-Jun-12	N/A
M&G Global Dividend Fund	3.1	3.1%	20-Feb-19	N/A
M&G Optimal Income Sterling	1.7	3.4%	13-Apr-15	N/A
M&G UK Income Distribution Sterling	2.0	4.9%	15-Aug-16	N/A
Investec Diversified Income	2.8	4.4%	25-Aug-16	N/A
Investec Diversified Income	1.5	4.4%	20-Feb-19	N/A
Threadneedle Inv Services - UK Equity	2.1	4.0%	08-Sep-16	N/A
Threadneedle Inv Services - UK Equity	1.5	4.0%	21-Feb-19	N/A
Threadneedle Global Equity Fund	1.6	3.2%	21-Feb-19	N/A
CCLA - The LAs Property Fund	2.0	4.3%	31-Mar-13	N/A
CCLA - The LAs Property Fund	1.1	4.3%	30-Apr-14	N/A
UBS Multi- Asset Income Fund	1.5	4.6%	22-Feb-19	N/A
Kames Diversified Monthly Income Fund	3.1	4.9%	21-Feb-19	N/A
Total	33.9	4.8%		
Fixed Rate Deposits				
Network Housing Group	2.0	3.6%	28-Apr-16	27-Apr-21
Total	2.0	3.6%		
Total - Core Inv. Portfolio	35.9	4.7%	Average	
Cash Flow Investments				
Insight	5.0	0.7%	N/A	Instant Access
Aberdeen Liquidity Fund	5.0	0.7%	N/A	Instant Access
Amundi	5.0	0.7%	N/A	Instant Access
LGIM	2.9	0.7%	N/A	Instant Access
CCLA	5.0	0.7%	N/A	Instant Access
Invesco	4.9	0.7%	N/A	Instant Access
Total	27.8	0.7%		
Local Authorities	15.0	1.0%	N/A	Short term
Bank Deposits	5.0	1.0%	N/A	Short term
Close Brothers	5.0	1.3%	N/A	20-Dec-19
Funding Circle				
Loans to small businesses	0.3	5.0%	5.00%	N/A
Total Investments at 30/09/19	89.0	2.2%	Overall Av.	

Note that the Yield on Pooled Funds is based on the initial investment as given at Appendix B.

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Pooled Funds as at 30 September 2019

Fund	Date of Purchase	Initial Investment	Dividends Received to 30/09/19	Annualised Dividend Yield	Capital Gain(+)/Loss (-) at 30/09/19	Total Return at 30/09/19	Total Return
		£	£	%	£	£	%
Charteris Elite Premium Income Fund	11/05/12	800,120	8,202	4.90%	-96,050	-87,848	-10.98%
Schroders UK Corporate Bond Fund	11/05/12	1,500,000	33,246	3.78%	+301,408	+334,654	22.31%
Schroders Income Maximiser Fund	06/07/12	1,000,000	93,986	7.69%	+68,490	+162,476	16.25%
Schroders Income Maximiser Fund	24/07/15	1,000,000	154,737	7.69%	-131,386	+23,351	2.34%
Schroders Income Maximiser Fund	26/08/16	1,000,000		7.69%	-77,118	-77,118	-7.71%
Schroders Income Maximiser Fund	25/02/19	3,000,000		7.69%	-294,735	-294,735	-9.82%
M&G Global Dividend Fund	27/06/12	1,000,000	50,242	3.06%	+756,489	+806,731	80.67%
M&G Global Dividend Fund	20/02/19	3,000,000	52,735	3.06%	+112,467	+165,202	5.51%
M&G Optimal Income Sterling	13/04/15	1,690,636	28,260	3.35%	+43,658	+71,918	4.25%
M&G UK Income Distribution Sterling	15/08/16	2,000,000	46,387	4.88%	-22,497	+23,890	1.19%
Investec Diversified Income	25/08/16	3,000,000	48,844	4.39%	-162,840	-113,996	-3.80%
Investec Diversified Income	20/02/19	1,500,000	31,988	4.39%	-23,365	+8,623	0.57%
Threadneedle Inv Services - UK Equity	08/09/16	2,000,000	27,949	3.97%	+58,785	+86,734	4.34%
Threadneedle Inv Services - UK Equity	21/02/19	1,500,000	48,142	3.97%	+24,009	+72,151	4.81%
Threadneedle Global Equity Fund	21/02/19	1,500,000	12,964	3.24%	+84,929	+97,893	6.53%
CCLA - The LAs Property Fund	31/03/13	1,500,000	34,916	4.30%	+506,891	+541,807	36.12%
CCLA - The LAs Property Fund	30/04/14	1,000,000	33,162	4.30%	+145,903	+179,065	17.91%
UBS Multi- Asset Income Fund	22/02/19	1,500,000	35,079	4.63%	+36,631	+71,710	4.78%
Kames Diversified Monthly Income Fund	21/02/19	3,000,000	76,050	4.94%	+73,711	+149,761	4.99%
Value at 30/09/2019		32,490,756	816,889	4.75%	+1,405,380	+2,222,269	6.84%

Pooled Fund Performance to 30 September 2019

The Capital appreciation of these investments as at 30/09/19 equates to 4.33%. However, capital gains and losses may fluctuate throughout the period the investments are held. Any gains would only be realised when the funds are sold. Dividends are received at various times during the year, with some paid quarterly and others half yearly. The income yield for 2019/20 as at 30/09/19 is 2.51% and the estimated annualised income yield on these funds is expected to be in the region of 4.75%.

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Cabinet**29 January 2020**

Title	Treasury Management Strategy Statement 2020/21		
Purpose of the report	To make a recommendation to Council		
Report Author	Anna Russell, Deputy Chief Accountant		
Cabinet Member	Councillor Tony Harman	Confidential	No
Corporate Priority	Financial Sustainability		
Recommendations	<p>To make a recommendation to Council to approve the proposed Treasury Management Strategy for 2020/21 as set out in this report.</p> <p>To note the updated Treasury Management Practices (TMP) and Schedules</p>		
Reason for Recommendation	The Treasury Management strategy is fundamental to developing the financial sustainability of the Council.		

1. Key issues

- 1.1 The Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2017 Edition* (the CIPFA Code) requires the Council to approve a treasury management strategy before the start of each financial year.
- 1.2 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.
- 1.3 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.
- 1.4 The Council has borrowed and invested substantial sums of money and is consequently exposed to financial risks such as loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk, defined by the Treasury Management Strategy, are therefore central to the Council's prudent financial management.
- 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 changes 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.

External Context - Economic background

- 1.7 The UK's progress negotiating its exit from the European Union, together with its future trading arrangements, will continue to be a major influence on the Council's treasury management strategy for 2020/21. The General Election has removed some uncertainty within the market, however following the expected Withdrawal Bill, uncertainties around the future trading relationship with the EU remain.
- 1.8 GDP growth rose by 0.4% in the third quarter of 2019 from -0.2% in the previous three months with the annual rate falling further below its trend rate to 1.1% from 1.2%. Services, construction and production added positively to growth, by 0.5%, 1.2% and 0.1% respectively, while agriculture recorded a fall of 0.1%. Looking ahead, the Bank of England's Monetary Policy Report (formerly the Quarterly Inflation Report) forecasts economic growth to pick up during 2020 as Brexit-related uncertainties dissipate and provide a boost to business investment helping GDP reach 1.6% in Q4 2020, 1.8% in Q4 2021 and 2.1% in Q4 2022.
- 1.9 The headline rate of UK Consumer Price Inflation remained the same in November 2019 at 1.5% year-on-year, the same as October 2019, however continuing to fall from highs of 2.1% in July and April 2019 as accommodation services and transport continued to contribute to a level of inflation below the BOE target of 2%. Labour market data continues to be positive. The ILO unemployment rate continues to hold at historic lows at 3.8%, its lowest level since 1975. The 3-month average annual growth rate for pay excluding bonuses rose to 3.5% in November 2019 providing some evidence that a shortage of labour is supporting wages. However, adjusting for inflation this means real wages were only up by 0.9% in October 2019 and only likely to have a moderate impact on household spending.
- 1.10 Domestic inflationary pressures have abated, as domestic gas and electricity price freezes have taken effect until 2020. The price of oil has fallen through the year, despite a rise in prices in December 2019. The limited inflationary pressure from real wages will likely keep inflation below the Bank of England target of 2%. The Bank of England maintained Bank Rate to 0.75% in November following a 7-2 vote by the Monetary Policy Committee. Despite keeping rates on hold, MPC members did confirm that if Brexit uncertainty drags on or global growth fails to recover, they are prepared to cut interest rates as required. Moreover, the downward revisions to some of the growth projections in the Monetary Policy Report suggest the Committee may now be less convinced of the need to increase rates even if there is a Brexit deal.
- 1.11 The US economy has continued to perform relatively well compared to other developed nations; however, the Federal Reserve has started to unwind its monetary tightening through 2019. The Federal Reserve has cut rates three times to 1.5% - 1.75%, to stimulate growth as GDP growth has started to fall (to 2.1%).

- 1.12 The fallout from the US-China trade war continues which, risks contributing to a slowdown in global economic activity in 2019. Recent suggestions have been an initial compromise and potential unwinding of tariffs; however, this can change quickly. Slow growth in Europe, combined with changes in leadership at the ECB and IMF has led to a change of stance in 2019. Quantitative easing has continued and been extended.

External Context - Credit Outlook

- 1.13 The recent Bank of England stress tests assessed all seven UK banking groups. The tests scenarios include deep simultaneous recessions in the UK and global economies that are more severe overall than the global financial crisis, combined with large falls in asset prices and a separate stress of misconduct costs. All seven banks passed the test on both a CET1 ratio and a leverage ratio basis. Major banks have steadily increased their capital for many years now. However, there are a number of shortcomings in the Bank's approach; timeliness as the results are over 11 months of out date when they are published, being based on end-2018 balance sheets; ringfencing, as the tests ignore the restrictions on transferring capital between ringfenced "retail" banks and non-ringfenced "investment" banks within the larger groups and; coverage – the tests should be expanded to cover a wider range of UK banks and building societies.
- 1.14 The Bank of England will seek to address some of these issues in 2020, when Virgin Money/Clydesdale will be added to the testing group and separate tests will be included of ringfenced banks.
- 1.15 Challenger banks hit the news headlines in 2019 with Metro Bank and TSB Bank both suffering adverse publicity and falling customer numbers.
- 1.16 Looking forward, the potential for a "no-deal" Brexit and/or a global recession remain the major risks facing banks and building societies in 2020/21 and a cautious approach to bank deposits remains advisable.

External Context - Interest Rate Forecast

- 1.17 The Council's treasury management adviser Arlingclose is forecasting that Bank Rate will remain at 0.75% until the end of 2022. The risks to this forecast are deemed to be significantly weighted to the downside, particularly given the need for clarity on Brexit and the continuing global economic slowdown. The Bank of England, having previously indicated interest rates may need to rise if a Brexit agreement was reached, stated in its November Monetary Policy Report and its Bank Rate decision (7-2 vote to hold rates) that the MPC now believe this is less likely even in the event of a deal.
- 1.18 Gilt yields have risen but remain at low levels and only some very modest upward movement from current levels are expected based on Arlingclose's interest rate projections. The central case is for 10-year and 20-year gilt yields to rise to around 1.00% and 1.40% respectively over the time horizon, with broadly balanced risks to both the upside and downside. However, short-term volatility arising from both economic and political events over the period is a near certainty.

- 1.19 A more detailed economic and interest rate forecast provided by Arlingclose is attached at Appendix A.
- 1.20 For the purpose of setting the budget, it has been assumed that new treasury management investments will be made at an average rate of 1.7% (3.0% excluding money market investments), and that new long-term loans will be borrowed at an average rate of 2.2%.

Local Context

- 1.21 On 31 December 2019, the Council held £1,085.4m of borrowing, £112.3m of treasury investments and £998.3m of non-treasury investment property. Overall, the Council holds investments of £25.2m net of borrowing. This is broken down further in Table 1 next.

Table 1: Current Investment & Debt Portfolio Position

As at 30.11.2019	Actual Portfolio £m	Average Rate %
External Borrowing:		
Public Works Loan Board	(1,032.9)	2.3%
Local Authorities (short term)	(52.5)	1.0%
Total Gross External Debt	(1,085.4)	
Long-Term Investments:		
Pooled Fund Investments	34.3	5.1%
Fixed Term Loan – Housing Association	2.0	3.6%
Funding Circle	0.3	5.0%
Short-Term Investments:		
Local Authorities	15.0	1.0%
Other Investment funds	20.0	0.9%
Money Market Funds	40.7	0.7%
Total Investments	112.3	
Net (borrowing) / investments	(973.1)	
Non-treasury investments:		
Investment property	998.3	5.0%
Overall net investments	25.2	-

- 1.22 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 also an economic development opportunity enabling the Council to support local businesses where demand exists.
- 1.23 **Minimum Revenue Provision (MRP):** The Council's Annual MRP Statement is included at Appendix B. MRP is the amount charged to revenue as required when an authority finances capital expenditure by borrowing.
- 1.24 Forecast changes in the capital financing requirement (CFR), investments and borrowing are shown in the balance sheet summary in Table 2 next.

Table 2: Balance sheet summary and forecast

	Actual	Forecast	Estimate	Estimate	Estimate
	31.03.2019	31.03.2020	31.03.2021	31.03.2022	31.03.2023
	£m	£m	£m	£m	£m
Investment Properties	1,024	1,078	1,089	1,100	1,112
Property Development	8	39	69	81	91
General Fund services	19	29	40	51	62
Total CFR	1,051	1,146	1,198	1,232	1,265
Less: External borrowing*	(1,050)	(1,143)	(1,194)	(1,225)	(1,255)
Internal borrowing	1	3	4	7	10
Usable reserves	(25)	(25)	(25)	(25)	(25)
Working capital	(71)	(40)	(30)	(20)	(20)
Treasury investments	95	62	51	38	35

* Shows loans to which the Council is committed, with estimates based on future plans.

- 1.25 The underlying need to borrow for capital purposes is measured by the 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 The Council has an increasing CFR due to the capital programme. This is with minimal investment, and the Council will therefore be required to borrow up to £205m over the period 2019/20 to 2022/23.
- 1.27 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 during 2020/2021 and in each of the subsequent years.

Local context - Liability benchmark

- 1.28 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, 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 also minimise credit risk. This minimum investment reflects the Council's status as a professional client in terms of MIFD requirements (referred to at 2.53 below).

Table 3: Liability benchmark

	Actual	Forecast	Estimate	Estimate	Estimate
	31.03.2018	31.03.2019	31.03.2020	31.03.2021	31.03.2022
	£m	£m	£m	£m	£m
CFR	1,051	1,146	1,198	1,232	1,265
Less: Usable reserves	(25)	(25)	(25)	(25)	(25)
Less: Working capital	(71)	(40)	(30)	(20)	(20)
Minimum investment	10	10	10	10	10
Liability benchmark	965	1,091	1,153	1,197	1,230

- 1.29 The Liability benchmark indicates that the required minimum level of borrowing is forecast to be £1,153m as at 31 March 2020 after taking into account usable reserves, working capital and the minimum investment, in this case set at £10m for MIFD purposes.

2. Borrowing and Investment Strategies

Borrowing Strategy

- 2.1 The Council currently holds £1,085m of loans, an increase of £35m on the previous year, 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. The Council may also borrow on a short-term basis to fund VAT elements of property acquisitions, which are recovered from HMRC.
- 2.2 The revised capital programme budget for 2019/20 has been set at £102m. The Council's Authorised Borrowing Limit has been set at £1,500m 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 and also to fund acquisition of investment assets that will generate an income stream to offset the revenue impacts of housing delivery projects in their development stage. Sums from investment property rental income are also set aside to increase sinking funds, which contribute towards financing of future property-related costs.
- 2.3 **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.
- 2.4 **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.
- 2.5 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 from other local authorities instead of long-term. By doing so, the Council would be able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk.
- 2.6 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 2020/21 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.
- 2.7 The Council has previously raised long-term borrowing from the PWLB. In October 2019, the Government increased PWLB rates by 1%, making this a relatively expensive option, although still affordable. The Council will consider borrowing long-term loans from other sources including banks, pension funds

and local authorities, as well as 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.

- 2.8 Specifically, the Council is working with Arlingclose to identify alternative funding options for future acquisitions and development projects, and at options for diversifying the Council's debt to build a portfolio from a number of sources.
- 2.9 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.
- 2.10 In addition, the Council may borrow short-term when needed to cover unplanned cash-flow shortages.
- 2.11 **Sources of borrowing:** Approved sources of long-term and short-term borrowing are:
- Public 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
- 2.12 **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
- 2.13 **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.
- 2.14 **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 would have the option to either accept the new rate or to repay the loan at no additional cost.

- 2.15 **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 below).
- 2.16 **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

- 2.17 The Council holds significant levels of invested funds, representing income received in advance of expenditure plus balances and reserves held. Total long-term investments, increased by £15m in February 2019, are £36.6m as at the end of November 2019. This 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.
- 2.18 **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.
- 2.19 **Negative interest rates:** If the UK enters into a recession in 2020/21, there is a small chance that the Bank of England could set Bank Rate at or below zero, which is likely to feed through to negative interest rates on all low risk, short-term investment options. This situation already exists in many other European countries. 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.
- 2.20 **Strategy:** From 2019/20, the Council will aim to maximise liquidity of funds to ensure availability for capital expenditure, in line with the Council's significant property and housing service plans from 2020/21 and beyond.
- 2.21 **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.

- 2.22 **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.
- 2.23 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	Banks Unsecured	Banks Secured	Government	Corporates	Registered Providers
UK Gov	n/a	n/a	£ Unlimited 50 years	n/a	n/a
AAA	£5m 5 years	£10m 20 years	£10m 50 years	£5m 20 years	£5m 20 years
AA+	£5m 5 years	£10m 10 years	£10m 25 years	£5m 10 years	£5m 10 years
AA	£5m 4 years	£10m 5 years	£10m 15 years	£5m 5 years	£5m 10 years
AA-	£5m 3 years	£10m 4 years	£10m 10 years	£5m 4 years	£5m 10 years
A+	£5m 2 years	£10m 3 years	£5m 5 years	£5m 3 years	£5m 5 years
A	£5m 13 months	£10m 2 years	£5m 5 years	£5m 2 years	£5m 5 years
A-	£5m 6 months	£10m 13 months	£5m 5 years	£5m 13 months	£5m 5 years
None	£1m 6 months	n/a	£5m 25 years	£1m 5 years	£5m 5 years
Pooled funds and real estate investment trusts (REITs)		£10m per fund at point of investment			

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

- 2.24 **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.
- 2.25 **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.

- 2.26 **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.
- 2.27 **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.
- 2.28 **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.
- 2.29 **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.
- 2.30 **Pooled Funds:** Shares or units in diversified investment vehicles consisting of any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Short-term Money Market Funds that offer same-day liquidity and very low or no volatility will be used as an alternative to instant access bank accounts, while pooled funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.
- 2.31 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.
- 2.32 **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.

- 2.33 **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.
- 2.34 **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.
- 2.35 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.
- 2.36 **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.
- 2.37 When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2011, 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 a reduction in the level of investment income earned, but will protect the principal sum invested.

- 2.38 **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 banks under the same ownership will be treated as a single organisation for limit purposes. 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
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

- 2.39 **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 plans to implement a Treasury Management system in the early months of 2020. This TM system includes cash-flow forecasting software, which will enable determination of the maximum period for which funds may prudently be committed.

Treasury Management Indicators

- 2.40 **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.
- 2.41 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.
- 2.42 The Council generally invests medium- to long-term at fixed rates. The Council currently has no variable rate investments.
- 2.43 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.

- 2.44 **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%

- 2.45 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.
- 2.46 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.
- 2.47 **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>	2020/21	2021/22	2022/20 23
Limit on principal invested beyond year end	£70m	£70m	£70m

Related Matters

- 2.48 The CIPFA Code requires the Council to include the following in its treasury management strategy.
- 2.49 **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).
- 2.50 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.
- 2.51 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.
- 2.52 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.
- 2.53 **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.

3. Financial implications

- 3.1 The budget for investment income in 2020/21 is £1.29m, based on an investment portfolio of £77m at an average interest rate of 1.7% (£36m at 3.0% excluding money market investments). The budget for debt interest paid in 2020/21 is £23.0m, based on an average debt portfolio of £1,085m at an average interest rate of 2.1% (2.2% 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 2019/20 is forecast to be £23.7m. 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 approximately £10m (gross £50m) for 2019/20 after debt financing and set aside costs.

- 3.3 If actual levels of investments and borrowing, or actual interest rates, differ from those forecast, performance against budget will be correspondingly different. With further acquisition opportunities being explored, and likely to be debt-financed if taken up, additional financing costs are expected. These opportunities may not be successful, and therefore are not budgeted for in advance. However, it should be noted that the borrowing that finances the strategic acquisitions are fixed rate, and so, once established, will not change.

4. Risk considerations

- 4.1 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.
- 4.2 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

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

5. Timetable for implementation

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

Background papers:

Appendices: Appendix A – Arlingclose note (two pages)
Appendix B – MRP Statement
Appendix C – TMP and schedules

Appendix to the Treasury Management Strategy 2019/20

Arlingclose Economic & Interest Rate Forecast November 2019

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

Underlying assumptions:

- The global economy is entering a period of slower growth in response to political issues, primarily the trade policy stance of the US. The UK economy has displayed a marked slowdown in growth due to both Brexit uncertainty and the downturn in global activity. In response, global and UK interest rate expectations have eased.
- Some positivity on the trade negotiations between China and the US has prompted worst case economic scenarios to be pared back. However, information is limited, and upbeat expectations have been wrong before.
- Brexit has been delayed until 31 January 2020. While the General Election has maintained economic and political uncertainty, the opinion polls suggest the Conservative position in parliament may be strengthened, which reduces the chance of Brexit being further frustrated. A key concern is the limited transitional period following a January 2020 exit date, which will maintain and create additional uncertainty over the next few years.
- UK economic growth has stalled despite Q3 2019 GDP of 0.3%. Monthly figures indicate growth waned as the quarter progressed and survey data suggest falling household and business confidence. Both main political parties have promised substantial fiscal easing, which should help support growth.
- While the potential for divergent paths for UK monetary policy remain in the event of the General Election result, the weaker external environment severely limits potential upside movement in Bank Rate, while the slowing UK economy will place pressure on the MPC to loosen monetary policy. Indeed, two MPC members voted for an immediate cut in November 2019.
- Inflation is running below target at 1.7%. While the tight labour market risks medium-term domestically-driven inflationary pressure, slower global growth should reduce the prospect of externally driven pressure, although political turmoil could push up oil prices.
- Central bank actions and geopolitical risks will continue to produce significant volatility in financial markets, including bond markets.

Forecast:

- Although we have maintained our Bank Rate forecast at 0.75% for the foreseeable future, there are substantial risks to this forecast, dependant on General Election outcomes and the evolution of the global economy.
- Arlingclose judges that the risks are weighted to the downside.
- Gilt yields have risen but remain low due to the soft UK and global economic outlooks. US monetary policy and UK government spending will be key influences alongside UK monetary policy.
- We expect gilt yields to remain at relatively low levels for the foreseeable future and judge the risks to be broadly balanced.

%

	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Average
Official Bank Rate														
Upside risk	0.00	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.21
Arlingclose Central Case	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Downside risk	-0.50	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.73
3-month money market rate														
Upside risk	0.10	0.10	0.25	0.25	0.25	0.25	0.25	0.25	0.30	0.30	0.30	0.30	0.30	0.25
Arlingclose Central Case	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Downside risk	-0.50	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.73
1yr money market rate														
Upside risk	0.10	0.20	0.20	0.20	0.20	0.20	0.20	0.25	0.30	0.30	0.30	0.30	0.30	0.23
Arlingclose Central Case	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85
Downside risk	-0.30	-0.50	-0.55	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.60
5yr gilt yield														
Upside risk	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.40	0.45	0.45	0.45	0.37
Arlingclose Central Case	0.50	0.50	0.50	0.55	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.57
Downside risk	-0.35	-0.50	-0.50	-0.55	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.56
10yr gilt yield														
Upside risk	0.30	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.40	0.40	0.45	0.45	0.37
Arlingclose Central Case	0.75	0.75	0.80	0.80	0.85	0.85	0.90	0.90	0.95	0.95	1.00	1.00	1.00	0.88
Downside risk	-0.40	-0.40	-0.40	-0.40	-0.45	-0.45	-0.45	-0.45	-0.50	-0.50	-0.50	-0.50	-0.50	-0.45
20yr gilt yield														
Upside risk	0.30	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.40	0.40	0.45	0.45	0.37
Arlingclose Central Case	1.20	1.20	1.25	1.25	1.25	1.30	1.30	1.30	1.35	1.35	1.35	1.40	1.40	1.30
Downside risk	-0.40	-0.40	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.50	-0.50	-0.45
50yr gilt yield														
Upside risk	0.30	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.40	0.40	0.45	0.45	0.37
Arlingclose Central Case	1.20	1.20	1.25	1.25	1.25	1.30	1.30	1.30	1.35	1.35	1.35	1.40	1.40	1.30
Downside risk	-0.40	-0.40	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.50	-0.50	-0.45

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-19 Official Bank Rate, when Arlingclose’s central case is 1.25%, the upside risk is +0.25% (ie a rate of 1.50%) and the downside risk is -1.00% (ie a rate of 0.25%).

Minimum Revenue Provision Statement 2020/21

Annual Minimum Revenue Provision Statement 2020/21

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 a number of 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, but will instead apply the capital receipts arising from principal repayments to reduce the capital financing requirement instead. 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 2020/21 will not be subject to an MRP charge until 2021/22.

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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 Investment 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. Credit default swap information is received monthly, as well as information on share price. In addition, members of the treasury team reads 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 be thereby 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 and will maintain a rolling 12 month cash flow forecast.</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, a daily cash balance of +/- £50,000 is the objective for the Council's bank account.</p>
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<p>2.2 Short term investments</p>	<p>Surplus funds are transferred to the General bank account with the Council's main bankers. Any balance on this account is used to deal with day to day cash flow fluctuations.</p> <p>The Council also uses various other Reserve Accounts and Money Market Funds to manage its liquidity requirements. These Accounts/Funds are named on the Council's approved counterparty list. The maximum balance on each of these accounts is reviewed and set as part of the Council's investment strategy.</p>
<p>2.3 Temporary Borrowing</p>	<p>Temporary borrowing up to 364 days through the money market is available should there be a cash flow deficit 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 from 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 its refinancings.</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 ▪ 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 having access to the bank's online system are as follows:</p> <ul style="list-style-type: none"> • Chief Accountant – Laurence Woolven • Deputy Chief Accountant – Anna Russell • Accounting Technician – Sol Tate • Systems Accountant – Jodie Hawkes <p>Officer access is reviewed at least 6 monthly or as necessary.</p> <p>Full procedure notes covering the day to day operation of the online banking system and the treasury management system are documented and included in the Treasury Management system folder</p> <p>2. <u>Standard Settlement Instructions (SSI) list</u> : 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.
<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>

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

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

3. Decision making and analysis

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

Schedule

<p>1.1 Major treasury decisions</p>	<p>As a public service organisation, there is a requirement to demonstrate openness and accountability in treasury management activities. Accordingly, the Council will create and maintain an audit trail of major treasury management decisions which comprise either :</p> <ul style="list-style-type: none"> a) Changes to Prudential Indicators during the course of the financial year b) Options Appraisal to determine a funding decision c) raising a new long-term loan / long-term source of finance d) prematurely restructuring/redeeming an existing long-term loans d) investing longer-term (i.e. in excess of 1 year) f) utilisation of investment instruments which constitute capital expenditure (i.e. loan/share capital in a body corporate) g) leasing h) change in banking arrangements i) appointing/replacing a treasury advisor j) appointing/replacing a fund manager k) any other determined by the Council
<p>1.2 Process</p>	<p>The Council's strategy for the application of its treasury policy is set out in the annual Treasury Management Strategy.</p> <p>Based on the Annual Treasury Management Strategy, the Principal Accountant will prepare monthly for the ensuing 12 months rolling forecasts of 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 have 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.

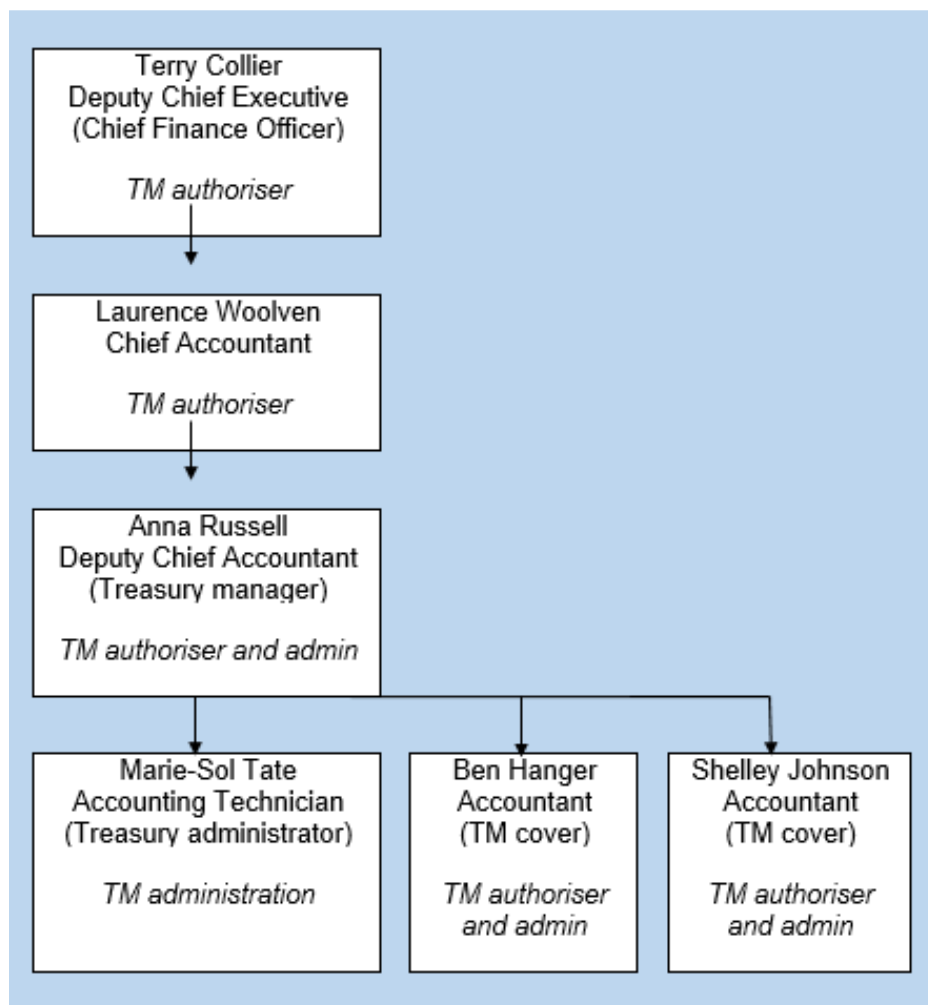
The Chief Finance Officer will ensure that there are clear written statements of the responsibilities for each post engaged in treasury management, and the arrangements for absence cover. The Deputy Chief Executive will also ensure that at all times those engaged in treasury management will follow the 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 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, Principal Accountant, Deputy Chief Accountant and Accountancy Technician.

	<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 Technician</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 – Laurence Woolven Deputy Chief Accountant – Anna Russell</p> <p>Also Accounting Technician – Marie-Sol Tate Accountant – Ben Hanger Accountant – Shelley Johnson</p> <p>Authorising payments for borrowing/lending: Deputy Chief Executive – Terry Collier Chief Accountant – Laurence Woolven Any other Council first signatory</p> <p>Bank payment and ICD portal trade authoriser*: Deputy Chief Executive – Terry Collier Chief Accountant – Laurence Woolven Deputy Chief Accountant– Anna Russell Accountant – Ben Hanger Accountant – Shelley Johnson (ICD not bank) Accounting Technician – Marie-Sol Tate</p> <p>Transaction recording*: Accounting Technician – Marie-Sol Tate Deputy Chief Accountant– Anna Russell Accountant – Ben Hanger Accountant – Shelley Johnson</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 Strategy Statement (including Annual Investment 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 policy <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 Strategy Statement including the Annual Investment Strategy</p>	<p>The Treasury Strategy Statement integrates with the Prudential Indicators being set and 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 (<i>see below*</i>) • 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>* Based on the MHCLG's Guidance on Investments, the Council will produce an Annual Investment Strategy (AIS) which sets 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 AIS will be integrated into the Treasury Strategy Statement.</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>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 Principal Accountant produces a monthly monitoring report for the Chief Accountant and the Deputy Chief Executive. The Chief Accountant includes this information in his 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	<p>Internal Audit generally conducts an annual review of the treasury management function and probity testing. The internal auditors will be given access to treasury management information/documentation as required by them.</p>
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	<p>The budget for treasury management forms part of the Corporate Services budget.</p>

Treasury Management Practices

8. Cash and cash flow management

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

Schedule

<p>1.1 Arrangements for preparing /submitting cash flow statements</p>	<p>Cash flow forecasts 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>Martin Brokers/ 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 help-line. • 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
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 sessions.
1.5 Externally managed funds.	The Council currently has no external fund managers.

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Cabinet**29 January 2020**

Title	Housing Strategy 2020-2025		
Purpose of the report	To make a recommendation to Council		
Report Author	David Birley, Housing Strategy & Policy Manager		
Cabinet Member	Councillor Amar Brar	Confidential	No
Corporate Priority	Housing		
Recommendations	Cabinet is asked to recommend to Council to approve the Housing Strategy 2020-25 as appended to this report.		
Reason for Recommendation	The Housing Strategy 2020-25 sets out how the Council will ensure that local residents have an appropriate and affordable range of housing options to meet their needs. The strategy sets out three key areas of focus, and is based upon the findings of an independent review of the Council's performance in affordable housing delivery.		

1. Key issues

- 1.1 The Council currently has a Housing Strategy which covers the period 2014 to 2019. Whilst it is no longer a legal requirement to have a Housing Strategy, Spelthorne has continued to publish one given the importance that access to suitable, affordable housing is locally. Housing is also a priority within the Corporate Plan 2016-19, and affordable housing delivery is one of the main drivers of the Capital Strategy.
- 1.2 Through a project grant-funded by the Local Government Association (LGA) Housing Advisers Programme, an independent review of the Council's affordable housing delivery has been carried out. This review recommended:
- (a) Affordable housing delivery through the Council – not to pursue the development of council-owned residential accommodation. This is mainly due to the regulatory framework which the Council would need to gear itself up to deliver.
 - (b) Affordable housing delivery through housing associations – to pursue a balanced approach with housing associations, with key recommendations to:
 - i) Diversify the range of housing associations we work with
 - ii) Encourage housing association development locally, which may involve financial incentives

- iii) Engage with housing associations who are seeking to dispose of stock locally
 - (c) Affordable housing delivery through Knowle Green Estates – to focus internal resources on this area, including exploring the role of joint ventures, and whether or not to register the affordable housing delivery arm with Homes England to more easily access grant funding.
 - (d) Affordable housing delivery through the private sector – a range of recommendations to:
 - i) Review how the Council manages viability assessments from developers seeking to develop uncompliant levels of affordable housing, including providing more training for officers and members on this issue
 - ii) Review standard wording in section 106 agreements to allow Knowle Green Estates to purchase affordable homes delivered in this way
 - iii) Consider the use of viability review mechanisms to capture benefits of improved viability if economics of project improves post-permission
 - iv) Consider lowering the threshold at which developers must make contributions to affordable housing delivery
 - v) Consider putting together a policy of using Compulsory Purchase Orders to deliver stalled development sites or bring back empty homes into use for affordable housing
 - vi) Consider setting up financial incentives for owners of empty homes to bring them back into use for affordable housing
- 1.3 A working group was set up to consider the findings of the LGA report, and to consider which of the main elements / recommendations of the report should be included in the draft framework of the next five-year strategy. This working group consisted of officers of all levels from across the Council, and included the Portfolio Holder for Housing.
- 1.4 The draft framework of the new strategy was open to public and stakeholder consultation in July and August 2019. Comments received as part of this consultation revealed:
- (a) Uncertainty around the role of Knowle Green Estates in housing delivery
 - (b) Suggestion that we could be more ambitious in our approach
 - (c) Public desire to see clear measures to monitor progress
 - (d) Concerns around meeting social infrastructure needs as well as new affordable homes
 - (e) An overriding need for social housing locally, rather than affordable or market housing
 - (f) Some feedback about the consultation method
- 1.5 As a result of the consultation, some changes were made to the final draft which is presented for approval:

- (a) Instead of having four strategic priorities, the final version now has three, in order to emphasise the role of Knowle Green Estates in the delivery of affordable housing in Spelthorne.
 - (b) Explicit recognition of the need for social infrastructure, referencing work already underway on the Local Plan consultation, and the Community Infrastructure Levy (CIL) Task Group.
 - (c) Strengthened reference to need for social housing, although recognising the severe financial challenges on housing providers to provide this form of tenure.
- 1.6 The final strategy contains three strategic priorities, and an associated Action Plan:
- (a) Enabling the delivery of more affordable homes across a range of tenures
 - (b) Promote independence and wellbeing to enable residents to remain living independently
 - (c) Prevent homelessness and rough sleeping
- 1.7 The Action Plan contains a range of targets, projects and initiatives which work towards achieving the aims of the strategy.
- 1.8 It is proposed that the monitoring of the Action Plan is carried out by the Council's Strategic Housing Group.
- 2. Options analysis and proposal**
- 2.1 The Housing Strategy 2020-25 is the product of work which has been carried out by officers over the past twelve months. Throughout this time, Members have been kept abreast of the emerging strategy. The framework of the strategy has been subject to public and stakeholder consultation, the result of which has contributed to the final document.
- 2.2 The Council is required under the Homelessness Act 2002 to have a Homelessness Strategy, which is currently out of date. The revised Homelessness Strategy cannot be approved until the parent Housing Strategy is refreshed. The Council is at risk of censure from the Ministry of Housing, Communities and Local Government (MHCLG) if it fails to revise its Homelessness Strategy in the immediate future.
- 3. Financial implications**
- 3.1 A number of the proposed actions within the strategy have a resource requirement which cannot be met using existing staffing levels. The request for this resource is being requested separately.
- 3.2 Individual projects within the strategy may have financial implications in the future, for example depending on the type of empty properties scheme is implemented. Where these costs cannot be met using existing financial resources, additional budget will be requested at the time when it is required.
- 4. Other considerations**
- 4.1 An Equality Impact Assessment of the proposed strategy has been carried out and has not identified any required adjustments or mitigating actions. A copy of this assessment has been appended to this report.

5. Timetable for implementation

- 5.1 Should Council accept Cabinet's recommendation to approve the strategy at its meeting on 27 February 2020, then it is anticipated that the strategy will be in use from Monday 2 March 2020.

Background papers: None

Appendices:

Appendix 1: Spelthorne Housing Strategy 2020-25

Appendix 2: Equality Impact Assessment for the Housing Strategy 2020-25



Spelthorne Borough Council: Housing Strategy 2020-2025
January 2020

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Introduction and overview of Spelthorne

With excellent transport links, unique employment opportunities, plenty of green open spaces, we believe that Spelthorne is a successful place, where people want to live, work, and visit. However, we recognise that access to a range of appropriate, affordable housing options is vitally important to ensure that we can sustain and build upon that success.

Spelthorne is located on the south-west edge of London and in the north-west of Surrey, neighbouring the boroughs of Slough, Windsor & Maidenhead, Runnymede, Elmbridge, and the London Boroughs of Richmond upon Thames, Hounslow and Hillingdon. The north of the borough borders London Heathrow airport. Spelthorne is densely populated and has five main urban areas: Ashford, Shepperton, Staines-upon-Thames, Stanwell and Sunbury. Outside these urban areas:

- 65% is green belt,
- 30% of the total area is either flood plain or reservoir,
- 17% of the borough is water, and
- We have 12 miles of River Thames frontage.

Almost half of Surrey's 20 most deprived super output areas are in Spelthorne. Three are in the ward of Stanwell North, two in Ashford North and Stanwell South and one in each of Ashford East and Sunbury Common. Spelthorne has the highest number of lone parent families and the highest level of child poverty in Surrey; it also has the highest under-18 conception rate in the county. That said, residents are largely healthy, with life expectancy for both males and females slightly above the national average.

Whilst house prices remain well above the national average, most residents are owner-occupiers (73%), followed by private rented (13%) and social rented (12%).

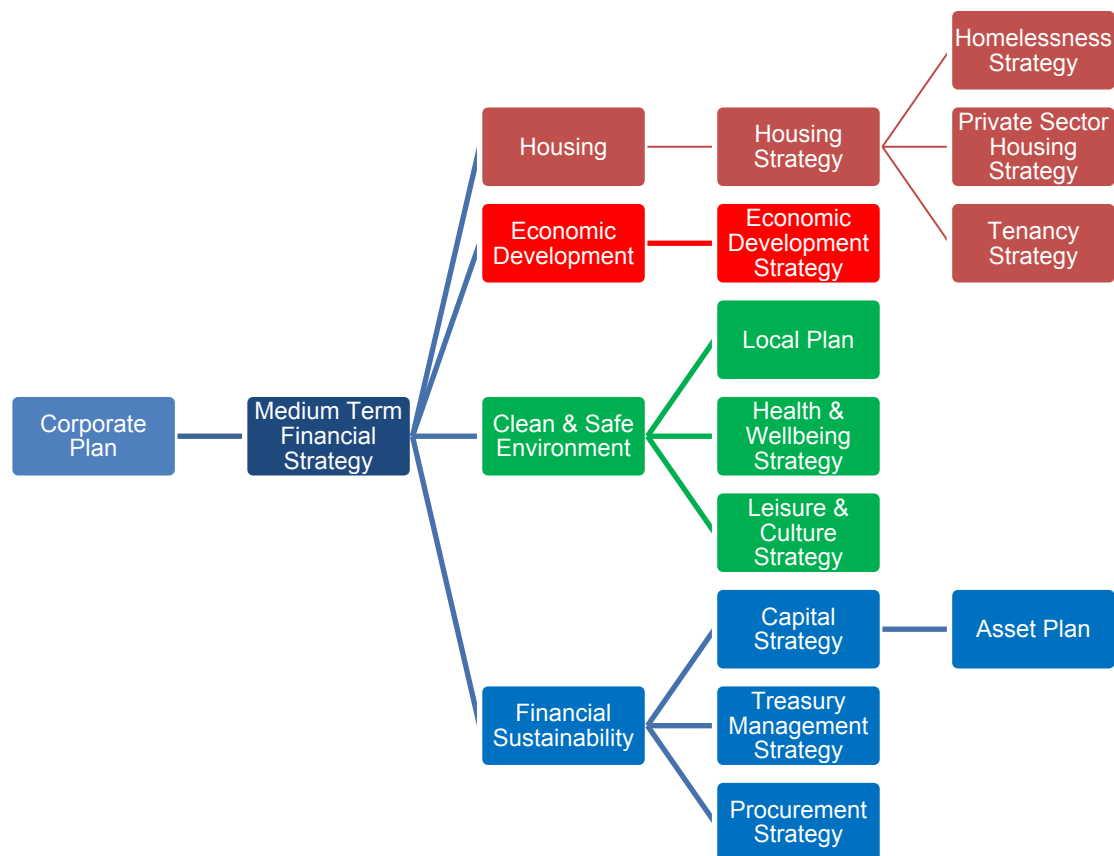
Spelthorne has a slightly lower population of under-30s (34%) compared to the rest of the country (37%), and a slightly higher population of 30-69 year olds (42%) compared with the UK average of (40%), The number of 70+ is 23%, which is broadly in line with the rest of the UK (24%).

Although the number of VAT and/or PAYE-registered business has fallen slightly over the past four years, Spelthorne has a low rate of unemployment: 1.4% of those economically active aged 16 to 64, compared to the South East (2.2%) and UK as a whole (3.5%). Heathrow Airport is a significant local employer, with 8.3% of Spelthorne's working population employed there. Significantly, 21.5% of those in work in Stanwell North are in low level employment compared to an average of 11.6% in Surrey. Average wages are slightly above regional averages at £630 per week for full-time employees.

How the strategy links in with the Council's wider work

Housing is one of the Council's four corporate priorities, and this strategy is the foundation for our approach to meeting our corporate aim:

"To strive towards meeting the housing needs of our residents, providing working families and others in housing need within the Borough with suitable accommodation."



**Note that links above between priorities / strategies do not accurately represent the relationships between the different documents as many strategies interlink with multiple areas of the Council's work.*

The Housing Strategy outlines the way in which Spelthorne will ensure that its work supports the aim of ensuring that we have the types of homes that we need, where we need them, at prices which residents can afford. We recognise that we cannot do this alone, so within the strategy, we set out how we plan to engage with partners and residents to support achieving our aims.

How the strategy was developed

Using grant funding from the Local Government Association through their Housing Advisers Programme, the Council worked with a consultant service to independently review the Council's delivery of affordable housing. This strategy was developed by a working group of elected councillors and relevant council officers, which considered the findings from the report.

Spelthorne Housing Strategy 2014-2019: Review of Action Plan

Strategic priority 1: Increase the supply of new homes and improve the tenure mix especially the provision of private rented accommodation

No.	What we said we would do	How we said we would do it	What progress we have made
1.1	Increase the supply of new homes	Encourage registered provider partners and private developers to develop and manage new homes in the borough.	<p>Encouraging registered providers to develop outside of s106 sites remains a challenge due to the high cost, and availability, of land locally.</p> <p>Historically, we haven't been very proactive in engaging with RPs.</p> <p>A2Dominion are the only registered provider who have recently engaged in non-s106 development within Spelthorne. These developments yielded six affordable rented houses locally.</p>
		Develop and maintain a pipeline supply of development sites in the Local development plan.	The Strategic Planning team is progressing the Local Plan in accordance with the timetable set out in the Local Development Scheme. The team is currently assessing all possible sites, for allocation in the new plan, primarily for housing development to meet our identified needs. We will be consulting on this work and the draft plan in October 2019.
		Work with partners to identify requirements for specialist housing	As above, work on the new Local Plan is progressing. Once potential

		and ensure requirements are included in Local development plans.	housing allocations have been identified, the Strategic Planning team will be working with the Housing team, developers and affordable housing providers to assess the need for and quantum of specialist housing that can be delivered on specified sites and included within the Local Plan.
1.2	Develop a SBC housing company or Special Purpose vehicle for the purpose of developing new affordable homes for rent	Identify SBC landholdings that could be used for the development of new homes.	Knowle Green Estates was set up in May 2016 following the purchase of Harper House in Ashford. Since then, the Assets team has significantly expanded it's portfolio, and is currently working on six sites which will yield 283 privately rented homes, a number of which will be available to the Council's housing department for nomination. Overall, KGE has ambitious plans to deliver approximately 20% of the borough's housing need over the next five years, subject to planning.
Commission a study on the options for developing a SBC housing company.			
On the basis of the options, move to develop a starter scheme.			

Strategic priority 2: Improve the quality of existing homes

No.	What we said we would do	How we said we would do it	What progress we have made
2.1	Ensure that all social housing landlords comply with the decent homes standard.	Seek confirmation from all operating registered providers on their compliance with the decent homes standard and their timetable for achieving the standard.	<p>As of 1 April 2018, there is one property in the borough which fails the decent homes standard. We are engaged with the landlord of that property to resolve this.</p> <p>The Council's Environmental Health department has worked with social landlords to ensure that social homes achieve the decent homes standard. To April 2019, Environmental Health have assisted in ensuring 48 social homes brought to their attention achieve the standard.</p>
2.2	Develop a comprehensive Private Sector Housing strategy and implementation plan.	Private sector strategy and action plan agreed by Cabinet.	The Private Sector Housing Strategy was adopted in 2014, and has a strategy action plan which is reviewed by the Environmental Health service.
2.3	Improve access to the private rented homes in order to prevent homelessness, and to discharge the housing duty into the private rented sector.	Develop a local lettings agency to offer management services to the private rented sector.	<p>The Rent Assure Scheme was set up in 2016 to offer competitive market rent to landlords who offer their properties to the Council for homeless families for at least two years. This was in addition to the pre-existing Bond Scheme which was set up in 2007.</p> <p>Number of households housed via Rent Assure: 2016/17: 5 2017/18: 26</p>

			<p>2018/19: 48</p> <p>To April 2019, there are 59 landlords signed up to the rent assure scheme, across 78 properties.</p> <p>In addition, the Bond Scheme has supported a total of 90 households to access the private rented sector.</p> <p>2014/15: 38 2015/16: 21 2016/17: 29 2017/18: 1 2018/19: 1</p>
2.4	Maintain commitment to bringing empty homes back into use.	Bring 15 homes back into use through interventions.	<p>Aside from the statutory Council Tax collection function, there is currently no dedicated resource to supporting empty property owners bringing their properties back into use. Until March 2015, there was a 0.2 FTE resource, funded through grant, to work on Empty Homes. Since that grant funding ended, there has been no resource available to progress this action through enforcement.</p> <p>Number of homes brought back to use:</p> <p>2014/15: 5 2015/16: 0 2016/17: 0 2017/18: 0</p>

			2018/19: 0
		Increase the levels of enforcement action and ensure that potential CPOs are pursued.	There is currently no enforcement action taken against the owners of empty homes. Spelthorne has issued no CPOs to date. 2014/15: 0 2015/16: 0 2016/17: 0 2017/18: 0

Strategic priority 3: Prevent homelessness

No.	What we said we would do	How we said we would do it	What progress we have made
3.1	Develop and adopt a comprehensive homelessness strategy that is compliant with the 'Gold standard'.	Homelessness strategy and action plan agreed by Cabinet.	The existing 14-19 strategy was commissioned at Cabinet on 15 July 2014, with the final version approved by Cabinet on 30 September 2014. Due to workload pressures at the time, SBC never underwent a peer review in advance of applying for the Gold standard. In any event, the Gold standard programme is now obsolete following the introduction of the Homelessness Reduction Act 2017, and to be replaced with a new NPSS self-assessment tool.
3.2	Develop a local lettings agency	Develop a local lettings agency to offer management services to the private rented sector.	To date, no management service has been set up for the Rent Assure scheme, but is something which is being actively considered by the Housing Options team. Given that in order to be competitive, the

			management service would need to cost very little to the landlord, the investment required to set up such a service, including rent accounting systems, and repairs contracts for example, generally make it cost-prohibitive presently.
3.3	Agree a policy that enables the discharge of the homelessness duty into the private sector	Agree policy.	Policy to enable to discharge of the homelessness duty into the private sector was approved at the same time as the Homelessness Strategy in September 2014.
		Communication strategy in place to enable the rollout of the strategy and to increase public awareness of the role of the housing options team.	The Housing Options team make all applicants aware that any duty accepted could be discharged into the private rented sector, and that there should be no assumption that a homelessness duty results in an offer of social housing.
3.4	Devise housing pathways for vulnerable households and individuals	Through the SBC Housing Forum, work with partners to identify vulnerable groups and to devise 'care pathways' to support their housing needs.	As a result of the Homelessness Reduction Act 2017, the Council is required to have pathway plans for a number of different client groups including: <ul style="list-style-type: none"> a) persons released from prison or youth detention accommodation, b) care leavers, c) former members of the regular armed forces, d) victims of domestic abuse, e) persons leaving hospital,

			<p>f) persons suffering from a mental illness or impairment, and</p> <p>g) any other group that the authority identify as being at particular risk of homelessness in the authority's district.</p> <p>These pathway plans have been created in partnership with the relevant partner agency, and are 'living documents' which can evolve in time.</p>
3.5	Seek to end the use of bed and breakfast accommodation.	Through the work of the Housing Options team and the local lettings agency ensure that all homeless applicants, or those vulnerable to becoming homeless are directed to PRS accommodation.	<p>Given the rise in homelessness locally and nationally, the continued rise in the costs of privately renting accommodation, and the desire of private landlords to convert their properties to 'nightly paid' accommodation – which is much more profitable for the landlord, but much more costly for the Council – achieving the aim of ending the use of bed and breakfast accommodation remains a significant challenge.</p> <p><u>Number of different placements:</u> 2014/15: 115 2015/16: 146 2016/17: 126 2017/18: 149 2018/19: 135</p>

			<p><u>The number of all placements (including moves) in B&B over the past five years has been:</u> 2014/15: 138 2015/16: 213 2016/17: 200 2017/18: 233 2018/19: 219</p> <p><u>The average length of stay in B&B over the past five years has been:</u> 2014/15: 33 weeks 2015/16: 30 weeks 2016/17: 23 weeks 2017/18: 27 weeks 2018/19: 18 weeks</p>
3.6	Develop a three borough response to providing winter shelters.	Develop a project, including external funding to provide a winter shelter	<p>Each year, SBC contribute towards the cost of Transform Housing & Support running a winter shelter.</p> <p>2014/15 – Whiteley Village, Hersham (£5,000 SBC contribution) 2015/16 – Fairways, Staines-upon-Thames (£5,000 SBC contribution) 2016/17 – Fairways, Staines-upon-Thames (£5,000 SBC contribution) 2017/18 – Hersham Road, Walton-on-Thames (no SBC contribution)</p> <p>Unfortunately in 2017/18, the winter shelter had to close early as a result of staffing shortages. As a result, there was no financial contribution from SBC in this year. SBC are</p>

			currently reviewing their role in the winter shelter project.
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Strategic priority 4: Support residents to access affordable, well-managed market rent and social rented properties (only includes elements not covered in action plan above)

No.	What we said we would do	How we said we would do it	What progress we have made
4.1	Ensure that all residents approaching the Council for housing advice receive comprehensive advice on options including moving outside the borough.	Continue to provide specialist training and approach for SBC staff.	Everyone approaching the Council for housing advice receive a comprehensive initial assessment of housing need. During this appointment, all options are discussed and include options such as re-locating. Under the Homelessness Reduction Act 2017, SBC is required to complete a written assessment of housing need for everyone who is assessed as eligible and either threatened with homelessness, or actually homeless. This has bolstered the service offer given to clients.
4.2	Ensure full implementation of the Council's policy on discharge of homelessness duty into the PRS.	Consult with partners and appropriate agencies to the changes with the policy and implement.	<p>The policy has been in place since 2014, and all clients are made aware that any accepted duty can be discharged into the private rented sector. Over the past few years, we have achieved the following numbers of discharges into the PRS, either through Rent Assure or the Bond Scheme:</p> <p>2014/15: 38 2015/16: 21 2016/17: 34 2017/18: 27 2018/19: 49</p>

4.3	Ensure all social housing tenancies in the borough are let through choice based lettings and let on fixed term tenancies.	Implement of new scheme via our system Locata	<p>All social housing vacancies are let through the Council's Housing Allocations Scheme, which was most recently updated in 2018. The current scheme allows for direct lets of accommodation to be made in certain circumstances. Aside from those circumstances, all other vacancies, to which the Council have nomination rights, are let through choice based lettings.</p> <p>The tenure on offer to applicants depends on the relevant landlord's policy, although they must have regard to SBC's Tenancy Strategy which was last updated in 2012.</p>
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The national context and our current housing challenges

Whilst housing is one of our corporate priorities, a number of factors influence our ability to deliver our housing vision for Spelthorne. Many of these are as a result, both directly and indirectly, of national government policy and legislation.

The national policy context

Welfare reform has been ongoing since 2009, introducing a wide package of measures to reduce expenditure on benefits, and to promote the concept of 'making work pay'. Such measures have included:

- The overall benefit cap
- Introduction of Universal Credit
- Removal of the spare room subsidy
- Freeze on the Local Housing Allowance rates

Austerity has meant that local government services have received significant funding cuts over the past five years, including to:

- Revenue Support Grants – the money granted to local authorities to fund local services.
- Housing related support services – such as supported accommodation and floating support services, and changes to the way services are commissioned.

Significant changes to the law on homelessness were implemented in April 2018 through the Homelessness Reduction Act 2017. This piece of legislation amended the legal duties with Spelthorne, as the local housing authority, has towards certain people who find themselves homeless or threatened with homelessness. Changes included:

- Extending the time in which a household is defined as 'threatened with homelessness' from 28 days to 56 days.
- Placing homelessness prevention on a statutory basis regardless of priority need or whether someone may be intentionally homeless.
- Requiring authorities to provide personalised assessments and housing plans in all eligible cases, which contain 'reasonable steps' for both the authority and the applicant to take to prevent or relieve homelessness.

A national review of the Homelessness Reduction Act 2017 is to be undertaken by the Ministry of Housing, Communities and Local Government in 2019/20, which will assess the effectiveness of the changes in reducing homelessness overall.

In August 2018, the Government released its Rough Sleeping Strategy which set out how it would seek to halve rough sleeping by 2022 and eliminate it by 2027. It makes 61 commitments, which focus on three key themes: prevention, intervention, and recovery. A Delivery Plan was published in December 2018 which provided more detail on how the target would be met.

A range of measures to raise standards in the private rented sector:

- Homes (Fitness for Human Habitation) Act which gives tenants the right to take their landlord to court in cases where their rented property poses health risks. The Act applies

to all tenancies created after 20 March 2019, with all existing tenancies being covered from 20 March 2020

- Extension of HMO licencing to include all properties which accommodate five or more people, from two or more separate households.
- Tenant Fees Act 2019 which bans certain letting agent fees, and capping the level of tenancy deposits required. The aim is to reduce the costs that tenants can face in accessing and sustaining a tenancy.
- Proposal to abolish 'no fault' evictions in the private rented sector. Section 21 notices currently allow a landlord to terminate a tenancy without a specific reason, outside of the initial fixed term. A consultation on this proposal is expected in the second half of 2019.

The Spelthorne context

Spelthorne's overall need for housing dominates the list of current housing challenges, fuelled by:

- The level of homelessness and use of temporary accommodation
- Affordability of the private sector
- Demand on the limited supply of social housing
- The limited number of active affordable housing providers

Homelessness

In common with other areas across the country, homelessness has been a growing issue. Since 2009, the numbers of statutorily homeless households has increased significantly¹, although the number has remained relatively stagnant over the past four years.

	2014/15	2015/16	2016/17	2017/18
Number of statutorily homeless households	123	120	115	116

Over the same period, the average number of households in temporary accommodation per quarter has seen a correspondingly significant increase², meaning that the authority's gross spend on temporary accommodation is now regularly over £1million per year.

¹ Ministry of Housing, Communities and Local Government: Detailed local authority level homelessness figures. Section 1, Column e11g

² Ministry of Housing, Communities and Local Government: Detailed local authority level homelessness figures. Section 6, Column e69c

	2014/15	2015/16	2016/17	2017/18
Number of households in Temporary Accommodation (average per quarter)	104	126	112	103
Gross spend on temporary accommodation	£1,008,185	£1,557,019	£1,250,146	£1,165,946

Affordability and delivery of new affordable housing

Affordability of accommodation remains a serious issue for local residents. The median house price in Spelthorne has increased by 42% over the past five years³, to £385,000⁴. With a median annual salary of £35,404, a local resident would need over 11 times this amount to purchase an average home on the open market⁵.

	2014/15	2015/16	2016/17	2017/18
House prices: median price of dwellings sold in the year (Spelthorne)*	£299,950	£338,000	£390,000	£385,000
Median full-time wages (Spelthorne)**	£32,925	£34,066	£34,997	£35,404
Ratio median house price to median wage (Spelthorne)**	8.5	9.39	10.42	11.16

**House price data is recorded quarterly, and so an average across the financial year has been calculated.*

***The affordability ratio and income data is recorded annually, and so the three datasets may not necessarily correspond.*

Delivery of affordable housing has also been sluggish over the past four years, with only nine affordable dwellings completed in the 2017/18 financial year⁶.

	2014/15	2015/16	2016/17	2017/18
Affordable dwellings completed (Net)	-27	124	46	9

This performance pales in comparison to the need. The Council's Strategic Housing Market Assessment (SHMA) Update Report, prepared for the purposes of revising the Council's Local Plan, suggests an overall need of 459 additional affordable homes per year to 2035 – the vast majority being affordable or social rented instead of affordable home ownership⁷.

³ House prices: ONS, House price statistics for small areas, Datasets 9 and 24

⁴ House prices: ONS, House price statistics for small areas, Datasets 9 and 24

⁵ Ministry of Housing, Communities and Local Government: Live Table 577: ratio of median house price to median earnings by district, from 1997

⁶ SBC Authority Monitoring Report 2018

⁷ SBC SHMA Update May 2019, prepared by GL Hearn

Supply and demand of existing affordable rented housing

The availability of existing social housing stock is severely limited. In 2017/18, there were eleven applicants for every social housing vacancy, on average⁸, over double the levels from four years prior.

	2014/15	2015/16	2016/17	2017/18
Number on Housing Register as at 1 April	1,224	1,598	1,869	2,186
Number of lettings	209	249	197	199
Ratio applicants to vacancies	6:1	6:1	9:1	11:1

An additional pressure is that over 90% of the social housing stock is with one provider, A2Dominion⁹, which results in us being overly-reliant on that provider's policies and activities. There is also a disproportionately high presence of large providers, with only one provider classified as 'small' (owning less than 1,000 units).

PRP name	Size of organisation	General needs, self-contained social stock	% of overall stock in area
A2Dominion South Limited	Large	4438	90.41%
Metropolitan Thames Valley Housing	Large	250	5.09%
London & Quadrant Housing Trust	Large	95	1.94%
Paragon Asra Housing Limited	Large	86	1.75%
Catalyst Housing Limited	Large	34	0.69%
Ability Housing Association	Small	3	0.06%
Notting Hill Genesis	Large	2	0.04%
Mount Green Housing Association Limited	Large	1	0.02%
Total		4909	

It's important to note that A2Dominion's stock in Spelthorne accounts for roughly 25% of its low cost rented accommodation stock across its entire portfolio, with more than twice as many properties in Spelthorne as the next highest stock holding area in the London Borough of Ealing¹⁰.

⁸ Ministry of Housing, Communities and Local Government: Live Table 600: numbers of households on local authorities' housing waiting lists, by district: England, and in-house recording

⁹ Regulator for Social Housing Statistical Data Release 2018. Retrieved from: <https://www.gov.uk/government/statistics/statistical-data-return-2017-to-2018>

¹⁰ Regulator for Social Housing Statistical Data Release 2018. Retrieved from: <https://www.gov.uk/government/statistics/statistical-data-return-2017-to-2018>

Local Authority	No. of low rented homes
Spelthorne	4,435
Ealing	1,985
Hounslow	1,408
Hillingdon	1,238
Bromley	913

Welfare reform

The government's ongoing roll-out of welfare reform policies through the Welfare Reform and Work Act 2016 is affecting the way in which the Council can respond to local housing pressures.

Local Housing Allowance rate freeze

Local Housing Allowance was implemented in April 2007 and is the system for calculating housing benefit entitlement for tenancies in the private rented sector. The amount of LHA is calculated based on the 30th percentile of local rents in the local area. Since 2016, the levels of Local Housing Allowance (LHA) have been frozen, and will remain frozen until at least 2020. This, coupled with the fact that in the years before the freeze was implemented, the increases in LHA did not keep pace with market levels, means that there are large shortfalls between market rents and the LHA. Spelthorne is mentioned specifically in research published by Shelter in 2017, as at that time it was an authority with one of the top ten biggest shortfalls between LHA and market rents for both families needing two bedrooms, and single people or couples needing just one bedroom¹¹.

Using data from the Valuation Office Agency data from December 2018, lower quartile rents per month are higher than LHA levels by up to £139 per month, for all property sizes except for four bedroom properties.

¹¹ Shelter: Analysis: Local Housing Allowance Freeze, March 2017. Retrieved from: https://england.shelter.org.uk/_data/assets/pdf_file/0020/1349012/Final_LHA_analysis.pdf

	Lower Quartile rent, pcm	LHA level	Shortfall
Room only	£525	£390	-£135
1-bedroom	£875	£774	-£101
2-bedrooms	£1,100	£961	-£139
3-bedrooms	£1,200	£1,199	-£1
4-bedrooms	£1,550	£1,658	£108

Source: Valuation Office Agency Private rental market summary statistics: October 2017 to September 2018 <https://www.gov.uk/government/statistics/private-rental-market-summary-statistics-october-2017-to-september-2018--2>

Benefit cap

The government now has an overall limit of how much any single household can receive in welfare. In 2019/20, this amount is set as £20,000 for couples and families with dependent children, and £13,400 for single person households. As of February 2019, there were 102 households resident in Spelthorne who have been capped, with amounts of up to £200 per week deducted from their benefit allowances. 84% of these are single-parent households, and 64% of these have more than one child.¹²

Universal credit

The replacement of a range of 'legacy' benefits into one monthly payment, with the claimant being responsible for paying their housing costs represents a massive culture shift from the previous welfare system. All of Spelthorne is covered by Staines Job Centre Plus, which started a rollout of Universal Credit to new claimants as from November 2018. As of February 2019, there were 805 households claiming Universal Credit, of which 61% were not in employment¹³. This number will continue to rise until the end of the managed migration of all welfare claimants onto Universal Credit, which is currently scheduled for 2023.

Research undertaken by the Residential Landlords Association (RLA) in October 2018 found that 61% of landlords had experienced a tenant on Universal Credit going into arrears in the previous twelve months, up from 27% in 2016, and 38% in 2017. The amount owed to landlords was £2,390 on average, with 77% of possession claims involving a tenant on Universal Credit being primarily as a result of rent arrears¹⁴.

Further research, published by the DWP in July 2018, suggested that Universal Credit was having a direct effect on claimants' ability to maintain rent payments:

“Slightly more than one third of claimants receiving UC payments towards their housing costs were in arrears in both surveys (36 per cent in Wave 1 and 35 per cent in Wave 2).

¹² DWP Benefit Cap Statistics: Households capped to February 2019 (2 May 2019)

¹³ DWP Universal Credit statistics: claims, monthly starts and people on Universal Credit up to 14 March 2019, Table 3.2 People on Universal Credit by employment and Local Authority, February 2019 to March 2019

¹⁴ Simcock, T.J., (2018). Investigating the effect of Welfare Reform on Private Renting. Manchester: UK. Residential Landlords Association. Retrieved from: <https://research.rla.org.uk/wpcontent/uploads/investigating-effect-welfare-reform-private-renting.pdf>

Among those who were in arrears, two thirds (65 per cent) said they fell into debt after they made their claim for UC.”¹⁵

Austerity

In line with other local authorities across the country, financial austerity is affecting the delivery of many local services. As a lower tier authority, Spelthorne is particularly sensitive to the financial situation of Surrey County Council. As reported in our Capital Strategy recently, the cost of offsetting budgetary cuts at county level is approaching £500,000.

Gypsies, Travellers and Travelling Showpeople

As part of ongoing work on the new Local Plan for Spelthorne, a Gypsy and Traveller Accommodation Assessment (GTAA) was carried out in April 2018. This study identified the needs for up to 34 new Gypsy and Traveller pitches and Travelling Showpeople plots for the period up to 2041. How the Council will approach meeting this need will be contained within the new Local Plan.

Local Community Infrastructure

We recognise the community concern around the need for local community infrastructure alongside the delivery of new homes. This matter is dealt with as part of the Local Plan work carried out by the Council’s Strategic Planning team. Much of the infrastructure needed to support the Local Plan will be identified through the Infrastructure Delivery Plan (IDP) and the Staines Masterplan. These studies will consider the Borough’s infrastructure requirements including social, physical and green and blue infrastructure. They will set out what is needed, where it is needed and when it is needed.

The Community Infrastructure Levy (CIL) is a levy that local authorities can choose to charge on new development in their area. Spelthorne started levying CIL on new developments from 1 April 2015. The money raised through CIL can be used to fund a wide range of infrastructure projects.

Most types of key infrastructure are the responsibility of bodies such as Surrey County Council, the NHS and other utility providers. In order to work effectively with Infrastructure providers we set up the Infrastructure Advisory Group, known as the IAG in early 2018. This group is made up of key officers and stakeholders who come in to discuss infrastructure provision. The purpose of IAG includes:

- To provide a forum for joint working on infrastructure projects and funding between officers across different teams within Spelthorne Borough Council, Surrey County Council and other infrastructure providers/partners
- To review bids and informal expressions of interest for CIL expenditure and other funding sources
- To make informal recommendations on future spend from CIL and S.106 monies

¹⁵ DWP Universal Credit Full Service Survey by IFF Research. Retrieved from: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/714842/universal-credit-full-service-claimant-survey.pdf

- To provide updates to Management Team on infrastructure funds, spending and future projects
- To advise the CIL Task Group of the Group's informal recommendations for spending CIL
- To use the Group's activities to inform the new Local Plan and the associated Infrastructure Delivery Plan

Since 2018, the IAG have met with a number of key infrastructure providers including Highways, Education and the local Clinical Commissioning Group. As a result, we have now published our 'bidding form' online and the CIL Task Group is now able to consider bids for CIL funding.

The CIL Task Group is established for Councillors and Officers to work jointly and collaboratively to advise the Spelthorne Joint Committee on CIL and make recommendations on bids for CIL monies allocated to it by the Borough Council. The membership of the Task Group includes:

- Strategic Planning Manager (Chair)
- The Borough Council Portfolio holder for Planning and Economic Development
- A County Councillor for the Spelthorne Division who will be the Chairman of the Joint Committee where the Chairman is a County Councillor or the Vice Chairman where the Vice Chairman is a County Councillor

Other officer representatives from either the Borough Council or County Council may be invited to provide advice to the Task Group but they have no voting rights.

Empty homes

As of May 2019, there were a total of 423 empty homes in Spelthorne.

Period	Empty Properties
1-6 Months	78
6-12 Months	125
12-24 Months	156
24 + Months	64
Total	423

Source: in-house monitoring

Category	Properties	Longest Empty (months)
Empty Uninhabitable/Major Works	20	147
Empty Unoccupied & Unfurnished	26	15
Long Term Empty - Class C	311	23
Long Term Empty Premium	66	453

Source: in-house monitoring

Aside from the statutory Council Tax collection function, there is currently no dedicated resource to supporting empty property owners bringing their properties back into use. Until March 2015, there was a 0.2 FTE resource, funded through grant, to work on Empty Homes. Since that grant funding ended, there has been no resource.

With a total dwelling stock of approximately 42,000 in the borough, the current level of empty properties suggests that approximately 1% of the borough's properties are empty – although this would also include properties which would ordinarily be brought back into use without Council intervention. Whilst as a percentage this is low, when considered against the level of emergency accommodation use, and the numbers on the Housing Register, it becomes more significant.

Another point to note is that the 66 Long Term Empty Premium properties are those which are unfurnished and unoccupied, and have done so for at least the last two consecutive years. Whilst the numbers are relatively small in comparison to total dwelling stock, bringing this number of properties back to use would provide significant opportunities for the Council to support homeless households.

Heathrow expansion

Some joint work has already been undertaken across a number of Councils to understand the potential impact on Heathrow on the need for additional housing. Early indications are that it will not have a significant impact on the need for additional permanent housing in the longer term. Any emerging data will be fed into the strategy as required. However, there will be shorter term impacts from construction workers who require accommodation for the term of the expansion (up to 2050) which may affect the ability of the Council to access the private sector market as readily.

Our strategic priorities for the next five years

Priority 1: Enabling the delivery of more affordable homes

We need to make sure that our residents can access accommodation which meets their needs. We know that house prices and many private rents are at points which are out of reach to many who make valuable contributions to our community. We know that people in housing need have to wait far too long on our housing register before they are considered for affordable housing. We will therefore work to enable the delivery of more affordable homes. We have already taken the decision to use Knowle Green Estates where appropriate to support the delivery of new homes. What we need to ensure is that we support the delivery of a wide range of tenure options. We will support Knowle Green Estates to deliver a range of tenure options which meet the needs of local residents. These will include:

- **Emergency** accommodation to support local people who find themselves homeless. This will generally be accommodation on a very short term, usually nightly, basis. We will seek for this accommodation to be dispersed across the borough to ensure that local neighbourhoods are sustainable.
- **Temporary** accommodation to support homeless people on a more medium term basis, whilst other longer term options are explored. We would expect this to be offered on an assured shorthold basis. Whilst we would seek to disperse this accommodation throughout the borough, there is traditionally more stability in this tenure option when compared with emergency accommodation.
- **Affordable** private rented which will provide assured shorthold tenancies let at up to 80% of market rental levels, and where possible capped at Local Housing Allowance levels. Initially, these tenancies will be offered to those moving on from temporary accommodation, and those owed a duty under homelessness legislation. We will seek to deliver this type of accommodation through the purchase of affordable housing units on housing developments, in which case Knowle Green Estates is under a legal obligation to retain the units as affordable housing in perpetuity, as well as on land-led developments where the Council will 'voluntarily' be providing affordable housing outside of any legal obligation to do so.
- **Private** rented accommodation on schemes, let at market rates. This accommodation will be offered on an assured shorthold basis.
- **Key worker** housing, through an in-depth study on the demand for such accommodation locally. We would anticipate that any such accommodation is offered on an assured shorthold tenure, at rents up to 90% of market levels, with schemes reserved for certain categories of public sector employees.

How we will achieve this

- Working with Knowle Green Estates to develop its tenure offer (as above), as well as using initiatives such as One Public Estate to unlock land opportunities, maximising the number of units delivered.
- Engaging with Registered Providers in a more proactive way, encouraging new providers to the area, reviewing the use of lettings policies and looking again at our Tenancy Strategy to ensure that social landlords are offering tenures which meet local need.
- Set up agreements with Registered Providers so that where they seek to dispose of affordable housing locally, that the Council is offered first refusal on any sale.

- Developing our approach to planning viability, making sure our staff and elected members maximise the number of affordable homes being provided in new developments, and ensure that they are equipped to robustly challenge developers who do not deliver affordable housing policy compliant schemes.
- Reviewing our s106 agreements to make sure that they meet local housing need, and support the Council's strategies on affordable housing.
- Reviewing the Council's approach to bringing empty homes back into use, including looking into the merits of an incentive scheme.
- Develop our approach to shared ownership as a tenure, to make sure that local households in housing need are prioritised for new schemes.
- Identifying the level of need for specific types of accommodation, such as disabled adapted, dispersed or accommodation for larger families, and developing an acquisition / delivery programme.
- Working with Knowle Green Estates to establish the demand for key worker accommodation locally.

Priority 2: Promoting independence and wellbeing

We know that we have an ageing population, and that there are huge social and economic benefits of supporting people to remain living independently in their own homes, rather than moving to residential care. We already have a number of services available to local residents to support them to retain independence and promote wellbeing. We want to include these services within our wider strategy of creating sustainable and affordable housing options for local residents.

How we will achieve this

- Reviewing the number, level and location of supported accommodation in the area.
- Work with Surrey County Council to review and progress the offer for Extra Care locally, and the scope for the development of further schemes.
- Promote the Disabled Facilities Grant service, and work with partners to lever in resources to further fund and deliver the scheme.
- Review the Spelthorne Personal Alarm Network service offer.
- Work with partner agencies and housing providers to support efforts with hospital discharge programmes.

Priority 3: Prevent homelessness and rough sleeping

Homelessness has remained a significant issue for Spelthorne, particularly in the face of growing rents, a limited amount of social housing stock, and out-of-reach house prices. We will work to prevent homelessness and rough sleeping through a range of measures which will be detailed more specifically in our Homelessness Strategy.

How we will achieve this

- Reviewing the Council's Homelessness Strategy.

- Developing our service offer to meet the needs of homeless people, particularly those who are single and childless, and those with multiple and complex needs.
- Maintaining a prevention focussed housing options service, and looking to introduce new ways of working where they have been successful in other authorities.
- Make best use of existing social housing stock, and working with social housing providers to ensure that their service offer is appropriately meeting the needs of those in housing need.
- Ensuring our offer to private sector landlords is competitive, robust, affordable, and suitable.
- Working with Surrey County Council to sustain the existing level of housing-related support.

Delivery and monitoring of the strategy

Action Plan

Priority 1: Enable the delivery of more affordable homes across a range of tenures

Number	Task	Aim / Measure	Lead	Timescales	Notes
	Review the Council's Tenancy Strategy	Social landlords are offering tenures which meet local need.	Housing Strategy & Policy Manager	December 2020	
	Review the Knowle Green Estates Tenancy Strategy, in response to the review of the SBC Tenancy Strategy to incorporate the range of tenure options needed.	Knowle Green Estates delivers the types of homes most in need.	Residential Estates & Facilities Manager; Housing Strategy & Policy Manager	July 2020	
	Set up disposal protocols for Registered Providers with stock in Spelthorne.	The Council safeguards affordable housing in the borough.	Housing Strategy & Policy Manager	June 2020	
	Secure Investment Partner Status of Spelthorne Borough Council with Homes England	Secure ability to received grant funding for housing delivery.	Housing Strategy & Policy Manager	March 2020	
	Agree tenancy and management arrangements for Knowle Green Estates properties delivered as affordable housing.	To ensure service delivery meets or exceeds competitor's service.	Group Head Regeneration & Growth; Group Head Community Wellbeing	July 2020	

Number	Task	Aim / Measure	Lead	Timescales	Notes
	Develop a procurement framework for the housing delivery programme	To procure under the housing delivery programme efficiently.	Property & Development Manager; Corporate Procurement Manager	June 2021	
	Develop a Housing Charter and set up an Annual Housing Summit with A2Dominion.	Relationships between the Council and A2Dominion at a senior level are maintained and feed into a bi-annual operational liaison.	Housing Strategy & Policy Manager	June 2020	
	Set-up six monthly operational liaison meetings with relevant departments within A2Dominion.	Relationships between the Council and A2Dominion at an operational level are maintained and developed.	Housing Strategy & Policy Manager	December 2020	
	Hold meetings with five g320 Registered Providers to encourage them to develop in the area.	A more diverse range of RPs are attracted to develop in Spelthorne.	Housing Strategy & Policy Manager; Property & Development Manager	December 2020	
	Create a Shared Ownership Strategy to equip the Council to make the most effective use of the quantity of shared ownership coming forward. To include:	Local residents in housing need are prioritised for shared ownership schemes.	Housing Strategy & Policy Officer	December 2020	

Number	Task	Aim / Measure	Lead	Timescales	Notes
	<ul style="list-style-type: none"> • Priority framework for Registered Providers to follow. • To develop relationships with Registered Providers on re-sales. • Exploring the merits of a financial incentive scheme for households vacating social rented housing in Spelthorne. 				
	Establish a working group involving key worker sectors, and housing providers, to investigate the demand for key worker housing in Spelthorne.	Key workers are prioritised for local housing.	Housing Strategy & Policy Officer	March 2020	
	Develop an Empty Property Scheme to include: <ul style="list-style-type: none"> • joint working protocols with relevant internal and external stakeholders. • the creation of an up to date and comprehensive database of empty properties, with established procedures to maintain an accurate database going forward. • the circumstances in which the Council will use the powers of enforced sale, compulsory purchase and empty dwelling management 	Interventions and resources are targeted effectively. To provide a balanced approach to the different requirements of individual empty properties.	Housing Strategy & Policy Officer; Senior Environmental Health Manager	September 2020	

Number	Task	Aim / Measure	Lead	Timescales	Notes
	<p>orders, using an objective risk-based approach.</p> <ul style="list-style-type: none"> • financial incentives such as grants to owners of empty properties to encourage their renovation and use as residential accommodation for people in housing need. • consideration of financial disincentives, such as increased Council Tax premiums. • the benefits of working in partnership with an established housing provider. • opportunities for cross-boundary joint working. 				
	Produce an information pack for owners of empty properties, downloadable from the Council's website.	Easily accessible and understandable information may assist with owners taking a proactive independent approach.	Housing Strategy & Policy Officer; Environmental Health	September 2020	
	Run a publicity campaign highlighting the problem of empty properties and the council's approach to reducing them.	Increased number of residents and stakeholders will be aware of the	Housing Strategy & Policy Officer; Environmental Health	January 2021	

Number	Task	Aim / Measure	Lead	Timescales	Notes
		strategy leading to increased uptake of empty properties initiatives			
	Carry out a comprehensive review of our standard s106 agreements and nomination agreements to include, where possible: <ul style="list-style-type: none"> pre-emption rights for Knowle Green Estates to be able to purchase affordable housing provided through s106 agreements affordable rents capped at LHA 	Ensure that forthcoming affordable housing meets local need and supports the Council's strategies on affordable housing	Principal Solicitor; Housing Strategy & Policy Manager; Property & Development Manager; Planning Development Manager	March 2020	
	Explore what steps we can take to improve our approach to planning viability.	We robustly challenge developers who fail to deliver affordable housing policy compliant schemes.	Planning Development Manager; Group Head Regeneration & Growth	June 2020	

Priority 2: Promote independence and wellbeing to enable people to remain in their homes

Number	Task	Aim / Measure	Lead	Timescales	Notes
	Carry out a comprehensive supported housing needs analysis in partnership with	We have the right number of supported homes	Housing Strategy & Policy Manager	December 2020	

Number	Task	Aim / Measure	Lead	Timescales	Notes
	current housing providers and commissioners, to include Extra Care.	in the right place with the right amount of support in the right locations			
	Carry out a fundamental review of the SPAN service offer to future-proof the existing service and become an innovator in the use of new technology.	<p>Increase in subscribers by 15% over the course of three years</p> <p>Reduction in the number of calls going to call monitoring by 20% over five years with the addition of extra telehealth services.</p>	Senior Manager Independent Living	August 2020	
	<p>Review our DFG Policy to include:</p> <ul style="list-style-type: none"> a) the provision of additional services which enable people to live independently b) exploring opportunities around how DFG is spent c) a reflection of the Surrey Heartlands Digital Strategy d) methods of recycling grant and/or kit 	A policy in place by April 2021	Senior Manager Independent Living	April 2021	

Number	Task	Aim / Measure	Lead	Timescales	Notes
	a joined up service offer with health and social care				
	Integrate hospital discharge with CCG social prescribing initiative, including the Ashford Hub, and the use of Homesafe packs.	Reduction in hospital re-admissions (measured by CCG)	Senior Manager Independent Living	Report progress to Health & Wellbeing Board by May 2020.	
	Establish access to EMIS to enable a holistic social prescribing service for residents.	Social prescribers can access appropriate information efficiently and provide an excellent service	Senior Manager Independent Living	December 2019	
	Carry out a review of the local service offer for Independent Living services, improve the mapping and signposting of local offers. This will include a needs analysis to determine any gaps which need to be filled.	Residents are able to access independent living services which are relevant to them.	Senior Manager Independent Living	March 2020	

Priority 3: Prevent homelessness and rough sleeping

Number	Task	Aim / Measure	Lead	Timescales	Notes
	Complete a comprehensive review of the Council's Homelessness Strategy	Appropriate efforts are made to reduce homelessness and rough sleeping. To be legally compliant.	Housing Strategy & Policy Officer	New strategy in place by April 2020	

Number	Task	Aim / Measure	Lead	Timescales	Notes
	Carry out an annual lettings review to identify and inform any changes which may be needed to the Council's Housing Allocations Policy.	Those most in housing need can access social housing. Advancing equality of opportunity.	Housing Strategy & Policy Officer	Annually from December 2020	
	Work with A2Dominion to carry out a review of age-restricted accommodation in Spelthorne.	To ensure that the designation of social housing is in line with the demographics of those seeking it.	Housing Strategy & Policy Manager	September 2020	
	Review the Council's private rented sector offers to ensure value for money, whilst also attracting landlords to offer their properties to us.	To promote the use of private rented accommodation for homelessness prevention and relief. The Council obtains value for money.	Group Head Community Wellbeing	Ongoing, in time for 2021/22 budget preparations.	
	Lobby Surrey County Council for a continuation of the level of funding provided for housing-related floating support in Spelthorne.	To safeguard the Council from an increase in cost transference from Surrey CC.	Housing Strategy & Policy Manager	Ongoing, in time for 2021/22 budget preparations.	
	Complete the White House Hostel project which will provide the main supported housing for single homeless, including	To improve the service offer to single people, particularly those with multiple and	Housing Strategy & Policy Manager	Occupation by April 2021	

Number	Task	Aim / Measure	Lead	Timescales	Notes
	<p>those with multiple and complex needs, including:</p> <ul style="list-style-type: none"> a) Construction management b) Facilitate the service provider connecting with local service providers c) Securing funding from Homes England 	<p>complex needs, supporting them to move onto independent living in settled accommodation. To meet statutory obligations.</p>			
	<p>Complete the Harper House rebuild project which will provide the main supported housing for homeless families, including:</p> <ul style="list-style-type: none"> a) Construction management b) Procurement of new housing management and resident support provider c) Procurement of fixtures and fittings d) Revising relevant occupancy agreements, house rules, and check in/out procedures e) Securing funding from Homes England 	<p>Provide good quality accommodation to local homeless families. To improve the move-on journey for families, reducing the length of stay in emergency accommodation.</p>	<p>Housing Strategy & Policy Manager</p>	<p>Occupation by April 2021</p>	
	<p>Research and investigate possible ways of implementing choice-based lettings to Knowle Green Estates affordable housing to provide an effective option to prevent or relieve homelessness.</p>	<p>To give residents access to a diverse range of affordable accommodation. To ensure affordable</p>	<p>Housing Strategy & Policy Manager</p>	<p>April 2020</p>	

Number	Task	Aim / Measure	Lead	Timescales	Notes
		housing is allocated to those most in need. To create balanced, sustainable community,			

Monitoring of the strategy

The responsibility for monitoring the implementation of this strategy and its action plan is delegated to the Council's Strategic Housing Group (SHG).

SHG exists to ensure that Spelthorne Borough Council has a focussed strategic approach on housing matters, in order that Spelthorne's housing need is identified and met.

The objectives of SHG are:

- To decide priorities and focus of the group for the coming year.
- Develop strategies for dealing with issues (which may translate into projects to be reviewed).
- To ensure all housing strategies dove tail with other relevant strategies e.g. Asset Management Plan, Capital Strategy, etc.
- Develop and monitor the progress of the Housing Strategy Action Plan.
- Monitor key areas of concern (such as emergency accommodation and shortage of affordable housing) and make strategic decisions on approaches to mitigate the impact.
- To make decisions on operational matters which impact the delivery of strategic priorities.
- To share information on housing and housing-related issues (including changes to legislation).
- To identify and allocate resources to help meet the priorities identified.
- To ensure key politicians and partners are effectively communicated with.
- To receive updates on Knowle Green Estates acquisitions and developments.
- To consider and agree corporate responses to government consultations which directly or indirectly affect housing.

Membership of SHG includes:

- Deputy Chief Executive(s) (Chair)
- Joint Group Heads Community Wellbeing (Vice-Chair)
- Portfolio Holder – Housing
- Group Head Regeneration and Growth
- Head of Corporate Governance
- Deputy Group Head Community Wellbeing
- Housing Strategy & Policy Manager
- Housing Options Manager
- Housing Benefits Manager
- Senior Environmental Health Manager
- Accountant (Housing)

SHG meets approximately once per month, and will commit to reviewing the strategy Action Plan at least every quarter, making recommendations and decisions as necessary to ensure the delivery of the strategy.

Glossary

Bed and Breakfast (B&B) – Accommodation which the Council sources for homeless households to live in whilst more longer term solutions are found. The Council usually pays for these placements on a nightly basis, and it cannot reclaim all of the cost of the placement from either the homeless household or the Government. As a result, it costs the Council a significant amount of money per year to pay for these placements.

Disabled Facilities Grant (DFG) – Monetary grants for property adaptations to meet the needs of a person with a disability which prevents them from otherwise living comfortably day-to-day.

Extra Care - Specialist housing that offers care and support services on-site, generally for those aged 55+. Care levels are usually higher than sheltered accommodation.

g15 – A body which represents the ten largest housing associations in London, including A2Dominion.

g320 – A body which represents smaller housing associations in London, defined as those with fewer than 1000 homes.

Homelessness Reduction Act 2017 – Legislation introduced to amend the legal duties placed on local authorities with an emphasis on earlier targeted homelessness prevention.

Key worker accommodation – Accommodation let to essential service public sector employees, usually at a discount of 10-20% off market rates.

Knowle Green Estates - A company wholly owned by Spelthorne Borough Council, set up to develop residential accommodation within the borough.

Local Housing Allowance – These rates are used to calculate a tenant's entitlement for Housing Benefit or Universal Credit housing element. These levels are set by the Government and should be based upon the 30th percentile rents in the local area.

Pathway plans – a detailed support plan developed for persons deemed vulnerable (as outlined in 3.4 of the Housing Strategy 2014-2019 action plan review).

Registered Provider (RP) – Provider of social housing. For example, A2Dominion is a Registered Provider and owns the majority of social housing stock in Spelthorne.

Sheltered accommodation – Accommodation which usually comprises self-contained units with some shared communal spaces. Schemes are generally designed for those aged 55+.

Supported housing – Accommodation that offers additional support. This type of accommodation is not usually age restricted, but specific schemes may be designed for residents with specific needs (i.e. alcohol, mental health).

S106 agreement – A legal agreement usually between a private developer and the Council to secure the delivery of one or more schemes to make a development proposal acceptable in planning terms. Schemes can include on-site or off-site affordable housing, play areas, travel vouchers or public transport initiatives.

Temporary accommodation – Accommodation offered to homeless households who are subject to some form of duty under homelessness legislation. In Spelthorne, this is likely to be a 6 month tenancy.

Viability - Process of assessing whether a site is financially viable, by looking at whether the value generated by a development is more than the cost of developing it. This includes looking at the key elements of gross development value, costs, land value, landowner premium, and developer return.

Equality Analysis

Directorate: Community Wellbeing Service Area: Housing Strategy & Policy	Lead Officer: David Birley Date completed: 5 December 2019
Service / Function / Policy / Procedure to be assessed: Housing Strategy 2020-25	
Is this: New / Proposed <input checked="" type="checkbox"/> Existing/Review <input type="checkbox"/> Changing <input type="checkbox"/>	Review date:

Part A – Initial Equality Analysis to determine if a full Equality Analysis is required.

What are the aims and objectives/purpose of this service, function, policy or procedure?

The Housing Strategy 2020-25 sets the strategic direction for the Council in its ambition that local residents have access to suitable and affordable housing options locally.

The final strategy contains three strategic priorities, and an associated Action Plan:

1. Enabling the delivery of more affordable homes across a range of tenures
2. Promote independence and wellbeing to enable residents to remain living independently
3. Prevent homelessness and rough sleeping

Please indicate its relevance to any of the equality duties (below) by selecting Yes or No?

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	Yes	No
Eliminating unlawful discrimination, victimisation and harassment		✓
Advancing equality of opportunity	✓	
Fostering good community relations	✓	

If not relevant to any of the three equality duties and this is agreed by your Head of Service, the Equality Analysis is now complete - please send a copy to **NAMED OFFICER**. **If relevant**, a Full Equality Analysis will need to be undertaken (PART B below).

PART B: Full Equality Analysis.

Step 1 – Identifying outcomes and delivery mechanisms (in relation to what you are assessing)

<p>What outcomes are sought and for whom?</p>	<p>The main outcome of the strategy is that local residents have suitable, affordable housing options available to them in Spelthorne.</p> <p>Affected groups will include (not exhaustive):</p> <ul style="list-style-type: none"> • All adults living or working in the borough; • Those who are unable to access the housing market locally due to high property prices and increasing rents; • Those who are homeless or at risk of homelessness, including rough sleepers; • Partners involved in the delivery of affordable housing, such as Registered Providers, developers, health and social care providers; • Owners of empty homes.
<p>Are there any associated policies, functions, services or procedures?</p>	<p>Corporate Plan Medium Term Financial Strategy Capital Strategy Health & Wellbeing Strategy Local Plan Economic Development Strategy Asset Management Plan Housing Act 1996 (as amended by various) Homelessness Strategy</p>
<p>If partners (including external partners) are involved in delivering the service, who are they?</p>	<p>Whilst partners have a role in delivering some elements of the Action Plan, the overall strategy is the responsibility of SBC.</p>

Step 2 – What does the information you have collected, or that you have available, tell you?

What evidence/data already exists about the service and its users? (in terms of its impact on the ‘equality strands’, i.e. race, disability, gender, gender identity, age, religion or belief, sexual orientation, maternity/pregnancy, marriage/civil partnership and other socially excluded communities or groups) and **what does the data tell you?** e.g. are there any significant gaps?

General Spelthorne context

Almost half of Surrey’s 20 most deprived super output areas are in Spelthorne. Three are in the ward of Stanwell North, two in Ashford North and Stanwell South and one in each of Ashford East and Sunbury Common. Spelthorne has the highest number of lone parent families and the highest level of child poverty in Surrey; it also has the highest under-18 conception rate in the county. That said, residents are largely healthy, with life expectancy for both males and females slightly above the national average.

Although the number of VAT and/or PAYE-registered business has fallen slightly over the past four years, Spelthorne has a low rate of unemployment: 1.4% of those economically active aged 16 to 64, compared to the South East (2.2%) and UK as a whole (3.5%). Heathrow Airport is a significant local employer, with 8.3% of Spelthorne’s working population employed there. Significantly, 21.5% of those in work in Stanwell North are in low level employment compared to an average of 11.6% in Surrey. Average wages are slightly above regional averages at £630 per week for full-time employees.

Whilst house prices remain well above the national average, most residents are owner-occupiers (73%), followed by private rented (13%) and social rented (12%).

Gender / gender identity

Census data from 2011 shows that 50.5% of residents in Spelthorne were female, with the remaining 49.5% being male. There is no data known to be held in relation of other gender identities.

Source: ONS Census, 2011 - neighbourhood statistics for residents aged 16 to 74

A White Paper published in December 2018 (Help shape our future: the 2021 Census of population and housing in England and Wales) sets out the Office for National Statistics’ (ONS) recommendations for what the census should contain and how it should operate. The White Paper recommends that the census in 2021 includes a question about gender identity, asking respondents whether their gender is the same as the sex they were registered as at birth. The question will be separate from the question about sex (i.e., whether the respondent is male or female), which will be phrased in the same way as previous years. There is currently no official data about the size of the transgender population (the word ‘transgender’ is used here to describe people whose gender identity does not match the sex they were assigned at birth). The Government Equalities Office (GEO) has said that there may be 200,000 to 500,000 transgender people in the UK, but stresses that we don’t know the true population because of the lack of robust data. The ONS has identified user need for official estimates in order to support policy-making and monitor equality duties.

Source: <https://researchbriefings.parliament.uk/ResearchBriefing/Summary/CBP-8531>

Age

Spelthorne has a slightly lower population of under-30s (34%) compared to the rest of the country (37%), and a slightly higher population of 30-69 year olds (42%) compared with the UK average of (40%), The number of 70+ is 23%, which is broadly in line with the rest of the UK (24%).

Source: <https://commonslibrary.parliament.uk/local-data/constituency-statistics-population-by-age/>

Ethnicity

The ethnic make-up of Spelthorne is largely in line with the UK average, although we have more residents who identify as Asian and fewer residents who identify as Black than the national average.

Ethnic group	Spelthorne		Region	UK
	Number	%	%	%
White	83,455	87.3%	90.7%	87.2%
Mixed	2,382	2.5%	1.9%	2.0%
Asian	7,295	7.6%	5.2%	6.9%
Black	1,545	1.6%	1.6%	3.0%
Other	921	1.0%	0.6%	0.9%
Total	95,598	100.0%	100.0%	100.0%

Source: <https://commonslibrary.parliament.uk/home-affairs/communities/demography/constituency-statistics-ethnicity/>

Disability

As of July 2019 there were around 2,020 PIP claimants in Spelthorne constituency. In comparison, there was an average of 2,500 claimants per constituency across the South East. Within Spelthorne, psychiatric disorders were the most common reason for claiming PIP. They accounted for 37% of awards, compared to 36% in Great Britain. 'Psychiatric disorders' include anxiety and depression, learning disabilities and autism. The second most common reason for awards was musculoskeletal disease (general), which accounted for 17% of awards within the constituency and 21% in Great Britain. Musculoskeletal disease (general) includes osteoarthritis, inflammatory arthritis and chronic pain syndromes.

Source:

<http://data.parliament.uk/resources/constituencystatistics/personal%20independence%20payment/PIP%20claimants%20in%20Spelthorne.pdf>

Religion

Residents of Spelthorne predominately identify themselves as either Christian or having no religion. There is a smaller Muslim population compared with the national average, but a larger Hindu population.

	Constituency		Region	UK
	Number	%	%	%
Has religion	67,392	70.5%	65.0%	66.7%
of which				
Christian	60,954	63.8%	59.8%	58.8%
Muslim	1,808	1.9%	2.3%	4.5%
Hindu	2,332	2.4%	1.1%	1.4%

Buddhist	420	0.4%	0.5%	0.4%
Jewish	206	0.2%	0.2%	0.4%
Sikh	1,325	1.4%	0.6%	0.7%
Other	347	0.4%	0.5%	0.4%
No religion	21,511	22.5%	27.7%	26.1%
Not stated	6,695	7.0%	7.4%	7.2%

Source: <https://commonslibrary.parliament.uk/home-affairs/communities/constituency-data-religion/>

Sexual orientation

There is no accurate dataset which can be used to reflect solely Spelthorne. The White Paper recommends asking a new question about sexual orientation. The ONS has identified a user need for better data on sexual orientation – particularly for small areas – to inform policy-making and service provision, as well as monitoring equality duties. The ONS has previously used the Annual Population Survey (APS) to estimate the size of the lesbian, gay and bisexual (LGB) population in the UK. According to these estimates, just over 1 million people identified as LGB in 2016 (around 2% of the population). However, the sample population used in the APS isn't big enough to provide robust estimates of the LGB population in smaller areas.

Source: <https://researchbriefings.parliament.uk/ResearchBriefing/Summary/CBP-8531>

Marriage / Civil Partnership

More people in Spelthorne are married compared to the rest of England and Wales, and fewer people identify as single.

Marital Status	Spelthorne		England and Wales	
All usual residents aged 16+	78,089		45,496,780	
Single (never married or never registered a same-sex civil partnership)	24,562	31%	15,730,275	35%
Married	38,984	50%	21,196,684	47%
In a registered same-sex civil partnership	153	0%	104,942	0%
Separated (but still legally married or still legally in a same-sex civil partnership)	2,042	3%	1,195,882	3%
Divorced or formerly in a same-sex civil partnership which is now legally dissolved	6,870	9%	4,099,330	9%
Widowed or surviving partner from a same-sex civil partnership	5,478	7%	3,169,667	7%

Has there been any consultation with, or input from, customers / service users or other stakeholders? If so, with whom, how were they consulted and what did they say? If you haven't consulted yet and are intending to do so, please list which specific groups or communities you are going to consult with and when.

A public and stakeholder consultation on the draft framework was carried out which included:

- The general public
- Other statutory bodies
- Registered Providers
- Councillors
- Equalities groups, including Disabled People's groups and Older People's groups, via the Spelthorne Health & Wellbeing Group

The consultation methods included an online questionnaire, email and letter responses, and verbally at meetings. Notices were placed on public noticeboards across the borough.

Special category data from respondents of the consultation questionnaire were purposefully not collected to avoid any issues with the GDPR.

Are there any complaints, compliments, satisfaction surveys or customer feedback that could help inform this assessment? If yes, what do these tell you?

None

Step 3 – Identifying the negative impact.

a. Is there any negative impact on individuals or groups in the community?

Barriers:

What are the potential or known barriers/impacts for the different 'equality strands' set out below? Consider:

- **Where** you provide your service, e.g. the facilities/premises;
- **Who** provides it, e.g. are staff trained and representative of the local population/users?
- **How** it is provided, e.g. do people come to you or do you go to them? Do any rules or requirements prevent certain people accessing the service?
- **When** it is provided, e.g. opening hours?
- **What** is provided, e.g. does the service meet everyone's needs? How do you know?

* Some barriers are justified, e.g. for health or safety reasons, or might actually be designed to promote equality, e.g. single sex swimming/exercise sessions, or cannot be removed without excessive cost. If you believe any of the barriers identified to be justified then please indicate which they are and why.

Solutions:

What can be done to minimise or remove these barriers to make sure everyone has equal access to the service or to reduce adverse impact? Consider:

- Other arrangements that can be made to ensure people's diverse needs are met;
- How your actions might help to promote good relations between communities;
- How you might prevent any unintentional future discrimination.

Equality Themes	Barriers/Impacts identified	Solutions (ways in which you could mitigate the impact)
Age (including children, young people and older people)	No negative impacts have been identified.	n/a
Disability (including carers)	No negative impacts have been identified.	n/a

Gender (men and women)	No negative impacts have been identified.	n/a
Race (including Gypsies & Travellers and Asylum Seekers)	Accommodation for people seeking asylum is the responsibility of the Home Office. Provision for pitches for gypsies and travelling showpeople are dealt with under the Local Plan.	n/a
Religion or belief (including people of no religion or belief)	No negative impacts have been identified.	n/a
Gender Re-assignment (those that are going through transition: male to female or female to male)	No negative impacts have been identified.	n/a
Pregnancy and Maternity	No negative impacts have been identified.	n/a
Sexual orientation (including gay, lesbian, bisexual and heterosexual)	No negative impacts have been identified.	n/a

Step 4 – Changes or mitigating actions proposed or adopted

Having undertaken the assessment are there any changes necessary to the existing service, policy, function or procedure? What changes or mitigating actions are proposed?

No changes required.

Step 5 – Monitoring

How are you going to monitor the existing service, function, policy or procedure ?

The Housing Strategy 2020-25 will be monitored by the Council's Strategic Housing Group who meet monthly. The Action Plan will be monitored at least quarterly, with any required changes to the strategy being recommended to elected members (where required) as a result.

Part C - Action Plan

Barrier/s or improvement/s identified	Action Required	Lead Officer	Timescale
n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a

Equality Analysis approved by:

Group Head:	Date:
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Please send an electronic copy of the Equality Analysis to the Equality & Diversity Team and ensure the document is uploaded to the EA Register which will be available to the public:

This Equality Analysis Template is the intellectual property of The National Equality Analysis Support Service Ltd (NEASS) and must not be distributed to or used by any other private or public body, any commercial organisation or any third party without the express permission of NEASS who can be contacted on:

The National Equality Analysis Support Service Ltd
71 – 75 Shelton Street,
Covent Garden
London WC2H 9JQ
Office: 0203 500 0700
Email: info@equalityanalysis.org.uk
Web: www.equalityanalysis.org.uk

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Cabinet**29 January 2020**

Title	Pay Policy Statement 2020/21		
Purpose of the report	To make a recommendation to Council		
Report Author	Debbie O'Sullivan/Angela Tooth, Human Resources Manager		
Cabinet Member	Councillor Olivia Rybinski	Confidential	No
Corporate Priority	This item is not in the current list of Corporate priorities but still requires a Cabinet decision		
Recommendations	The Cabinet is asked to recommend to Council that the Pay Policy Statement is approved.		
Reason for Recommendation	The Pay Policy Statement must be agreed by full Council and be published by 31 March each year		

1. Key issues

- 1.1 Local authorities are required to publish an annual pay policy statement to increase transparency regarding the use of public funds to pay council staff. This requirement was set out in the Localism Act 2011 with guidance on items to be included issued by the Secretary of State for Communities and Local Government.
- 1.2 Pay Policy Statements must be agreed by full Council and be published by 31 March each year to apply to pay decisions during the next financial year.
- 1.3 The Pay Policy Statement must set out the Council's policies on a range of issues relating to the pay of its workforce, particularly its senior staff and the lowest paid employees. The statement must set out the policies for the financial year relating to:
 - Remuneration of its Chief Officers
 - Remuneration of its lowest paid employees
 - The relationship between the remuneration of its Chief Officers and the remuneration of those employees who are not Chief Officers
 - The publication of and access to information relating to remuneration of Chief Officers.
- 1.4 The term 'Chief Officer' in this context is as set out in the Local Government and Housing Act 1989 ('the Act') and includes

- The Head of Paid Service (the Chief Executive)
- The Monitoring Officer
- Statutory and non-statutory Chief Officers under section 2 of the Act
- A deputy Chief Officer mentioned in section 2 of the Act

This is a wider definition than is usually understood by the term: in other contexts the term Chief Officer at Spelthorne is used to mean posts on Management Team (Chief Executive and Deputy Chief Executives only).

- 1.5 It is up to the Council to determine who its lowest paid employees are but they must give reasons as to why they have defined them as such. At Spelthorne the lowest paid employees are those in jobs paid at the lowest grade and apprentices.
- 1.6 The term 'remuneration' is defined as follows:
- The Chief Officer's salary
 - Any bonuses payable
 - Any charges, fees or allowances payable by the Council to the Chief Officer
 - Any benefits in kind to which the Chief Officer is entitled as a result of their office or employment
 - Any increase in or enhancement of the Chief Officer's pension entitlement where the increase or enhancement is as a result of the resolution of the Council
 - Any amounts payable by the Council to the Chief Officer on the Chief Officer ceasing to hold office under or be employed by the Council other than amounts that may be payable by virtue of any enactment.
- 1.7 The statement must be approved by a resolution of Council before it comes into force. It can be amended by resolution after the financial year is underway but, if it is amended, it must be published on the Council's website.
- 1.8 There has been no further guidance from the Secretary of State this financial year.
- 1.9 This explains the main criteria upon which the decision is to be based.
- 1.10 Employing authorities are also required to publish a policy on how they propose to exercise certain discretions under Local Government Pension Scheme, Local Government Compensation Regulations and the Local Government Injury Regulations. As a minimum, an employing authority is required to publish a policy on the mandatory discretions within these regulations.
- 1.11 In November 2018, Surrey Pension Fund, the administering authority of the Local Government Pension Scheme for Surrey, requested employing authorities review their discretion policies to ensure they are up to date with the 2018 amendment regulations.
- 1.12 The Discretions Policy is an Appendix of the Pay Policy Statement and the revised Discretions Policy is attached as **Appendix 2**. The Policy includes the mandatory discretions together with two optional discretions for Award of

Additional Pension and Inward Transfer of Pension Rights which are useful to be included.

- 1.13 For ease of reference, the previous Pensions Policy Statement and Discretionary Compensation Policy have been incorporated into one document.
- 1.14 A discretions policy may state either “we may award”, “will only award in exceptional circumstances” or “will not generally award” depending on the discretion.

2. Options analysis and proposal

- 2.1 The draft Pay Policy Statement for 2020/21 is in the **Appendix 1**. It is proposed that the Council resolves to approve the Pay Policy Statement for 2020/21.
- 2.2 No options as the Pay Policy Statement for 2020/21 must be published by 31 March 2020.

3. Financial implications

- 3.1 No direct financial implications to the Pay Policy Statement 2020/21. All pay decisions in the year must be in accordance with the published pay policy statement.

4. Other considerations

- 4.1 Spelthorne is required to approve and publish a pay policy statement annually. The Council is an individual employer in its own right and has autonomy on pay elements that are appropriate to local circumstances. The provisions in the Localism Act and the guidance do not seek to change this or to determine what decisions on pay should be taken or what policies individual employing authorities should have in place. Rather, the provisions require that authorities are more open about their own local policies and how their local decisions are made.
- 4.2 Arrangements for pay and employment must comply with relevant UK employment legislation, the Council’s agreed Standing Orders, policies, procedures and arrangements, staff terms and conditions of employment and the regulations of the Local Government Pension Scheme. Arrangements for compensation for loss of office must comply with the Council’s Discretionary Policy.
- 4.3 It is anticipated that the statutory exit payments reforms will be implemented in 2020. Spelthorne must comply with these regulations within the Council’s Discretionary Policy.
- 4.4 The matters contained in the Pay Policy Statement include arrangements which are part of the contractual terms and conditions of employment, which cannot be changed without prior consultation.
- 4.5 Since February 2015 there is also a requirement to publish other information on senior salaries/posts following the government’s publication of the Local Government Transparency Code 2014. This information is published on the Council’s website alongside the Pay Policy Statement and is updated annually.
- 4.6 The Pay Policy Statement is in relation to all staff and will be accessible by all staff.

5. Timetable for implementation

- 5.1 The Pay Policy Statement for the 2020/21 financial year must be agreed by Council by 31 March 2020 and be published on the website. All pay decisions in the year will be in accordance with the published pay policy statement and any agreed amendments.

Background papers: There are none

Appendices:

Appendix 1: Pay Policy Statement 2020/21

Appendix 2: Discretions Policy

Spelthorne Borough Council

Pay Policy Statement 2020-21

1 Purpose

This Pay Policy Statement is the annual statement as required by the Localism Act 2011, Section 38(1), and applies for the financial year 2020-21. The purpose is to provide transparency about how Spelthorne uses public funds to pay staff.

The statement sets out Spelthorne Borough Council's policies relating to the remuneration of chief officers, the remuneration of its lowest paid employees, and the relationship between the remuneration of Spelthorne Chief Officers and other employees.

2 Definitions

For the purposes of this pay policy statement the following definitions will apply:

2.1 Chief Officers

The following Spelthorne Borough Council posts are included in the definition of chief officers:

- a) The head of paid service designated under section 4(1) of the Local Government and Housing Act 1989.

This is the Chief Executive

- b) The monitoring officer designated under section 5(1) of that Act.

This is the Group Head Corporate Governance

- c) A statutory chief officer mentioned in section 2(6) of that Act.

This is the Deputy Chief Executive who acts as the chief finance officer.

- d) Non statutory chief officers mentioned in section 2(7) of that Act.

This is the other Deputy Chief Executive post.

- e) Deputy Chief officers mentioned in section 2(8) of that Act. These are posts reporting to the Head of Paid Service, the Monitoring Officer, the Chief Finance Officer and the other Deputy Chief Executive, except where the duties are clerical, secretarial or support.

Reporting to the Chief Executive

Deputy Chief Executive (chief finance officer)
Deputy Chief Executive

Group Head Corporate Governance
Communications Manager

Reporting to the Group Head Corporate Governance (monitoring officer)

Principal Solicitor (deputy monitoring officer)

Reporting to the Deputy Chief Executive (chief finance officer) and the other Deputy Chief Executive

Chief Accountant
Internal Audit Manager (this is a part time post)
Group Head Commissioning and Transformation
Group Head Neighbourhood Services
Group Head Community Wellbeing
Group Head Regeneration and Growth
Deputy Group Head, Customer Relations
Family Support Programme Team Manager (this post is shared with Elmbridge Borough Council and Epsom & Ewell Borough Council)
Building Control Manager
Senior Environmental Health Manager

Any restructures during the year or secondments to cover short-term requirements may alter reporting relationships which could change the roles reporting to specific Chief Officer posts.

The definition of chief officers and deputy chief officers for the purposes of this Pay Policy Statement is wider than the definition normally used at Spelthorne. The 3 Management Team posts of Chief Executive and Deputy Chief Executives are generally referred to as 'chief officers' with the Group Head posts as their deputies for their area of responsibility. A number of posts are part time or shared with other councils, as noted above.

2.2 Management Team

Spelthorne Borough Council's Management Team is the Chief Executive and 2 Deputy Chief Executive posts.

2.3 Pay

In addition to salary remuneration includes fees, allowances, benefits in kind and termination payments.

2.4 Lowest paid employees

Refers to those staff employed within grade Scale 1 of the Council's pay framework, which is the lowest grade on the Council's pay framework. Currently there are 101 posts, 20% of the Council's establishment, at this level.

Additionally, there are 4 apprenticeship posts, 0.79% of the Council's establishment, which fall under Scale 1.

Therefore the number of posts which fall within or under Scale 1 total 105, 20.79% of the Council's establishment.

2.5 Employees who are not a chief officer

Refers to all staff who are not covered under the 'Chief Officer' group above, including the lowest paid employees.

3 Pay framework – general principles applying to all staff

3.1 General approach

Remuneration at all levels needs to be adequate to recruit, retain and develop a skilled and flexible workforce to deliver services to the community and fulfil the Council's business objectives. Remuneration must be fair and reasonable in the circumstances and not unnecessarily excessive. Each Council has responsibility for balancing these factors in the light of the unique challenges locally and retaining flexibility to deal with circumstances that might arise. Pay arrangements must comply with UK legislation. Salary payments for individual postholders are pro-rated where they are employed for less than full time. Salary payments are pensionable payments, except where specified in the Pension Regulations.

Terms and conditions of employment are local Spelthorne terms and conditions as amended by Spelthorne.

3.2 Responsibility for decisions on remuneration

Decisions on pay are made in line with Spelthorne Borough Council's scheme of delegations and in accordance with employment policies, procedures and arrangements in place and staff terms and conditions of employment.

Approval for any change to the Chief Executive's salary is by the Leader of the Council if within the salary scale and existing policies or otherwise by the Cabinet/Council. Approval for any changes to the salary range for Management Team posts below Chief Executive is by the Head of Paid Service (Chief Executive) in consultation with the Leader. Approval for changes for posts below management team are the responsibility of the Head of Paid Service and Management Team or Group Head within the budget, council policy framework and delegations.

Pay awards are considered annually for staff. Spelthorne operate local arrangements for deciding pay awards in consultation and negotiation with the Spelthorne Branch of UNISON ("UNISON"), within the limits of the Collective Agreement between UNISON and Spelthorne. Pay awards are decided by full Council as part of the annual budget process. Retention, affordability and local circumstances will be taken into consideration as part of this decision.

3.3 Salary grades and grading framework

Grades are determined by taking account of the full scope of the job including the complexity of work, range of responsibilities and the skills and experience required to undertake them, having regard to the need for equal pay for work of equal value. Each grade consists of a number of points from the Spelthorne pay spine, from the bottom to the top of the grade. The top of grade is considered to be the rate of pay for a fully experienced, qualified and

competent post holder. Incremental progression is subject to satisfactory performance. Accelerated increments can be awarded in exceptional circumstances within the grade but not beyond the top of the grade. Incremental progression for the two Deputy Chief Executives is subject to performance and achievement of targets.

3.4 New starters joining the Council

Appointments are made at the bottom of the salary scale, or at an appropriate point taking into account relevant skills and experience, and staff progress through the scale to the maximum of the grade over a number of years as experience is gained, subject to satisfactory performance.

3.5 Allowances and additional payments

Additional payments may be approved by the Chief Executive, Deputy Chief Executives and Management Team in the case of a member of staff undertaking additional duties for an extended period of time outside the normal responsibilities of their post or to complete specific tasks. For example to cover the duties of a vacant post which is at a higher grade, to undertake additional work in relation to a time-limited project, or where a formal partnership/secondment arrangement is in place with another local authority resulting in additional duties, responsibilities, complexity and working hours and it is not appropriate to otherwise change the grade of the post.

Spelthorne will consider paying a recruitment, retention or market supplement allowance in order to maintain service provision where it has been difficult to recruit to a vacant post or to retain staff in a particular service and specific criteria are met. Recruitment and retention payments are a separate payment, not consolidated into salary, and are subject to annual review and removed when no longer justified.

Essential user and casual user car allowances are payable where staff are required to use their own vehicles for council business. A non-pensionable car allowance is applied to the Chief Executive and Deputy Chief Executive posts. A non-pensionable car allowance is applied to Management Team posts and Group Head posts on Chief Officer local terms and conditions of employment. Committee Allowance payments are payable where staff are required to attend Council meetings outside normal working hours (except for Management Team and Chief Officer posts who do not receive additional payment).

3.6 Pay awards

Pay awards are considered annually for staff. Spelthorne operate local arrangements for deciding pay awards in consultation and negotiation with UNISON, within the limits of the Collective Agreement between UNISON and Spelthorne. Pay awards are decided by full Council as part of the annual budget process. Retention, affordability and local circumstances will be taken into consideration as part of this decision.

3.7 Pension scheme

All Spelthorne staff including Chief Officers are eligible to join the Local Government Pension Scheme with employee contributions tiered according to salary band. Employee contributions range from 5.5% for pensionable pay up to £14,400 to 12.5% for pensionable pay above £161,501 (the top rate does not apply to any Spelthorne posts).

The Council's pension current service contribution as employer is currently 17.3% (additionally there is a past service deficit contribution paid as a single lump sum by the Council. The draft figure for this is £1,347,000). Employer contribution rates are reviewed every 3 years following a revaluation of the pension fund and pension liabilities in relation to current and past members. The next revaluation is due in 2022.

3.8 Policy on employing someone who has taken redundancy from another authority

An individual who has been made redundant from another council may apply to work at Spelthorne and would be considered against the required criteria for the post. If they accept an offer of employment with Spelthorne before the end of their employment with the other council to take effect within 4 weeks of leaving then they will not be due a redundancy payment from the previous employer and will retain continuity of service. If the gap is longer than 4 weeks their continuous service is broken, which means that they would have no eligibility for redundancy payments until they have 2 years further service.

The government are planning to implement exit payment reforms and, if agreed, this may affect the repayment of any redundancy payments.

3.9 Policy on employing someone who is also drawing a pension

In line with the pension regulations Spelthorne has a flexible retirement policy and will consider requests from staff who wish to draw their pension and continue working in a reduced capacity. Requests will only be agreed where there is a salary saving through either reduced hours or responsibility.

An individual who is drawing a pension in relation to a previous employment may apply to work at Spelthorne and would be considered against the criteria for the post. If they are appointed, the salary will be in accordance with the grade for the job, with abatement of their pension subject to the rules of the appropriate pension scheme of the pension in payment, as apply at the time.

3.10 Policy on increase in or enhancement to pension entitlements

Pension entitlements are in line with the Local Government Pension Scheme Regulations and Spelthorne Pensions Policy in operation at the time.

Spelthorne's Pension Policy was agreed by the Council on 27 February 2020. It applies to all Spelthorne employees including Chief Officers. The Pension Policy is attached as Appendix 2 (to the Pay Policy Statement).

3.11 Payment arrangements

Employees, including chief officers, are paid through payroll and subject to appropriate income tax and national insurance deductions.

4 Level and elements of remuneration for chief officers

4.1 Salaries for chief officers

Spelthorne policy is to pay chief officers according to the Spelthorne salary grade appropriate for the duties and responsibilities of the job. Each grade consists of a number of points from the Spelthorne pay spine, from the bottom to the top of the grade.

The salary paid to Group Head posts depends upon the range of responsibilities and consists of a salary range of a number of increments taken from a 4 point Group Head Salary band.

The current full time salary scales for chief officer posts listed in Paragraph 2.1 above are set out in the table below. Where posts are filled on a part-time basis the post holders are paid pro-rata to their contractual hours.

Post	Bottom of salary range	Top of salary range
Chief Executive	£108,971	£122,861
Group Head Corporate Governance	£71,791	£78,181
Deputy Chief Executives	£87,175	£98,287
Principal Solicitor and deputy monitoring officer	£47,221	£60,183
Chief Accountant	£61,489	£74,034
Group Heads	£71,791	£78,181
Deputy Group Head Customer Relations	£61,489	£66,696
Family Support Programme Manager	£68,534	£68,534
Internal Audit Manager	£32,846	£50,697
Building Control Manager	£47,221	£56,003
Senior Environmental Health Manager	£52,428	£56,003
Communications Manager	£37,112	£44,864

Any restructures during the year or secondments to cover short-term requirements may alter reporting relationships and could change the roles reporting to specific Chief Officer posts, with the appropriate salary range from Spelthorne grades applying.

4.2 Other pay elements for chief officers

A non-pensionable car allowance is applied to the Chief Executive, Deputy Chief Executives and Group Head posts as part of the total remuneration package. Current car allowance values are £6,300 for the Chief Executive and £4,900 for the Deputy Chief Executives and Group Heads.

Deputy Group Head posts are eligible for essential user car allowances if they are required to undertake business mileage and provide a car for work.

The salaries for chief officer and Chief Executives / Chief Officers (the Chief Executive, Deputy Chief Executives, Group Head, Deputy Group Head and certain professional posts) are inclusive salaries with no additional recompense for additional hours worked, for attendance at Council or other meetings outside of normal working hours, for expenses, for telephone use or for business mileage, except for journeys of 100 miles or more. A mileage rate equivalent to the HMRC rate for company cars applies (13p per mile for most vehicles) for journeys of 100 miles or more.

Posts listed as deputy chief officers are eligible for car allowances if they are required to undertake business mileage, committee attendance allowance if they are required to attend council or other meetings outside normal working hours, overtime payments if required to work additional hours and they may claim for reimbursement of expenses incurred in the performance of their duties.

Professional fees required for the post are paid (for example membership of CIPFA for the chief finance officer and legal practising certificate for the monitoring officer).

A separate allowance is paid for the statutory monitoring officer and Section 151 officer duties.

Election fees are paid separately for additional duties and responsibilities undertaken as elections fall. The Chief Executive acts as Returning Officer at elections and other chief officers may receive payments for any additional work undertaken during a national or local election as deputy returning officers, presiding officers or poll clerks at polling stations or for working at the election counts. Election fees are set as elections are called taking account of guidance issued by the Ministry of Justice.

4.3 Remuneration of chief officers on recruitment

Starting salaries are at the bottom of the salary scale, or at an appropriate point taking into account relevant skills and experience.

Chief Executive and Management Team or Group Head approval is required before recruitment to any post below management team level. Approval to fill posts at management team level and for Group Heads requires the agreement of the Leader of the Council, with selection decisions made by a member Appointments Committee and ratified by Council if required (for Chief Executive). New appointments may be eligible for removal expenses under the Council's Home Relocation Policy.

4.4 Increases and additions to remuneration for each chief officer

Pay awards are considered annually for staff including Chief Officer. Spelthorne operate local arrangements for deciding pay awards in consultation and negotiation UNISON, within the limits of the Collective Agreement between UNISON and Spelthorne. Pay awards are decided by full Council as part of the annual budget process. Retention, affordability and local circumstances will be taken into consideration as part of this decision.

Changes to salary ranges and other pay elements must be agreed by the Leader/Cabinet for the Chief Executive, by the Chief Executive in conjunction with the Leader for Deputy Chief Executive posts and by the Chief Executive and Management Team for all other posts.

4.5 Performance related pay for chief officers

There is no additional performance related pay for Spelthorne chief officers or any other staff. Progression through increments is subject to satisfactory performance. Incremental progression for Deputy Chief Executives is subject to performance and achievement of targets. Once an employee reaches the top of their salary scale there is no opportunity to earn more.

4.6 Bonuses for chief officers

There are no bonuses available for chief officers or for other staff.

4.7 The approach to the payment of chief officers on their ceasing to hold office under or to be employed by the authority

Spelthorne's Discretionary Compensation Policy agreed by the Executive on 6 February 2007 and confirmed by Cabinet in January 2020, sets out the approach for payments in the event of termination on the grounds of redundancy and efficiency of the service. There is a consistent method of calculating redundancy pay which is applied to all redundant employees, including chief officers, with the level of redundancy pay calculated using the statutory matrix with a multiplier of 2 and at actual weekly earnings (to a maximum of 60 weeks' pay for staff with over 20 years local government service). The redundancy payment is intended to recompense employees for the loss of their livelihood and provide financial support whilst they seek alternative employment and applies when a post is deleted. In the case of termination on efficiency grounds payments would depend on the circumstances of the case and would exceed the amount due for redundancy only in exceptional circumstances, to a maximum of 104 weeks.

The government are planning to implement exit payment reforms and, if agreed, this may affect redundancy/termination payments.

The taxation of termination payments is in accordance with statutory provisions.

4.8 Additional payments for chief officers

Additional payments may be approved in the case of a member of staff undertaking additional duties for an extended period of time outside the normal responsibilities of their post. For example to undertake additional responsibilities, to cover the duties of a vacant post which is at a higher grade, to undertake additional work in relation to a time-limited project, or where a formal partnership/secondment arrangement is in place with another local authority resulting in additional duties, responsibilities, complexity and working hours and it is not appropriate to otherwise change the grade of the post.

5. The remuneration of the lowest paid employees

The lowest paid employees are those in posts graded at Scale 1, which has a current salary range from £18,780 to £19,619 per annum. The pay rate at the bottom of scale 1 is £10.00 per hour compared to the national minimum wage of £8.20 per hour (National Minimum Wage rate from 1 April 2020 for workers aged 21 to 24 years) and the National Living Wage of £8.72 per hour from April 2020 for workers aged 25 and over. The Living Wage Foundation's non-statutory UK Living Wage for 2019/2020 is £9.30 per hour.

Young people employed as Apprentices for the temporary period of their apprenticeship training are paid on an appropriate pay rate taking into account the level of work and level of qualifications to be obtained with a minimum of the appropriate statutory minimum wage rates [£4.15 per hour Apprentice rate in the first year, The National Minimum Wage rate of £4.55 per hour for under 16-17 year olds, £6.45 per hour for 18 – 20 year olds, £8.20 per hour for 21 – 24 year olds and £8.72 per hour for age 25 and over from 1 April 2020].

6. The relationship between the lowest and highest paid staff

The ratio between the lowest and highest paid salaries is less than 1:7. The lowest salary rate is £18,780, the top of the Chief Executive's salary scale is £122,861 which is a pay multiple of 1:6.54.

7. The relationship between the highest paid employee and employees who are not chief officers

The ratio between the median earnings across the organisation and the taxable pay of the highest paid employee (the Chief Executive) is 1:5.05

The ratio between the mean average earnings across the organisation and the taxable pay of the highest paid employee (the Chief Executive) is 1:4.28

8. Salary and severance payments over £100,000

8.1 Spelthorne has one post with a salary package above £100,000, the Chief Executive. The appointment of a new Chief Executive is made in accordance with the council's Constitution and statutory provisions. There would be a report to members on the arrangements for an appointment, including the salary level, and the appointment would be made by a member Appointments Committee and confirmed after ratification by full Council.

8.2 Severance payments are made in accordance with the council's Discretionary Compensation Policy and would exceed £100,000 only in exceptional circumstances. Redundancy payments are based on the statutory matrix and Spelthorne multiplier to a maximum of 60 weeks' pay. Severance payments on the grounds of efficiency will exceed that level only in exceptional circumstances. To date no staff have received direct severance payments over £100,000.

8.3 Where the severance payment made to the individual and any pension costs payable by Spelthorne total over £100,000 the amounts are reported in the

Statement of Accounts for the year that the termination was agreed (the termination may take effect in a subsequent financial year).

8.4 The government are planning to implement exit payment reforms and, if agreed, this may affect severance payments.

9. The publication of and access to information relating to remuneration of chief officers

The annual pay policy statement is published on the Spelthorne Borough Council website where it can be easily accessed by tax payers and external organisations.

Appendix 1 Pay Policy Statement effective from April 2020

Appendix 2 Discretions Policy

Spelthorne Borough Council

Local Government Pension Scheme

Payment of Discretionary Compensation to Employees

Policy on Exercise of Employer Discretions

Spelthorne Borough Council as an employer is under a legal duty to prepare and publish a written statement of its policy relating to certain discretionary powers under the Regulations which apply to the Local Government Pension Scheme (“the LGPS”).

Spelthorne Borough Council is also under a duty to formulate, publish and keep under review a policy that Spelthorne Borough Council applies in exercising discretionary powers under Regulations relating to the payment of compensation to employees whose employment is terminated as a result of redundancy or certain other reasons.

This document is intended to comply with these duties and in the following table, sets out the discretionary powers concerned, identifies the relevant Regulation that gives Spelthorne Borough Council the discretion and describes how the discretion will be exercised.

The policy set out in this document will not be departed from except as provided for in the policy or following a variation to the policy approved by Spelthorne Borough Council.

The statement is not a definitive statement of the law and is subject to the provisions of the relevant Regulations.

The Regulations that apply to the LGPS are:

- The Local Government Pension Scheme Regulations 2013 (these are referred to as the “Pensions Regulations”);
- The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (referred to as the “Transitional Regulations”);
- The Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 applied to the LGPS before 1 April 2014, are preserved in part on a transitional basis by the Transitional Regulations and are referred to as the “Benefits Regulations”

The Regulations which apply to the payment of compensation to employees whose employment is terminated as a result of redundancy, other specified reasons or injury are:

- The Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 (referred to as the “Compensation Regulations”).
- The Local Government (Discretionary Payments) (Injury Allowances) Regulations 2011 (referred to as the “Injury Regulations”).

In the table below:

- (1) “The Scheme” or “the Pension Scheme” means the LGPS and “the Fund” or “the Pension Fund” means the fund maintained under the LGPS;
- (2) “Member” means a member of the LGPS;
- (3) “Active Member” means a member in employment and paying, or treated as paying, contributions to the LGPS, or absent from employment for a reason mentioned in Regulation 11 of the Pensions Regulations.
- (4) References to a member with transitional protection are those who can count membership accrued before 1 October 2016 and who have statutory transitional protection under the Transitional Regulations, wholly or partly, from changes that would otherwise be made to their pension entitlements and/or from actuarial reductions that would otherwise be applied to their pension benefits as a result of the coming into force of the Pensions Regulations on 1 April 2014.
- (5) References to a member meeting “the 85 year rule” are those members whose age in whole years when added to the member’s total membership in whole years is 85 years or more.

The power to exercise and to take any decision in relation to each of the discretions is delegated to Spelthorne Borough Council.

This statement was approved by Cabinet and is intended to comply with Spelthorne Borough Council’s duties under Regulation 60 of the Pensions Regulations, Regulation 7 of the Compensation Regulations and Regulation 14 of the Injury Regulations.

Reviewed by Council on 27 February 2020

	A	B	C	D	E	F
1			Appendix 2 Discretions Policy			
2	No.	Area	Regulation	Discretion	Policy Summary	Explanation
3	1	Whether to vary an employee's contribution band	Regulations 9 and 10 Pensions Regulations	Members must pay pension contributions at the appropriate rate set on 1st April or the first day of active membership, if later. The employer may vary the contribution rate if there is a change in employment or a material change that affects the member's pensionable pay.	Spelthorne Borough Council may vary the employee's contribution rate if there is a material change and each case will be considered on its merits	Contribution bands are set on 1st April but the employer may change them if a member changes jobs or has a material pay increase / decrease.
4	2	Whether to increase assumed pensionable pay in certain specific circumstances	Regulation 21(5), 21(5A) and 21(5B) Pension Regulations	If a member is absent as a result of illness, child related leave or reserve forces leave their pension benefits may be based on assumed pensionable pay (APP). If, in the employer's opinion, the member's APP is materially lower than their pay in the twelve months preceding the absence they can either include (1) a "regular" lump sum received during that period or (2) substitute a higher pensionable pay having regard for their earnings in that period.	Spelthorne Borough Council may increase assumed pensionable pay and each case will be considered on its merits.	If a member's APP is lower than their regular pensionable pay the employer can either substitute a higher rate of pay, based on the pay they received in the year before the absence began, or, include regular lump sums received during that period.
5	3	Funding of Additional Pension Contributions	Regulations 16(2)(e) and 16(4)(d) Pension Regulations	Whether to fund, in whole or in part, a shared cost additional pension contributions (SCAPC) on behalf of an active member by regular contributions (Regulation 16 (2)(e)) or by lump sum (Regulation 16(4)(d)). Note: The amount of additional pension that may be credited to an active member's pension accounts may not exceed the overall additional pension limit of £7026 (April 2019 and uplifted annually).	Spelthorne Borough Council will only contribute towards APCs in exceptional circumstances.	The employing authority can choose to pay additional pension contributions on behalf of active employees.

	A	B	C	D	E	F
6	4	Shared Cost Additional Voluntary Contributions (SCAVCs)	Regulation 17(1) and Schedule 1 (definition of SCAVC) Pension Regulations.	Whether to contribute towards a Shared Cost Additional Contribution arrangement. Pre2014 SCAVCs also fall under Regulation 17 by virtue of Regulation 15(2A) Transitional Regulations.	Spelthorne Borough Council will only contribute to SCAVCs in exceptional circumstances.	An employer can choose to contribute towards a SCAVC.
7	5	Whether to grant early payment of pension on compassionate grounds (pre-1 st April 1998 leavers)	Regulation D11(2)(c) of 1995 Regulations	Whether to agree to early payment of pension benefits from age 50 on compassionate grounds. The employer should note that pension benefits paid before age 55 may attract an unauthorised payments surcharge and they may have to pay a strain cost because the pension benefits cannot be reduced.	Spelthorne Borough Council will only contribute to early payment of pension in exceptional circumstances.	The employer may agree to payment from age 50, but they may incur an unauthorised payments surcharge and/or a capital cost.
8	6	Flexible Retirement	Regulation 30(6), Pensions Regulations. Regulations 11(2) and (3) of Transitional Regulations	Whether to agree to an employee aged 55 or over reducing their hours of work or their grade so that they may receive all or some of their retirement pension while still employed. Whether, in addition to any pre - 1 st April 2008 pension benefits which the member must draw, to permit the member to draw; (a) all, part or none of benefits accrued between 1st April 2008 and 31st March 2014 and (b) all, part or none of the pension benefits built up after 31st March 2014	Spelthorne Borough Council will only award flexible retirement in exceptional circumstances. Decisions are delegated to Management Team for cases up to Group Head and to Cabinet for members of Management Team.	The employing authority can agree to an employee aged 55 or over drawing all or some of their pension and continuing to work in the same employment on reduced hours, pay or grade. The employer should note that granting consent would trigger the 85 -year rule and may require a capital payment.
9	7	Switching on the 85-year rule	Schedule 2 of the Transitional Regulations	Whether to switch on the 85 - year rule under Regulation 1(2) and 1(3) of Schedule 2 of the Transitional Regulations.	Spelthorne Borough Council will only switch on the 85 year rule in exceptional circumstances.	The employer can agree to switch on the 85 -year rule, which may mitigate reductions that would, otherwise, apply but the employer may have to make a capital payment.

	A	B	C	D	E	F
10	8	Waiving of Actuarial Reduction to Pensions	Regulation 30(8), Pensions Regulations Schedule 2 of Transitional Regulations	<p>(Post 2014) Whether to agree to waive, in whole or in part, any actuarial reduction that would otherwise apply to the pension paid to a former employee aged 55 or over under 30(5) or 30(6) [flexible retirement] using regulation 30(8) of the Pension Regulations.</p> <p>(Pre -2014) Whether to waive actuarial reductions entirely under 30(5) or 30A(5) [deferred pensioner members] of the Benefits Regulations and Regulation 2(1), of Schedule 2 of the Transitional Regulations.</p>	<p>Spelthorne Borough Council will only waive actuarial reductions in exceptional circumstances.</p> <p>Decisions are delegated to the Chief Executive in consultation with the Leader for cases below Management Team and to Cabinet for cases at Management Team.</p>	<p>The employing authority can agree to waive reductions to the pension of a member aged 55 or over who has left employment or been granted flexible retirement. The employer may be required to make a capital payment if they do so.</p>
11	9	Award of Additional Pension	Regulation 31, Pensions Regulations	<p>To award additional pension at full cost to the employer:</p> <p>(1)an active member; or</p> <p>(2)a former active member who was dismissed by reason of redundancy, business efficiency or mutual consent on grounds of business efficiency.</p> <p>NOTE: Any additional pension awarded (including any additional pension purchased by the employer or the member under Regulation 16 of the Pensions Regulations) may not exceed the overall additional pension limit of £7026 (April 2019 and uplifted annually).</p> <p>Additionally, in the case of a member falling within (2) above, the resolution to award additional pension must be made within 6 months from the date on which the employment ended.</p>	<p>Spelthorne Borough Council will only award additional pension in exceptional circumstances.</p> <p>Decisions are delegated to the Chief Executive in consultation with the Leader for cases below Management Team and to Cabinet for cases at Management Team.</p>	<p>This means the employing authority has the power to award additional pension to an active member.</p> <p>The employer can also award additional pension to members who leave on the grounds of redundancy, business efficiency or mutual consent on grounds to business efficiency - up to six months after termination.</p> <p>The employer would be required to make a capital payment (in addition to the cost of purchase) if the member retired early on any grounds apart from permanent ill-health.</p>

	A	B	C	D	E	F
12	10	Aggregation of Benefits: Concurrent Employments	Regulation 22 (7)(b), Pensions Regulations	Whether to allow an active member with concurrent employments, who ceases an employment with an entitlement to a deferred pension, more than 12 months to elect not to have their deferred pension aggregated with their active member's pension account.	Spelthorne Borough Council will only extend the deadline in exceptional circumstances.	The employing authority can allow a member who leaves one of two (or more) employments - held at the same time - longer than 12 months to elect not to combine the deferred pension with the ongoing active pension.
13	11	Aggregation of Benefits: Deferred Member becoming Active Member	Regulation 22 (8)(b), Pensions Regulations	Whether to allow a deferred member who becomes an active member longer than 12 months in which to elect not to have their deferred benefits aggregated with the benefits in their active member's pension account.	Spelthorne Borough Council will only extend the deadline in exceptional circumstances.	The benefits are usually aggregated (joined-up), unless the member elects to keep them separate. The employing authority can agree to a former member having longer than 12 months to choose not to combine their pensions.
14	12	Aggregation of Benefits: Deferred Member becoming Active Member (pre-2014 membership)	Regulation 10(6)(b) Transitional Regulations	Whether to allow a deferred member who becomes an active member longer than 12 months in which to elect for their pre-2014 deferred benefits to be aggregated with their active member's pension account (but, technically, they would lose the final salary link if they have not made an election under 5(5) Transitional Regulations within twelve months of becoming an active member of 2013 scheme).	Spelthorne Borough Council will only extend the deadline in exceptional circumstances.	The pre-2014 preserved benefits will be kept separate unless the member makes a positive election to aggregate them. The employing authority can agree to a former member having longer than 12 months to choose to combine their pensions.

	A	B	C	D	E	F
15	13	Inward Transfer of Pension Rights	Regulation 100, Pensions Regulations	<p>Whether to allow an employee who has been an active member in their current employment for more than 12 months to ask for the transfer of certain accrued pension rights to be considered.</p> <p>Note: Regulation 100(6) of the Pensions Regulations requires that a request must be made within 12 months beginning with the date on which the member first became an active member in an employment or such longer period as the employer and the Administering Authority may allow. The discretion is, therefore, only exercisable if both the Employing Authority and the Administering Authority agree.</p>	Spelthorne Borough Council will only extend the deadline in exceptional circumstances.	Members who have been in the pension scheme for more than twelve months can ask for a transfer -in to be considered - but it will only be investigated if both the employing authority and the administering authority agreed.
16	14	Redundancy Payments.	Regulation 5, Compensation Regulations 2006	Whether to base redundancy pay on actual pay where actual pay exceeds the statutory maximum under the Employment Rights Act 1996 (£525 from April 2019).	Spelthorne Borough Council may pay statutory improved redundancy payments and each case will be considered on its merits.	The employer can base the calculation of a week's pay for redundancy on actual pay if it is higher than the statutory limit (currently £525 in April 2019).

A	B	C	D	E	F
17	<p>15 Compensation for loss of Employment.</p>	<p>Regulation 6, Compensation Regulations 2006</p>	<p>Whether to pay compensation to a person whose employment ceases</p> <ul style="list-style-type: none"> - by reason of redundancy; - in the interests of the efficient exercise of the employing authority's functions; or <p>in the case of a joint appointment, because the other holder of the appointment leaves.</p> <p>NOTE: Compensation may not be paid under this Regulation if: - a person's period of membership of the Pension Scheme has been increased under Regulation 12 of the Benefits Regulations 2007 (see above); or - a person has been awarded an additional pension under Regulation 13 of the Benefits Regulations 2007 (see above).</p> <p>In all cases the amount of compensation paid under this Regulation may not exceed 104 week's pay <u>less</u> any redundancy payment payable.</p> <p>In all cases the decision to pay</p>	<p>Spelthorne Borough Council will only award compensation for loss of employment in exceptional circumstances.</p> <p>Payments to be agreed by the Chief Executive in consultation with the Leader or the Chief Financial Officer in consultation with the Leader as appropriate.</p> <p>Redundancy payments to be at twice statutory minimum using Government redundancy calculator (to maximum of 60 weeks). To be inclusive of statutory redundancy payments. The policy will be kept under review. The Council retains the right to change the policy at any time. No added years.</p> <p>Efficiency of the Service a one off lump sum payment, based on the merits of each individual case, up to the maximum of 104 weeks' pay. No added years</p>	<p>The employing authority can make an award of up to 104 week's pay (less any statutory redundancy payment payable).</p>

	A	B	C	D	E	F
18	16	Injury Allowances	14(1) of the Compensation Regulations 2011	<p>Scheme employers (LGPS employers), apart from admission bodies, must formulate, publish and keep under review a policy on:</p> <p>1. whether to make an injury award to those who sustain an injury or contract a disease as a result of anything they were required to do in performing the duties of their job and in consequence of which they:</p> <ul style="list-style-type: none"> - suffer a reduction in remuneration, or - cease to be employed as a result of an incapacity which is likely to be permanent and which was caused by the injury or disease, or - die leaving a surviving spouse, civil partner or dependant, and <p>2. if the Scheme employer has a policy to make such payments, how it will determine the amount of injury allowance to be paid?</p>	Spelthorne Borough Council will only pay injury allowances in exceptional circumstances	An employing authority may award an injury allowance to employees who contract an injury or illness related to their employment.
19	This Policy is effective from 27 February 2020. The Policy will be kept under review. Any future changes to the policy will come into effect one month after the amended policy is agreed and published. The Council retains the right to change the Policy at any time.					
20	Reviewed by Council 27 February 2020					

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Cabinet**29 January 2020**

Title	Delegated authority for the selection of a supplier of a refuse collection vehicle		
Purpose of the report	To make a decision		
Report Author	Jackie Taylor Group Head of Neighbourhood Services		
Cabinet Member	Councillor Richard Barratt	Confidential	No
Corporate Priority	Clean and Safe Environment		
Recommendations	Cabinet is being asked to delegate the selection of the supplier to the Group Head of Neighbourhood Services in consultation with the portfolio holder.		
Reason for Recommendation	To ensure that the procurement of the refuse collection vehicle can progress as soon as possible due to the long lead in time for delivery.		

1. Key issues

- 1.1 On the 19 June 2019 the Council agreed the budget for the purchase a new refuse collection vehicle (RCV). This RCV is of a design to allow the authority to collect refuse and recycling from underground refuse storage areas which are being installed in new developments within the borough.
- 1.2 There are a number of suppliers of these specialist RCV's on a Public Contracts Regulations 2015 compliant framework agreement. A mini competition will be run with all the eligible suppliers under that framework. The mini-competition responses will be evaluated in accordance with a price quality split to ensure that the vehicle has the correct functionality.
- 1.3 Under contract standing orders, due to the value of the vehicle, the selection of the supplier is a cabinet decision.
- 1.4 The lead in time for the construction of these RCV's can be as long as 11 months and with developments being built now with these underground storage areas, the Authority needs to ensure that the vehicle is purchased as soon as possible. If the decision for the selection of the supplier is delegated to the Group Head of Neighbourhood Services in consultation with the portfolio holder, this allows for the flexibility in the timetable to be able to award the contract as soon as the evaluation has taken place, rather than waiting for the Cabinet cycle.

2. Options analysis and proposal

- 2.1 The preferred option is for the delegation of this decision to allow for a timely decision on the supplier following the evaluation to ensure that the RCV is in production as soon as possible to serve the new developments in the borough.
 - 2.2 The other option would be not to agree to the delegation. If no delegation is given the selection would be brought to a future meeting of the cabinet and this could impact on the timescales for delivery.
- 3. Financial implications**
- 3.1 The budget for the purchase of this vehicle has already been agreed.
- 4. Other considerations**
- 4.1 Legal/procurement advice has been obtained on the suitability of the framework agreement. This is a compliant route to market.
- 5. Timetable for implementation**
- 5.1 The mini-competition papers are due to be issued prior to the cabinet meeting. It is anticipated that a supplier will be selected in February and the order placed for the vehicle. The delivery times of the vehicle will be one of the mini-competition assessment criteria.

Background papers: There are none

Appendices: There are none

Cabinet**29 January 2020**

Title	Review of Knowle Green Estates Ltd		
Purpose of the report	To make a decision		
Report Author	Terry Collier, Deputy Chief Executive Michael Graham, Head of Corporate Governance		
Cabinet Member	Councillor Ian Harvey	Confidential	Report - No Appendix - Yes
Corporate Priority	Financial Sustainability		
Recommendations	<p>Cabinet resolves as follows:</p> <ol style="list-style-type: none"> 1. Authorise the Head of Corporate Governance to establish a group holding company – Knowle Green Estates Group Ltd. 2. Authorise the Head of Corporate Governance to establish a Lettings Agency and to subscribe to one share in this company in the name of the Council and thereafter to transfer the share to Knowle Green Estates Group Ltd 3. Authorise the Head of Corporate Governance, subject to their confirmation of willingness to be so appointed, to appoint the Directors of Knowle Green Estates Ltd as the Directors of Knowle Green Estates Group Ltd and the new letting agency company. 4. Authorise the Head of Corporate Governance to recruit an additional independent Director for the Group 5. Appoint Spelthorne Borough Council as the Company Secretary for Knowle Green Estates Group Ltd and any subsidiary companies and delegate the Head of Corporate Governance to undertake that function and update the scheme of delegation accordingly 6. Authorise the Head of Corporate Governance to transfer the Council's shareholding in Knowle Green Estates Ltd (KGE) to Knowle Green Estates Group Ltd. 7. Authorise the Head of Corporate Governance to establish a Limited Liability Partnership with Knowle Green Estates Group Ltd for the development at Block E of London Road (Berkeley Homes scheme). 8. Authorise the Head of Corporate Governance to establish a Limited Liability Partnership with Knowle Green Estates Group Ltd for Ceaser Court. 		

	<p>9. Authorise the Head of Corporate Governance to establish a Limited Liability Partnership with Knowle Green Estates Group Ltd for Thameside House.</p> <p>10. To approve the Knowle Green Estates Group business plan 2020-2024 submitted and approved by the Board of Knowle Green Estates Ltd (Exempt Appendix 1).</p> <p>11. To appoint the Leader of the Council as the Shareholder representative for Knowle Green Estates Group Ltd and all subsidiary companies.</p>
<p>Reason for Recommendation</p>	<p>To review the purpose of Knowle Green Estates Ltd in light of its first three years of operation. To recommend a new corporate structure for the business which is in keeping with the Council’s ambitious development plan. To document the relationship between the Council and the Company and a proposed Group holding company.</p>

Executive summary

As the Council has developed a billion pound property investment function and a development pipeline of approx. £350 million for local housing, it is evident that the 2016 strategy of establishing a single housing company will not cover the complexity of the different schemes which have emerged and are now ready for development.

This report now explains that the Council should do as follows:

- Establish a Group of companies with the same Board for all the entities
- Establish Special Purpose Vehicles for the larger developments
- Establish a lettings agency to employ staff (if required) by the Group

In this report a reference to “Company” is a reference to the pre-existing company Knowle Green Estates Ltd. A reference to the “Group” is a reference to the company group structure which would be formed if Members are content with this report and the recommendations it makes.

Background

1. On 3 April 2016, the Cabinet agreed to the purchase of the Harper Hotel (now Harper House) in Ashford and delegated the Chief Finance Officer to establish a holding company for the purchase if he considered it appropriate. Subsequently, Knowle Green Estates Limited (the Company) was incorporated and the Council purchased Harper Hotel in the name of the Company. Whilst the property was, until recently, used as Emergency Accommodation for homeless persons, the Council considered that it may not always be required for that purpose and hence Harper House was held in the Company to allow for maximum flexibility in the longer-term so that other developments on the site could be considered.
2. Knowle Green Estates Ltd was established as a company limited by shares with the Council retaining 100% shareholding.
3. The Corporate Plan for 2016 – 2019 envisaged the need for the Council to take a more direct role in the provision of much needed housing for the Borough's residents. A number of schemes have since been formulated.
4. In 2017, the Cabinet considered the purpose of the Company. It was acknowledged that the formation of the Company was in part a response to the challenges the Council faced to address emergency and affordable accommodation pressures both in terms of supply and impact on the Revenue Budget.
5. In 2017 it was envisaged that a property and investment strategy delivered by a commercial trading company would enable the Council to:
 - provide a source of revenue for the General Fund
 - bring forward its own sites quickly
 - enable the Council to operate in a fast paced competitive market place and in areas where the Council cannot currently act
 - grant shorthold assured tenancy agreements to allow for the greatest flexibility in developing a lettings strategy
 - access opportunities in other boroughs without restriction
6. Between 2017 and 2019, further work was undertaken to develop the business model and the financial projections of the Company in different scenarios. This has taken longer than expected for a number of reasons:
 - The original purpose of Harper House has been reviewed. Plans for its redevelopment and for refurbishment have been commissioned. The conclusion of this work is that refurbishment will only improve a poor property to a moderate degree and it will always be an expensive property to maintain. Safety and comfort of residents, ease of management, and overall efficiency call for the rebuilding of the property. This development is now anticipated on the proviso that grant aid from Homes England is forthcoming. A separate paper was presented to Cabinet on 26 September 2018 which discussed this option and agreed £2.6m gross budget for demolition and rebuild of the facility. If grant is awarded for this project, then the grant conditions are such that the Council must own and manage it, so the Company will transfer it back to the Council to enable this to happen.

- The scale of the Council's development portfolio has increased since 2016. A number of key town centre sites have been purchased by the Council and this means that the role of the Company in the regeneration of Staines-upon-Thames could now be a matter of much greater significance than first envisaged. Some of these schemes are large enough that they may require the Council to deliver them with a joint venture partner:
 - Thameside House
 - Communications House
 - Bridge Street and Hanover House combined site
 - The early projects of the Company have come to fruition. Whilst it was originally envisaged that these properties would be let to provide a source of revenue generation for the General Fund, that strategy has changed. The General Fund has stabilised because of the Council's success in acquiring a number of excellent investment assets. This means that the Council was able to let these two initial projects (former Churchill Village Hall and former Bugle Returns Public House) as 100% affordable rented schemes (even though there was no planning requirement to do so).
 - Those two schemes have also demonstrated how the provision of affordable housing can positively impact the General Fund by reducing the need for the Council to fund expensive emergency accommodation.
 - The establishment of a Residential Portfolio of several hundred units, in line with the development opportunities now available to the Council, dictates the need to consider how this business will be set up and managed.
 - We need to establish a function for the management of residential properties
 - We need to establish a lettings function which will allow us to deal effectively with tenants
 - Advice from the Company's accountants (Wilkins Kennedy) is that the properties owned by the Company should be held in a separate legal entity to any trading business which may have employees.
 - Advice from the Company's accountants (Wilkins Kennedy) and solicitors (Freeths) is that substantial projects should not be grouped into one company but should each have their own legal entity for purposes of good risk management.
7. Since 2016, the Company has been managed by a small board of senior officers and councillors (Board of Directors).
 8. From May 2016 until May 2019 there were just two Directors – Terry Collier and the then councillor Howard Williams who was the Finance Portfolio Holder at the time.
 9. In May 2019, Howard Williams resigned his Board position as the Company Articles required for Directors who were no longer councillors. Cllr Harman was appointed in his place. Shortly thereafter Mr Williams was reappointed to the Board, (not as a councillor but as an independent director) first in an interim capacity to provide continuity and stability to the Board, but after a round of recruitment in September 2019 this was confirmed as a three year appointment.

10. At present these Directors are Chief Finance Officer – Terry Collier, the Portfolio Holder for Finance – Cllr Tony Harman and since May 2019 the former Portfolio Holder for Finance - Mr Howard Williams). So there are two Directors with a direct link to the Council (Terry Collier and Cllr Harman) and one Independent Director (Mr Williams).
11. This lean structure allowed for maximum speed of response and flexibility. It operated within the usual officer / member protocols for decisions on property matters but such a small internally focussed corporate structure is unlikely to be suitable for the scale of the development which the Council is now considering.
12. If the Council wishes to appoint a further independent director to the Company, with additional skills from outside the Council, they could contribute to the overall governance of the Company and relationships with the shareholder which could be beneficial for the Council and the Company.

Current situation

13. Members may consider it helpful to think of the Council's property holdings in three different views. This will assist in considering the way which the Knowle Green Estates Group might develop and work in future.
14. **Investment Portfolio.** These are the commercial properties such as BP Sunbury, 12 Hammersmith Grove, Thames Tower etc which have been acquired as investments. They are not being held for redevelopment. The Council owns these properties directly for the revenue they generate; they are akin to financial instruments. The Council will continue to hold these properties directly – their ownership is not being transferred to any company. There is no role for the Group in any of these properties.
15. **Municipal Portfolio.** These are the buildings used by the Council to deliver its local government operations: Knowle Green Offices, the depot, the day centres etc. This Portfolio also includes the community assets such as scout huts etc which are leased to community groups so they can provide their services and facilities to the community. . The Council will continue to hold these properties directly – their ownership is not being transferred to any company. There is no role for the Group in any of these properties.
16. **Residential Portfolio.** These are the residential properties that the Council is now developing. These will be owned by an entity outside the Council. Knowle Green Estates Ltd currently owns 3 houses in Churchill Way, 8 flats in Bugle House, 42 Kingston Road and a house in Cranford Avenue, Stanwell. These will be owned by the Group and let through the Group to provide housing in the Borough.
17. **Strategic Portfolio.** These are the properties such as Thameside House, Ceaser House, Communications House etc which will be developed in the future either for the purposes of housing or other commercial use. When the properties are developed for housing they will be in the Residential Portfolio and they will be owned by the Group and let through the Group.
18. **The Asset Management Plan.** This new revised document will shortly be presented to members and it will outline how the Council will protect the portfolios. The same structures will be used by the Council to manage the residential portfolio for the Knowle Green Group.

Lettings Agency and Property Management

19. Property management sits in the Council Asset Management team. This means that most of the property management and lettings activity is currently done in-house and then recharged back to KGE Ltd.
20. So although the property management function exists in the Council, it may be that some new directly employed staff need to be hired to develop the lettings agency and the residential property management business. It may not be appropriate to continue to hire increase the Council payroll if most of the work is being charged back to the different companies. In case this happens, it is proposed to establish a company for the purpose. This company is proposed to be called Knowle Green (Lettings) Ltd. It will be a dormant company and it will sit under the Group will come into use if and when required for this purpose so that staff are not employed in the property holding entities (KGE Ltd and the SPVs). This is in accordance with the professional advice the Company have been given by its accountants and its solicitors.
21. The following table may assist to summarise the position as to what is proposed:

	Owned by	Developed by	Managed by
Investment Portfolio	Council	N/A	Council
Municipal Portfolio	Council	Council	Council
Strategic Portfolio	Council	Council	Council and then KGE
Residential Portfolio			
- Affordable	KGE Ltd	Council	Council for KGE Ltd
- Private	Development vehicle LLP*	Council	Council for LLP or KGE (L) Ltd

*LLP – Limited Liability Partnership – discussed below

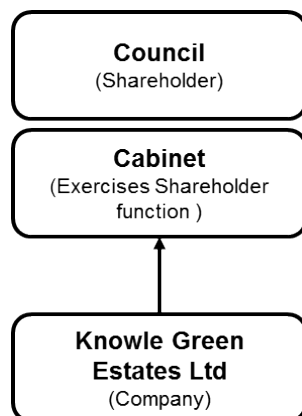
Statutory powers

22. Under section 1 of the Localism Act 2011 local authorities now have a general power that enables them to do anything that a private individual is entitled to do, as long as it is not expressly prohibited by other legislation. Section 4 of the same Act directs that anything which is done for a purely commercial purpose should be done through a company.
23. When it was established, it was envisaged that Knowle Green Estates Ltd would be operating for commercial purposes. As it now provides affordable housing it is recognised that this is a company which is operating for the general needs of the area. Although it may make a profit, and it is not a non-profit vehicle, profit is incidental to the main purpose which is delivery of affordable housing.

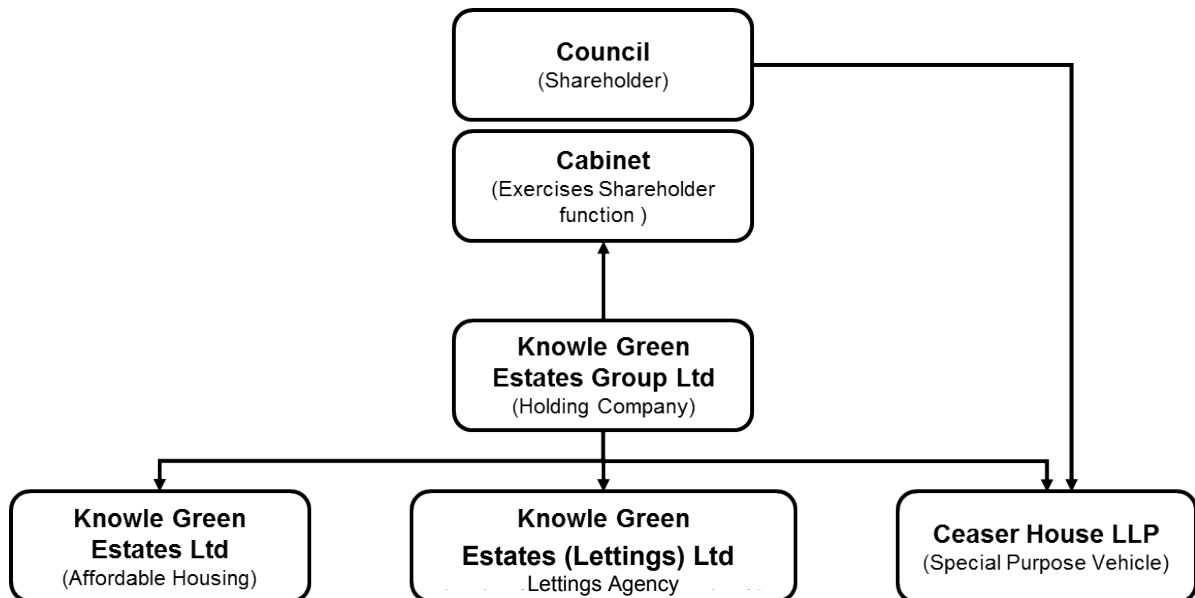
24. The Company is a controlled company as defined in the Local Government and Housing Act 1989 as it is a subsidiary company of a local authority and as such the shareholder (the Council with 100%) has ultimate control over the activities and operational matters of the Company.

Company Structure and Governance

25. The current structure is as set out in the following diagram.



26. If Members follow the recommendations of this report then a number of changes will be made to that structure. In 2016, we initially envisaged that one company would do everything (possibly with subsidiaries) now that need for subsidiaries is here and the need is as follows:
27. An entity to hold the affordable housing – this will stay as the existing Knowle Green Estates Ltd (as the properties are already in it).
28. An entity to employ any staff (if required) – this is a new lettings company and it is proposed to be called Knowle Green Estates (Lettings) Ltd. It may adopt a more succinct trading name in the future.
29. An entity for each of the significant developments which are envisaged. For instance in relation to Ceaser House, this will be Ceaser House LLP. The significance of the LLP is described below.
30. An entity which will bring all this together and manage it under the auspices of one board which will be accountable to the Council. This is will be Knowle Green Estates Group Ltd
31. This new structure is demonstrated below:



LLP special purpose vehicles

32. Placing major projects into a Limited Liability Partnerships is an established way of dealing with regeneration schemes and joint ventures. The features and benefits of an LLP are as follows:
33. Limited Liability Partnership:
- The partnership has limited liability which protects the Group and the Council in case of project insolvency
 - Has more than one partner involved but is flexible to accommodate many investors and developers if and when the need requires
 - The partners can decide how they divide investment, risk and reward – it doesn't have to be in strict proportion to shares (as there are no shares)
 - The governing document is a Partnership Agreement which is private and not lodged at Companies House
 - Any profits paid to the partners are not taxed in the LLP – they are taxed according to the status of the owner. So for instance, companies pay corporation tax but a LLP is “tax transparent”. If one partner is an individual he or she will pay income tax on profits, if one partner is a company it pays corporation tax on profits, if one partner is a council it does not pay tax on its profits.
34. In this instance it is envisaged that the special purpose vehicles created by the Council will be owned by the Council in conjunction with the Group Holding Company. Other funders or developers will be able to join the LLP on a case by case basis. This might be necessary for especially large developments in the town centre. In each instance it would be the intention of officers to agree the Council's side of the Partnership Agreement through Cabinet. For the purposes of this report, permission is being requested for the principle of establishing special purpose vehicles for regeneration schemes. Permission is also sought to establish Ceaser House LLP, Block E LLP and Thameside House LLP as the first such projects and to note that a form of Partnership Agreement will be brought back to Cabinet in the near future.

Shareholder Function

35. The Group shareholder has ultimate control over the companies and the LLPs. The shareholder of the Group will be the Council. The Council will have 100% ownership of the Group. The Group will control the companies in a variety of ways; the appointment of directors (including independent directors), provision of funding and amending Articles of Association but operational matters can also be included in a Shareholder's Agreement as described below.
36. It is proposed that the Shareholder function of the Council is primarily executed through Cabinet with the Leader agreeing most of the Reserved Matters (issues which the company directors could determine for themselves, but which they agree to defer to the shareholder). Where there are particularly controversial Reserved Matters, the Leader will have the ability to refer that matter to Cabinet. This principle was agreed in May 2017. Since that time the Leader has exercised a Reserved Matter twice. The first time in May 2019 to appoint an interim Director and secondly in October 2019 to confirm the appointment of Mr Williams.
37. The Shareholder will (through a Shareholder Agreement) set out the performance levels required for the Group and the tolerances (e.g. financial and decision making) within which the Group may operate.
38. The Council as Shareholder can change the make-up of the Board of Directors and can change the Company Secretary in the same way.
39. The Articles of Association can make provision for the Shareholder to appoint Directors by serving notice in writing to the Company and to appoint any other person to be a Director in place of a Director who leaves office by whatever means. This can take immediate effect by service to the Company Secretary.
40. The Group and companies with it (but not the LLPs) will be defined as a 'controlled company' under the Local Authority Government and Housing Act 1989 and as a result will be subject to the Local Authorities (Companies) Order 1995. The order sets out regulations that are specific to controlled companies and starts from the basis that the public should be aware that the company they are dealing with is controlled by the local authority. The Council must provide information about the affairs of the Group to any Member of the local authority as they shall reasonably require for the proper discharge of the Member's responsibilities, they must also provide information required by the Council's auditors.

Board of Directors

41. The Board of Directors will be responsible for delivery of the expected outcomes within the Business Plan. They will have oversight of the performance, financial and operational management of the Group within the parameters agreed with the Shareholder. The Board of Directors will be agreed by the Cabinet.
42. It is proposed that the Group Board will initially comprise of three Directors, a senior officer, the Chief Finance Officer, one senior councillor the Cabinet Portfolio Holder for Finance (who is also Deputy Leader at this time) and an independent Director Mr Howard Williams.
43. The Council will act as Company Secretary of the Group and other entities. The Head of Corporate Governance will attend all Board meetings and advise

the Group and will organise the Company Secretarial function through Legal Services but will not be a Director.

44. The typical areas for the Directors to consider and approve include:
 - a. Specific transactions – acquisitions, sales, letting, agreement for leases, surrenders, borrowing and other key transactions.
 - b. Appointment of service providers – accountants, auditors, solicitors, agents, valuers, architects, property managers, and other professionals as deemed appropriate.
 - c. Reporting – reporting arrangements to the Cabinet.
45. Whilst the Council's Chief Finance (section 151) Officer will be part of the board this is with a clear understanding of the separation of functions. This also applies to officers providing advice to the Shareholder on behalf of the Council. At the present it is not envisaged that fundamental conflicts will emerge but this will be kept under review and arrangements modified to accommodate any change in circumstances.
46. The statutory duties for directors of a company are set out in sections 171 – 177 of the Companies Act 2006. The statutory duties are in summary:
 - a. The duty to act within powers
 - b. The duty to promote the success of the company
 - c. The duty to exercise independent judgement
 - d. The duty to exercise reasonable skill and care
 - e. The duty to avoid conflicts of interest
 - f. The duty not to accept benefits from third parties
 - g. The duty to declare an interest in a proposed transaction or arrangement with the company
47. Directors will also be subject to other duties set out elsewhere in law, including a large number of very important legal obligations around making investments, disposing of land, health and safety requirements, data protection obligations and employment laws, to name but a few. In particular, there are very important responsibilities on directors in the event that an insolvency situation seems likely. There are serious consequences for directors (including personal liability) in situations which fall within the statutory definitions of wrongful trading or fraudulent trading.
48. Consideration has been given to ensuring that key expertise (such as financial and legal advice) are available to advise both the Council as shareholder and the Company. From time to time it may be necessary to buy in specialist corporate, property, marketing, legal and financial advice on a normal commercial basis to supplement the experience available to the Board. .

Independent Directors

49. It is proposed that to assist the Governance of this new structure that a new Board members (Director) is appointed as follows:
 - A board member with property experience
50. A process was launched in August 2019 for the recruitment of two independent directors for the Board to nominate to the Council. One

candidate emerged from that process with financial experience and was nominated to the Council.

51. It is proposed that the Head of Corporate Governance undertakes a further process this year to find the additional Board member to nominate to the Council.

Company Resources

52. It is anticipated that some of the support services which will be required by the Group will continue to be contracted out to the Council. The Group will have to pay for these services so that the Council Taxpayer is not subsidising the Group.
53. Where Council staff may be required to be loaned to the Company this will be agreed by the Chief Executive in the normal way. Any additional payments to be made to Council staff for working above their current duties are a matter for the Head of Paid Service to determine (but currently there are none).

Documentation required for the overall governance of the Company

54. The following documentation will assist to determine the overall governance arrangements between the Council and Company:
 - a. Articles of Association – the Group Company constitution setting out the rules governing the running of the company. Whilst a set of rules will be specified by default at incorporation, the Council and the Company can change these to a more suitable model.
 - b. Shareholder Agreement – this will be a key document as it will capture how the Council Shareholder will exercise its control over the Group Company and the expectations for performance delivery.
 - c. Loan and Drawdown Agreement – this will set out the details of the funding arrangements between the Council and the Group.
 - d. Business Plan – the business plan attached covers an initial 5-year period of activity and will outline the Company's planned operations. The Business Plan will be reviewed and agreed annually and will cover the following:
 - Company objectives (as established in the Shareholder Agreement) but these are expected to develop over time.
 - Governance arrangements - sufficiency of the arrangements and any planned changes to the Board.
 - Operational plans.
 - Financial model, including income and expenditure, balance sheet and cashflow and assumptions.
 - Rents, sales and development assumptions.
 - Distribution Policy – whether all trading profit to be returned to the shareholder or is any retained for future investment and/or running capital.
55. Articles of Association exist for the Company and similar articles will be employed for the Group. The Company and the Council have agreed a Loan and Drawdown Agreement as envisaged in May 2017. A similar document

will be proposed for the Group and the LLPs and will be brought to Cabinet. A Resourcing Agreement was proposed in May 2017 – it is now proposed to review this for the Group and the Company and bring it back to Cabinet.

Articles of Association

56. The Articles of Association will deal with the following matters:
- The articles are for a company limited by shares
 - There will be one shareholder being Spelthorne Borough Council
 - The liability of the Council is limited to the nominal value of its shareholding - £1
 - If a Director ceases to be employed by the Council then he or she will ordinarily cease to be a Director of the Group or the Company and a replacement sought.
 - Similarly, if a Director (who is a councillor) ceases to be a member of the Council then he or she will ordinarily cease to be a Director of the Group or Company and a replacement sought
 - Quorum for a meeting of the Directors and to be able to vote on the decisions of the Company – two Directors
 - Some decisions, as reserved matters, can only be taken at a general meeting by the Council as Shareholder e.g. to allocate extra shares, to reappoint the directors, to declare a dividend, to change the articles of association, etc.
 - Requirements to sign documents on behalf of the Company

Objects

57. Since 2009 most companies do not have objects clauses relying on the fact that the objects of the Company are generally unrestricted. The Group can then reflect the wide powers granted to the Council under the Localism Act 2011 to use a company to do anything commercially that individuals may generally do.

Shareholder Agreement

58. A Shareholder Agreement would operate in addition to the Articles of Association. The Shareholder Agreement will regulate the actions of the Group and give rights to the Council that would not be appropriate to be included in the Articles. It represents a finer level of detail and control such as:
- The setting of investment targets each year and the associated budget
 - Approving and / or removing directors etc
 - Agreement of any borrowing arrangement and giving security in respect of borrowing
59. The Shareholder Agreement for the Company and Group will be reviewed and brought back to Cabinet.

Partnership Agreement for LLPs

60. A Partnership Agreement for the major projects in special purpose vehicles would operate instead of Articles of Association. The Partnership Agreement will regulate the actions of the LLP and give rights to the Council and

describes the relationship with the other partners. It represents all the controls for the Council such as:

- The setting of investment targets each year and the associated budget
 - Approving and / or removing representatives
 - How any LLP Board will work
 - Arrangements for the sharing of risk, reward and investment
 - Agreement of any borrowing arrangement and giving security in respect of borrowing
61. Each project will have its own Partnership Agreement and these will be reviewed and agreed by Cabinet for the Council (in addition to being agreed by each partner according to its own corporate governance arrangement). So for instance if another partner is Knowle Green Estates Group Ltd then the Board of the Group would sign-off the Group's involvement and this would have to be approved by the independent directors. This ensures that the arms' length nature of the Group is exercised and it is appropriate for the Group to play a part in the LLP.

Tax liability

62. The Group Company and any companies within it will be liable to corporation tax in the normal manner on profits, and will need to charge VAT.
63. Any LLP is tax transparent as described in this report. In the case of Ceaser House LLP, if the two partners were the Council and the Group then these would both be taxed independently according to their own status.
64. Every property opportunity would be looked at on its own merits to decide whether to purchase through the Council, a Company or an LLP dependent upon the taxation and legal implications of the opportunity concerned.

Risks

65. Members will be concerned to ensure that all risks of operating in a new way have been thoroughly considered.
66. The proposals in this report contain a number of checks and balances to ensure that the company operates within agreed parameters and can assure members that there is no greater financial risk to the Council than at present:
- a. The Articles of Association will set out the powers available to Directors.
 - b. The Shareholder Agreement will set out further controls around dealings with properties. Similarly the LLP partnership agreements will set out controls and limits on exercising of powers.
 - c. The Cabinet will hold the Directors accountable for delivery of the business plan. This is no different to the current arrangement whereby officers are held to account by members.
 - d. Funding provided by the Council and properties to be subject to development by the Council will have to be agreed by the Cabinet. Funding from the Capital Programme and / or funding from prudential borrowing has to be agreed by Council.
 - e. Any asset transferred to the Group by the Council will be subject to the usual requirements of best value and section 123 of the Local Government

Act 1972. The Council will have independent up to date valuation advice before any transaction proceeds.

- f. Assets transferred to the Group by the Council can also be subject of charge by way of legal mortgage to protect the Council's interests should the company face financial difficulties.
- g. There will be ongoing liaison (as exists at present) between officers and members to ensure there are clear channels of communication and that councillors remain comfortable at all times with proposed deals/developments.
- h. The Cabinet's shareholder function can be called in or scrutinised by the Overview and Scrutiny Committee in the same way as any other Executive function.
- i. Any project which poses more of a commercial risk, for instance an out of borough joint venture, can be contained in a subsidiary company or LLP (as appropriate) so as not to risk the Group or the Council. This is a normal way of containing risk in property transactions and it applies here as it would in the general property market. Where new Council involvement is envisaged in a new entity then a report will be brought to Cabinet as at present.
- j. The Group will have its own auditors and will be subject to the requirements of company law and filing at Companies House.

State Aid

- 67. Regulations ensure that the Group cannot be subsidised by the Council. This means the Council must recover the costs of any accommodation, goods, services, employees or any other support it supplies to the Company. State Aid will also include any loans to the Company and the rate of interest that loans to the Company will need to be charged. This will be reviewed on an ongoing basis. Specialist advice will be sought when making acquisitions or receiving loans if there is any doubt and in order to ensure that State Aid regulations are complied with.
- 68. Advice has already been sought with regard to the loans made to KGE Ltd so that this company can deliver affordable housing. These loans are made on a rate which is equivalent to PWLB rates.

Company Loan Facilities

- 69. As set out above the Company will seek loans from the Council that comply with State Aid requirements. Loans would include drawdown provisions that meet the need of the business plan. Where property acquisitions are made by the Group, loans from the Council would be secured against the property by way of a legal charge (or mortgage) in favour of the Council.
- 70. The loans may be sourced from the Council's capital reserves - where the Council would loan some equity - or will be sourced from the banking sector or through Public Works Loan Board.

Legal Implications

- 71. Section 1 of the Localism Act 2011 provides local authorities with the power to do anything an individual may do, subject to a number of limitations. This is referred to as the 'general power of competence'. A local authority may exercise the general power of competence for its own purpose, for a

commercial purpose and/or for the benefit of others i.e. this includes the setting up of a property company or LLP as described in this report. In exercising this power, a local authority is still subject to its general duties (such as the fiduciary duties it owes to its rate and local tax payers) and to the public law requirements to exercise the general power of competence for a proper purpose.

Powers to fund the Company

72. The Council has the power to borrow under the Local Government Act 2003 for the purposes of the prudent management of their financial affairs, or in connection with any of their functions. The borrowing must be prudent and comply with the Prudential Code.
73. As outlined, the Council may borrow monies and in turn support the property company through the provision of loans and subscription to share capital. This is permitted by virtue of the Localism Act 2011. In addition the Council has a power to provide financial assistance to a company providing privately let accommodation under section 24 of the Local Government Act 1988.
74. Where it is appropriate for the Company to develop Council owned land, the Council is entitled to dispose of land to the Company provided it complies with Section 123 of the Local Government Act 1972 which is the duty to obtain best value for property disposals.

Procurement

75. The Council is establishing the Group and the lettings company for a commercial purpose. They may be funded from a variety of sources, including Council money, other public money and private funding. It is intended that the company will have a commercial character so as not to count as “a body governed by public law” for the purposes of the Public Contract Regulations. This means that the requirements of the Regulations would not apply to the company. This position will be kept under review. The Company would intend to tender significant developments (for example building works) to ensure that value for money can be proven to the Council shareholder.
76. The Council establishes the LLPs for purposes of regeneration and the improvement of the economic, environmental and social well-being of the Borough. As such these entities will count as “a body governed by public law” for the purposes of the Public Contract Regulations. This means that the requirements of the Procurement Regulations will apply to the LLPs.

Other considerations

77. The decisions recommended are not considered to have an impact under the Equality Act (Equality Impact Assessment).
78. The decisions recommended are not considered to give rise to any impact under the Data Protection Act (Privacy Impact Assessment).

Financial implications

79. Full financial information set out in the exempt information at Part 2 of this Agenda.
80. The recommended option complies with the Council’s financial priority to optimise its finances as set out in our Medium Term Financial Plan (December 2018) and Treasury Management Strategy as agreed by Council in February

2019. It is also consistent with the Council's Capital Strategy approved in February 2019.

Background papers: There are none

Confidential Appendices:

(1) Business Plan – Knowle Green Estates Group Ltd

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972:

Information relating to the financial or business affairs of any particular person (including the authority holding that information) as in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information on the basis that the confidential business case contains commercially sensitive information which the Company requires to be protected in order to procure development schemes and rent properties in a competitive commercial environment

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

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