

*Please reply to:*

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Date: 14 September 2020

## **Notice of meeting**

### **Overview and Scrutiny Committee**

**Date:** Tuesday, 29 September 2020

**Time:** 6.00 pm

**Place:** Skype Video Conference call

#### **To: Members of the Overview and Scrutiny Committee**

Councillors:

V.J. Leighton (Chairman)	R.D. Dunn	I.T.E. Harvey
O. Rybinski (Vice-Chairman)	T. Fidler	N. Islam
C.L. Barratt	N.J. Gething	T. Lagden
J.H.J. Doerfel	M. Gibson	L. E. Nichols
J.T.F. Doran	A.C. Harman	D. Saliagopoulos

*Councillors are reminded to notify Committee Services of any Gifts and Hospitality offered to you since the last Council meeting so that these may be entered in the Gifts and Hospitality Declaration book.*

**Spelthorne Borough Council, Council Offices, Knowle Green**

**Staines-upon-Thames TW18 1XB**

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## AGENDA

Description	Lead	Timings	Page Number.
<b>1. Apologies</b> To receive any apologies for non-attendance.	Chairman	6.00pm	
<b>2. Minutes</b> To confirm the minutes of the meeting held on 7 July 2020 and the extraordinary meeting held on 22 September 2020 (to follow) as correct records.	Chairman		7 - 14
<b>3. Disclosures of Interest</b> To receive any disclosures of interest from councillors in accordance with the Council's Code of Conduct for members.	Chairman		
<b>4. Call-in of Cabinet decisions</b> No Cabinet decisions have been called in.			
<b>5. Cabinet Forward Plan</b> A copy of the latest Forward Plan is attached.  If any members of the Committee have any issues they want to raise in relation to the Cabinet Forward Plan, please inform Terry Collier, Deputy Chief Executive, 24 hours in advance of the meeting with reasons for the request.	Terry Collier		15 - 22
<b>6. Asset Management Plan</b> To note the proposed Asset Management Plan for the period 2020 to 2025 which is to be considered by Cabinet at its meeting on 23 September 2020.	Heather Morgan/ Cllr Boughtflower	6.05pm	23 - 94
<b>7. Annual Asset Investment Report</b> To note the Annual Investment Report 2020 which will be considered by Cabinet at its meeting on 23 September 2020.	Heather Morgan/ Cllr Boughtflower	6.35pm	95 - 136

Description	Lead	Timings	Page Number.
<b>8. Overview and Scrutiny Statutory Guidance</b> To consider a report on the new statutory guidance on Overview and Scrutiny.  Members who sat on the Committee in the previous municipal year will recall that the Committee considered this report at its January 2020 meeting and agreed to consider suggestions for tangible actions at a future meeting.	Terry Collier	7.05pm	137 - 174
<b>9. Capital Monitoring Q1 (April to June)</b> To note the Capital spend for the period ending June 2020.	Grant Miles /Cllr Buttar	7.20pm	175 - 182
<b>10. Revenue Monitoring Q1 (April to June)</b> To note the Revenue spend for the period ending June 2020.	Grant Miles /Cllr Buttar	7.35pm	183 - 206
<b>11. Updates from Task Groups</b> To receive verbal updates on the work of the Overview and Scrutiny Task Groups where relevant.  (The Task Groups set up by Overview and Scrutiny Committee are: Climate Change, Clean Streets and End of Life Celebration Centre.)	Chairman	7.50pm	
<b>12. Work Programme</b> To consider the Committee's draft work programme for the remainder of the Municipal year.	Chairman	8.00pm	To Follow
<b>13. Change of Meeting date</b> To agree to change the scheduled meeting date of 10 November 2020 to 3 November 2020. This will provide the Committee with the opportunity to consider any Cabinet reports in advance of their consideration at Cabinet on 4 November 2020.	Chairman	8.05pm	

Description	Lead	Timings	Page Number.
<b>14. Corporate Project Management</b>			
To note an update report on the management of corporate projects.	Sandy Muirhead / Cllr Noble	8.10pm	207 - 274
To receive a confidential presentation from the Property Development Manager on the management of commercial asset projects.	Nick Cummings / Cllr McIlroy		
<p>This presentation is likely to contain exempt information within the meaning of Part 1 of Schedule 12A to the Local Government Act 1972, as amended by the Local Government (Access to Information) Act 1985 and by the Local Government (Access to information) (Variation) Order 2006 Paragraph 3 – Information relating to the financial or business affairs of any particular person (including the authority holding that information) and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information because, disclosure to the public would prejudice the financial position of the authority.</p>			
<b>15. Exempt Business</b>			
<p>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.</p>			
<b>16. Investment sinking fund scenario planning</b>			
To receive an exempt report on the Council's investment sinking fund scenario planning.	Jeremy Gidman / Cllr Buttar	8.40pm	To Follow
<b>Reason for Exemption</b>			
<p>This report is likely to contain 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)</p>			

Description	Lead	Timings	Page Number.
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(Variation) Order 2006 Paragraph 3 – Information relating to the financial or business affairs of any particular person (including the authority holding that information) and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information because disclosure to the public would prejudice the financial position of the authority.

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**Minutes of the Overview and Scrutiny Committee  
7 July 2020**

**Present:**

**Councillors:**

C.L. Barratt	N.J. Gething	T. Lagden
J.H.J. Doerfel	M. Gibson	V.J. Leighton
J.T.F. Doran	A.C. Harman	L. E. Nichols
R.D. Dunn	I.T.E. Harvey	O. Rybinski
T. Fidler	N. Islam	D. Saliagopoulos

**In attendance:** Councillors M. Attewell, C. Barnard, R. Barratt, C. Bateson, S. Buttar, R. Chandler, S. Dunn, K. Grant, J. McIlroy, A. Mitchell, B. Noble, J. Sexton, R.W. Sider BEM and R.A. Smith-Ainsley.

**118/20 Appointment of Chairman**

It was proposed by Councillor L. Nichols and seconded by Councillor S. Dunn that Councillor T. Fidler be appointed Chairman of the Overview and Scrutiny Committee for the municipal year 2020-21.

It was proposed by Councillor N. Gething and seconded by Councillor M. Gibson that Councillor V.J. Leighton be appointed Chairman of the Overview and Scrutiny Committee for the municipal year 2020-21.

**Resolved** that Councillor V.J. Leighton be appointed Chairman of the Overview and Scrutiny Committee for the municipal year 2020/21.

**119/20 Minutes**

The minutes of the meeting held on 21 January 2020 were approved as a correct record.

**120/20 Appointment of Vice Chairman**

It was proposed by Councillor V.J. Leighton and seconded by Councillor I. Harvey that Councillor O. Rybinski be appointed Vice-Chairman of the Overview and Scrutiny Committee for the municipal year 2020-21.

It was proposed by Councillor R. Dunn and seconded by Councillor L. Nichols that Councillor T. Fidler be appointed Vice-Chairman of the Overview and Scrutiny Committee for the municipal year 2020-21.

**Resolved** that Councillor O. Rybinski be appointed Vice-Chairman of the Overview and Scrutiny Committee for the municipal year 2020/21.

**121/20 Disclosures of Interest**

There were none.

**122/20 Call-in of Cabinet decisions**

No Cabinet decisions had been called in.

**123/20 Role of Overview and Scrutiny**

The Committee had been provided with two documents from the Constitution for reference: Part 3(f) Terms of Reference and Part 5(b) Overview and Scrutiny Procedure Rules.

The Chairman confirmed that there should be opportunities in the coming year for the Committee to undertake all its functions as set out in the terms of reference which included at paragraph 2a) To assist the Council and the Cabinet on policy issues generally including the initiation and development of new policies and strategies.

Members of the Committee were concerned that the statutory 5 days' notice for the agenda papers gave them insufficient time to consider the issues raised before the meeting.

The Committee requested that consideration was given to their receiving documentation 10 working days before the meeting date where practicable. In addition to providing sufficient time to consider the issues, this would enable them to notify officers of questions on the items in advance of the meeting.

The Chairman agreed to liaise with the Deputy Chief Executive on the practicalities of adopting this approach and report back to the Committee in advance of the next meeting.

**124/20 Provisional Revenue Outturn Report 2019/20**

The Chief Finance Officer outlined the report on the 2019/20 provisional revenue outturn and responded to Committee members' queries.

A Member requested information on previous year's staffing recharges to KGE and information on how these had changed, in future reports, so that the Committee could better understand how KGE had affected costs of the Council.

The Committee queried the apparent difference in the treatment of carry forwards relating to software. The Chief Finance Officer offered to provide a written response on the matter.

**Resolved** to:

1. note the 2019/20 provisional revenue outturn and the carry forwards totalling £204,200.



2. receive further information on Knowle Green Estates recharges for staffing costs, in future monitoring reports.

**125/20 Provisional Capital Outturn Report 2019/20**

The Chief Finance Officer presented a report on the 2019/20 provisional capital outturn and responded to Committee members' queries.

Members raised concerns about: the accuracy of future expenditure requirements, whether the Committee should review reasons for carry forward requests, the apparent inconsistency of such requests and the resulting difficulty in scrutinising the report. A member proposed that the Committee should include scrutiny of the Council's project accounting in relation to the capital budget as part of its work programme.

**Resolved to:**

1. note the 2019/20 provisional capital outturn and the carry forwards totalling £76,525,900; and
2. propose that scrutiny of the Council's project accounting in relation to the capital budget be included in the Committee's work programme.

**126/20 Treasury Management Outturn Report 2019/20**

The Deputy Chief Accountant outlined the Treasury Management Strategy outturn report on treasury performance for 2019/20, covering the Council's activities in the borrowing and investment market and the associated monitoring and control of risk.

A Member queried the way in which the report was presented and the methodology of calculations on total returns on investments. The Chief Finance Officer advised that the Deputy Chief Accountant had raised this issue with the Council's treasury advisors following similar remarks made at a previous meeting. Arlingclose had confirmed that the Council had undertaken its calculations on this issue correctly. The Chief Finance Officer also offered to take on board the members' points to consider them further and report back in writing to the Committee.

The Chief Finance Officer also responded to a question about alternative sources of funding and offered to provide the Committee with the Council's response on the Public Works Loan Board consultation in due course.

**Resolved to:**

- 1) note the report; and
- 2) receive a written response to queries raised by members of the Committee on this report.

**127/20 Pavement Parking**

The Chairman advised the Committee that officers had invited a representative from Surrey County Council to provide a report for the Committee on the legal position of pavement parking, their policy on dealing

with pavement parking and what they were doing to promote alternatives to car use.

The County Council had declined to attend the Committee meeting but provided the report of the Parliamentary Transport Committee on pavement parking and the evidence and recommendations submitted by Surrey County Council to the Government Select Committee, as included in the agenda papers for this meeting.

The Committee questioned whether the Spelthorne Joint Committee Parking Task Group might have any comments on Surrey County Council's response to the Government's report on pavement parking or suggestions which this Committee might discuss at a future date.

**Resolved to:**

1. Note the report; and
2. Refer the matter to the Spelthorne Joint Committee Parking Task Group, for their comments and any further suggestions for consideration by the Committee.

**128/20 Work Programme**

Councillor Ian Harvey left the meeting during consideration of this item.

The Committee considered and noted the review of the work it had undertaken in the past year, subject to the inclusion of an informal briefing received on 2 June 2020 on the Council's development programme.

The Chairman reminded the Committee of the task groups which it had set up in the previous year and asked members to confirm if they wished the work of the task groups to continue and if any new members to the Committee wished to join them.

The Task Groups and membership were confirmed as:

- Fly tipping – Cllrs C. Barratt, T. Fidler, N. Gething and M. Gibson
- Celebration of Life Centre - Cllrs J. Doerfel, R. Dunn and L. Nichols. The members of the group requested that Cllr B. Noble, who was no longer a member of the Committee, could continue to serve on it. It was confirmed that Cllr Noble could be co-opted to serve on the task group.

Neither of the members on the 'free off peak parking in Staines' task group wished to continue, so this group would not proceed. Members suggested that the Surrey Joint Committee's Parking Task Group be asked to include consideration of this topic in its work.

A member queried whether a task group had been set up to look at ethical investments. The Chairman believed that this was covered by the remit of the Leader's task group on climate change and that this would be confirmed by officers.

The Chairman advised the Committee that a number of outstanding items from the postponed March meeting would be included on the future work programme, as there was insufficient time to include them on the agenda for this meeting.

The Chairman invited the Committee to identify further topics of interest/concern for inclusion in the work programme for 2020/21. She referred them to the key criteria for selecting topics as identified by South East Employers:

- Is it a Key issue for the public, likely to result in improvements?
- Is the issue strategic and significant?
- Is the topic within the Community or Corporate priority area?
- Is it likely to lead to effective outcomes?

Members raised the following topics for inclusion in the Committee's work programme:

- Capital Budget and project accounting
- Overview of commercial property investments
- Service area deep dive
- Green sustainable jobs in Spelthorne post COVID-19

The Chairman asked members to contact Committee Services with any further suggestions, on receipt of the key criteria for selecting topics issued by South East Employers.

The Chairman advised that she and the Vice-Chairman would meet with officers to review the suggestions against the standard criteria for assessing their significance for, and value to, the Council's communities. A draft work programme would then be prepared for agreement by the Committee at its September meeting.

**Resolved** to:

1. note the review of the work undertaken by the Committee in 2019-20 subject to the inclusion of an informal briefing received on 2 June 2020 on the Council's development programme;
2. co-opt Councillor B. Noble to the Celebration of Life Centre Task Group;
3. not proceed with the free off-street parking in Staines task group but to put this suggestion forward for consideration by the Surrey Joint Committee Parking Task Group; and
4. receive a draft work programme for 2020-21 at the September meeting of the Committee.

### **129/20 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.

**130/20 Presentation on KGE Business Plan**

The Chairman took this item later on the agenda, as it was likely to reveal exempt information as defined by Paragraph 3 of Schedule 12A to the Local Government Act 1972, as amended.

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

Councillor J. McIlroy made a brief statement on his appointment as councillor representative on the Board of Directors of Knowle Green Estates and the future direction of the company before leaving the meeting.

The Committee received a presentation on the current Business Plan from the Chief Finance Officer (CFO).

During this item, the Committee having sat for 3 hours, it was moved, seconded and **resolved** to continue to the end of the business on the agenda.

Officers and Howard Williams, as a Non-Executive Director of KGE, responded to questions from members in relation to Project Management and monitoring of accounts, auditing of accounts and provision of affordable housing.

The CFO offered to provide additional information in future to assist members' understanding of the impact of the KGE business plan both on the Company and on the Council's accounts.

**Resolved** to note the presentation.

**131/20 Exempt update on commercial and retail rent situation**

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

The Chief Finance Officer provided a verbal update on the March and June quarters' rents received for investment and retail properties owned by the Council.

He noted that councillors had been provided with weekly high level updates on the position since the start of the COVID-19 pandemic. The Chief Finance Officer reminded the Committee that the Elmsleigh Centre had been acquired by the Council for regeneration purposes rather than as an investment and although there was a shortfall in rent payments, these were covered by sinking funds in the short term.

A member requested that the full facts on the position with rent deferrals and sinking fund scenarios be provided to councillors.

**Resolved to:**

1. note the update; and
2. request that sinking fund scenarios are shared with councillors.

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## Spelthorne Borough Council Cabinet and Property and Investment Committee Forward Plan and Key Decisions

This Forward Plan sets out the decisions which the Cabinet expects to take over the forthcoming months, and identifies those which are **Key Decisions**.

A **Key Decision** is a decision to be taken by the Cabinet which is either likely to result in significant expenditure or savings or to have significant effects on those living or working in an area comprising two or more wards in the Borough.

The members of the Cabinet and their areas of responsibility are:

Cllr J. Boughtflower	Leader of the Council	<a href="mailto:Cllr.boughtflower@spelthorne.gov.uk">Cllr.boughtflower@spelthorne.gov.uk</a>
Cllr J. McIlroy	Deputy Leader	<a href="mailto:Cllr.McIlroy@spelthorne.gov.uk">Cllr.McIlroy@spelthorne.gov.uk</a>
Cllr S. Buttar	Finance	<a href="mailto:Cllr.buttar@spelthorne.gov.uk">Cllr.buttar@spelthorne.gov.uk</a>
Cllr M. Attewell	Community Wellbeing and Housing	<a href="mailto:Cllr.attewell@spelthorne.gov.uk">Cllr.attewell@spelthorne.gov.uk</a>
Cllr R. Barratt	Compliance, Waste and Risk	<a href="mailto:Cllr.barratt@spelthorne.gov.uk">Cllr.barratt@spelthorne.gov.uk</a>
Cllr R. Chandler	Leisure Services	<a href="mailto:Cllr.chandler@spelthorne.gov.uk">Cllr.chandler@spelthorne.gov.uk</a>
Cllr T. Mitchell	Planning and Economic Development	<a href="mailto:Cllr.mitchell@spelthorne.gov.uk">Cllr.mitchell@spelthorne.gov.uk</a>
Cllr R. Noble	Communications, Corporate Management and Environment	<a href="mailto:Cllr.noble@spelthorne.gov.uk">Cllr.noble@spelthorne.gov.uk</a>

Whilst the majority of the Cabinet's business at the meetings listed in this Plan will be open to the public and press, there will inevitably be some business to be considered which contains confidential, commercially sensitive or personal information.

This is formal notice under the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 that part of any of the Cabinet meetings listed below may be held in private where exempt and / or confidential information is due to be considered.

Representations regarding this should be made to [committee.services@spelthorne.gov.uk](mailto:committee.services@spelthorne.gov.uk)

Please direct any enquiries about this Plan to the Principal Committee Manager, Gillian Scott, at the Council offices on 01784 444243 or e-mail [g.scott@spelthorne.gov.uk](mailto:g.scott@spelthorne.gov.uk)

## Spelthorne Borough Council

### Cabinet and Property and Investment Committee Forward Plan and Key Decisions for 23 September 2020 to 31 December 2020

Anticipated earliest (or next) date of decision and decision maker	Matter for consideration	Key or non-Key Decision	Decision to be taken in Public or Private	Lead Officer/ Cabinet Member
Property and Investment Committee 14 09 2020	Exempt report - Acquisition AA - Key Decision To consider the acquisition of a Property.	Key Decision It is likely to result in the Council incurring expenditure above or making savings of up to £164,000	Private	Nick Cummings, Property and Development Manager Leader of the Council
Property and Investment Committee 14 09 2020	Exempt Report - Property Letting 'I' To consider the letting of property 'I'.	Key Decision It is likely to result in the Council incurring expenditure above or making savings of up to £164,000	Private	Nick Cummings, Property and Development Manager Deputy Leader
Cabinet 23 09 2020	Asset Management Plan To consider a draft Asset Management Plan	Non-Key Decision	Public	Heather Morgan, Group Head - Regeneration and Growth Deputy Leader
Cabinet 23 09 2020	Annual Asset Investment Report To note the Annual Asset Investment report.	Non-Key Decision	Public	Heather Morgan, Group Head - Regeneration and Growth Leader of the Council
Cabinet 23 09 2020	Community Asset Policy To consider the proposed Community Asset Policy.	Non-Key Decision	Public	Nick Cummings, Property and Development Manager Deputy Leader
Cabinet 23 09 2020 Council 22 10 2020	Replacement Spelthorne Leisure Centre - outcome of Consultation	Non-Key Decision		Lee O'Neil, Deputy Chief Executive Leader of the Council  Portfolio Holder for Leisure Services and New Leisure Centre development



Date of decision and decision maker	Matter for consideration	Key or non-Key Decision	Decision to be taken in Public or Private	Lead Officer/ Cabinet Member
Cabinet 23 09 2020	Local Plan Consultation Draft Responses document	Non-Key Decision		Jane Robinson, Principal Planning Officer Councillor Jim McIlroy
Cabinet 23 09 2020	Capital Monitoring Q1 (April to June)	Non-Key Decision	Public	Terry Collier, Deputy Chief Executive Finance Portfolio Holder
Cabinet 23 09 2020	Affordable housing at the former Brooklands College site, Ashford - Key Decision	Key Decision It is likely to result in the Council incurring expenditure above or making savings of up to £164,000	Public	David Birley, Housing Strategy and Policy Manager Portfolio Holder for Community Wellbeing and Housing
Cabinet 23 09 2020	Exempt Report - White House and Harper House Managed Services To consider a tender report on a managed service provider for the White House Hostel and Harper House	Key Decision It is likely to result in the Council incurring expenditure above or making savings of up to £164,000	Private	David Birley, Housing Strategy and Policy Manager Deputy Leader
Cabinet 23 09 2020	Exempt Report - Victory Place Construction Costs - Key Decision To consider an exempt report on the construction costs for Victory Place.	Key Decision It is likely to result in the Council incurring expenditure above or making savings of up to £164,000	Private	Richard Mortimer, Asset Management Contractor Deputy Leader
Cabinet 23 09 2020	Exempt Report - Ceaser Court Phase 2 - Construction Costs - Key Decision To consider an exempt report on the construction costs for Phase 2 of Ceaser Court.	Key Decision It is likely to result in the Council incurring expenditure above or making savings of up to £164,000	Private	Richard Mortimer, Asset Management Contractor Deputy Leader

Date of decision and decision maker	Matter for consideration	Key or non-Key Decision	Decision to be taken in Public or Private	Lead Officer/ Cabinet Member
Property and Investment Committee 28 09 2020	Exempt report - Acquisition AB - Key Decision To consider the acquisition of a Property	Key Decision It is likely to result in the Council incurring expenditure above or making savings of up to £164,000	Private	Nick Cummings, Property and Development Manager Leader of the Council
Property and Investment Committee 28 09 2020	Exempt Report - Property Letting 'J' To consider the letting of property 'J'	Key Decision It is likely to result in the Council incurring expenditure above or making savings of up to £164,000	Private	Nick Cummings, Property and Development Manager Deputy Leader
Property and Investment Committee 28 09 2020	Exempt report - Property Letting 'K' To consider the letting of property 'K'	Key Decision It is likely to result in the Council incurring expenditure above or making savings of up to £164,000	Private	Nick Cummings, Property and Development Manager Deputy Leader
Cabinet 04 11 2020	Corporate Plan Review To review the Corporate Plan and recommend it to Council for adoption.	Non-Key Decision	Public	Lee O'Neil, Deputy Chief Executive Leader of the Council
Cabinet 04 11 2020	Oast House Cultural Hub Proposal To consider a proposal for the development of a theatre and cultural centre	Key Decision	Private	Catherine Learmonth, Arts and Wellbeing Officer Portfolio Holder for Leisure Services
Cabinet 04 11 2020	Sandbag Policy To consider and agree to a Sandbag Policy	Non-Key Decision	Public	Nick Moon, Risk and Resilience Manager Portfolio Holder for Environment, Communications and Corporate Management
Cabinet 04 11 2020	Playing Pitch Strategy	Non-Key Decision	Public	Lisa Stonehouse, Leisure Services Manager Portfolio Holder for Leisure Services and New Leisure Centre development

Date of decision and decision maker	Matter for consideration	Key or non-Key Decision	Decision to be taken in Public or Private	Lead Officer/ Cabinet Member
Cabinet 04 11 2020	Health and Wellbeing Strategy This is a new Health and Wellbeing Strategy for 2020-2023	Non-Key Decision	Public	Lisa Stonehouse, Leisure Services Manager Portfolio Holder for Community Wellbeing and Housing
Cabinet 04 11 2020	Public Space Protection Order - Parks and Open Spaces To consider a proposal to make Public Space Protection Orders in the borough and to consult residents on the matter.	Non-Key Decision	Public	Karen Limmer, Temporary Principal Solicitor Portfolio Holder for Compliance, Waste and Risk
Cabinet 04 11 2020	Dog Control Order To consider adopting a dog control order in the Borough.	Non-Key Decision	Public	Jackie Taylor, Group Head - Neighbourhood Services Portfolio Holder for Compliance, Waste and Risk
Cabinet 04 11 2020	Corporate Health and Safety Policy To adopt a Corporate Health and Safety Policy	Non-Key Decision	Public	Stuart Mann, Health & Safety Officer Portfolio Holder for Compliance, Waste and Risk
Cabinet 04 11 2020	Revenue Monitoring Quarter 2	Non-Key Decision	Public	Grant Miles, Interim Chief Accountant Finance Portfolio Holder
Cabinet 04 11 2020	Capital Monitoring Quarter 2	Non-Key Decision	Public	Grant Miles, Interim Chief Accountant Finance Portfolio Holder

Date of decision and decision maker	Matter for consideration	Key or non-Key Decision	Decision to be taken in Public or Private	Lead Officer/ Cabinet Member
Cabinet 04 11 2020	Exempt report - Thameside House construction budget - Key Decision To consider an exempt report on the construction budget for Thameside House.	Key Decision It is likely to result in the Council incurring expenditure above or making savings of up to £164,000	Private	Richard Mortimer, Asset Management Contractor Deputy Leader
Cabinet 04 11 2020	Exempt report - Waterfront - Appointment of monitoring surveyor - Key Decision To consider an exempt report on the appointment of a monitoring surveyor to the Waterfront project.	Key Decision It is likely to result in the Council incurring expenditure above or making savings of up to £164,000	Private	Heather Morgan, Group Head - Regeneration and Growth Deputy Leader
Cabinet 04 11 2020	Exempt report - Thameside House - demolition contract - Key Decision To consider the tenders received for the demolition contract in respect of Thameside House.	Key Decision It is likely to result in the Council incurring expenditure above or making savings of up to £164,000	Private	Heather Morgan, Group Head - Regeneration and Growth Deputy Leader
Cabinet 03 12 2020 Council 10 12 2020	Calendar of Meetings 2021-2022 To agree a calendar of meetings for 2021-2022	Non-Key Decision	Public	Gillian Scott, Principal Committee Manager Leader of the Council
Cabinet 03 12 2020	Treasury Management Strategy Statement	Non-Key Decision	Public	Anna Russell, Deputy Chief Accountant Finance Portfolio Holder

Date of decision and decision maker	Matter for consideration	Key or non-Key Decision	Decision to be taken in Public or Private	Lead Officer/ Cabinet Member
Cabinet 03 12 2020	Outline Budget 2021-2022	Key Decision It is likely to result in the Council incurring expenditure above or making savings of up to £164,000	Public	Terry Collier, Deputy Chief Executive Finance Portfolio Holder
Cabinet 03 12 2020	Construction Constructors' Framework Agreement	Non-Key Decision	Public	Hilary Gillies, Interim Corporate Procurement Manager Deputy Leader
Cabinet 03 12 2020	Construction Professional Services Framework Agreement	Non-Key Decision	Public	Hilary Gillies, Interim Corporate Procurement Manager Deputy Leader
Cabinet 03 12 2020	Exempt Report - Planned and Reactive Repairs Managed Service Tender To consider an exempt report on the tenders received for the Planned and Reactive Repairs Managed Service contract.	Key Decision It is likely to result in the Council incurring expenditure above or making savings of up to £164,000	Private	Hilary Gillies, Interim Corporate Procurement Manager Deputy Leader

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# Overview and Scrutiny Committee

29 September 2020



<b>Title</b>	Asset Management Plan		
<b>Purpose of the report</b>	To make a decision		
<b>Report Author</b>	Heather Morgan - Group Head Regeneration and Growth		
<b>Cabinet Member</b>	Councillor J. Boughtflower	<b>Confidential</b>	No
<b>Corporate Priority</b>	Financial Sustainability		
<b>Recommendations</b>	<p><b>Cabinet to:</b></p> <ul style="list-style-type: none"> <li>• <b>Approve the Asset Management Plan (AMP) for the period 2020 to 2025</b></li> <li>• <b>Delegate authority for any annual updates which may be required (excluding any substantive changes in approach) to the Group Head for Regeneration and Growth in consultation with the Portfolio Holder for Investment Portfolio and Management, and Regeneration</b></li> </ul>		
<b>Reason for Recommendation</b>	<p><b>The Asset Management Plan sets out in practical terms how the Council will support the delivery of its Capital Strategy. Its intent is to ensure that the property assets Spelthorne owns, uses, develops and has invested in are fit for purpose, managed effectively and represents value for money for the council's residents.</b></p> <p><b>Long term risks to the Council will be minimised, and it will help sustain the local economy and ensure continued and effective delivery of Council services.</b></p>		

## 1. Key issues

### COVID-19

- 1.1 This Plan was due to have been considered by Cabinet on 25 March 2020, which was cancelled as we entered lockdown as a result of the pandemic on that day. The Asset Management Plan was written prior to COVID 19 but has been amended subsequently to cover this global event in an opening paragraph. Whilst it was never intended to 'capture and respond' such an event, the Plan has helped the Council as an organisation to manage our assets very effectively during this crisis. The principles which are set out in

the document have been applied since we first started our acquisition strategy, and have withstood the test of the pandemic remarkably well.

- 1.2 For example, the risk profiling which has been undertaken in respect of every acquisition (as per the Plan) has ensured prudent purchases with tenants who have a strong covenant strength. Stress testing on individual acquisitions/tenants is already undertaken when required, an Annual Investment Report has been completed (and is elsewhere on this agenda) and a sinking fund worst case scenario is undertaken on a weekly basis. I would point Cabinet to what work the assets team undertook (and still do undertake) during the COVID-19 pandemic. For ease of reference this is included as an Appendix at the back of this report (**Appendix 3**).
- 1.3 Our approach to management is the right one – checks and balances are in place, our dedicated professionally skilled team have got any issues well under control and this is paying dividends. As a result of the rigour of our approach £10m pa is being delivered to the Council to support and enhance key services (such as independent living and community wellbeing) and to deliver a development programme to provide much needed residential accommodation and help the recovery of the local economy.
- 1.4 In terms of the March quarter rent as of 10 June 2020 we have collected 90.98% of the March quarter's rent. With payment plans agreed with other tenants we have less than 1% (0.84%) of the rent outstanding and due for payment at the current date. This compares very favourably to an industry average of 67%.

#### Background

- 1.5 Historically, our Asset Management Plans (AMP) have been focused on municipal assets and geared very much towards day to day management. Our recent investment and development activity has both changed the landscape completely, and how we have to deal with our assets. As a Council we have recognised and fully embraced that property, in its many guises, has the capacity to deliver significant and lasting change for the benefit of the borough and our residents. Our achievements are already well documented:
  - (a) ensuring sustainable income streams (e.g. from our £1bn investment portfolio)
  - (b) delivering housing (e.g. the Borough building its first residential units since the late 1990's which provides a solid base from which to develop our expanding development portfolio )
  - (c) regenerating and improving town centres and our environment (e.g. acquiring strategic town centre sites for redevelopment)
  - (d) facilitating organisational change (e.g. consolidation of Council offices at Knowle Green reducing office space by 40%)
  - (e) improving service quality (e.g. expanding and improving our day centres)
- 1.6 The Capital Strategy, agreed by Cabinet on 26 February 2020 and approved at Council on 27 February 2020, is a high level document setting out the vision and direction of travel. It covers our investment, development and municipal portfolios. The main purpose of an AMP is to drill down to the next level and ensure that the assets the Council owns, uses, develops and has



invested in are fit for purpose, managed effectively over the long term and represent value for money. Property generally responds slowly to change so the AMP has to look at how property can facilitate responses to changes in service delivery, customer demand or strategic direction. Managing property assets requires co-ordination with all parts of an organisation at a strategic and business level. It is also a mechanism for ensuring that the relevant policies with our various strategies (for example Housing, Economic Development, Leisure and the Local Plan) are delivered on the ground.

#### Asset Management Plan

- 1.7 An effective AMP needs to be able to ensure:
  - (a) Efficient use of capital
  - (b) Adequate controls over running costs, and focused monitoring
  - (c) Sustainable and energy efficient portfolios
  - (d) Well planned and resourced maintenance programme
  - (e) A good fit between service requirements and the property from which services are delivered
  - (f) Quality accommodation (productivity, recruitment and retention)
  - (g) Opportunities for co-location of public services
  - (h) Effective procurement of property and construction and property support services
- 1.8 The AMP for 2020 to 2025 (**Appendix 1**) is split into our three main areas of activity. A one page Executive Summary is also provided for an 'at a glance' overview (**Appendix 2**).
- 1.9 The Investment Portfolio generates a significant income stream to support the delivery of housing (including affordable), economic development and service delivery. The key drivers here are to ensure we have income security, maintain the value of the assets, mitigate risk, ensure loan repayments, provide a return and have an exit strategy in place for each asset. The Plan details how we will ensure that we are able to achieve each of these, and Appendix 6 gives an example of how we will be monitoring performance.
- 1.10 The Housing, Economic Regeneration and Strategic Portfolio is focused on using land and buildings to deliver housing (private and affordable rented), and economic regeneration of Staines-upon-Thames in particular (mixed use developments with potential for community, leisure, office and other uses). These will also generate an on-going income stream and help relieve some of the pressure on Housing Services. The key drivers here are to repurpose and/or develop a number of key sites to deliver a sizeable proportion of the housing need which has been identified in the Local Plan within Staines-upon-Thames (where we have significant strategic landholdings) which the private market is failing to deliver. We also need to ensure that we provide sustainable residential accommodation with a range of tenure options, we secure an appropriate return and have an exit strategy in place.
- 1.11 The third strand covers the Municipal Portfolio which covers just short of 700 assets. They provide a wider community benefit and include our day centres, green spaces, buildings in parks (pavilions and toilet blocks) and grazing land. The key drivers here are to ensure properties are fit for purpose to deliver our services, they are efficient, in a suitable condition (where they are being

retained for the long term) and represent value for money. The AMP proposes that the Council goes through a process of assessing all its assets to determine whether they are needed for the short, medium or long term and to match the planned and responsive maintenance resource accordingly (Fig 20 in AMP). As part of this it will consider whether buildings will meet the changing future needs of our services where we may be looking to alter service delivery (Fig 20 – Asset Review Process). In addition, a specific policy has been developed (which is elsewhere on this agenda) which sets out a ‘balanced scorecard’ approach to assessing opportunities for utilising assets (and in particular buildings) for community use.

- 1.12 Effective governance is critical to the success of any AMP, and is particularly important when the assets function is so core to the running of the Council. The AMP sets out how this will operate with the Property and Investment Committee (PIC) performing the role of sub-committee of Cabinet, the Development and Investment Group (DIG) overseeing matters at a corporate level and the Assets team covering the operational level. These groups will ensure that investment and development decisions are taken in line with the Capital Strategy and the AMP, and monitor performance to ensure that the portfolios are delivering to expectation. Where this does not occur, these groups will ensure that appropriate and proportionate corrective action is taken.

## **2. Options analysis and proposal**

- 2.1 The AMP is one of the main delivery vehicles for the Capital Strategy (which has to be updated and approved annually). It effectively sets out the work plan for the asset management team. It is therefore recommended that this plan is formally approved following the very recent adoption of the Capital Strategy. If we were to decide not to produce or adopt such a plan, then we would not be in a position to clearly set out and define our intentions on how we will be managing our assets or development programme. It is important that we are open and transparent in setting out the future work of the assets team in light of its central importance to the Council.

## **3. Financial implications**

- 3.1 Capital resource requirements to grow and deliver an expanding residential and economic regeneration portfolio will be considered on an annual basis as part and parcel of the budget setting process which will go to Council for approval. From 2021 - 2022 onwards the aim is that the whole of the assets and property team will be 100% self-funded. This will be achieved through a mix of using monies set aside from investments (as part of our triple net return), appropriately capitalising development resources and recharging Knowle Green Estates Ltd for residential management of the portfolio.

## **4. Other considerations**

- 4.1 The AMP covers all the required areas including risk mitigation. Section 5.1 of the Plan covers strategy, policy and risk management around our investment assets and highlights mitigation measures such as annual risk assessment, annual stress tests, ad hoc investment reviews and annual performance reports. Equality and diversity will be considered (as required) when we are looking at how property can facilitate service delivery.

## **5. Timetable for implementation**

- 5.1 If approved, the AMP would come into immediate effect. The Action Plan sets out a timetable for implementing various key actions. There will be regular reviews to ensure progress is maintained.

**Background papers: None**

### **Appendices:**

**Appendix 1 – Asset Management Plan 2020 – 2025**

**Appendix 2 – Executive Summary sheet**

**Appendix 3 – Extract from the Emergency Council Meeting 21 May 2020**

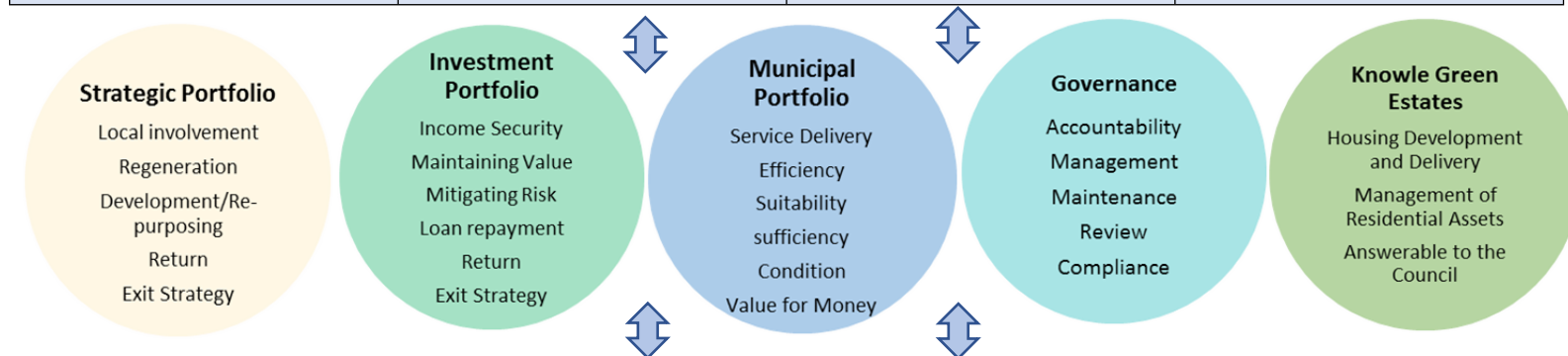
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# SPELTHORNE BOROUGH COUNCIL ASSET MANAGEMENT PLAN 2020 - 2025

Spelthorne  
Priorities

Housing	Economic Development	Clean and Safe Environment	Financial Sustainability
Key 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.	Key aim: To stimulate more investment, jobs and visitors to Spelthorne to further the overall economic wellbeing and prosperity of the Borough and its residents.	Key aim: To provide a place where people want to live, work and enjoy their leisure time and where they feel safe to do so	Key aim: To ensure that the Council can become financially self-sufficient in the near future

The Estate



Strategic  
objectives

<b>Strategic portfolio</b>	<b>Investment portfolio</b>	<b>Municipal portfolio</b>	<b>Knowle Green Estates</b>
<ul style="list-style-type: none"> <li>Enables direct involvement in regeneration</li> <li>Enables direct development</li> <li>Provides strategic control of change</li> <li>Contributes to the delivery of the Council's priorities</li> <li>Does not put the Council at significant risk</li> </ul>	<ul style="list-style-type: none"> <li>Provides a net revenue return to the Council</li> <li>Maintains its long-term value</li> <li>Contributes to the Council's objectives and economic and social wellbeing of Spelthorne residents</li> <li>Does not put the Council at unquantified risk</li> </ul>	<ul style="list-style-type: none"> <li>Positively Contributes to the delivery of the Council's priorities and services</li> <li>Is Suitable, sufficient and of appropriate quality and condition</li> <li>Represents Value for Money</li> <li>Does not harm the Council's reputation</li> </ul>	<ul style="list-style-type: none"> <li>Act in the interests of the Council</li> <li>Operate as a commercial entity</li> <li>Progress delivery of the Council's Key Priorities</li> <li>Represent value for money</li> <li>Be fully accountable and transparent</li> </ul>

Performance Measurement and Review

Action Plan

<b>Strategic portfolio</b>	<b>Investment portfolio</b>	<b>Municipal portfolio</b>	<b>Knowle Green Estates</b>
<ul style="list-style-type: none"> <li>Progress strategic acquisitions</li> <li>Progress town centre regeneration plans</li> <li>Identify further opportunities from within existing assets</li> <li>Deliver identified pipeline of projects</li> </ul>	<ul style="list-style-type: none"> <li>Manage and review to maximise income, long term value and mitigate risk</li> <li>Continue to invest prudently</li> <li>Review sinking fund</li> </ul>	<ul style="list-style-type: none"> <li>Instigate new property Management information System</li> <li>Review Portfolio to improve efficiency, value for money and identify opportunities</li> <li>Re-purpose any under-used assets</li> <li>Review maintenance and compliance arrangements</li> </ul>	<ul style="list-style-type: none"> <li>Establish KGE Estates Group Ltd to manage and maintain Council development projects</li> <li>Manage occupational risks</li> <li>Develop Skills Base</li> </ul>

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# Asset Management Plan

for Spelthorne Borough Council



***“OUR VISION IS TO MAXIMISE VALUE, MINIMISE COSTS AND ENHANCE REVENUE THROUGH EFFICIENT MANAGEMENT AND EFFECTIVE AND AFFORDABLE MAINTENANCE”***



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## NB: Covid-19

This document was drafted prior to the national restrictions imposed by the Covid-19 pandemic, however all the principles established within this Asset Management Plan have been applied during the crisis.

# 1.0 INTRODUCTION

## 1.1 Spelthorne

Spelthorne Borough Council covers an area of some six by two and a half miles. It has an estimated population of around 98,500 and a significant employment base.

It is 15 miles from central London and shares its northern border with Heathrow Airport, a major local employer and a significant positive influence on the local economy. Its southern boundary is defined by the River Thames.

The main town in Spelthorne is Staines-upon-Thames. Other urban areas include Ashford, Shepperton, Sunbury Cross, and Stanwell

Staines-upon-Thames serves an area well beyond the Borough, for retail and as a large office and commercial focus. It has direct rail links to Waterloo, Reading, Windsor and Weybridge and is within 10 minutes' drive to the M25 and Terminal 5. It is the nearest significant town to Heathrow Airport.

Sunbury-on-Thames is the second major office location within the Borough, adjacent to Junction 1 of the M3. The nature of Spelthorne's economy reflects its major growth in the 20th century. Between the 1920s and 1960s the Borough's population increased more than 3-fold, mirrored by extensive housing development.

Spelthorne has exceptional communication links, a substantial business base and overall a strong economy. However, it is characterized by a greater representation of unskilled and semi-skilled work than other parts of Surrey, driven by its more industrial heritage and airport associated industries.

## 1.2 Why the Council owns and uses property

Spelthorne Council is the administrative body for the area, providing a wide and varied range of local services to residents and businesses, from community buildings, planning and housing support through licencing, permits and food safety to parks and car parking. A full list of the Council's services is provided at Appendix 1.

To enable the delivery of these services, the Council needs to occupy and provide a range of buildings. Often, the most cost-effective way for this to be done is by owning the premises, as the Council has a long term role in the community.

The Council also needs to generate an income to help pay for its services, to reduce the burden of cost on local people and businesses. To this end, the Council has, since 2016, in response to the need to offset the impact of disappearing central government revenue grant support, embarked on a programme of capital investment in income producing property, to support its revenue budget and maintain and enhance the services it can provide. These investments, all located within the Heathrow functional economic area include:

- The BP campus at Sunbury on Thames
- Elmbrook House, Sunbury on Thames
- An office building at Stockley Park, Uxbridge
- World Business Centre 4 at Heathrow
- An office building at Hammersmith Grove
- And a portfolio of 3 offices at Uxbridge, Slough and Reading

The focus of investment has now shifted towards property that enables residential development, and strategic acquisitions that support local regeneration. These include:

- Long leasehold of the Elmsleigh Centre, Staines-upon-Thames
- Leasehold interest in Communications House, Staines-upon-Thames
- Thameside House, Staines-upon-Thames
- Ceaser Court, Sunbury
- Oast House, Staines-upon-Thames
- Churchill Way, Sunbury
- The Bugle Returns, Halliford
- Harper House, Ashford
- Summit Centre, Sunbury on Thames



Fig 1 Location of commercial assets

These more recent property related activities sit alongside the existing Council asset base, which largely comprises municipal and community property, owned to support the delivery of services. This includes:

- Council offices at Knowle Green
- White House Depot, Ashford
- Car parks
- Public conveniences
- Community centres
- Leisure facilities, such as Spelthorne Leisure Centre
- Community Halls
- Parks, recreation grounds and open spaces, such as Fordbridge Park and Laleham Park
- Play areas such as Grove Play area and Moormeade playground
- Allotments
- Memorials, including 7 war memorials in Ashford, Laleham, Littleton, Shepperton, Staines-upon-Thames, Stanwell and Sunbury-on-Thames.
- Cemeteries

The Council also has strategic landholdings associated with its regeneration objectives, and longer-term development opportunities. These include locations such as the Elmsleigh Shopping Centre, and the adjacent Communications House office building in Staines-upon-Thames. With the property portfolio also comes energy usage and climate change related issues which the Council will need to address in its current and future developments.



Staines-upon-Thames Leisure Centre



War Memorial Staines-upon-Thames

### 1.3 Purpose of the Asset Management Plan

The Council's overall property portfolio has a capital value of in excess of £1bn as at 31.3.19. With a substantial investment portfolio, an emerging housing company and a significant municipal asset base with some £75m of operational plant and equipment as at 31.3.19 there is a clear need to ensure that the property Spelthorne owns, uses, develops and has invested in is fit for purpose, managed effectively and represents value for money.

The aim is to minimise long term risk to the Council and its local population and help sustain the local economy, the Council, the delivery of its services and mitigate the longer term impacts of climate change.

This Asset Management Plan sets out the principles for ongoing ownership and management of the Council's property.

The core principle that applies across the entire estate is that:

***"The Council will own the optimum estate to enable the effective delivery of its services and objectives. This will be managed efficiently, effectively and on a basis that represents value for money and ensures future sustainability."***

*Asset Management Core Principle 1*

The development of an up to date Asset Management Plan, setting out the way in which the Council uses and controls its assets, is key to implementing robust processes and procedures to demonstrate how this principle is being applied.

The aim is to ensure that risks are properly understood and managed, and that plans are in place to protect the Council's asset base whatever function it is performing, and to enable appropriate challenge based on meaningful evidence of performance over time.

## 2.0 CONTEXT AND DRIVERS

### 2.1 National Context, and Government Guidance

Over the last decade, local authorities have suffered a significant reduction in revenue support grant and other government funding. This has led councils to review their areas of greatest cost and value, with a view to improving their overall financial position.

This has included reviewing their property ownership to ensure that any surplus property is identified and disposed of or re-purposed, and investing in income producing property assets to support the delivery of local services and to secure revenue sustainability.

UK Councils have historically held sizeable property holdings and have been free to invest in property for purposes relating to service delivery and statutory functions. They can acquire property both within and outside their administrative areas and can borrow money from the Public Works Loan Board (PWLB), and other sources for purchases at relatively low interest rates.

Where the income from the properties exceeds the loan repayment obligations and other costs of ownership, the authority can keep the difference and spend it on supporting local services.

Borrowing and investment forms part of local government capital finance, so is governed by:

- The Chartered Institute of Public Finance and Accountancy's (CIPFA) Prudential Code for local authority finance.
- CIPFA's treasury management guidance for local authority funds, and
- The Ministry of Housing, Communities and Local Government's (MHCLG) statutory guidance on local authority investments.

CIPFA revised the Prudential Code during 2017; and the then Department for Communities and Local Government (DCLG) launched a consultation on updating its two sets of statutory guidance in November 2017, which came into effect on 1st April 2018.

Revenue Support/Transition Grant

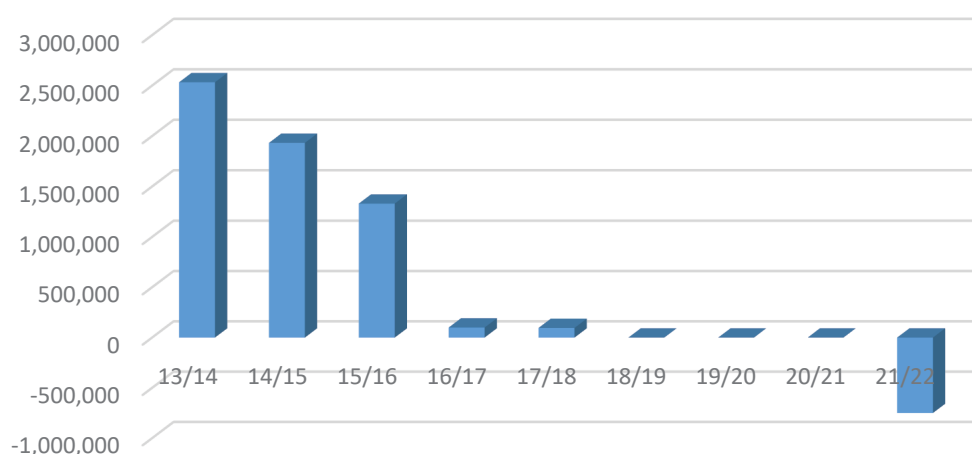


Fig 2: Reduced Government Funding

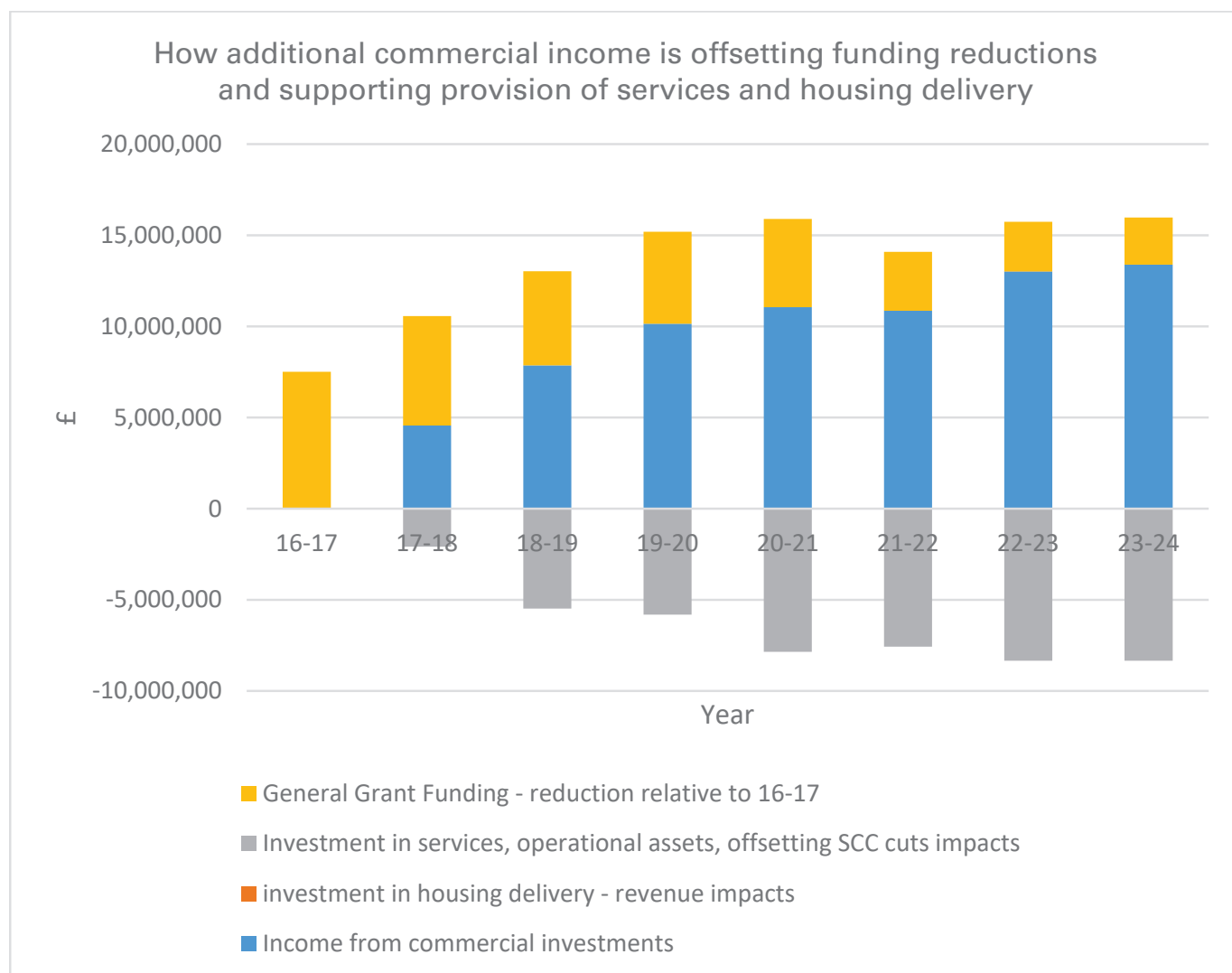


Fig 3: Increase in property income to offset decline in government funding

Until 2018–19 commercial property was not included in the definitions of investments in either the Treasury Management Code or the Governments statutory investment guidance for local authorities. Investment risk was assessed against security, liquidity and yield.

Since new guidance was published in February 2018, investments are defined as

*“all of the financial assets of a local authority as well as other non-financial assets that the organisation holds primarily or partially to generate a profit: for example, investment property portfolios”*

The revised guidance calls for more robust management of commercial activity and borrowing for investment. Councils must articulate their long term investment plans in their Capital Strategy, looking at risk and reward, appetite for risk, stronger linkages to asset management planning and a strategic long term approach to property. Property investments do not need to be prioritised on the basis of security and liquidity ahead of yield, but can be considered on a portfolio basis, and the local authority can determine the relative importance of these three characteristics.

It is in this context, in parallel with the wider need to ensure that the Council’s property is fit for purpose, represents value for money and addresses future climate change, that this Asset Management Plan has been developed in conjunction with the Council’s current Capital Strategy and the very recently adopted Housing Strategy 2020–2025.



## 2.2 Corporate Plan Priorities

The Corporate Plan 2016 – 2019 (which is currently being updated) ([https://www.spelthorne.gov.uk/media/3622/Spelthorne-Corporate-Plan-2016-2019/pdf/corporate\\_plan.pdf](https://www.spelthorne.gov.uk/media/3622/Spelthorne-Corporate-Plan-2016-2019/pdf/corporate_plan.pdf)) identifies the Council's priorities, aims, values and plans to achieve a sustainable future. In summary these are:



Fig 4: Corporate Plan priorities

Property is core to the delivery of each of these objectives, as follows:

Housing:

- Striving to meet the housing needs of residents, in particular
  - » Using Council owned land to enable delivery of adequate local housing for key workers, and an adequate supply of affordable housing, as well as boosting supply of private rental
  - » Addressing emergency accommodation needs for single people and families
- Direct investment in existing buildings
  - » Converting properties to provide homes
    - Council owned/re-purposed
    - Acquired for the purpose
  - » Developing sites
    - Council owned
    - Acquired for the purpose
  - » Making the best use of existing housing and increase local supply

Economic development:

- Stimulating investment and prosperity
  - » Using existing assets to stimulate the local economy through regeneration and re-purposing

Clean and safe environment:

- Providing well managed, maintained and sufficient leisure facilities
- Providing well managed, maintained and protected green spaces
- Minimising the environmental impact of operational assets

Financial Sustainability:

- Investment in residential and commercial properties to meet needs, address priorities, generate required sustainable revenue streams and create long term value
- Making best use of existing assets – including exploring opportunities for co-location of services
- Managing risk including the risks of impacts caused by climate change
- Reducing costs – more efficient use of space, challenging use where better value may be delivered through change

The Plan recognises the need to manage costs, and to generate income to protect and maintain the delivery of core services. To this end, as part of its drive towards Financial Sustainability, the Council implemented a programme of capital investment in income producing property. This now supports its revenue budget thus maintaining and enhancing the services the council can provide. These investments and the roles they perform are considered in more detail later in the document.

In total, the portfolio currently represents a very significant investment of over £1billion (net balance sheet value as at 31.3.19) which generates a net (after financing costs, and sinking fund contributions) income of over £10million per annum.

In addition to this major investment in income producing assets, the Council has also established a wholly owned local Housing Management Company, Knowle Green Estates Ltd (see Section 7 for more detail).

## 2.3 Capital Strategy

The Council's Capital Strategy ([https://www.spelthorne.gov.uk/media/20046/Capital-Strategy/pdf/S010801\\_Spelthorne\\_Capital\\_Strategy\\_Full\\_v9\\_\(with\\_links\).pdf](https://www.spelthorne.gov.uk/media/20046/Capital-Strategy/pdf/S010801_Spelthorne_Capital_Strategy_Full_v9_(with_links).pdf)) sets out how the Council will prioritise its capital expenditure, and how the expenditure will enable delivery of corporate priorities for Housing and Economic Development. It identifies 3 key priorities, in line with the Corporate Plan:

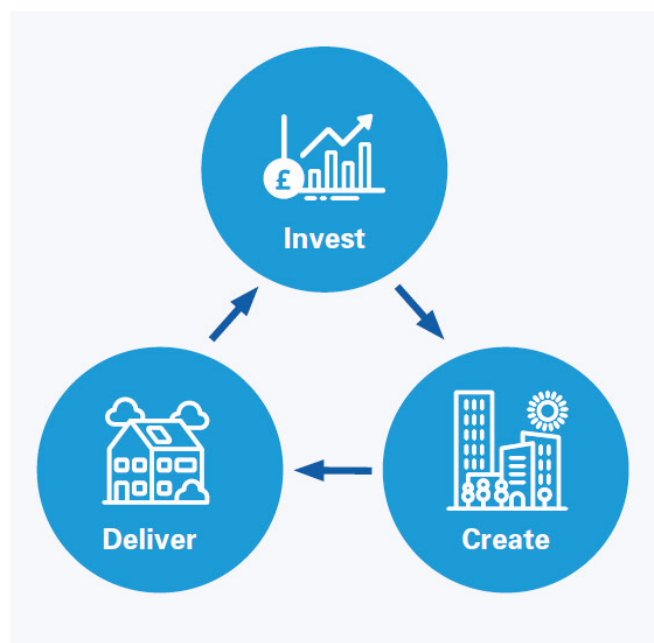


Fig 5: Capital Strategy Priorities

**Investing** in commercial property to derive revenue  
**Creating** new housing and town centre regeneration  
**Delivering** affordable homes and prioritising people on the Housing Register



## 2.4 The Local property market – impact on the Council's priorities

The commercial property market in Spelthorne is dominated by the influence of Heathrow Airport, within a 10-minute drive time of Staines-on-Thames. Heathrow Airport and related industries represent the largest employers in Spelthorne. Other major employers include BP and Shepperton Studios, as well as the public sector.

Spelthorne benefits from excellent links to the transport network, via the M25, M3 and the M4, and to surrounding boroughs and central London by rail. Any future expansion of Heathrow (no matter what final form it takes) will sustain and attract ongoing local employment opportunities to the area.

### Commercial property

Of particular importance to Spelthorne's investments is the performance of the local and regional office market. Research<sup>1</sup> indicates that in the last 12 months (Q1 2018 to Q1 2019), prime office rents in the Heathrow area have seen in excess of 10% increase. Take up has also increased in key sectors such as Tech, Media and Telecommunications, and in serviced offices. Both of these sectors are represented in the Council's Investment Portfolio.

The Thames Valley region as a whole, in particular Reading, Uxbridge, Heathrow and Staines-on-Thames is predicted to experience ongoing office rental growth to 2020 and beyond.

Even setting aside the current uncertainty around the expansion of Heathrow Airport in light of the Court of Appeal decision in February 2020, there are already over 3,000 further hotel bedrooms already planned to meet existing growth in demand. The development of a third runway (if it were to take place in the form that Heathrow consulted on in summer 2019) has been assessed to require some 21,000–23,000 additional hotel bedrooms by 2040, taking into account those expected to be displaced by the works. This represents over 90 new hotels to serve the region, some 40 of which are anticipated to be needed by 2027<sup>2</sup>. If a lesser, or more incremental scheme were to come forwards this would reduce these figures but an increased demand would still exist.

If a third runway were still to happen, it is also anticipated to result in a doubling of the cargo transport passing through Heathrow, which will have a direct impact on the demand for warehouse and logistics related development in the surrounding area. There is already a shortage of warehousing compared to demand, and a restricted supply of land suitable for additional warehouse development. This indicates that demand will accelerate faster than supply, leading to rental growth and strong occupier take up of any new floorspace<sup>3</sup>. If a lesser, or more incremental scheme were to come forwards an increased demand would still exist.

Such growth in local employment will undoubtedly bring additional demand for local housing, which in turn should help to sustain the local retail sector. Retailing in the UK is however experiencing structural change, as a result of a modal shift in shopping away from the high street to on-line and mobile spending. Town centres such as Staines-upon-Thames, and in particular purpose-built shopping centres are experiencing a period of vulnerability, and an increasing number of retailers are contracting their representation to only major destination centres. Whilst additional demand and growth in the local economy will benefit Staines Town Centre, it is unlikely to be immune from the structural changes taking place nationally.

The implications of this for the Council are that to sustain the strength of the local economy positively, it will need to assess how the growth in commercial demand and the resultant impact on local housing need can be accommodated. It will also explore how the town centre can be protected, enhanced and diversified (addressing the need for arts, culture and leisure facilities within towns) to have a positive long term future role for the community. This suggests a pro-active need to review landholdings for suitable development potential, and to identify any opportunities to re-purpose existing land and buildings to meet anticipated demand and future climate change risks. It also highlights the need for town centre regeneration plans to be developed. To this end a masterplan for Staines upon Thames is underway as part of the Local Plan and is expected to be completed Winter 2020/21.

<sup>1</sup> Lambert Smith Hampton 2019

<sup>2</sup> GVA 2018/9

<sup>3</sup> Jones Lang Lassalle

### The Housing Market

Looking firstly at houses for sale, the housing market in Spelthorne indicates average house prices for February 2018 – February 2019<sup>4</sup> as follows:

Property Type Feb 18–Feb 19	Average value		Average value per m <sup>2</sup>	
	Spelthorne	Surrey	Spelthorne	Surrey
Detached	£698,828	£908,842	£4,510	£5,167
Semi detached	£429,539	£498,406	£4,424	£5,231
Terraced	£366,866	£436,196	£4,392	£5,694
Flats	£271,803	£320,075	£4,672	£5,630
	Spelthorne	% of Surrey	Spelthorne	% of Surrey
Detached	100%	77%	100%	87%
Semi detached	100%	86%	100%	85%
Terraced	100%	84%	100%	77%
Flats	100%	85%	100%	83%

Fig 6: Comparative average values

This demonstrates that house prices in Spelthorne are lower than the averages for the rest of Surrey by in the order of 17%. This makes Spelthorne a relatively attractive place to live in terms of regional affordability

to new residents who cannot afford the more expensive surrounding areas. That said, this does not mean that prices are affordable for local people looking to purchase a property.

Average house price to income ratio			Comparison with adjacent boroughs				
Year	Spelthorne	Runnymede	Hillingdon	Hounslow	Richmond	Elmbridge	England
2015	8.8	9.2	10.4	10.1	17.3	14.8	7.5
2016	10.9	10.5	11.8	10.8	18.2	15.3	7.7
2017	11.1	10.9	12.3	11.1	19.9	16.4	7.9
% increase in 3 years	26%	18%	18%	10%	15%	11%	5%

Fig 7: Comparative average house price to income ratio

<sup>4</sup> Zoopla

This shows that the affordability of homes in Spelthorne has worsened more rapidly than in any of the surrounding boroughs over the last three years, and that the affordability ratio now exceeds that of Runnymede and equals that of Hounslow. It is considerably higher than the average for England as a whole.

For many of local workers, in particular those associated with the relatively lower paid work associated with the operation of the airport, associated logistics and the wider supply chain, this will render the purchase of a home unattainable. The lack of affordable houses to buy will in turn put additional pressure and demand on the stock of housing to rent.

In terms of the rental market, the growth in rental values over the last 5 years<sup>5</sup> has been analysed for Spelthorne in comparison with adjacent boroughs. This is set out in full at Appendix 2.

These statistics demonstrate that single rooms, studios, 1 and 2 bed rental properties (those in most demand) have seen a 15% to 22% increase over the last 5 years, during a period when average UK annual wage growth stood at only 3.2%, representing only a cumulative increase of 13.4% in total over a 5 year period. Many areas of work, particularly those in the public sector, have seen no pay increases during this period due to ongoing national austerity policies.

The analysis also demonstrates that rental costs of 1 bed properties have increased faster in Spelthorne than in all surrounding areas other than Hillingdon. For 2 bed properties the increase is equalled only by Runnymede at 20%, with most other areas showing an increase of less than 10%.

In relation to average earnings, 1 bed properties are less affordable in Spelthorne than in Runnymede and Elmbridge, and 2 beds are less affordable in both these locations and in Hounslow.

In terms of availability, at the time of publishing, there were some 19 × 1 bed flats and some 39 × 2 bed flats

on the market in the whole of Staines-upon-Thames. Demand for 1 and 2 beds in this location is high. The lowest asking rent for a 1 bed flat was £800 per calendar month, ranging up to £1,295 per calendar month, plus bills. With an average weekly wage of some £600, this suggests that lower paid workers will be earning considerably less than this figure and are likely to fail to meet minimum earnings levels set by private landlords and letting agents, and will be unable to afford anything other than some form of shared accommodation, if it is available.

The asking prices for a 2 bed flat started at £1,050 and range up to £1,525 per calendar month plus bills. With such a limited market, the evidence indicates that local workers are at risk of being priced out of the area.

This reinforces the need for action to be taken to provide both affordable and market housing in Spelthorne to cater for local need, and for local workers. This supports the level of priority given in both the Corporate Plan and the Capital Strategy to the delivery of housing. This underpins the Council's action in establishing Knowle Green Estates (see Section 7.0 for more detail), and in assessing its own portfolio and acquisition opportunities for the delivery of housing development.

Overall, the local property market is something of an anomaly within the surrounding area, reflecting the mix of employment opportunities offered by the strong local economy, but also the somewhat historic area of lower value that existed in Spelthorne. The evidence demonstrates that this is now being quickly eroded, reflecting the relative lack of affordability of surrounding areas.

For Spelthorne to maintain its ability to support a strongly airport related workforce and to accommodate key workers to support local health, police, fire and rescue and other public sector services, it will have to take an active role in securing an appropriate mix of housing, both through the planning process, and as part of its asset management function.

<sup>5</sup> Office for National Statistics

## 3.0 THE COUNCIL'S PORTFOLIO

The Council's portfolio is made up of the following:

- **Housing Development, Economic Regeneration and Strategic Portfolio:** The land and buildings owned by the Council to enable housing and economic development, and involvement in/control over strategic uses in Spelthorne (Such as the Elmsleigh Centre), to enable regeneration and to provide opportunities for development to meet the Council's key priorities. This is considered in detail in Section 4.0
- **The Investment Portfolio:** the land and buildings owned by the Council for reasons other than the delivery of services. In particular this includes properties held to generate an income, to support economic development, and to provide local housing. This is considered in detail in Section 5.0
- **The Municipal Portfolio:** the land and buildings owned and/or occupied by the Council and/or its direct agents or service delivery partners for the purposes of providing services to the residents and businesses of Spelthorne. This is considered in detail in Section 6.0

The role and aspirations for Knowle Green Estates Limited are set out at section 7.0 and Governance is covered in Section 8.0.

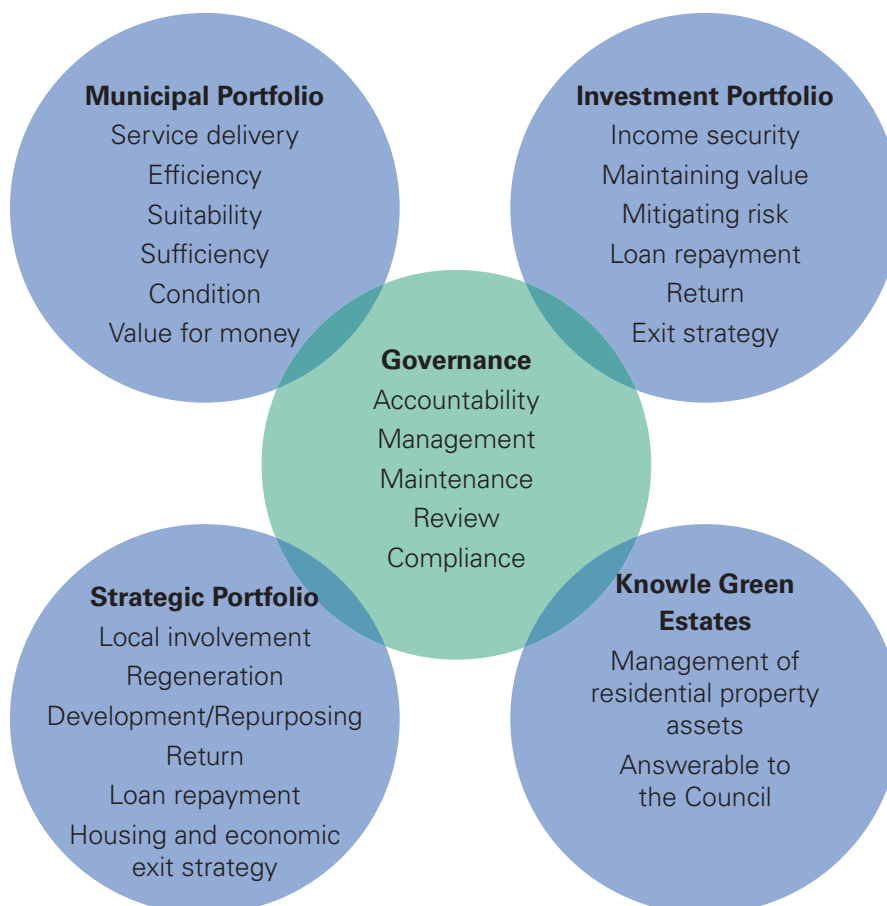


Fig 8: Portfolios, structure and governance

The Council's overall estate comprises some 678 property assets, broadly made up as follows by number of assets:

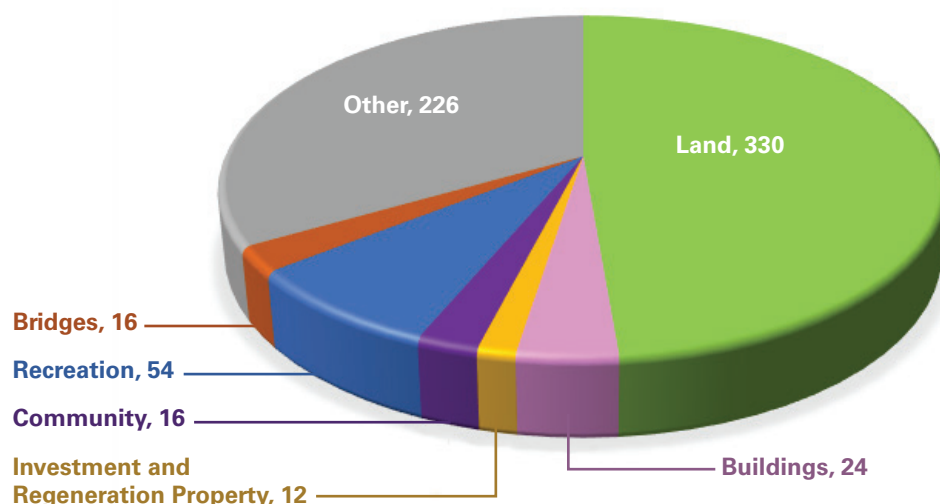


Fig 9: Assets by number

A summary breakdown of assets is included in Appendix 3. In terms of relative value, the picture is as follows:

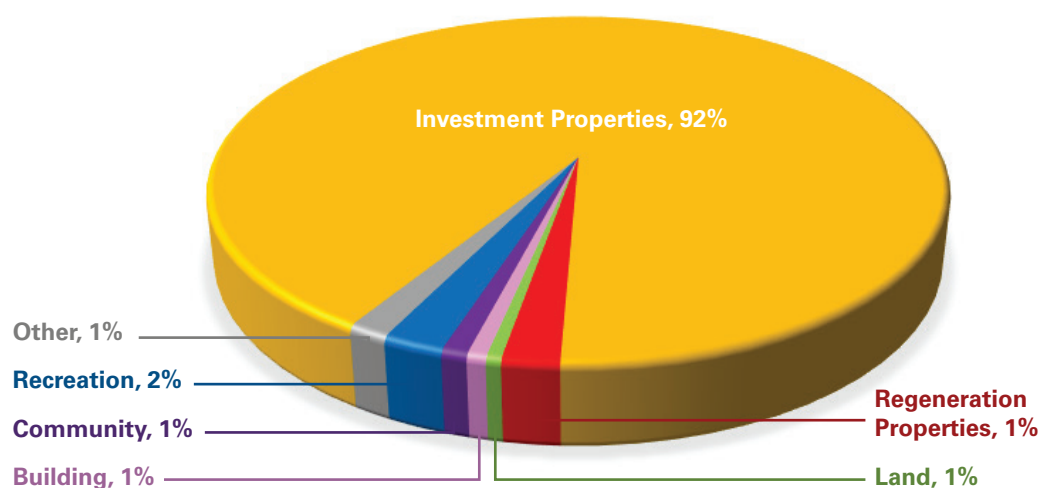


Fig 10: Assets by value

This clearly demonstrates the importance of managing risk in the investment portfolio, which forms such a significant proportion of the value of the Council's overall asset base.

In comparison, whilst land represents the bulk of assets by number, its value is relatively low. This suggests that the best use of resources in respect of the Council's landholdings is to review the potential for intensification of use or re-purposing to generate additional value and benefit.

## 4.0 HOUSING DEVELOPMENT, ECONOMIC REGENERATION & STRATEGIC PORTFOLIO

### 4.1 Direct development

One of the Council's key corporate objectives is the delivery of housing for its residents. The Council holds and acquires significant assets that enable housing and economic development and confer a strategic benefit, or provide the Council with direct involvement in or control of significant regeneration activities within its administrative area.

***"The strategic objectives for the Housing Development, Economic Regeneration and Strategic Portfolio are that it:***

- Enables the delivery of housing or regeneration in accordance with the Council's key corporate objectives***
- Represents value for money***
- Does not put the Council in a position of reputational or unquantifiable financial risk."***

*Asset Management Core Principle 2*

Spelthorne's stated priority to meet local housing needs is driven by:

- The number of households in emergency or temporary accommodation
- The size of the housing register
- Lack of housing stock
- Lack of single person hostel accommodation
- Limited private rental accommodation
- Very limited affordable accommodation
- Pressure of people relocating from central London
- The need for supporting social infrastructure

The private property market is failing to address these needs. The Council has therefore embarked on a programme of direct involvement in the development of accommodation to meet this, and other, local demand to support local people. Primarily, the focus for development is to provide sustainable residential accommodation to meet a range of tenure options.

The Council is well placed to do this, as it can borrow at a more advantageous rate than private developers, and simply needs to cover all the costs of acquisition, construction and management rather than generating a return to shareholders or profit at a level that satisfies third party funding requirements. It is therefore more viable for the Council to deliver suitable residential rental development itself than to rely on market activity. The Council is aiming to deliver at least 20% of the Council's 5-year housing target of 3,131<sup>6</sup> units in this way.

<sup>6</sup> Draft Statement of Five Year Housing Supply Deliverable Housing Sites as at 1 April 2019

To this end, the Council has assessed and identified development potential in its own landholdings, which is ongoing over time, and has identified and acquired property in the borough that has development potential. The housing delivery programme to date includes:

SPELTHORNE HOUSING DEVELOPMENT PROJECTS AND PROPOSALS		
Location	Type of dwellings	No. of dwellings
Land at Churchill Way (delivered)	Houses	3
Bugle House, Shepperton (delivered)	Flats	8
Ceaser Court (phase I under construction)	Flats - phase 1	55
	Flats - phase 2	36
Harper House (under construction)	Flats	20
White House site (demolition complete and Hostel under construction)	Hostel	31
	Flats	28
Knowle Green Offices West Wing (under construction)	Flats	25
Ashford Multi Storey Car Park	Flats	50
Victory Place (Ashford Hospital car park site)	Flats	127
Thameside House	Flats	140
Oast House	Flats	Minimum 180
<b>Total</b>		<b>703</b>

Fig 11: Spelthorne Housing development projects and proposals as at March 2020

This represents some 22.7% of the Council's identified five-year housing need.

The Council is also actively progressing opportunities to meet wider commercial demand, to provide development such as industrial/warehousing units to meet the Heathrow supply chain demand and encourage local jobs; to address business needs and encourage visitor-based economy.

The Council will continue to seek opportunities for both re-use of existing assets and acquisitions of additional property/land that has potential for development/regeneration to meet its housing and economic development objectives. The criteria for acquisition include:

- Location within the Borough boundary
- Contribution to the Council's objectives
- Value for money
- Affordability
- Risk – planning, financial, physical, reputational, impact of climate change

The Council will also consider acquiring schemes built by developers where we can use it to provide S106 affordable housing, for example Block E within the Berkeley Homes development, London Road, Staines-upon-Thames.



## 4.2 Strategic intervention and regeneration

The strategic/regeneration assets currently held include the following:

- Communications House (on lease expiry) – Office building due for redevelopment to provide further residential accommodation
- Hanover House and Bridge Street Car Park – forming part of the proposed Waterfront Regeneration Area to provide a mixed use development (which will be delivered for the Council via a third party)
- Elmsleigh Shopping centre (part of Elmsleigh regeneration potential)
- Elmsleigh Centre Multi-Storey Car Park
- Spelthorne Museum (part of Elmsleigh Regeneration Potential)
- Staines Library (part of Elmsleigh Regeneration Potential, in partnership with Surrey County Council as occupier)
- Nos 1–6 Friends Walk (Forming part of a proposed regeneration area associated with the Elmsleigh Centre)
- 105, 119–121, and 121a High Street – held for strategic purposes and future involvement in town centre regeneration

This identifies only the commitments current as at the date of this document (March 2020). There is an ongoing programme of appropriate acquisition for development and regeneration being progressed to provide both further housing in the Borough, and to meet wider economic and regeneration aspirations.

The Council's involvement in and control of these properties ensures an active role in the regeneration of Staines-upon-Thames Town Centre, and importantly the Elmsleigh Centre, which remains critical to the retail offer in the town. Having a significant and direct stake in the town centre provides the Council with a seat at the decision-making table where regeneration proposals are concerned, rather than a purely reactive role as local planning authority. With structural changes arising in town centres across the UK in response to the modal shift from bricks and mortar retailing to on-line and mobile shopping, it is increasingly recognised that local authorities will need to play a leading role in determining how long-term sustainability (economic, social and environmental) can be maintained. This is anticipated to remain a key focus for regeneration for Spelthorne for the life of this plan.



*Elmsleigh Shopping Centre, Staines-upon-Thames*

The Council is also planning to develop a new Leisure Centre to provide sports pitches, swimming, sports hall, health and fitness suite, multi activity studio space, soft play, clip and climb and supporting reception, retail and café facilities and associated parking whilst ensuring its sustainability in meeting carbon targets.



## 5.0 THE INVESTMENT PORTFOLIO

Another of the Council's key corporate objectives is to secure long-term financial sustainability. A key aspect of this aspiration is the generation of a sustainable revenue stream to underpin the delivery of the Council's services and offset the upfront costs of the housing delivery programme.

This is reflected in the key priority set out in the Capital Strategy for investing in commercial property to derive revenue.

To date, the Council has acquired a range of commercial properties for primarily income generating purposes as follows:

- The BP campus at Sunbury on Thames
- Elmbrook House, Sunbury on Thames
- Summit Centre, Sunbury on Thames (investment for future regeneration)
- 3 Roundwood Avenue, Stockley Park, Uxbridge
- World Business Centre 4 at Heathrow
- An office building at Hammersmith Grove
- A portfolio of 3 offices at Uxbridge, Slough and Reading (Charter Building, Porter Building, Thames Tower)

In total the portfolio represents a very significant investment of over £1billion which generates a net income of over £10million per annum.

The value is apportioned across this portfolio as follows:

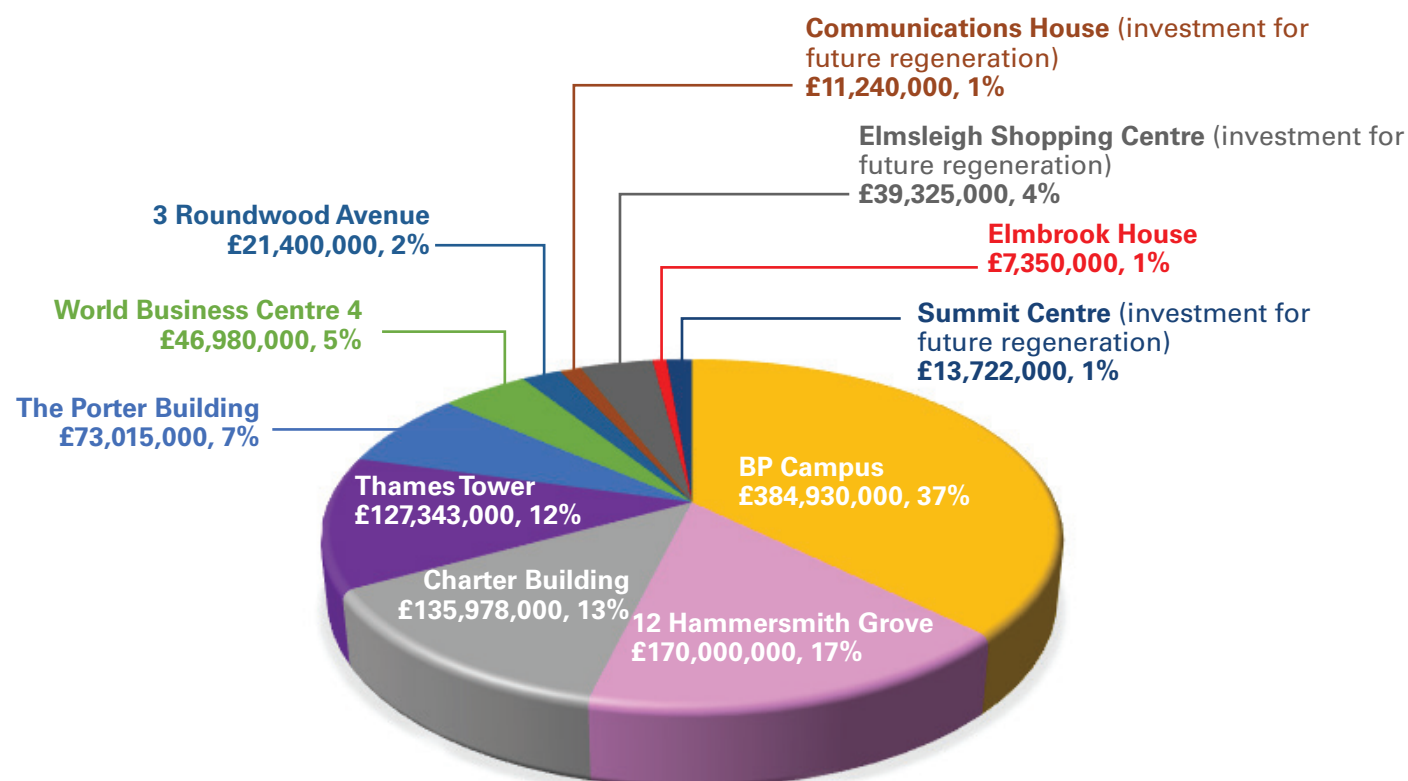


Fig 12: Investment properties by asset value

Collectively, these properties comprise the Council's investment portfolio.

Annually these contribute approximately £10m net to the Council's revenue budget, enabling the Council to continue to deliver services that would otherwise have to be cut, including for example such valued services as Meals on Wheels or community centres.

***"The strategic objectives for the investment portfolio are that it:***

- ***Provides a net revenue return to the Council after all costs and risks are accounted for***
- ***Maintains its long-term value***
- ***Contributes to the Council's wider objectives and the economic and social wellbeing of Spelthorne residents***
- ***Does not put the Council in a position of unquantified risk"***

*Asset Management Core Principle 3*



*World Business Centre, Heathrow*

## 5.1 Strategy, Policy and Risk Management

The Council recognises the significance of the amount of money that has been invested in commercial property to date, and the positive impact that this is having on the Council's overall revenue. It is also acutely aware of the need to ensure that the Council is not put at unquantifiable risk, and that the risks inherent to property investment are professionally managed, both at the acquisition stage and during the ongoing ownership of the asset.

The Council's strategy going forward is to continue to acquire property that will generate an ongoing net income. This builds on the investments made to date but will concentrate specifically on in-borough investment that supports the local economy, and provides regenerative, environmental and social as well as financial benefits. This is articulated in the Council's Capital Strategy.

All transactions are subject to meeting the Council's Investment Parameters and to detailed risk assessment, due diligence and comprehensive professional scrutiny before they are recommended for action.

The parameters for investment set out at appendix 2 of the approved Capital Strategy and are summarised as follows:

<b>SPELTHORNE BOROUGH COUNCIL: STRATEGIC PROPERTY INVESTMENT CRITERIA</b>	
For all types of investment, the Council will pay due attention to prevailing laws, statutory regulations and Chartered Institute of Public Finance and Accountancy guidance and best practice recommendations. The Council will keep under review compliance with changing guidance.	
<b>Investments for Revenue Generation <sup>7</sup></b>	<b>Reasoning</b>
The Council will always undertake due diligence	To ensure that the Council understands the risks associated with a particular proposed acquisition and how those risks are mitigated. Preference is given to investing within the borough, or in an adjoining area that is economically important to Spelthorne (e.g. Heathrow and immediately south of Staines Bridge). Properties outside this area should represent a lower risk and higher return. Local investment ensures that the Council is best placed to know all the facts surrounding the property, its history, potential developments in the area etc. and, as the planning authority, the borough can optimize the benefits that provides. Any loss-mitigating exit strategy will benefit the residents of Spelthorne or be mitigated by higher returns.
The Council has a clear view of the asset security curve	To consider the anticipated return on investment and risk profile over time, so that performance can be measured against it
The Council has a clear exit strategy, fully costed at various critical points in the life of the investment (e.g. lease break points)	To have a fully costed plan for repayment of capital debt related to an investment, and maximising the benefit of the asset at the point that its return fails to meet required performance level
The Council does not make assumptions as to likely tenant activity (it does not attempt to second guess what a tenant may do in the future). It relies solely on the contractual obligations and plans for the worst-case scenario	To minimise risk and avoid optimism bias and to assess the impact on the Council over time of worst case risk materialising.
The Council does not make speculative investments for revenue generation purposes. Investment properties should ordinarily be complete, free from any ongoing redevelopment work and occupied by creditworthy tenants with a minimum of 10 years' lease remaining.	To avoid development risk, reduce void risk and increase income certainty over time
Any exposure to the interest rate fluctuations must be mitigated. The Council will ordinarily only borrow at fixed interest rates.	To avoid exposure to external changes in financial risk and return during the life of the investment.
Once completed (funding drawn down and purchase completed), the funding arrangements for investment should require only minimal supervision or intervention, avoiding technically complex, long term refinancing exercises (e.g. bond issues, dependence on future refinancing) or dependence on external professionals or professional, specialist knowledge from councillors or officers (who may have left the Council by the time the decision-making point arrives)	To avoid exposure to external changes in financial risk and return during the life of the investment, to minimise use of resources, and to avoid key person risk.
The Council does not invest in incomplete builds, conversions, etc unless a water tight pre-completion occupier lease is in place.	To avoid development risk, reduce void risk and increase income certainty over time
Borrowing to finance investment will only take place on a long term fixed interest rate basis	To enable better financial planning and risk projection over time
The Council will not normally invest in retail units	To mitigate the risks associated with structural changes taking place in the retail market.
The Council will not engage with sellers or tenants who may present a significant reputational risk	To avoid negative impact on the Council's local standing or reputation.
The credit rating of all incumbent tenants will be understood, recorded at the time and must be sufficiently strong for the level of investment. The Council aims for primarily "Blue Chip" covenants.	To reduce income security risk
The Council does not engage in high-risk/high-reward investments.	To protect the Council's financial position, and to demonstrate prudence in the investment of public money.
The Council does not invest in properties that have a material flood risk (1/100 years or more frequent) unless robust flood mitigation has been designed in.	To reduce physical risk to the asset, and impact on occupiers and market demand over time

<sup>7</sup> The generation of income to underpin the Council's financial security

<b>Social Investments <sup>8</sup></b>	<b>Reasoning</b>
Some element of speculation may be inevitable and acceptable (e.g. building affordable housing when the housing market is subject to market pressures)	To address challenging market conditions for the benefit of Spelthorne residents.
The Council does not ordinarily invest outside the borough. Consideration will be given for investments nearby where the Council can ensure that Spelthorne residents benefit.	Social investments are designed to benefit the residents/ taxpayers of Spelthorne.
Any exposure the interest rate fluctuations must be mitigated. The Council will ordinarily only borrow at fixed interest rates.	To avoid exposure to external changes in financial risk and return during the life of the investment.
Once completed (funding drawn down and purchase completed), the funding arrangements for investment should require only minimal supervision or intervention, avoiding technically complex, long term refinancing exercises (e.g. bond issues, dependence on future refinancing) or dependence on external professionals or professional, specialist knowledge from councillors or officers (who may have left the Council by the time the decision-making point arrives). One exception to this is the ongoing operational management of rented/leased (social or affordable) accommodation and emergency housing. Where practical, these ongoing responsibilities may be transferred to Knowle Green Estates Ltd (where KGE receives services from SBC these are recharged on an appropriate and transparent basis).	To avoid exposure to external changes in financial risk and return during the life of the investment, to minimise use of resources, and to avoid key person risk.
The Council will not engage with sellers or tenants who may present a significant unmitigated reputational risk	To avoid negative impact on the Council's local standing or reputation.
The Council does not invest in properties that have a material flood risk (1/100 years or more frequent) unless robust flood mitigation has been designed in.	To reduce physical risk to the asset, and impact on occupiers and market demand over time
Social investments are not an alternative to proper funding and provision by the County Council of infrastructure and services that the County Council is required to provide. Spelthorne does not intend these social investments by the Borough Council to alleviate the financial and social responsibilities borne by the County Council.	To remain within Vires and to ensure value for money to Spelthorne residents.
In all cases the Council will structure investments to give the maximum control, financial and social benefit to itself and Spelthorne residents and priority will be given to retaining ownership and receipt of revenue	To maximise long term benefit and value for money for Spelthorne residents and taxpayers.
<b>Strategic Investments to augment Revenue Generation or Social Investments (e.g. acquisitions to secure “marriage value”)</b>	<b>Reasoning</b>
Investment criteria and funding to be in accordance with the relevant purpose and criteria as set out in the categories above.	To ensure consistency of application of the criteria to all investment decisions

<sup>8</sup> Investments aimed primarily at benefitting the residents and taxpayers of Spelthorne, rather than generating an income

## 5.2 Risk assessment

All investments, including those acquired to date and those to be considered in the future are the subject of rigorous due diligence ahead of any commitment to purchase, supported by advice from globally renowned advisers Cushman and Wakefield and Deloitte. The full process for the purchase of an investment asset is set out at Appendix 4. As part of this process risk is assessed at every stage, and then monitored as part of the ongoing management of the portfolio.

Risk assessment includes the following:

<p><b>Physical risk</b></p> <ul style="list-style-type: none"> <li>• Environmental and contamination</li> <li>• Flood including future exposure due to climate change</li> <li>• Highways and access</li> <li>• Condition of Building             <ul style="list-style-type: none"> <li>» Structure</li> <li>» M&amp;E</li> </ul> </li> <li>• Location, Neighbouring properties and any potential or known impact</li> <li>• Site security</li> </ul>	<p><b>Financial risk</b></p> <ul style="list-style-type: none"> <li>• Use</li> <li>• User and covenant strength</li> <li>• Rent and break opportunities</li> <li>• Value of building</li> <li>• Return on investment</li> <li>• Cash flow</li> <li>• Base case/worst-case scenario testing</li> <li>• Margin after liabilities are covered/ annual revenue surplus</li> <li>• Capital expenditure need</li> <li>• Borrowing terms</li> <li>• Development potential</li> <li>• Exit strategy</li> <li>• Stress testing against potential voids</li> <li>• Annual investment review provided by external property investment experts</li> <li>• External market factors and trends</li> </ul>
<p><b>Legal risk</b></p> <ul style="list-style-type: none"> <li>• Searches</li> <li>• Title – assessment of any restrictions</li> <li>• Planning constraints</li> <li>• Lease details and provisions             <ul style="list-style-type: none"> <li>» Insurance liability</li> <li>» Repairing liability</li> <li>» Review provisions</li> <li>» Break clauses</li> </ul> </li> <li>• Terms of agreement for purchase</li> <li>• Tax implications and liabilities</li> </ul>	<p><b>Reputational risk</b></p> <ul style="list-style-type: none"> <li>• Identity of occupiers and nature of business</li> <li>• Any adverse history</li> <li>• Any potential for conflict with Council's objectives</li> <li>• Any conflicts of interests or relevant connections</li> <li>• Any other considerations that might impact on the Council or its reputation in any way</li> </ul>

Fig 13 Summary of risk assessment

The aim of the risk assessment is to fully understand the risk profile of investments so that this can be reported to Cabinet Members and considered as part of the decision-making process. Key to this is quantifying the overall financial risk in terms of investment made, value of the asset, return on investment, which is tested over the period for which loan repayments will be made, on a base case and worst-case scenario. Each risk assessment also includes an exit strategy, so that in the event of an unforeseen but significant change in the risk profile of the asset, there is a plan in place to minimise the impact on the Council. All valuations are double checked by two sets of suitably qualified experts to ensure that they are demonstrably robust and defensible.

### 5.3 Risk management, performance measurement and monitoring

Risk assessment is an intrinsic part of the ongoing management of the portfolio. In accordance with Treasury Management Guidance, the Council considers the balance of all its investments on the basis of security, liquidity and yield. It is recognised by central government that the priority for property investments differs from other investments, in that it is inherently lacking in liquidity, as property sales take longer than the disposal of stocks and shares, so are harder to cash in. To address this the Council seeks to model future potential liabilities and build up sinking funds to mitigate. Of more importance in considering property transactions are security, particularly of income, and yield.

The security of income is assessed through the due diligence process, and through assessing the financial strength of the occupier and the term for which they are committed to paying rent. The yield is a product of the income as a return on investment over time. This is considered by assessing the property market for the asset type and location and considering the condition and quality of the accommodation.

#### *Compared to other forms of investment, property has specific risks, including:*

- Low liquidity and flexibility
- Greater exposure to economic, cultural and technological changes
- Over/undersupply in local markets
- Physical/structural issues
- Void periods with ongoing costs and no income

#### *The advantages of property as an asset class are:*

- A reversionary interest – ownership of a tangible land/building asset at the end of the income period
- Lease arrangements which provide a binding legal contract and improve security of income
- The opportunity to negotiate more favourable terms in response to improvements in the market
- Returns on average above bank/PWLB interest rates

Fig 14: Characteristics of property as an investment

The property market also informs the liquidity of the asset, albeit incomparable to other forms of asset, as the sale of an investment property will be easier and quicker to secure in a stronger market for that asset type and will similarly be more straightforward for a high-quality asset with tenants of good covenant.

In managing the risk to the Council, it is important to assess both the individual performance of each asset, and that of the portfolio as a whole. The process for assessing and managing the ongoing risks to the investment portfolio involves the following:

An annual investment review carried out by a retained third party property investment advisor will involve the following:

1. Annual risk assessment
  - a. Income risk
  - b. Covenant risk
  - c. Occupier industry risk
2. Annual stress test – assessing the extent to which rent can be reduced across the portfolio and for each individual investment before a negative revenue position is reached
3. Ad-hoc investment reviews where specific external factors have a direct influence on risk (as advised by retained adviser)
4. Annual performance report to the Property Investment Committee
5. Review of the provision and maintenance of a robust sinking fund

This enables risk to be quantified, which is key to ensuring that the Council is aware of its liabilities over time. The elements that can be considered from a quantitative point of view are as follows:

- Asset Value compared to outstanding debt – a risk that is likely to diminish over time
- Revenue liability for loan repayment, management costs and sinking fund as a percentage of total income – for the portfolio as a whole, or for each asset
- Percentage of income that is at risk of becoming void within the next 5 years
- The percentage by which income would have to fall to reach a break-even revenue position (stress test)

This also enables targets to be set which can then inform decisions relating to the management of the portfolio.

*Fig 15: Summary of Investment risk assessment process*

## 5.4 Industry risk

The analysis of industry risk looks at the industry categories that the occupiers fall into, to see whether this is balanced or skewed towards any particular area. A skew means that the industry which represents a disproportionate percentage of the value of the portfolio will need to be more carefully monitored, and any significant economic issues that might affect that industry explored with the Council's professional advisers.

The portfolio is currently skewed towards the oil and gas industry through the purchase of the BP headquarters estate, which at the time of writing represents over a third of the total income. This is a significant local employer and an international business, for which significant due diligence was carried out ahead of the purchase and is considered to represent an excellent occupier covenant. This is however an industry sector which will be specifically reported on as part of the annual investment monitoring report. No other industry currently exceeds 20% and only two exceed 10%: The IT/Technology industry, which includes a wide range of different businesses, and the flexible office space market.

The target is to develop the portfolio to a point where the highest percentage industry risk does not exceed the target for the stress test. This will ensure that any significant industry failure, however catastrophic, will not threaten the Council's ability to meet its financial obligations.

## 5.5 Asset stress test

The asset stress test will consider the amount the rental income in a property could fall before the break-even position is reached both at face value and taking account of sinking fund balances available to offset any potential loss. This can then be compared to the income risk related to the timing of rent reviews, break clauses, ending of rental guarantees etc. If the stress test for a particular asset falls below the assessed income risk for a specific investment or the portfolio, then this would trigger a review.



## 5.6 Portfolio Stress test

A target can also be set for the portfolio stress test to remain at or above a specified percentage of income. It is suggested that this should be in the order of 15%, as a fall in rental income of over 10% will usually indicate some form of structural change either in the sector that the building represents (offices, warehousing, retail etc – as currently being experienced in the retail sector) or an issue with the building, such as a change affecting its location, or a need for investment from the Sinking Fund to maintain its market position.

The Development and Investment Group (DIG) will monitor performance on at least a quarterly basis, and will report on Portfolio performance to the Property and Investment Committee (PIC) at least annually and on an exception basis where anomalies in performance trigger specific action, which could include for example considering sale if the risk profile no longer conforms with the Council's Investment Parameters. More detail on DIG and PIC are set out in Section 8.0 on Governance.

An outline of the Performance Monitoring Report is provided at Appendix 5.

***"A quantified annual investment performance report to the Property Investment Committee provides a summary of the outcome of each element of risk assessment supported by appropriate advice in relation to changes in performance, any areas that require further consideration, and any actions that should be taken to mitigate unacceptable risk.***

***The Property Investment Committee (PIC) can at any time ask to be updated on the overall portfolio risk analysis.***

***Significant changes to the balance of the portfolio are reported as part of the acquisition process for new investments."***

Asset Management Core Principle 4

## 5.7 Financial prudence

Part of the management of risk is to ensure that the income received from the properties is managed in a financially prudent manner. Whilst the overall investment portfolio aims to support the local economy of Spelthorne and provide the Council with a sustainable income to underpin its revenue budget, this does not mean that all the income received from the investment portfolio can be spent on services and developments.

- The first call on income is the repayment of borrowing used to finance the purchase.
- The second call is the costs of managing the portfolio, including securing the right internal resources and external expertise as required. This will include the risk mitigation measures set out above. If the portfolio is poorly managed, or inadequately analysed, this will increase risk to the Council.
- The third call is the sinking fund. This is a proportion of the income to put aside to maintain the long-term value of the asset and to avoid impact on the Council's revenue budget in the event of future voids and rent-free periods. If the property is allowed to become obsolete in its function, or if there are works of updating required to secure the best quality lettings, then unless the appropriate ongoing investment is made the income will not be sustainable for the long term.

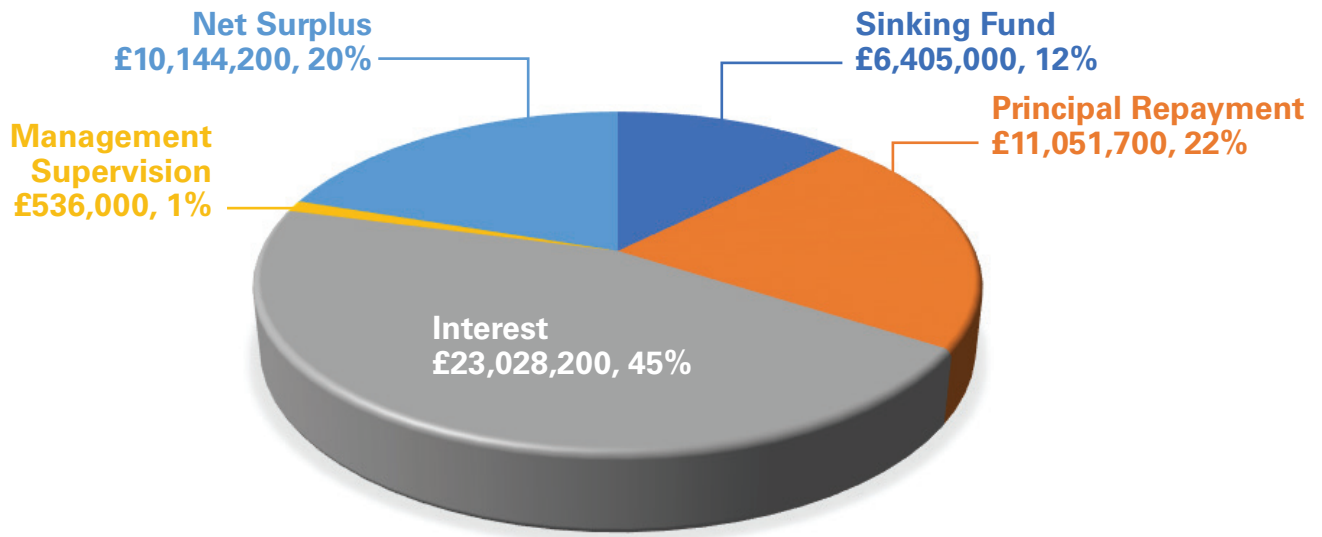


Fig 16: Division of income

To ensure sustainability, a sinking fund has been established into which a percentage of the annual income from each investment asset is saved. This money is ringfenced for use to maintain or enhance the value of the investment portfolio through future capital investment/refurbishment, and to reduce long-term risk (including covering potential future voids/rent free periods).

The sinking fund is invested in accordance with the Council's Treasury Management requirements

- Only after the above costs have been met will surplus income be available for use as part of the Council's annual revenue budget. The ability to generate such a surplus will have been considered as part of the assessment prior to purchase. Currently, the net return available for such use represents in the order of 20% of the total income generated. The percentage of total income contributing to the Council's revenue account is measured by asset and by portfolio, and reported to the PIC as part of the annual performance report.

***"The income from Property Investments will be used according to the following priority:***

- Repayment of loan and interest***
- Management costs***
- Sinking fund***
- Surplus net income available for use as part of the Council's annual revenue budget with particular focus on housing and regeneration in the borough"***

*Asset Management Core Principle 5*

## **5.8 Management, monitoring and Maintenance**

The Investment Portfolio is managed by the Council's Asset Management team.

The principle guiding the maintenance of the Investment Properties is that wherever possible this will be passed to the occupier via a fully maintaining and insuring lease. Any liability in respect of the maintenance of common parts will be addressed through a service charge. The intention is that the costs of maintenance will not fall on the Council, other than where investment is required beyond the legal obligations on the occupier to maintain the value of the asset, or in the event of any non-recoverable default. These costs will then be met from the sinking fund.

Further detail of the specific performance measures and how these will be monitored and reported is set out at Appendix 5.

## 6.0 THE MUNICIPAL PORTFOLIO

### 6.1 Land

The municipal estate comprises some 668 property assets, the biggest category of which (some 330 by number) consist of pieces of land.

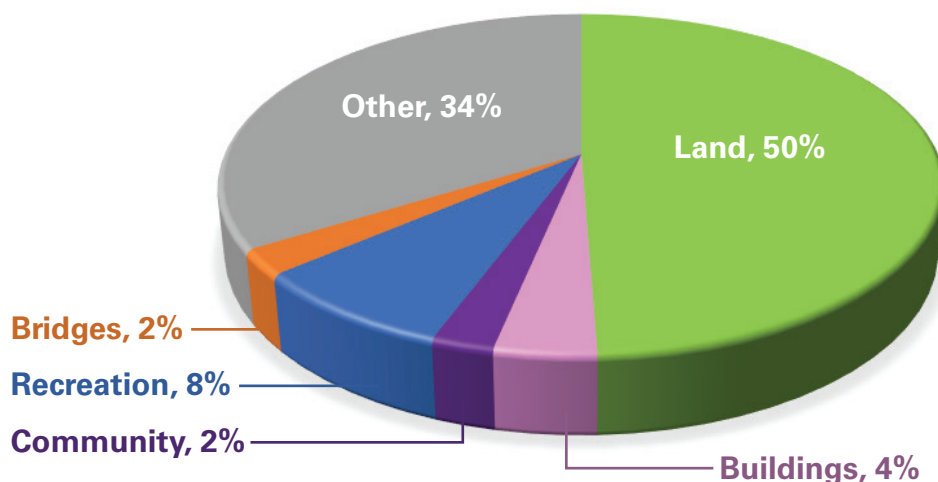


Fig 17: Municipal assets by percentage

These land holdings include public parks and gardens, playgrounds and open space, allotments, garden land, grazing land, areas of access to the river, highways land (where not owned by the County Council) and subsoil under the highway.

Largely, these pieces of land do not generate an income to the Council (with the exception of grazing land), but confer benefits to those who live and work in Spelthorne by providing valuable green spaces contributing to the health and well-being of residents and its environment. Some are of strategic value, such as where they control access to areas of development.

It is essential that the Council's property holdings are kept under review to ensure that they provide value for money, and that where possible, minor/insignificant landholdings that confer no real benefit are considered for disposal to neighbouring landowners or the community.

More significant areas of land that do not represent value for money or confer real community/sustainability benefit are considered for their ability to contribute to the Council's regeneration or development objectives. This process of review ensures that the Council is optimising its landholdings.



Lammas recreation ground, Staines-upon-Thames

## 6.2 Buildings and structures

The municipal estate also includes a wide range of buildings, structures and other assets such as memorials, portacabins, shelters, towers etc. Many of these are owned for historic reasons, and are held by the Council to ensure that they are managed for the community, others are used by the Council and its partners for the direct delivery of services.

Those which are held for local governance/community reasons include:

- Bandstand
- Boathouse
- Borehole
- Bridges
- Clock Tower
- Ice house
- Memorial bench
- Public Art
- Pump room
- Pumping Station
- Sub-stations
- Telecommunications Mast
- War Memorials
- Water Feature

Some assets, such as the Boathouse, produce a nominal income but other such as the bridges, War Memorials and pieces of public art are held for either practical or historic/community related reasons. If the Council did not care for and manage these properties, then arguably the wider benefit they confer would be lost or at risk.

Municipal buildings/assets in use include:

- The Council's offices at Knowle Green
- Bowling Greens
- Leisure centres
- Cemetery
- Car parks
- The Riverside Arts Centre
- Nursery
- Buildings used by Voluntary Organisations
- Staines Bus Station and Shelter
- Depot
- Pavilions in parks
- Community Halls and Day Centres

The vast majority of the Council's buildings and structures (97%) are owned outright by the Council as freehold interests. Some of these are leased out by the Council to third parties, often for the delivery of Council related services. The remainder of the Council's portfolio is occupied on a leasehold basis, some of which is then sublet to third parties.



*The Walled Garden, Sunbury*

Some of these properties are income producing, and others are owned or held to enable a service to be effectively delivered.

It is important to ensure that the municipal buildings effectively do what they are required to do and represent value for money. They therefore require review to assess whether they are:

**Suitable** for the use they are performing, i.e. in the right place, with the right configuration for the use suitably accessible to the public, and of a quality that reflects the service they provide and how those services may be delivered in the future;

**Sufficient** i.e. of a suitable size – if they are too small, this can impact negatively on the function they perform, if they are too big, they are likely to represent a disproportionate cost, and offer poor value for money; and

**In appropriate condition** – buildings must be compliant with all regulatory requirements, and properly maintained to meet the needs of those who work in them and who visit them, reflecting their potential future life and ensure where feasible they are made as carbon neutral as practically feasible.

**Represent value for money** – are cost effective compared to other options for service delivery, and in comparison to other buildings.





Spelthorne Council Offices, Knowle Green

If buildings are not suitable, sufficient or in appropriate condition, or no longer serve a useful purpose for the Council and the community, then plans are put in place to either invest in them, to address their shortfalls, replace them with something more suitable, or re-purpose those which are no longer needed or no longer fulfil their original role. If they cannot be re-purposed, then they are advertised to ascertain if there is a community organisation that could lease the building and provide additional benefit to the residents of the borough. Failing that they are considered for disposal, to save revenue costs and generate a capital receipt that can be used to deliver the Council's priorities.

***"The Council's Strategic Objectives for its Municipal Estate are that it:***

- ***Positively Contributes to the delivery of the Council's Priorities and services***
- ***Is suitable, sufficient and of appropriate quality and condition***
- ***Represents Value for Money***
- ***Enhances the Council's reputation***
- ***Meets future carbon neutral targets"***

Asset Management Core Principle 6

Spelthorne Borough Council is part of the Surrey Homes and Properties Enterprise partnership (SHAPE) which is designed to explore and deliver opportunities to use land & buildings collaboratively. The programme has a strong governance comprising a mix of County Councillors, Council Leaders and CEOs.

The aim of SHAPE is to benefit the wider community and Council's alike. Benefits include:

- Improvement of public services provision to residents, visitors, employees and businesses in the local area.
- Delivery of efficiency savings
- Renewal and rationalisation of the public estate to reduce the amount spent on land & buildings
- Free up much needed land for the development of housing, commercial and employment space
- Identification of opportunities to use combined assets to generate enhanced financial return.
- Support of local economic growth
- Generation of capital income and receipts

SHAPE is directly aligned with and receives funding from the Government's One Public Estate joint initiative between the Cabinet Office, the Ministry of Housing, Communities & Local Government and the Local Government Association. The One Public Estate programme was launched in 2013 to make better use of public-sector sites, free up space for new homes and create jobs. It encourages the emergency services, local councils and government departments to work more closely together by sharing sites and creating public-sector 'hubs' where services are delivered in one place.

Spelthorne is committed to the One Public Estates initiative, and actively considers opportunities for joint working in assessing the potential of its property assets, as set out in the review processes. (See Appendix 6).

The Asset Management Team has overall responsibility for the following:

- Landlord and Tenant matters related to leased in and leased out properties
  - » Rent reviews
  - » Lease renewals
  - » Compliance with lease terms
  - » New leases
- Acquisitions, for local wellbeing, income generation, housing and commercial development
- Disposals
- Development Strategy and housing delivery
- Investment strategy and portfolio review
- Property review
- Compliance with legal and regulatory requirements, e.g. keeping the Asbestos Register, fire compliance, insurance, risk assessment, electrical compliance etc.
- Health and Safety
- Condition surveys
- Maintenance
- Facilities Management related directly to the buildings (Cleaning etc.)
- Valuation – Annual asset valuations, insurance valuations, ad-hoc valuation
- Maintaining the asset register and appropriate property records
- Feeding into the Corporate contract register
- Planning and Development proposals
- Addressing day to day queries and issues relating to Council owned assets
- Meeting future risks and associated with climate change and working towards carbon neutrality in its assets.

Some areas of this work are sub-contracted.

Dealings with the Council's assets are subject to a raft of specialist controls such as the laws of Landlord and Tenant, the Law of Property Act, rights and case law that impacts on how they are governed, and actions that can be taken in the event of disputes or breaches of covenant. Rights can also be created if occupation in Council buildings is allowed without putting in place the correct documentation.

There is therefore a significant risk that unless the Council's municipal property is managed consistently, and through procedures that ensure the technical property matters are fully taken into account, then situations can arise that represent a physical or financial disadvantage to the Council. For this reason, the following principle will be applied to all Council owned property:

***The Council's Asset Management Team has overriding responsibility for all municipal property, and the acquisition, disposal, leasing and licensing of any space required by the Council or third parties for service delivery***

*Asset Management Core Principle 7*

In terms of specific areas of management, the current position is as follows:

## 6.4 Repairs, maintenance, and compliance

These areas of management are currently governed by a Joint Procurement and Management Agreement between Runnymede Borough Council and Spelthorne Borough Council. This agreement governs the procurement of a joint service providing the following:

- Planned Maintenance
- Reactive maintenance
- Servicing contracts for systems and equipment including alarms, lifts, health and safety systems, legionella testing, CCTV, air conditioning, clocks, automatic doors and other technical /electrically operated equipment.
- Condition surveys

The contract also includes the updating and management of property records in relation to the works done, including plans, correspondence assessments and regulatory/statutory information.

The contract has been in place since 2010 and was extended and varied in 2016. The arrangement will be reviewed in 2020 before 'contract' expiry in March 2021 to establish whether this approach continues to provide value for money and an effective service.

The revised contract enables Spelthorne to prioritise the works to be done following completion of stock condition surveys, and to assess affordability. This is essential in planning future maintenance budgets and programmes in the light of property review. Such surveys are undertaken every 5 years, and the next period runs from April 2021.

The partnership approach adopted for the delivery of the repairs, maintenance and compliance service with Runnymede reflects the positive attitude to information sharing and the One Public Estate initiative.

## 6.5 Property review, and emerging Value for Money Maintenance Policy

To meet the stated objectives for its municipal estate, the Council is committed to undertaking a comprehensive review of its entire municipal property estate over the next 3 years. Review has been an ongoing process, as evidenced by decisions such as bringing the Grounds Maintenance works back in house, to reduce the costs of managing the Council's landholdings, and periodic reviews of car parking and charging regimes. In developing this Asset Management Plan it has however been recognised that ongoing financial constraints will require a more rigorous and comprehensive approach to assessing whether the Council's land and building assets are working for the local electorate, and that money is being prioritised wisely.

Review procedures to be implemented in conjunction with service representatives and Root and Branch (efficiency review team) have therefore been revised to enable the Council's occupied municipal properties to be categorised. More detailed processes are set out at Appendix 6, and are initially aimed at buildings, with a separate process for land and items of infrastructure.

The key issues to identify are whether the service is needed for the long term, the suitability of the building/ location for the delivery of the service and whether the property occupied represents or could represent value for money.

The service assessment and suitability will be carried out by the Asset Management team in conjunction with the relevant service representatives and service planning processes, and is to some extent subjective, based on the knowledge of those using the building. The financial analysis is carried out by the Asset Management Team in liaison with Finance, and will be based on data relating to the portfolio to enable a comparison to be made between buildings.



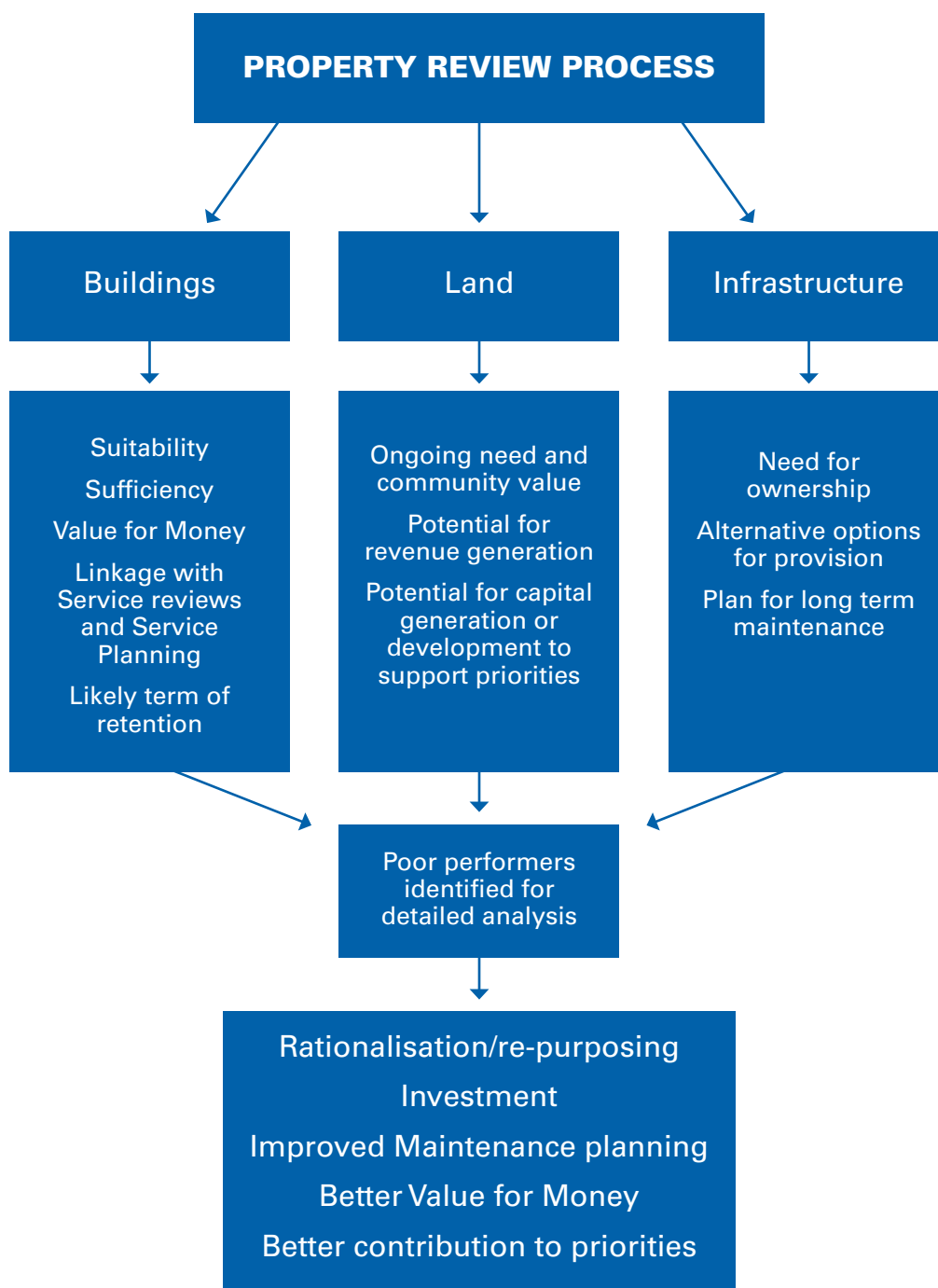


Fig 18: Asset Review Process

This then identifies the poorer performers for more detailed exploration and allows actions to be prioritised to address identified physical and financial shortcomings in the estate. This simple approach means that the greatest effort is put into addressing the needs of the poorer performers, thus securing the most effective change early on and leading to a process of continuous improvement.

Where poor performers are identified through property review, the actions to be taken are:

- Investing in the building to address the issues
- Securing an alternative location for the delivery of the service
  - » Retention for regeneration or strategic purposes
  - » Re-purposing vacated buildings to address corporate priorities (including consideration of community uses); or
  - » Disposal if re-purposing is not feasible or does not represent value for money

A large proportion of the Council's property is made up of land (just under 49% by number). The review process for land will differ from that for buildings. The aim of this is to ensure that any development potential within the Council's landholdings is identified, and that priority can be given to maximising the benefit of this in those cases most likely to generate added value.

With regard to very minor areas of amenity land, such as those on housing estates that were not transferred with the housing stock, it is proposed that in principle, the Council will look favourably on the disposal of these to neighbouring householders where there would be no loss of community value, and no detriment to the Council. The aim is to maximise the savings in terms of management and maintenance cost, risk and administration for areas that make no meaningful contribution to the Council's priorities.

The key asset management principles for the review of the Council's municipal land and buildings are summarised below

***"The Council's municipal land and buildings will be reviewed every 3 years to drive improvements in suitability and sufficiency, and to ensure that where no longer required for their existing use, action is taken to maximise the contribution they make to the Council's corporate priorities."***

*Asset Management Core Principle 8*

The process of Property Review also enables future property maintenance to be managed in a way that maximises value for money. By assessing the ongoing service need for each building in terms of likely future useful life, it is possible to budget for maintenance that reflects the ongoing municipal value of the asset to the Council.

Where properties are only likely to be needed for the short term, then it would not represent value for money to undertake major works of refurbishment. However, where an asset is likely to remain in long term operational use, then a full maintenance programme and periodic refurbishment plans will secure suitability for the longer term. Any proposals for capital spend are fed into the Council's Capital Programme and Capital Strategy.

As part of the property review process, it is proposed that budgeting for repairs and maintenance, and the delivery of works will be managed on a "Value for Money" basis:

***"The Council will maintain its Municipal Property on a Value for Money basis that reflects its anticipated ongoing service life."***

*Asset Management Core Principle 9*

Spelthorne Borough Council		
Value for Money Maintenance Policy – Operational Property		
Maintenance Standard	Definition	Property anticipated useful life to the authority
Gold standard	Full Planned maintenance programme to address all wants of repair, meet service need and improve service delivery, and maintain the value of the asset	16+ years, and/or where Council has legal obligations to maintain to a good standard
Silver standard	Essential repairs, and desirable repairs where these have a direct impact on service delivery or the reputation of the authority. Reduced preventative maintenance for the longer term unless it is covered by an evidenced increase in value of the asset.	8–15 years
Bronze standard	Essential repairs and Health and Safety/statutory requirements only. Presumption against desirable repairs and long term preventative maintenance, except where these have a direct immediate impact on service delivery or the reputation of the authority.	0–7 years,
Value for Money Maintenance Policy – Other Property		
Commercial Property	Maintenance liability should wherever possible be passed to the occupier, and obligations actively enforced. Where direct maintenance is required, this should be to a standard to maximise value for money.	
Community Property	Wherever possible maintenance liability should be transferred as part of Community Asset Transfer. If retained, then the property is categorised as for Operational Property above, and the appropriate standard applied.	
Strategic Property	As this is intended for short term strategic intervention the Bronze Standard of maintenance will be applied	

Fig 19: Value for Money maintenance policy

Since 2017/18 the Planned Maintenance Budget provision has been increased by £750,000 with a further £250,000 planned from 2021/22. This supports the shift from a reactive to planned maintenance approach.

## 6.6 Performance measurement and monitoring (Municipal Estate)

Measuring the performance of the municipal portfolio is directly linked to the property review process.

In terms of service related buildings, the initial measure is to identify the percentage of buildings by number and floorspace identified as no longer suitable or sufficient for ongoing service delivery. The actions required to address the lack of suitability, or to rehouse the service and repurpose the building will then be added to the Asset Management Action/Delivery Plan, and progress on these projects monitored through usual project management protocols.

For those identified as suitable and sufficient for ongoing service use, performance will be measured through a comparison of operational costs per m<sup>2</sup>. This will be measurable on a building by building basis once the new property information management system is in place and fully functional. This will enable targets to be set for securing value for money in ongoing building operation, and for operational costs to be taken into account in future reviews.

The first performance measure will be the average annual running cost per m<sup>2</sup>, which can then be compared year on year to assess whether there is improvement, or identify what has impacted on it (such as external energy costs).

The second measure will be the percentage by floorspace of the service accommodation that falls over 10% above the average running costs per square metre. This will identify the poorest performers, and enable actions to be identified to address poor performance, or for this to be highlighted a part of later specific building review processes to inform decision making.

An annual report will be provided to PIC who will refer the final report to Cabinet. The report will set out the following:

- % of buildings/floorspace considered unsuitable
- Comparison with previous year
- Actions identified for these buildings and priority/timescale for delivery
- Update on actions identified in previous year and outcomes
- Average operational costs per m<sup>2</sup> for remaining municipal buildings
- Comparison with previous year
- % by floorspace and identification of buildings exceeding 10% over the average operational cost
- Actions identified to improve the relative cost of poor performers
- Update on actions identified in previous year and outcomes

The aim of these simple performance measures and monitoring regime is to put in place a useful process that informs decision making, budget prioritisation, and leads to continuous improvement over time.

## 7.0 KNOWLE GREEN ESTATES

Knowle Green Estates Group Ltd (KGE) is a limited company wholly owned by Spelthorne Borough Council. It was established in May 2016 as a vehicle for the delivery of emergency accommodation at Harper House. Since then it has developed as a vehicle for the Council to own and let residential accommodation. The Company is a key component in the delivery of the Council's Housing Strategy.

The potential long term role of KGE in managing risks associated with the occupation of Council owned residential property, is subject to ongoing review. The aim is to maximise the value and benefit to the Council of having a separate company, and to minimise risk and reputational exposure.

The funding strategy for KGE is to borrow from its parent (SBC) at competitive rates and with diminished or no developers profit as part of its activities. The resulting benefit of this approach is to enable KGE to own and rent residential property on a long term basis for a variety of tenures including key worker accommodation, affordable housing as well as open market rents.

The Council, as sole owner of the company, will directly benefit from any surplus income or savings generated by KGE which is not reinvested in the Company. Currently the main cashflows from the company to the Council are:

- Payment of interest on loans
- Repayment of principal on loans
- Recharges for services provided by Council to the Company

The main way transfer of surplus from Company to Council takes place is on the interest margin the Council earns on private rental units which the company pays a market rate finance cost on.

In terms of Governance, KGE currently comprises the following:

- Director: Deputy Chief Executive and Chief Finance Officer (Section 151 Officer) for Spelthorne Council

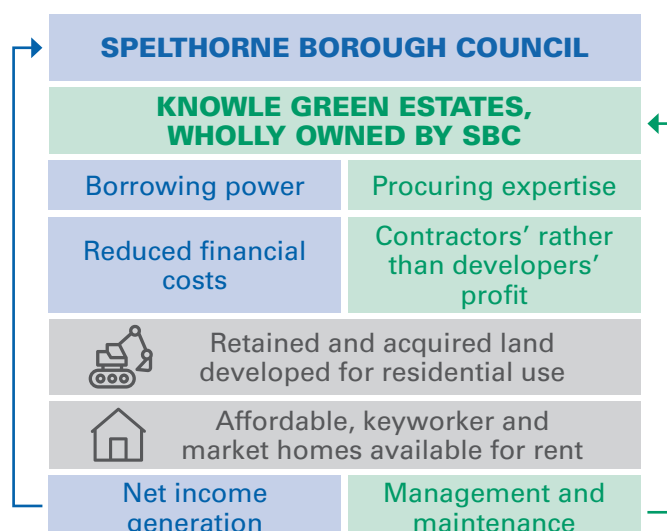
- Director: Councillor Olivia Rybinski
- 2 Non-executive Director [one post vacant]
- Company Secretary

The Company is controlled by and is directly accountable to the Council as its shareholder. The shareholder will also sign off the Annual Strategy for its operation, and a rolling 5-year business plan which will be reviewed on an annual basis.

Using services delivered by the Asset Management Team, KGE will manage the residential property portfolio (with the exception of the White Hostel and Harper House which are owned by SBC). The extent of any future growth in its areas of responsibility will be determined through the Council's strategy, and the development of a business plan with KGE's directors.

The growth of Knowle Green Estate as an operating property management entity is a key priority over the life of this plan.

It is not the intention to build and sell residential developments but rather to keep all developments and maintain a residential portfolio under the Knowle Green Estates banner. Over time this will produce revenue for the borough in the long term. It will also facilitate the provision of a significant number of affordable and key worker homes in perpetuity.



## 8.0 GOVERNANCE

### 8.1 Governance of Development and Strategic portfolio

Housing schemes (with the exception of single person homeless and temporary accommodation for families) will be held and managed by Knowle Green Estates, the Council's wholly owned property management company. More details of this are set out at section 7.0.

In terms of governance, all direct developments and potential sites for acquisition are reported to DIG and are the subject of bi-weekly project monitoring reports. An example of the project monitoring report format is provided at Appendix 7.

The bi-weekly monitoring report sets out a summary of the proposed development and its financial profile, including income and cost projections, costs to date, anticipated gross and net return on investment, Progress against milestones, issues and risks including climate change, together with mitigation measures, and reports on Health and safety matters. This ensures that developments are kept to time and budget as far as is possible and enables appropriate action to be taken in a timely manner. This is key to the efficient delivery of the development outcomes and is in accordance with best practice.

Progress against all developments is reported to the Property and Investment Committee (PIC) at least annually, and then summarised to Cabinet.

### 8.2 Governance of the Investment Portfolio

All investment acquisitions are initially considered by the DIG. This reports to the PIC which authorises the DIG to make offers for property, and if terms are agreed on a basis that is acceptable to DIG, this is then referred up to Cabinet for final approval before the transaction takes place.

The management of the Investment Portfolio is carried out by the Council's Asset Management Team with specialist input and support as required from external investment advisers. This team is answerable to the Council's Management team, and the Council as a whole.

An independently supported and accountable approach to the governance of the Investment Portfolio is intended to ensure that robust professional advice is taken on the commercial aspects and risk profile of the investment portfolio. This ensures that risk is managed in the way that would be applied to any major pension fund or property investment company. The commercial advice reported to the Council is always impartial and transparent, enabling this to then be and considered by Council Members in the wider context of its administrative role.

### **8.3 Governance of the Municipal Portfolio and role of the Asset Management Team**

The Municipal Portfolio is used by many areas of the Council, but its management and governance is the responsibility of the Asset Management Team. This team is made up of staff with property expertise and experience who are suitably qualified to protect the Council's interest in all property dealings and transactions.

The Asset Management Team effectively represents the Council's "Corporate Landlord". The team works closely with other officers and partners of the Council to ensure that the views and needs of those who use and occupy the buildings, and who deliver services from them are understood, and considered in any review and decision-making processes.

The Asset Management Team works closely with Finance, who ultimately manage the income received from the Council's portfolio, and the setting of budgets for their management and maintenance, and with the Council's Legal Team who put in place the documentation needed to control how the buildings are used and occupied, such as leases, licence agreements, wayleaves, easements and property contracts and transfers on disposal or acquisition.

## 9.0 PROPERTY INFORMATION MANAGEMENT

Key to the management of all the Council's assets is the collection and management of accurate and reliable data. Historically, the Council's asset register has been held electronically in the form of an excel spreadsheet, with supporting detail held in individual asset files.

With the acquisition of a significant investment portfolio, and increased focus on the need to ensure that the management of all income producing property maximises benefit to the Council it has been recognised that there is a need for a comprehensive Property Management database, linked to mapping via a Geographical Information System.

The Council has procured such a system, and is currently moving into the implementation phase. The system (once operational) will be accessible both to KGE and the Council's in-house asset management function.

The establishment of the new system will enable all asset related data held to be validated as part of the process of information population, and will provide a robust and reliable platform from which property reviews can be undertaken and the related annual performance measurement and monitoring reports prepared.

The property management system will incorporate a database of residential assets covering tenancy related matters, such as:

- antisocial behavioural issues
- rent collection
- void management
- statutory compliance
- contract management
- building maintenance and repairs
- lettings management
- health and safety allocations

This will enable efficient property management, providing the opportunity for appropriate key performance indicators to be set and to form the basis for regular reporting.



## 10.0 ACTION PLAN AND RESOURCING

To deliver the objectives set out in this plan requires a range of actions to be taken. The action plan below identifies in summary the work to be done and timescales for delivery and reporting. Each action represents a project in its own right, which will have separate more detailed governance arrangements and resourcing plans but all should also take account of sustainability objectives and ensure they meet climate change objectives of carbon neutrality by 2050. To achieve this goal needs planning and implementation of mitigation measures to start from 2020.

To deliver this scale of work, and to continue to grow the investment portfolio and direct development activity will require a properly resourced team representing a range of skills, supported by external specialist advice. An indicative resourcing overview setting out the anticipated immediate skills requirement is provided at Appendix 8.

SPELTHORNE BOROUGH COUNCIL ASSET MANAGEMENT PLAN 2019-2024				ACTION PLAN
Area of work	Action	Objectives/outcomes	Timetable	Reporting
Management of AMP processes	Formalise the role of KGE Ltd.	Development of independent company to maximise benefit to Spelthorne Reduce and actively manage risk Demonstrate value for money Maximise financial return to the Council Develop beneficial commercial relationships Secure sustainable supply of housing	2020	To Project Sponsors Board, and update to Cabinet as required
	Continue to develop an appropriately resourced Asset Management Skills team	To support ongoing acquisitions and development programme and to enable property review processes to continue To provide ongoing immediate expertise and support to the Council on property related issues To reduce risk	2020 and ongoing	Reporting to Portfolio Holder as required, at least quarterly
	Review of maintenance and compliance delivery procedures, including contract with Runnymede	To ensure value for money To ensure effectiveness and efficiency To reduce risk	2020 (before partnership contract expiry)	Reporting to Portfolio Holder as required. (See above)
	Populate and validate new Property Management Information System	Support property management and review processes Validate and update data Enable analysis Reduce risk	2020	Reporting to Portfolio Holder as required, at least quarterly

Fig 20: Action plan for AMP development

SPELTHORNE BOROUGH COUNCIL ASSET MANAGEMENT PLAN 2019-2024				ACTION PLAN
Area of work	Action	Objectives/outcomes	Timetable	Reporting
Management and consolidation of Investment Portfolio	Establish annual and ad hoc investment market and industry sector review arrangements with external advisers	To feed into monitoring arrangements and annual reporting To actively manage risk	2020	Quarterly reporting to PIC and annual reporting to Cabinet
	Establish stress test, income risk, occupier risk and covenant risk processes to inform quarterly reporting to PIC and annual reporting to Cabinet	To actively manage risk	2020	
	Initiate annual reporting process and formally adopt appropriate pro-forma	To actively manage and monitor performance and risk To inform decision making	2020	
	Review Sinking Fund arrangements against anticipate lifecycle costs of each investment, and establish proportion of income to be set aside. Review total sinking fund position and current investment and management arrangements	To mitigate future risk and make adequate provision for maintaining the value of the on-operational portfolio To maximise financial benefit of fund to the Council and support adequate resourcing	2020	
	Progress investment acquisitions programme	Generate additional secure revenue, contributing to securing financial sustainability, and to secure economic, environmental and social wellbeing of residents	Ongoing for the life of the plan	In accordance with reporting processes and investment criteria set out in AMP

Fig 21: Action plan for Investment Portfolio

SPELTHORNE BOROUGH COUNCIL ASSET MANAGEMENT PLAN 2019-2024				ACTION PLAN
Area of work	Action	Objectives/outcomes	Timetable	Reporting
Management of the municipal portfolio	Assess suitability and sufficiency of operational buildings in accordance with review procedures	To enable planning to better meet the needs of service delivery To assess comparative performance of existing portfolio To inform maintenance budgeting and application of Value for Money Maintenance prioritisation	Once new PMI system has been fully populated and become operational and then at least every three years	In accordance with AMP. Annual performance report for operational estate once initial reviews completed.
	Assess financial performance in accordance with review procedures	To ensure value for money and enable planning of mitigation measures or investment required to reduce running costs		
	Establish reporting protocols for outcomes of review processes	To enable effective monitoring and reporting, and to secure support for any proposed changes or projects arising from review processes		
	Develop a Community Asset Policy based on a balanced score card	To maximise the opportunity for community organisations that directly benefit the borough to lease assets which are surplus to operational requirements	2020	Annually on decisions made basis
	Complete specific review of Council owned car parks	To identify opportunities for maximising value and reducing cost/liability to the Council and for contribution to the delivery of key priorities	2020	In accordance with existing project management arrangements
	Review land holdings and develop action plan based on outcomes	To identify opportunities for maximising value and reducing cost/liability to the Council and for contribution to the delivery of key priorities	By end 2022	In accordance with AMP. Annual performance report for operational estate once initial reviews completed.
	Review infrastructure assets held by the Council in accordance with AMP	To identify opportunities for maximising value and reducing cost/liability to the Council and for contribution to the delivery of key priorities and mitigation of risks associated with climate change	By end 2023	In accordance with AMP. Annual performance report for operational estate once initial reviews completed.

Fig 22: Action Plan for Municipal Portfolio

SPELTHORNE BOROUGH COUNCIL ASSET MANAGEMENT PLAN 2019-2024				ACTION PLAN
Area of work	Action	Objectives/outcomes	Timetable	Reporting
Regeneration/ development projects	Progress development/ regeneration acquisitions programme	Meet Housing and Economic Development objectives, generate additional secure revenue, contributing to securing financial sustainability, to secure economic and social wellbeing of residents and meet climate change targets	Ongoing for the life of the plan	In accordance with reporting processes and investment criteria set out in AMP
	Knowle Green Rationalisation and repurposing (project Lima)	Reduce operational running and occupancy costs/liabilities Enable further development through re-purposing/redevelopment of parts of the site Support Housing objectives Generate additional revenue, contributing to securing financial sustainability	Ongoing during life of AMP	In accordance with existing project management and development reporting arrangements
	Fordbridge extension to the day centre	To support Health and Wellbeing of local residents	2020	
	Ashford MSCP	Redevelopment to provide PRS housing accommodation Generate additional revenue, contributing to securing financial sustainability Support Housing and economic development objectives	2020/21	
	Ceaser Court, formerly Benwell House	Complete redevelopment to provide 91 units to support housing objectives Generate additional revenue, contributing to securing financial sustainability	Phase 1: 2020/21 Phase 2: 2021/22	
	Waterfront Development Opportunity	Complete JV with preferred delivery partner To enable planning and delivery to be progressed by JV partner Generate additional revenue, contributing to securing financial sustainability Support Housing and economic and environmental development objectives	2020/21	
	White House site (single persons homeless hostel)	Deliver 27 beds to support housing objectives Develop project delivery plan for implementation Generate additional revenue, contributing to securing financial sustainability Support Housing and economic development objectives	2020/21	
	Laleham Park Pavilion	Progress planning for redevelopment to provide toilets and catering concession Develop project delivery plan for implementation Generate additional revenue, contributing to securing financial sustainability	2020/21	
	Harper House (emergency accommodation)	Deliver 20 residential units to support housing objectives Generate additional revenue, contributing to securing financial stability To support Health and Wellbeing of local residents	2020/2021	

Area of work	Action	Objectives/outcomes	Timetable	Reporting
Regeneration/ development projects	Spelthorne Leisure Centre	Delivery of new Leisure Centre Health and Wellbeing of local residents	2021/22	In accordance with existing project management and development reporting arrangements
	Thameside House	Progress planning to enable work to start on delivery phase Deliver 140 residential units to support housing objectives Generate additional revenue, contributing to securing financial stability	2021 – 2023	
	Victory Place (Ashford Hospital car park)	Deliver 115 residential units to support housing objectives Generate additional revenue, contributing to securing financial stability	2021 – 2023	
	The Oast House	Progress planning to enable work to start on delivery phase Deliver residential units to support housing objectives Generate additional revenue, contributing to securing financial stability	2021 – 2023	

Fig 23: Action plan for Regeneration and Development

## APPENDICES

### Appendix 1 – Summary of Council Services

Planning	Rubbish and recycling	Building control
Council tax	Housing	Jobs and careers
Housing benefit	Leisure and parks	Community, health and education
Environmental health	Parking, travel and roads	Sustainability
Licences and permits	Land and property	Business advice and support
Markets and farmers' markets	Food safety	Doing business with the council
Health and safety	Staines-upon-Thames – The Destination	Council tax support
Supporting families	Economic development	Grants

## Appendix 2 – Analysis of growth in rental values over the last 5 years, and comparison with adjacent boroughs:

Average rental values		Room			Comparison with adjacent boroughs		
Year	Spelthorne	Runnymede	Hillingdon	Hounslow	Richmond	Elmbridge	England
2013/14	525	430	401	600	590	450	338
2014/15	No data	450	500	587	595	600	350
2015/16	598	500	450	575	575	600	368
2016/17	550	550	550	650	661	550	377
2017/18	638	385	600	638	No data	No data	390
% increase in 5 years	22%	-10%	50%	6%	12%	22%	15%

Average rental values		Studio			Comparison with adjacent boroughs		
Year	Spelthorne	Runnymede	Hillingdon	Hounslow	Richmond	Elmbridge	England
2013/14	650	595	600	700	850	673	475
2014/15	700	645	690	750	900	730	500
2015/16	725	725	700	850	950	695	570
2016/17	725	725	750	835	900	738	550
2017/18	750	715	795	867	995	750	575
% increase in 5 years	15%	20%	33%	24%	17%	11%	21%

Average rental values		1 bed			Comparison with adjacent boroughs		
Year	Spelthorne	Runnymede	Hillingdon	Hounslow	Richmond	Elmbridge	England
2013/14	800	800	795	1000	1125	848	500
2014/15	875	895	900	1101	1225	875	540
2015/16	895	895	900	1295	1250	900	575
2016/17	900	900	1000	1100	1150	900	595
2017/18	925	895	1000	1100	1250	900	600
% increase in 5 years	16%	12%	26%	10%	11%	6%	20%

Average rental values		2 bed			Comparison with adjacent boroughs		
Year	Spelthorne	Runnymede	Hillingdon	Hounslow	Richmond	Elmbridge	England
2013/14	1000	1000	1090	1250	1495	1100	575
2014/15	1150	1198	1200	1350	1550	1150	595
2015/16	1150	1195	1200	1488	1550	1195	625
2016/17	1150	1200	1250	1350	1495	1225	650
2017/18	1195	1195	1250	1250	1595	1200	650
% increase in 5 years	20%	20%	15%	0%	7%	9%	13%

Average rental values		3 bed			Comparison with adjacent boroughs		
Year	Spelthorne	Runnymede	Hillingdon	Hounslow	Richmond	Elmbridge	England
2013/14	1225	1200	1250	1500	2000	1450	650
2014/15	1300	1400	1450	1584	2200	1480	695
2015/16	1363	1400	1400	1650	2095	1500	715
2016/17	1356	1425	1495	1595	1850	1500	750
2017/18	1350	1413	1450	1500	2100	1500	750
% increase in 5 years	10%	18%	16%	0%	5%	3%	15%

Average rental values		4 + bed			Comparison with adjacent boroughs		
Year	Spelthorne	Runnymede	Hillingdon	Hounslow	Richmond	Elmbridge	England
2013/14	1750	1885	1700	2300	3400	3150	1100
2014/15	1800	1942	2000	2708	3798	3100	1200
2015/16	1695	1950	1800	2125	3300	3600	1275
2016/17	1698	2000	1950	2000	3000	3000	1300
2017/18	1700	1895	1900	1850	3500	3600	1320
% increase in 5 years	-3%	1%	12%	-20%	3%	14%	20%

Average weekly earnings	Spelthorne	Runnymede	Hillingdon	Hounslow	Richmond	Elmbridge
April 208	607.5	682.9	613.6	693.8	611.5	693.8
1 bed multiplier	1.52	1.31	1.63	1.59	2.04	1.30
2 bed multiplier	1.97	1.75	2.04	1.80	2.61	1.73

Source: ONS Median Private rents and average weekly earnings statistics

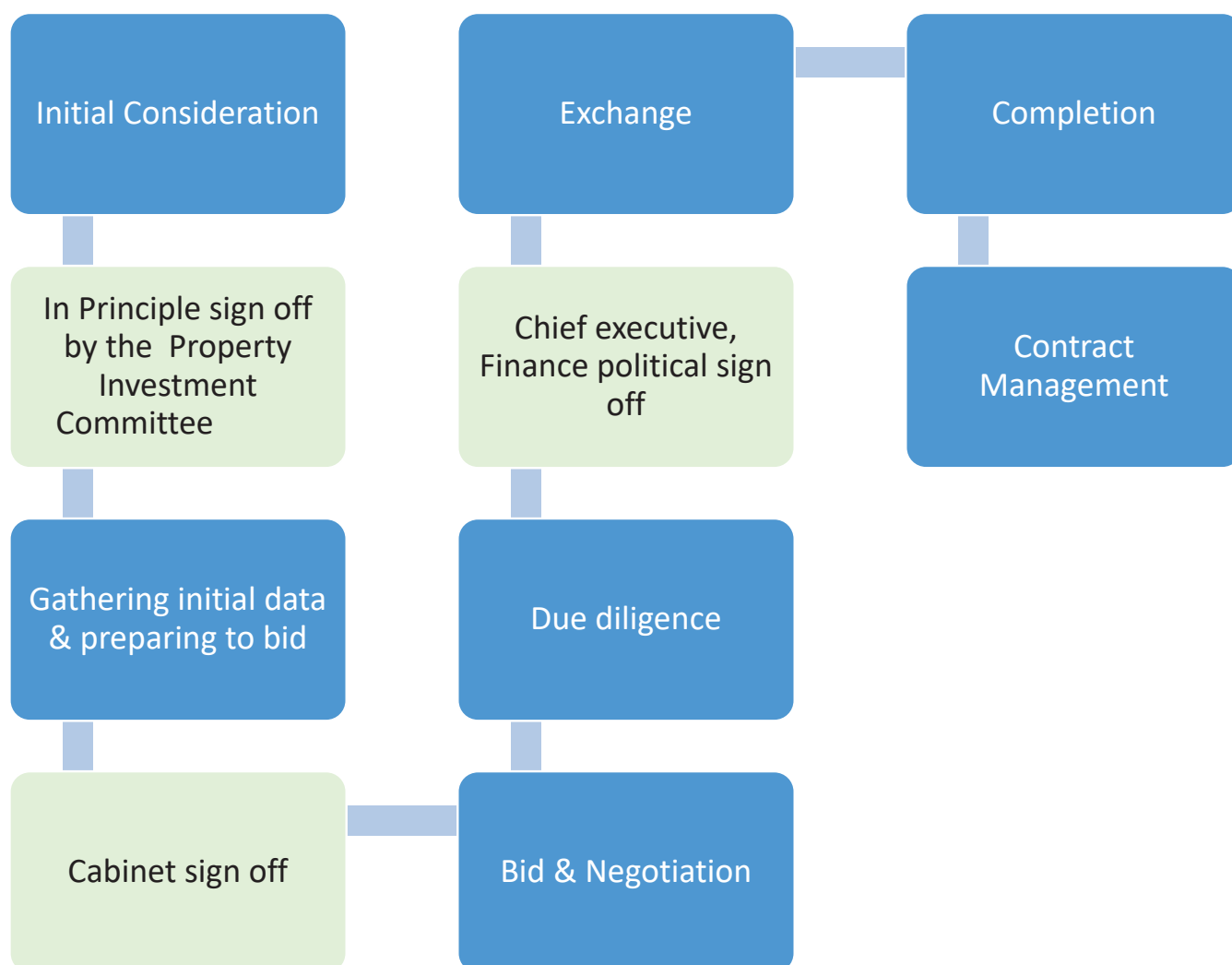
### Appendix 3 – Summary analysis of portfolio

Asset Type	Number
Advertising Hoarding	9
Allotment	16
Arts Centre	1
Back Garden	9
Bandstand	2
Basketball Area	1
Bathing Station	1
Boathouse	4
Borehole	1
Bowling Green	5
Bridge	16
Building-Commercial	12
Building-Office	2
Building-Vacant	1
Bus Shelter	1
Bus Station	1
Café	3
Campsite	1
Car Park	54
Car Parking Spaces	9
Car Wash	1
Cemetery	4
Changing Rooms	4
Chapel	3
Clock Tower	4
Closed Church Yard	5
Clubhouse	4
Common Land	3
Community	1
Community Centre	5
Community Hall	6
Demolished	1
Depot	1
Development	3
Football Grassed Area	5
Games Area	5
Garage	5
Golf Course	1
Greenhouse	1
Highway Subsoil	2
Ice House	1
Investment Property	4
Investments	8
Kiosk	3
Land	8
Land-Access	6
Land-Access to River	1
Land-Amenity	124
Land-Garden	1
Land-Grazing	6
Land-Highway	44
Land-Highway Subsoil	21
Landing Stage	3
Land-part of park	1
Land-Vacant	2

Leisure Centre	2
Linear Park	1
Memorial Bench	1
Museum	1
Nursery	2
Office	2
Offices	2
Open Space	18
Outside Gym	1
Pavilion	11
Plant Nursery	1
Plant Room	1
Playground	31
Playgroup	1
Portacabin	1
Private Road	1
Public Art	15
Public Conveniences	14
Public Gardens	7
Public Park	33
Public Park-part of	3
Public Shelter	2
Pump Room	1
Pumping Station	1
Railway	1
Redevelopment	1
Residential Flat	3
Residential House	2
Resource Centre	1
Service Yard	6
Skate Park	6
Sports Ground	2
Storage Building	4
Storeroom	1
Structures	2
Sub Station	12
Telecommunications Mast	1
Tennis Courts	8
Towpath	6
Underground Structure	1
Vacant	1
Voluntary Organisation	8
Walled Garden	1
War Memorial	6
Water Feature	4
Workshop	2

Asset Type	Number
Land	330
Buildings	24
Investment Property	12
Community	16
Recreation	54
Bridges	16
Other	226
	<b>678</b>



**Appendix 4 – Acquisition Process**

## Appendix 5 – Performance Monitoring Report for Investment Portfolio

Spelthorne Borough Council  
Annual Investment Monitoring Report pro-forma  
Commercially sensitive information – not for publication

Date:

### 1 Headline analysis, age profile and stress test:

Individual asset performance											
Reference number	Year of acquisition	Asset identification	Current capital value £	Gross income £	Gross return %	% of income contributing to revenue account	Capital debt as a % of Capital Value	Asset stress test (% of income loss to break even)	Comparison with portfolio stress test target	Asset stress test (% of income loss to break even) taking into account sinking fund.	Comparison with portfolio stress test target
Portfolio performance			Current capital value £	Gross income £	Gross return %	% of income contributing to revenue account	Capital debt as a % of Capital Value	Portfolio stress test (% of income loss to break even)	Portfolio stress test target		Portfolio stress test target
Commentary											

## 2 Annual independent investment review and market advice:

- **Key highlights:**

- » Market commentary
- » Prospects for growth
- » Comparison with pension fund performance/other market comparators
- » Recommendations

- **Issues for Spelthorne**

### **3 Risk Assessment outcomes:**

- **Income risk**
- **Covenant risk**
- **Occupier industry risk**

### **Analysis and implications for Spelthorne:**

### **4 Sinking fund review:**

- **Total value £**
- **Summary of annual expenditure**
- **Significant building/structural/condition/maintenance issues anticipated for the next 12 months**
- **Service charges and related issues**

### **5 Annual Management Review:**

- **Significant Occupier changes**
- **Percentage of voids by income**
  - » Comparison with previous years
  - » Commentary
- **Percentage of voids by floorspace**
  - » Comparison with previous years
  - » Commentary
- **Percentage of floorspace let**
  - » Comparison with previous years
  - » Commentary
- **Percentage of floorspace subject to rental guarantees**
  - » Comparison with previous years
  - » Commentary
- **Percentage of floorspace subject to rental guarantees due to expire within 18 months**
  - » Commentary and actions to be taken
- **Summary of rent review activity**
  - » Value trends
  - » Commentary
- **Anticipated activity for next 12 months**
- **Any areas of anticipated risk requiring interim review**
- **Resourcing implications**
- **Carbon reduction**

### **6 Conclusions and key actions planned for next 12 months – to be reported to Cabinet**

## Appendix 6 – Review processes

Spelthorne Borough Council Municipal Property review process Applied to all frehold municipal buildings											
Suitability and need assessment		Evidenced where possible, assessed by service users in conjunction with Asset Management Team								Suggested action	
Building identity and M2	Use	How long will use be required/ relevant?	Is there a cheaper alternative?	Condition	Suitability and sufficiency	Score	Total Score	Commentary, including any strategic /One Public Estates matters to be taken into account			Retain and invest/ repurpose/ dispose
	Used by SBC for:				Size						
					Configuration						
	Used by 3rd party on behalf of SBC for				Location						
					Accessibility						
					DDI compliant						
Suitability Scoring		15+ years 1 7-15 years 2 0-7 years 3	No 1 Yes 2	Good 1 Servicable 2 Poor 3		Good 1 Servicable 2 Poor 3					
Scores from lowest		8									
To highest		23									
Suitable		10 or under									
In need of improvement		10 to 15									
Unsuitable/ needing significant investment		16 or over									
Financial analysis		Comparative across portfolio for specific value/cost information								Suggested action	
Building identity and M2	Income status	score	Responsibility for Repairs and maintenance	Score	Asset Value/ opportunity cost	Identified investment need (maintenance backlog) £	Identified investment need £/M2	Identified investment need % of asset value	Annual revenue cost	Annual revenue cost per M2	Retain and invest/ repurpose/ dispose
Financial scoring	Income producing score 1		Occupier (where not SBC) Score 1								
	Not income producing score 2		Council score 2								
Scores from lowest		8									
To highest		22									
Value for money		12 or under									
In need of improvement		13 to 17									
Poor value for money.		18 or over									
		Target: Address lowest performing 10% per annum									

Spelthorne Borough Council Municipal Property review process Applied to all leased in municipal buildings												
Suitability and need assessment			Evidenced where possible, assessed by service users in conjunction with Asset Management Team							Suggested action		
Building identity and M2	Summary Lease details (Term outstanding, rent review pattern)	Use	How long will use be required/ relevant?	Is there a cheaper alternative?	Condition	Suitability and sufficiency	Score	Total Score	Commentary	Retain/ seek to relocate		
		Used by SBC for:				Size						
		Used by 3rd party on behalf of SBC for				Configuration						
						Location						
						Accessibility						
						DDI compliant						
Suitability Scoring		Sublet Yes 1 No 2	15+ years 1 7-15 years 2 0-7 years 3	No 1 Yes 2	Good 1 Serviceable 2 Poor 3	Good 1 Serviceable 2 Poor 3						
Scores from lowest			9									
To highest			25								Target: Address lowest performing 10% per annum	
Suitable			12 or under									
In need of improvement			13 to 19									
Unsuitable/ needing significant investment			20 or over									
Financial analysis		Comparative across portfolio for specific value/cost information							Suggested action			
Building identity and M2	Responsibility for Repairs and maintenance	Score	Annual rent payment	Date of next review	Anticipated capital liability on expiry of lease	Annual revenue cost (including rent)	Annual revenue cost per M2	Retain/ seek to relocate				
Financial scoring	Occupier (where not SBC) Score 1											
	Council score 2											
Scores from lowest			4				In lowest 50% by building score 1	In lowest 50% by building score 1				
To highest			11				In highest 21-50% score 2	In highest 21-50% by building score 2	In highest 21-50% score 2			
Value for money			5 or under				In highest 20% score 3	In Highest 20% by building score 3	In highest 20% score 3			
In need of improvement			6 to 8									
Poor value for money.			9 or over				Target: Address lowest performing 10% per annum					

Spelthorne Borough Council Municipal Property review process Applied to all fully leased out municipal buildings												
Suitability and need assessment			Evidenced where possible, assessed by service users in conjunction with Asset Management Team							Suggested action		
Building identity and M2	details (Term outstanding, rent, review pattern)	Occupier and use	How long will use be required/ relevant?	Is there a cheaper alternative?	Condition	Suitability and sufficiency	Score	Total Score	Commentary, including any strategic /One Public Estates matters to be taken into account		Continue to let/ secure VP and re-purpose or dispose	
						Size						
						Configuration						
						Location						
						Accessibility						
						DDI compliant						
Suitability Scoring		Sublet Yes 1 No 2	15+ years 1 7-15 years 2 0-7 years 3	No 1 Yes 2	Good 1 Servicable 2 Poor 3		Good 1 Servicable 2 Poor 3					
Scores from lowest			9									
To highest			25									
Suitable			12 or under	Target: Address lowest performing 10% per annum								
In need of improvement			13 to 20									
Unsuitable/ needing significant investment			21 or over									
Financial analysis												
Comparative across portfolio for specific value/cost information										Suggested action		
Building identity and M2	Responsibility for Repairs and maintenance	Score	Capital value/ opportunity cost	Annual rental income	Annual rental income per M2	Return on investment	Date of next review	Anticipated capital liability on expiry of lease	Annual revenue cost to SBC	Annual revenue cost per M2	Retain/ seek to relocate	
Financial scoring	Occupier (where not SBC) Score 1											
	Council score 2											
Scores from lowest			8	In lowest 50% score 1	In lowest 50% score 1	In lowest 50% score 1	In lowest 50% score 1	by building score 1	In lowest 50% score 1	In lowest 50% score 1		
To highest			23	In highest 21-50% score 2	In highest 21-50% score 2	In highest 21-50% score 2	In highest 21-50% score 2	In highest 21-50% by building score 2	In highest 21-50% score 2	In highest 21-50% score 2		
Value for money			12 or under	In highest 20% score 3	In highest 20% score 3	In highest 20% score 3	In highest 20% score 3	In Highest 20% by building score 3	In highest 20% score 3	In highest 20% score 3		
In need of improvement			13 to 18									
Poor value for money			19 or over									
Target: Address lowest performing 10% per annum												

Spelthorne Borough Council				Review of <b>landholdings</b> with potential for alternative use or intensified use																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																									</
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NB assessment of Development Potential will reflect any statutory controls/regulations (e.g as can apply to allotments, open space etc), any legal restrictions and the likelihood of securing planning

Excludes minor areas of amenity land on residential estates

These are to be considered positively where applications from neighbours are made to purchase, so long as disposal has no negative impact on the Council or ider amenity of the area.

Spelthorne Borough Council Review of infrastructure					
Type of infrastructure	Does the Council need to own it for strategic/heritage protection reasons?	Is there a potential alternative owner?	Annual revenue cost	Known capital investment need	Any action required
	Yes/No	Yes/No			
		If yes, consider whether liability can be transferred, and at what cost. Compare to ongoing cost of ownership			Consider in the light of earlier outcomes.
	If Yes, retain and plan maintenance				

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## Appendix 8 – Indicative resourcing requirements

Spelthorne Borough Council – future resourcing analysis – initial overview

The resourcing requirement will be determined by the work/roles required to deliver the business. The quantity of resource required will develop over time as the portfolio grows/changes over time.

Overall Business Manager/Director													
Investment portfolio		Municipal portfolio		Residential portfolio		Residential Facilities Management		Property development & Regeneration		Data, compliance and office management		Financial management	
Resources		Resources		Resources		Resources		Resources		Resources		Resources	
Acquisitions and disposals	Portfolio Director (Investment 1)	Acquisitions and disposals/transfer to development	Client manager (municipal portfolio)	Residential lettings/disposals	Residential property manager	Cross portfolio repairs and maintenance and dilapidations	R&M/FM dilapidations manager	Site/opportunity identification/ acquisition	Development director	Asset register	Data, compliance and office manager Manager	Rent collection and payments	Financial Manager
Investment Management	Portfolio Manager (L&T)	Day to day management - liaison with occupiers, occupational leases to third parties	FM/R&M support x 4	Day to day management and caretaking		Hard FM	R&M/FM support	Programme management	Development Surveyors/ Project Managers x2	Occupational information	Data/ compliance manager x3	Arrears management	Financial support 2
Day to day management, lettings, L&T issues		Strategic investment		Strategic investment/planned maintenance programmes		Management of common parts and caretaking		Project management		Property management systems administration		Service charge management	
Strategic investment		Municipal FM and R&M						Planning		Contracts data		Sinking fund	
								Contract procurement		Maintenance programmes		Cost management	
								Contract management (day to day)		Utilities data		Financial analysis and performance	
								Completion and snagging		Property specific data		Accounting and reporting	
Review and performance monitoring/reporting		Property review and asset management	Property Review and performance monitoring manager	Review of overall performance, return on investment, reporting				Handover to Housing Portfolio managers		Health and Safety and Compliance data (Testing certificates etc.)			
										Control of data and change management protocols			
										Insurance			
										Stationery and supplies			
External advisers													
Cost consultant/QS		Covering R&M, investment related and development related advice		Planning advisers/consultants		Development consultants/visibility appraisal support		Lawyers (Property, Construction, HR, Planning, procurement etc.)		Mix of in and out house			
External investment advisers/agents and Valuation surveyor				Architects		Specialist advisers as required		HR, pensions etc.		IT/website support			
Due diligence support - e.g. Deloitte								External accountants		Contract Management			
								Procurement advice		PR and Communications			
External providers													
Various building contractors, glaziers, handy persons, locksmiths etc						Building contractors							
Gardeners and Grounds Maintenance (could be procured from SBC)						Possibly partnering arrangement?							
						External construction project management (if required)							
Growth plans to 2024 (Subject to business plan)													
	x1 Investment manager			Lettings Negotiator and support x2		R&M/FM support x 2		x1 Project manager					Financial support





## EXTRACT FROM EMERGENCY COUNCIL MEETING 21 MAY 2020

### 4.7 ASSETS

#### ASSETS COVID-19 IMPACTS

There has been no new work requirement by Government or the Council for the Assets team as a result of the COVID-19 pandemic. However the pandemic has had a significant impact on the level of the workload within the team, and has required a very different approach to the investment and municipal portfolio, in particular.

The COVID-19 crisis has had a significant impact on business, with offices and retail units being closed and staff working at home, being furloughed or being made redundant. This will impact on cashflows moving forwards, and officers will ensure the impact is kept under constant review. 'Lockdown' coincided with the March quarter rent collection. With a £1bn property portfolio, it was critical that the income was received. In order to do this, the workload of the team has increased significantly. Three members of the team, plus the manager, have been focused almost exclusively on maximizing rent receipts. In a normal quarter around 25% of their time would be allocated to rent collection at quarter end. During March and April this has increased to a minimum of 75% of their time.

Central Government announcements around how landlords should be treating business, and rent collection in particular, has had a significant impact on how the team have approached March quarter. Very early on in the COVID-19 crisis the Government advised that landlords would not be allowed to forfeit leases for non-payment of rent. It has been widely reported nationally that a number of companies have taken this as a 'green light' not to pay their March quarters rent, as landlords cannot force them to do so, regardless of the strength of their balance sheet.

In light of the importance of the portfolio to the financial health of the authority, the Council has radically altered the way that it deals with rent collection within its investment portfolio:

- It has set up a weekly rent review meeting (covering investments, retail and municipal). This meeting includes senior politicians, Management Team and the Assets Team;
- All requests from tenants are being considered on an individual case by cases basis;
- No blanket policy was put in place in terms of concessions that would be 'offered' to tenants;
- Where appropriate considering 'win-win' initiatives (e.g. leases can be re-structured with rent free periods in return for removal of impending break clauses to provide longer term benefit to the Council in return for short term easing of cashflow for the occupier)
- The March quarter day, i.e. rents falling due on 25 March, followed a quarter of near normal business operating (i.e. COVID-19 had not impacted their business at that stage) and therefore we have worked from the standpoint that tenants would largely be in a position to pay;
- The principle of whether a tenant 'can't pay' or 'won't pay' has been applied. A large percentage of the portfolio is focused on the office sector. Whilst buildings are physically closed, the companies are still operating remotely. They therefore have a large degree of in-built resilience;

- Robust one-to-one engagement with those who in the opinion of the Council were taking a stance of ‘won’t pay’. This has included frequent direct conversations at director and board level, setting out in particular the Council’s unique position as a landlord (e.g. not an institutional investor – the income goes direct to support provision of Council services and our housing delivery programme). This has borne fruit in a number of instances where organisations have agreed to depart from the norm they have pursued elsewhere;
- Where tenants have clearly demonstrated that they can’t pay (and this has been assessed by the property managers and is deemed acceptable) then the focus has been on securing service charges. This has primarily been in connection with a number of the retail units in the Elmsleigh Centre;
- Developed a Red, Amber, Green (RAG) rating system (watch list), drawing on a number of data sources, to help make informed decisions on recovery of rent arrears including a final guarantor rent deposit spreadsheet;
- Updated covenant strength against payment records for all tenants;
- Undertaken weekly cashflow modelling and stress testing on the investment portfolio to assess the resilience of the accrued sinking fund;
- Cashflow quarterly income for a five year period based on (1) current position (2) base case - default only (3) base case – default and deferment (4) worse case – default and deferment, including refurbishment costs to ensure that even in the worst case scenario that the Council has sufficient sinking funds to insulate the Revenue Budget and council taxpayers from adverse impacts;
- The Elmsleigh Centre was sharply impacted by COVID-19. The lockdown was immediate and mandatory except for a couple of key stores. Tenants were strongly pressed to meet their March quarter payments, however retailer concerns about future trade and footfall even after lockdown is lifted, caused them to focus on preserving their businesses. The majority withheld rent. Government has restricted any meaningful landlord actions for nonpayment, however the Council has not waived any rental and these remain on the ledger to be revisited at a later juncture. Through considerable negotiation with senior personnel in the retailer companies, the Council has managed to collect circa 60% of the March quarter service charge, and expects to improve on that figure by the end of the quarter period. The team has also worked to reduce costs and expenditure at the Centre during this quarter to mitigate the impact of short payments; at the same time ensuring the Centre remains fully compliant, and therefore in a position to reopen without delay once the government imposed lockdown on retail is lifted.

Government guidance was updated on 23 April introducing a temporary ban on landlords from issuing statutory demands and winding up orders (called a 7 day letter); and preventing the use of the Commercial Rent Arrears Recovery procedure (CRAR) where rent arrears are less than 90 days overdue. The Assets Team are actively reviewing the approach the Council now needs to take. Whilst statutory demands can still be issued, the authority cannot progress them. This is a further challenge to securing outstanding rent from tenants. The cost implications are that the Council are unlikely to recover monies in a number of cases.

The Council’s sinking fund currently stands at approximately £20m. With the onset of the COVID-19 emergency in March 2020, the Council has had to pro-actively engage with some of its tenants and discuss their cashflow issues. At the time of writing, **more than 90% of the March quarter rent due on commercial assets has been received, and of the 10% outstanding all but 3.6% has been addressed through rent deferral plans** agreed between the Council and the tenants. Retail is in a more precarious position. Notwithstanding this, at

the time of writing the Council forecast to **realistically recover 29% of rent, and 71% of service charges, by the end of this Quarter period, a combined total of 39%.** In a time of crisis this is testament to the huge amount of time and effort put in by a team of highly qualified and skilled staff.

To put this in some context, major private sector landlords with substantial retail focused portfolios have reported weaker collection statistics on the March quarter of 29% (Intu) and Hammerson (37%).

While balance sheet value post COVID-19 has largely remained at acquisition levels, net income has been significantly increased through leasing and pro-active asset management during the Council's ownership. Despite this initially strong position, the Council recognises that COVID-19 poses the most extreme economic stress test for more than two centuries. Obviously we do not yet know how long the pandemic will impact and when/how the lockdown will be wound down. The Council will continue to keep under active review its sinking funds projections. With even the most adverse of these scenarios, the sinking funds are sufficient to offset potential drops in rental income. This means that the Council is confident that the its sinking funds are sufficient to insulate the Council's Revenue Budget and in turn council taxpayers from any potential reductions or delays in commercial rent received adding to the Revenue Budget gap. The contribution from commercial assets towards the Revenue Budget is protected by the sinking funds.

As a result of our investments, we have improved the financial resilience of and increased service delivery resources in areas such as homelessness and independent living. This has enabled the Council to pro-actively and rapidly move in response to COVID-19 to meet the needs of its vulnerable communities without reliance on Government funding in advance. As an example, even though it is not our role, we have put in place arrangements for our staff to contact 93% of Category A (shielded) residents in the borough and arrange food parcels and welfare support for those in need.

The Government announced on 10 May its 'conditional plan' to begin lifting England's Coronavirus lockdown (Our Plan to Rebuild: The UK Government's COVID-19 recovery strategy). Government has set out a two-step process whilst we are in what is being called Phase 2: smarter controls. We are now moving into step 1. Government has advised that for the foreseeable future workers should continue to work from home wherever possible. This advice will apply to virtually all our investment tenants (bar a few small food retailers in some of our offices).

Subject to assessment of data and a review of whether the Government's five tests are being met, the Government have indicated that non-essential retailers will be able to open from 1 June subject to them meeting the COVID-19 guidelines. This will enable our retailers in the Elmsleigh Centre to reopen and the Centre's management team is working up a detailed exit plan and liaising closely with retailers in preparedness. However, it has been made exceptionally clear that if the infection rate increases then both these measures may be delayed or even reversed.

### **Municipal assets**

The Council owns a large number of municipal assets which provide services to residents and businesses in the borough. Within this portfolio the Council holds a number of buildings and pieces of land which are leased out to community organisations (such as Stanwell Moor Village Hall, Bagster House in Sunbury and Dramatize in Ashford). As a Council we ensured that all these facilities were closed as soon as relevant government guidance was issued. A

significant number have been directly impacted by the COVID-19 crisis. Halls, for example, rely on bookings and this cannot happen as gatherings have been banned. Others rely extensively on charitable funding to supplement their income and this has diminished considerably. These organisations have a valuable place in our community and will be increasingly relied upon once we move out the other side of the pandemic.

Where requests have been received from lessees, officers have considered them on an individual case-by-case needs basis. This has included consideration of payment plans (for example moving from quarterly to monthly), rent deferments, rent holidays and reduced rents. A new process has been set in place to ensure that these are considered quickly and effectively at both officer and Councillor level. Revised arrangements are now in place for a number of tenants. The Council are keeping the matter under active review, and considering all requests that are submitted to it.

As an authority we have taken specific action in order to assist those parts of the community most directly impacted by the crisis. Stanwell is one of our communities which, for a whole host of reasons, currently relies in Food Bank provision more than other parts of the borough (the numbers of food parcels are referred to elsewhere in this report). Stanwell Food Bank currently occupies Stanwell Pavilion. However, the space is not very well configured and this limits the effective delivery of the Food Bank service (which will continue long beyond the end of the COVID-19 pandemic). As a Borough we are therefore undertaking some internal alterations to the building (at our own cost and not that of the voluntary organisation) to enable this to happen.

### **Development**

In terms of the development work, Central Government made it clear that it expected development and construction work to continue (whilst ensuring social distancing/hygiene measures are met) throughout the COVID-19 pandemic. It has been very clear from the outset that the country needs to be in the best position possible in economic terms once the pandemic subsides. Development and construction are central drivers in achieving this. This view was re-enforced by the fact that the government defined construction staff as essential workers (alongside NHS, health and local government staff).

Government advice (Gov.uk update dated 27 March 2020) is that 'Construction Sites have not been asked to close, so work can continue if it is done safely.' The Government advice also references the Construction Leadership Council Guidelines.

All Council development sites are fully adhering to the Industry Guidance for Building Sites during COVID-19 (produced by the Construction Leadership Council)

The effect on this side of the Asset Team has been twofold. Firstly the development team have continued in their work of bringing forward planning applications for consideration by the Local Planning Authority. Two applications have been or are about to be submitted during this period. The first is for a significant residential development at Thameside House in Staines-upon-Thames, and the second is for a residential schemes at Victory Pace in Ashford. Together they will eventually deliver around 250 units of much needed housing in the borough. The latter will bring forward 115 units of key worker accommodation (with a Memorandum of Understanding between the Council and Ashford and St Peter's Hospital Trust, which gives NHS staff first refusal).

Secondly the Assets Team has a number of projects under construction, namely at White House in Staines-upon-Thames (single person homeless accommodation), Harper House in

Ashford (temporary accommodation), West Wing of the Council Offices (affordable rental housing) and at Ceaser Court in Sunbury (affordable rented and private rented). Not only was it important to keep this work going from a construction (and employment) point of view, it was critical to keep moving these projects forward in terms of housing delivery. The first two schemes have secured between them over £3m of funding from Homes England (HE). Whilst HE have said they are sympathetic to any delays as a result of COVID-19, as a Council we need to ensure that these developments are not delayed. The project manager has therefore undertaken twice weekly inspections of all the active construction sites and liaised with our contractors on a daily basis to ensure the safety of their teams is maintained by ensuring that social distancing measures are in place. This proactive work has enabled all the Council's construction sites to continue to operate throughout this pandemic except for a two week delay on one of the sites during April – which is now back up and running.

As a Council we also have a small active residential portfolio (at Churchill Way and the Bugle). The Facilities and Estates Manager has been in regular contact with our tenants to see if any are suffering from COVID-19 symptoms and whether particular measures need to be put in place. We are also reminding tenants about the need for social distancing.

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# Overview and Scrutiny Committee

29 September 2020



<b>Title</b>	Annual Investment Report (Investment and Regeneration Portfolios)		
<b>Purpose of the report</b>	To make a decision		
<b>Report Author</b>	Heather Morgan, Group Head Regeneration and Growth		
<b>Cabinet Member</b>	Councillor J. Boughtflower	<b>Confidential</b>	No
<b>Corporate Priority</b>	Financial Sustainability		
<b>Recommendations</b>	<b>Cabinet to:</b> <b>Approve the Annual Investment Report</b>		
<b>Reason for Recommendation</b>	<b>The Annual Investment Report 2020 sets out a picture of our investment and regeneration assets as at the end of the financial year March 2020.</b> <b>The report ensures there is full transparency around the portfolio and its performance.</b>		

## 1. Key issues

- 1.1 Cabinet will be well aware of the investment journey that the Council has undertaken in the past four years. Whilst the initial focus was on investments to produce an income to support services to reverse the funding cuts, by 2018 we were in a position to focus on the delivery an ambitious housing programme and regeneration projects. In line with the Capital Strategy the Council's acquisition strategy is now focused on regeneration and housing opportunities rather than income generating assets.
- 1.2 The portfolios objective originally was to generate revenue to support the services delivered by the Council to residents and businesses of Spelthorne. For the past two years it has focused on regeneration and economic development, including the delivery of housing for residents. To reflect this journey, we now have an investment portfolio and a regeneration portfolio, which are covered in different sections in the Annual Investment Report.
- 1.3 With a portfolio of £1bn the Council clearly needs to set out in a transparent way (as any other major institutional investor would) the performance of the portfolio over the preceding year. This Annual Investment Report 2020 seeks to do that (**Appendix 1**).
- 1.4 It is divided into various sections (1) portfolio analysis including property valuation and key performance indicators (2) investment activity (3) market

commentary for both offices and retail (3) Investment portfolio activity including rent analysis - security of income, rent collection and longevity of income (4) regeneration portfolio activity (5) asset management including the Elmsleigh Centre, Communications House, and the Summit Centre (6) retail portfolio including rent analysis – security of income, rent collection and longevity of income and (7) asset profiles of each of our assets including a short summary of the Councils asset strategy for each building.

- 1.5 The report reflects the COVID-19 pandemic which began in March 2020, and the impact that this has had on our portfolio and the wider property market. These impacts were also specifically covered and referenced in the annual valuation report undertaken by Carter Jonas on behalf of the Council which fed into this report.
- 1.6 There is a lot of detailed information in the report, but set out below are some key messages

Portfolio Key Facts	Value
Net Asset Value 31 March 2020	£1.026 billion
Number of Property Holdings	11
Average Lot Size	£93.27million
Total Passing Rent (per annum)	£46.97 million*
Estimated Rental Value (per annum)	£54.28 million**

\* Contracted rent assumes rent free periods have expired, excludes guarantees & Elmsleigh Centre.

\*\*Excludes Elmsleigh Centre.

Key Performance Indicators	Numbers
Portfolio Capital Return (acquisition)	0.86%
Portfolio Capital Growth (last 12 months)	-1.13%*
Portfolio Income Yield at 31/3/2020	5.2%***
Sinking Fund income cover	5.19 months
Investment Cover Ratio	1:5**
Vacancy Rate – % of floor area	8.4%
Vacancy Rate - % of market value/ERV	7.7%***

\*excludes Summit Centre & Elmsleigh Centre

\*\*Investment portfolio

\*\*\*excludes the Elmsleigh Centre

Rent	Value
Annual passing rent (excluding Elmsleigh)	£46.97 million (increase of £3.67 million on 2019)



<b>Acquisitions 2019/20</b>	<b>Value</b>
Summit Centre	£13.785 million current passing rent £1,015,500 per annum
Elmsleigh Centre	£39.325 million gross income of £4,340,107 per annum

<b>Investments</b>	<b>Collection rate 31 March 2020</b>	<b>Collection rate 17 May 2020</b>
Investment portfolio	79%	90%
National average	49.7% all UK rent and 60% office rent	

<b>Retail</b>	<b>Collection rate end May 2020</b>	<b>Collection rate end May 2020</b>
Elmsleigh	18.06% rent	61.13% service charge

#### **Commercial Property Assets – Valuation table.**

<b>Assets</b>	<b>Portfolio</b>	<b>Sector</b>	<b>Value (£m) March 2019</b>	<b>Value (£m) March 2020</b>
BP Campus, Sunbury Business Park, Sunbury	Investment	Office	389.08	391.73
12 Hammersmith Grove, London	Investment	Office	170.80	165.90
Charter Building, Uxbridge	Investment	Office	135.40	131.20
Thames Tower, Reading	Investment	Office	127.20	126.80
The Porter Building, Slough	Investment	Office	71.40	69.90
World Business Centre 4, Heathrow	Investment	Office	47.00	45.80
3 Roundwood Avenue, Heathrow	Investment	Office	20.55	20.10
Communications House, Staines	Regeneration	Office	15.40	14.50
Elmbrook House, Sunbury	Investment	Office	7.46	7.24
<b>Sub-Total</b>			<b>984.29</b>	<b>973.17</b>

## Properties acquired since March 2019.

Assets	Portfolio	Sector	Value (£m) March 2019	Value (£m) March 2020
Summit Centre, Sunbury	Regeneration	Offices /Ind	N/A	13.50
Elmsleigh Centre, Staines	Regeneration	Retail	N/A	39.33
<b>Sub-Total</b>				<b>52.83</b>

<b>Total</b>	<b>All Properties</b>		<b>£984.29m</b>	<b>£1.026 bn</b>
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## 2.0 Options analysis and proposal

- 2.1 Cabinet can either agree to approve or not approve the report. It is recommended that the report attached at Appendix 1 is agreed.

## 3.0 Financial implications

- 3.1 The provisional revenue outturn report elsewhere on this agenda sets out the income received from our portfolios which is ~£51.624m gross. After deducting interest payable, principle repayment (MRP) and the sinking fund the contribution to the general budget was £10.146m.
- 3.2 The Annual Investment Report sets out that despite the COVID 19 restrictions which came into effect on 24th March, by the 31<sup>st</sup> March 2020 the investment portfolio collection rate was 79% and by 14<sup>th</sup> May 2020, 90% of the portfolio rent had been collected (excludes the Elmsleigh Centre). This compares favourably to other landlords; research published by Re-Leased which collated data from 10,000 properties and 35,000 leases indicated that on average 49.7% of all UK rent had been collected 10 days after the March quarter. This was a decline from 69.7% on the average collection rates for the last two years. As you would expect the office sector was more resilient with on average just over 60% collected.
- 3.2 The COVID-19 effect of rent collection level on the Council's overall financial position was set out in very clear terms in the report on the borough wide response to the COVID-19 crisis to the [Emergency Council Meeting on 21 May 2020](#).
- 3.3 Section 8 'Financial Implications' included sections on both commercial income and retail income and stated on the latter "the potential reduction in income from Elmsleigh rents is expected to be around £600,000 (mid-point between the best and worst case scenarios) – most retailers are looking for rental holidays, we are seeking to ensure deferrals instead to ensure that actual write offs are much less than this." However on the Investment portfolio it reported the position as set out in section 3.1 above.
- 3.4 As part of the Council's 'triple net' approach a portion of money has been set aside from each acquisition to be added to a sinking fund. This is to be used

when assets come up for lease renewal when it will be necessary to undertake capital expenditure bring them up to the relevant office standards (category A etc) in order to re-let.

- 3.5 As at the 31<sup>st</sup> March 2020 the Council accumulated a sinking fund balance of £20.3m (as at 31 March 2019 the sinking fund balance was £10.6 million). The sinking fund is the equivalent to 5.19 months of the portfolio passing rent. At this level the sinking fund would cover 25 months of the net income payable to the Council. In addition it is projected that further contributions will be made based upon anticipated revenue over the coming years.

#### **4.0 Other considerations**

- 4.1 Risk management is embedded in the work of the team and how they assess all of our assets. The Council closely monitors the financial position of all our tenants and guarantors. The accountancy firm Deloitte provides advice on tenant covenant strength on acquisitions, on large transactions and provides regular financial reviews. In addition the Council subscribes to the Dun and Bradstreet service which monitors the financial performance of the tenants. The monitoring of all tenants is clearly important at the current time.
- 4.2 The lockdown for COVID-19 came into effect the day before quarter day. During this period the government has introduced a number of measures to protect tenants which are set out in the section headed 'Rent Collections' in the report. Whilst this has protected businesses it has to a large extent 'tied the hands' of landlords and limited the options available in respect of legal remedies as a result of withheld rental payments.
- 4.3 The report includes specific commentary on risk distribution and security of income. More detail on the general principles around how we manage our assets (out with COVID 19) are set out in the Asset Management Plan (section 5 Investment Portfolio) which is elsewhere on this agenda. That agenda item also includes an appendix setting out the actions that the asset team have been undertaking in the COVID-19 pandemic.
- 4.4 Equality and diversity is not a relevant consideration in terms of this report.

#### **5.0 Sustainability/Climate Change Implications**

- 1.7 There are no climate change implications. As regards sustainability, the vast majority of our commercial assets are under 10 years old and have been built to meet more rigorous building regulations requirements. As an example, 12 Hammersmith Grove is Platinum WiredScore rated, and a BREEAM Excellent building.

#### **2. Timetable for implementation**

- 2.1 The Annual Investment Report will be published on the Council's website once it has been approved by Cabinet. An easy to read Executive Summary will be provided on the website which will draw out the key information in a digestible form for those who just wish to review the headline facts.

**Background papers: None**

**Appendices:**

**Appendix 1 Annual Investment Report**

**Appendix 2 Executive Summary**



# SPELTHORNE BOROUGH COUNCIL

Property and Assets Annual Report – 31st March 2020

# Asset Manager's Report

## Introduction

The Investment report is produced by the Asset and Property Team at Spelthorne Borough Council. It includes an analysis of the commercial property portfolio owned by the Council as at 31<sup>st</sup> March 2020.

The commercial portfolio is wholly owned by Spelthorne Borough Council. The Portfolio objective is to generate revenue to support the services delivered by the Council to residents and businesses of Spelthorne including the delivery of housing for residents.

The withdrawal of Central Government funding has meant that Councils across the UK have had to find alternative methods to fund vital services within their boundaries. Spelthorne Borough Council has sought to invest in commercial property, through borrowing at very competitive fixed rates of interest mainly from the Public Works Loan Board.

By 2018 the Council had acquired a portfolio of sufficient size to reverse the funding cuts and were in a position to focus on the delivery of an ambitious housing programme and regeneration projects. In line with the Capital Strategy the Council's acquisition strategy is now focused on regeneration and housing opportunities rather than income generating assets. To reflect this we now have an investment portfolio and a regeneration portfolio, which are covered in different sections in this report. Collectively, these two portfolios are referred to as the commercial portfolio in the report.

## Commercial Portfolio Key Facts

Net Asset Value 31 March 2020	£1.026 billion
Number of Property Holdings	11
Average Lot Size	£93.27million
Total Passing Rent (per annum)	£46.97 million*
Estimated Rental Value (per annum)	£54.28 million**

\* Contracted rent assumes rent free periods have expired, excludes guarantees & Elmsleigh Centre.

\*\*Excludes Elmsleigh Centre.

## Portfolio Analysis

### Property Valuation

The investment property portfolio is independently valued annually at the 31<sup>st</sup> March to comply with the Council's accounting obligations. At 31<sup>st</sup> March 2020, Carter Jonas LLP valued the portfolio at £986.67 million (excluding the Elmsleigh Centre). Carter Jonas LLP were appointed in 2018 on a two year contract to undertake the annual property portfolio valuation. The portfolio was valued on an open market basis in accordance with the RICS Valuation Global Standards 2020 incorporating the IVSC International Valuations Standard also known as the "Red Book".

Since March 2019 the Council has acquired the Summit Centre, Sunbury and the long leasehold interest at The Elmsleigh Centre for regeneration purposes. The portfolio now includes 11 direct holdings with a net asset value of £1.026 billion. The commercial portfolio (excluding the Elmsleigh Centre) produces an annual passing rent of £46.97 million (£45.79 million per annum – December 2019). This is an increase of £3.67 million per annum following the letting activity completed across the portfolio during the last 12 months. The passing rent is the rental income due under lease contracts excluding any rent free periods.

The table below lists the Council's investment and regeneration assets in hierarchical order based upon capital value. It shows the current book value of each property as provided by Carter Jonas. The Elmsleigh Centre was not independently valued at 31<sup>st</sup> March having been purchased in February 2020. The acquisition was an open market transaction and so the Council has relied upon the valuation at purchase.

The valuation reflects increased market uncertainty due to the global Covid-19 pandemic which started to affect the commercial real estate markets towards the end of March, i.e. just prior to the valuation date. Carter Jonas have confirmed that their approach is consistent with market sentiment.

#### Commercial Property Assets (investment and regeneration portfolios) – Valuation table.

Assets	Portfolio	Sector	Value (£m) March 2019	Value (£m) March 2020
BP Campus, Sunbury Business Park, Sunbury	Investment	Offices	389.08	391.73
12 Hammersmith Grove, London	Investment	Office	170.80	165.90
Charter Building, Uxbridge	Investment	Office	135.40	131.20
Thames Tower, Reading	Investment	Office	127.20	126.80
The Porter Building, Slough	Investment	Office	71.40	69.90
World Business Centre 4, Heathrow	Investment	Office	47.00	45.80
3 Roundwood Avenue, Heathrow	Investment	Office	20.55	20.10
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Elmbrook House, Sunbury	Investment	Office	7.46	7.24
Sub-Total			984.29	973.17

#### Properties acquired since March 2019.

Assets	Portfolio	Sector	Value (£m) March 2019	Value (£m) March 2020
Summit Centre, Sunbury	Regeneration	Offices /Ind	N/A	13.50
Elmsleigh Centre, Staines	Regeneration	Retail	N/A	39.33
Sub-Total				52.83

<b>Total</b>	<b>All Properties</b>		<b>£984.29m</b>	<b>£1.026 bn</b>
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## Key Performance Indicators

The Council has set a number of key performance indicators for the commercial portfolio which were published in the Capital Strategy 2020. The performance measures are currently under review and will be re-assessed as part of the Capital Strategy update. The commercial portfolio as a whole fell in value over the last 12 months by -1.13%. With the exception of Sunbury Business Park all the commercial properties valued at 31<sup>st</sup> March 2020 decreased in value. This figure does not include the Elmsleigh Centre and the Summit Centre which were not held for the full year. This was driven by the uncertainty in the occupational market due to Brexit and at the end of the year due to the Covid-19 pandemic. The Monthly All Property Index produced by MSCI recorded a substantial decrease of 2.4% in capital values for March. Across different sectors performance varied, with offices showing capital value growth of -1.4% and retail being the worst affected with capital value growth of -4.8% in March<sup>1</sup>.

The total amount invested by the Council since 2016 is £1.017 billion. The portfolio is now valued at £1.026 billion. Since 2016 there has been a positive return on the acquisition price with capital growth of 0.86%.

The management strategy of the investment portfolio focuses on protecting and optimising the rental income, over capital growth. The income yield for the portfolio (excluding the Elmsleigh Centre) at the 31<sup>st</sup> March was 5.2%. The income yield or initial yield, being the annualised rent expressed as a percentage of the property value provides an indication of the investment return. It is a good guide to the quality of the investment, with a high quality investment expected to produce a low initial yield. When acquiring property the Council is seeking to balance a good quality asset with a yield profile sufficient to meet the loan repayments, sinking fund contribution and the net income required to cover the Council's business activities (known as the 'triple net income'). The portfolio initial yield demonstrates that the Councils holds a portfolio of good quality assets. The initial yield may not indicate the continuing income return as the current income level is not always a good indicator of future income levels.

The portfolio has a vacancy rate of 8.4% reference by floor area or 7.7% when calculated as a percentage of the portfolio rental value. The vacancy rate has reduced from 14% (based upon floor area) in March 2019 due to a number of successful lettings during the year. Whilst some floor space remains unlet the Council benefits from rental guarantees on all the void space which were agreed on the acquisition of Thames Tower, the Porter Building and the Charter Building. The guarantees cover all the void costs; rent, service charge and insurance for a period of two years at Thames Tower and the Porter Building and four years at the Charter Building from the date of acquisition (August 2018). The rental guarantees ensure that the portfolio is fully income producing.

## Key Performance Indicators

Portfolio Capital Return (acquisition)	0.86%
Portfolio Capital Growth (last 12 months)	-1.13% *
Portfolio Income Yield at 31/3/2020	5.2%***
Sinking Fund income cover	5.19 months
Investment Cover Ratio	1:5**

<sup>1</sup> JLL Monthly Property & Economic commentary April 2020



Vacancy Rate – % of floor area	8.4%***
Vacancy Rate - % of market value/ERV	7.7%***

\*excludes Summit Centre & Elmsleigh Centre

\*\*Investment portfolio

\*\*\*excludes the Elmsleigh Centre

The Council has been prudent in its approach to protecting the net income payable to the Finance Department by establishing a sinking fund. A proportion of the rental income is reserved on a quarterly basis to cover all capital and revenue costs associated with the properties. This may include rental voids, marketing costs, refurbishment costs which are not recoverable from the tenant and the potential cost of redevelopment. As at the 31<sup>st</sup> March 2020 the Council accumulated a sinking fund balance of £20.3m (as at 31 March 2019 the sinking fund balance was £10.6 million). The sinking fund is the equivalent to 5.19 months of the portfolio passing rent. At this level the sinking fund would cover 25 months of the net income payable to the Council. In addition it is projected that further contributions will be made based upon anticipated revenue over the coming years.

In the current climate it is acknowledged that the sinking fund may need to cover rental voids as a result of tenant defaults and rent concessions offered to assist tenants survive the economic crisis. The Council's approach towards ensuring financial stability includes modelling scenarios on the sinking fund. As a result of Covid-19, the worse-case scenario sinking fund analysis has been extended to cover the next 10 years. The sinking fund analysis is an extended cashflow highlighting anticipated income receipts and expenditure over a 10 year period. The assumptions within this analysis are constantly adjusted to take account of tenant discussions, market intelligence and any significant changes in tenant covenant status/financial position. In the Covid-19 climate these assumptions have included scenarios on major tenant defaults at an early stage in the cashflow, to stress test the resilience of the portfolio.

Even with extremely bearish assumptions, the analysis confirms that the sinking fund reserve should remain in a healthy position over the next 10 year period.

The main source of funding for the Council's acquisitions has been the Public Works Loan Board which offers long term loans at low, fixed rates of interest. This provides certainty over repayment costs. The Council seeks to ensure that all loan and interest repayments are adequately serviced by focusing on maximising the portfolio income. As at 31<sup>st</sup> March the net income covered the Council's costs of borrowing at a ratio of 1:5.

## Investment Activity

Over the last 12 months the Council acquired two properties; the Summit Centre, Sunbury and the long leasehold interest in the Elmsleigh Shopping Centre, Staines. Both of these acquisitions were in-borough and reflect the Council's strategy to focus on regeneration and increasing the housing provision in Spelthorne.

On 23<sup>rd</sup> September 2019 the Council completed the investment acquisition of the Summit Centre, Sunbury-upon-Thames for £13.785 million. The Summit Centre is mixed office and light industrial park, developed during the 1970's and 1980's comprising of two office buildings (units 3 & 4), a standalone office/industrial unit (33 Hanworth Road) and a terrace of six industrial units. Johnson Controls/ADT Fire and Security plc, is the largest tenant occupying 56,294 sq.ft. The site of 4.47 acres has the long term potential to provide residential units to meet the Borough's ambitious housing

targets. Units 3 & 4 have already secured permitted development rights approval for a 100 unit conversion to residential. In the short to medium term the Summit Centre provides an income return for the Council with a current passing rent £1,015,500 per annum.

On the 3<sup>rd</sup> February 2020 the Council completed the acquisition of the Elmsleigh Shopping Centre, 1-6 Friends Walk, 77 High Street, 91-93 High Street, 101-103 High Street (rear only) together with the Elmsleigh and Tothill multi-storey car parks in Staines from Maizeland Ltd and Arringford Ltd managed by Aberdeen Standard Investments at a price of £39.325 million. The acquisition reflected a net initial yield of 8.97% and an equivalent yield of 7.89%.

The Council already owned the freehold interest and therefore the acquisition represented the purchase of the long leasehold interest (250 years from 4 October 2006) in the Elmsleigh Centre and car park and the long leasehold interest (115 years from 11 July 1988) of 1-6 Friends Walk and Tothill car park. The acquisition also included the freehold interest of 77, 91, 93, 101-103 (rear only) High Street which adjoins the Elmsleigh Centre. The acquisition merges the freehold and long leasehold interests consolidating the Council's ownership of the Elmsleigh Shopping Centre, associated retail units and the multi-storey car parks.

The Elmsleigh Centre is central to the retail offer of Staines, the shopping centre provides 244,023 sq.ft of retail space, divided into 43 units, with anchor tenants including Primark, Matalan and Decathlon. The scheme provides a gross income of £4,340,107 per annum.

The Council recognised the importance of the Elmsleigh Shopping Centre for the prosperity of Staines and the wider borough. The Council has ambitious regeneration plans for Staines town centre and is already invested in a number of key town centre sites including Communications House, Thameside House, Hanover House and the Oast House/Kingston Road car park site. The acquisition of the Elmsleigh Centre is important to ensure a co-ordinated and holistic approach to the regeneration of central Staines. As an authority it was also important to ensure that the centre would be proficiently managed for the benefit of the local residents. The Council already had an interest in the centre so the acquisition has enabled the Council to regain control of the asset and ensure that it is managed in accordance with the Town Centre Strategy

The Elmsleigh Shopping Centre forms part of the Council's regeneration portfolio which also now includes Communication House and the Summit Centre.

## Market Commentary

### Office market

A commentary on the office market for the year ending March 2020 cannot ignore the huge implications on the economy of the global pandemic of Covid-19 which forced the UK into lockdown on 23<sup>rd</sup> March. Writing post quarter end, the severity of the lockdown on the UK economy cannot be understated or fully known, however for much of Q1 2020 both the occupational market and the investment market remained relatively unscathed by what was largely a crisis in China and the Far East. When the first case of Covid-19 appeared in the UK at the end of January, few people could have foreseen the national health and economic crisis that was to follow. Consequently, the quarter to March market statistics are positive with the South East office market performing well with an increase of leasing activity and supply continuing to fall.

The year started optimistically, the office market was forecasting an increase in demand, leasing activity and the continued reduction of available grade A space on the back of Boris Johnson's election victory. Total take-up in the Thames Valley Q1 totalled 267,042 sq.ft which was an increase of 21% on the previous quarter<sup>2</sup> although uncertainty over the direction of Brexit had seriously affected the statistics for Q4 2019. So whilst Q1 was an improvement quarter on quarter, the take-up figures were down (-24%) compared to the 5 year quarterly average. There were 28 transactions in Q1 but the average size of each transaction was 8,381 sq.ft which is also below the 5 year average of 12,500 sq.ft.<sup>3</sup> The Reading market reflected this trend with the majority of the deals sub 5,000 sq.ft and overall take-up, whilst positive still remained at levels below the long term averages and lower than Q1 2019<sup>4</sup>. Slough saw very few leasing transactions with only one significant letting above 5,000 sq.ft. either in or out of town. This was at The Future Works, close to the Porter Building where 9,500 sq.ft was let to ByBox, a serviced office operator at a headline rent of £38 per sq.ft.<sup>5</sup>

Take-up in the West London market which includes Hammersmith and Uxbridge totalled 135,503 sq.ft during the quarter to March. This was a decrease of 45% on Q4 2019, partly due to one large letting of 120,000 sq.ft and 26% lower than the 5 year quarterly average<sup>6</sup>. There were 10 significant transactions during the quarter with an average deal size of 13,550 sq.ft.<sup>7</sup>

Leasing activity in the South East office market had started positively in 2020 albeit still below the 5 year average. New enquiries especially in the South East market were encouraging in January and February but unsurprisingly the volume of new demand fell significantly in March. New demand across the UK office sector since mid-March has averaged 130,000 sq.ft which represents a 70% reduction of a typical week of named demand over 20,000 sq.ft. As at the end of April 10% of all UK demand had cancelled their search citing Covid-19 as the reason<sup>8</sup>. Demand is expected to continue to decline and it is unclear when demand levels will recover.

The level of supply across offices in the South East continued to fall during the quarter and now totals 13.08 million sq.ft, 3.05% down on the December figure. In the Thames Valley market the supply of grade A space fell a further 10.82% on the previous quarter and the level of total availability is now well below the 5 and 10 year averages<sup>9</sup>. The West London market saw a marginal fall in the level of available office space but not as significant as the Thames Valley market (0.4% since Q4 2019). Across the South East there are limited speculative schemes either under construction or in the pipeline. The delivery of new grade A space is expected to remain low. Covid-19 will no doubt affect the commencement of new construction projects due to uncertainty in the occupational sector and rising costs in labour and materials due to supply chain disruption and social distancing measures.

In March 2019 the research suggested that due to the low level of availability in the South East market, demand could outstrip supply in 2022/2023 leading to upward pressure on rents. This was the market prediction prior to the catastrophic impact of the Covid-19 pandemic across the world which is forecast to place the UK into a deep recession. It is too early to predict the long term effect to the property market as a result of Covid-19 beyond a fall in demand and transactions which the statistics are already indicating. It is expected that incentives to tenants will increase as landlords try to secure the limited demand in the market. Occupiers experiencing financial pressures will seek to reduce costs and release office space to the market or space will be returned through business failures. As in

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<sup>2</sup> C&W SE Office Market Update Q1 2020

<sup>3</sup> C&W SE Office Market Update Q1 2020

<sup>4</sup> Avison Young SE Market Report Q1 2020

<sup>5</sup> Avison Young SE Market Report Q1 2020

<sup>6</sup> C&W SE Office Market Update Q1 2020

<sup>7</sup> C&W SE Office Market Update Q1 2020

<sup>8</sup> C&W UK Covid-19 Tracker 29/4/2020

<sup>9</sup> C&W SE Office Market Update Q1 2020

previous recessions the level of office availability is likely to increase but this may be of older Grade B stock rather than the new quality Grade A space at Uxbridge, Reading and Slough. Nevertheless with reduced demand and increased supply it is anticipated that rents will soften during 2020.

The period of lockdown and the enforced home-working has invoked a number of questions over the future of offices. Will working practices change permanently with more employees working from home and occupiers needing less office space? Alternatively will the need for social distancing reverse the recent trend for high occupational densities and create increased demand for office space? Businesses may look to create hubs to reduce commuting for staff that do not want to use public transport. There is some thought that serviced offices will become increasingly attractive to businesses as they offer flexible contract arrangements. At the moment it is difficult to predict what the 'new normal' will look like but there is no doubt that businesses will still require office space for their employees. Homeworking has its challenges and many people will have missed the interaction of their peers and the ability to work collaboratively in a team environment.

## Retail market

Both in-town and out of town retail has been significantly challenged by the change in consumer spending away from physical stores to online retail. The emergence of the Covid-19 pandemic in the UK during February and March has placed extreme pressure on an already challenged sector. Following the government's implementation of a national lockdown on 23<sup>rd</sup> March 2020, all but essential retailers have been forced to close their physical stores which has led to an even greater short term structural shift towards online shopping.

A number of retailers have entered into administration following the enforced lockdown. In April, Debenhams called in the administrators for the second time in 12 months, and a number of retailers are in the process of trying to renegotiate rental agreements. The food and beverage sector has been particularly affected - Casual Dining Group has appointed administrators, placing at least one of its three core brands (Las Iguanas, Ed's Diner and Slim Chickens) at risk of administration or CVA. Carluccios entered into administration in late March but has subsequently been rescued albeit with only 44% of its restaurants to be re-opened.

H&M has signed a new £862m revolving credit facility which will ease pressure after total sales fell by 46% in March 2020 against March 2019, while online sales rose by 17%. [Financial Times].

Conversely, supermarkets have seen unexpected sales growth as consumer expenditure is focused on essential purchases. In the 12 weeks to April 19, grocery sales in the UK increased by 9.1%. Year on year, sales were up 5.5% in April and 20.6% in March. The increased demand has led to expanded online and delivery slots, with Tesco adding 145,000 delivery slots during April.

In an effort to relieve the immediate pressure on (mainly) retail businesses, the government enacted a number of initiatives aimed at easing their cashflow. Firstly, retail and hospitality tenants were granted a 12 month relief period on business rates, effective from 1<sup>st</sup> April. Following that, a Business Interruption Loan was introduced followed by the Coronavirus Act 2020 in March which ensures that landlords cannot forfeit commercial leases in the event that a tenant is unable to pay its rent, service charge and other outgoings. The consequence of the latter has been that many retail tenants have refused to pay their March quarter's rent and other outgoings, which has created further uncertainty in a market where the balance has arguably shifted even further in the tenant's favour.

It is too soon to say what the impact of Covid-19 will be on an already fragile retail market. However, there will inevitably be a shift towards a turnover based rent model with landlords and tenants sharing a more balanced division of risk and reward.

Going forwards, there will inevitably be a greater focus on shopping centres being required to be seen as safe environments, the re-opening of non-essential shops on 15 June will be an important milestone, and it will remain to be seen how town centre retail can evolve to meet the challenges.

## Portfolio Activity - Investment

### Letting Activity

Over the last 12 months the Council completed five lettings across the portfolio totalling 85,881sq.ft. The lettings across the Porter Building, Thames Tower and the Charter Building have increased the contracted rental income, after the expiry of rent free periods by £2,822,092 per annum. As a result of the leasing activity the portfolio void has been reduced from 14% to 8% by reference to building area.

In October, Mattel UK Ltd took a lease of the 3<sup>rd</sup> floor of the Porter Building (27,401 sq.ft) for a term of 10 years subject to a break option in the 5<sup>th</sup> year at a rent of £931,532 per annum. A capital contribution was granted in lieu of a 23 month rent free period. The Porter Building is now fully let.

In November, the Council completed two lettings of the 3<sup>rd</sup> and 4<sup>th</sup> floor at Thames Tower, Reading totalling 28,084 sq.ft. to existing tenants in the building. Fora took a new lease for a term of 19 years to be co-terminus with their other floors at a rent of £468,430 per annum. BMI Group Management Ltd entered into a new lease of the 4<sup>th</sup> floor for a term of 10 year subject to a break option paying an annual rent of £468,263.

During the last quarter, despite the uncertainty in the market due to Covid-19, terms were agreed for the letting of part 10<sup>th</sup> floor at Thames Tower, Reading. The company will take a lease of 4,900 sq.ft which will reduce the void level in the building, leaving only a small suite of sub 2,000 sq.ft. available to let. On completion of the letting, the Council will have substantially achieved the business plan objectives set at acquisition with 99% of the building let.

On 8<sup>th</sup> January a new lease was completed with Regeneron UK Limited who took 11,721 sq ft of accommodation on the 3<sup>rd</sup> floor at Charter Building, Uxbridge. The lease was for 10 years at a rent of £389,635 per annum, or £33.25 per sq ft, with a 24 month rent free period. As part of the transaction, Regeneron extended the term of their original lease in the building to be co-terminus with the new lease (c. 2 year lease extension)

Elsewhere in Charter Building, a new 10 year lease without break was completed on 6<sup>th</sup> March to Insight Direct (UK) Limited. A rent of £564,231 per annum was agreed which equates to £30.21 per sq ft on 18,675 sq ft on the 4<sup>th</sup> floor. As part of the transaction, the tenant was granted a 21 month rent free period plus a capital contribution equivalent to 21 months rent. A further £420,000 was granted as a capital contribution towards the cost of providing 70 additional car parking spaces. The tenant is obliged to pay £84,000 per annum for these spaces while they are available at the Charter Building.

On 5<sup>th</sup> March an agreement for lease was exchanged with Validity International, for a 10 year lease (subject to a fifth year tenant break) on 8,479 sq ft of accommodation on the 1<sup>st</sup> floor at Charter Building. Upon completion, the tenant will pay a rent of £271,328 per annum based upon £32 per sq ft. Rather than granting a rent free period, the Council will instead pay for the tenant's fit out, totalling c £512,000 including separation works. This equates to around 23 months rent free period. The lease is scheduled to complete in early June following practical completion of the works.

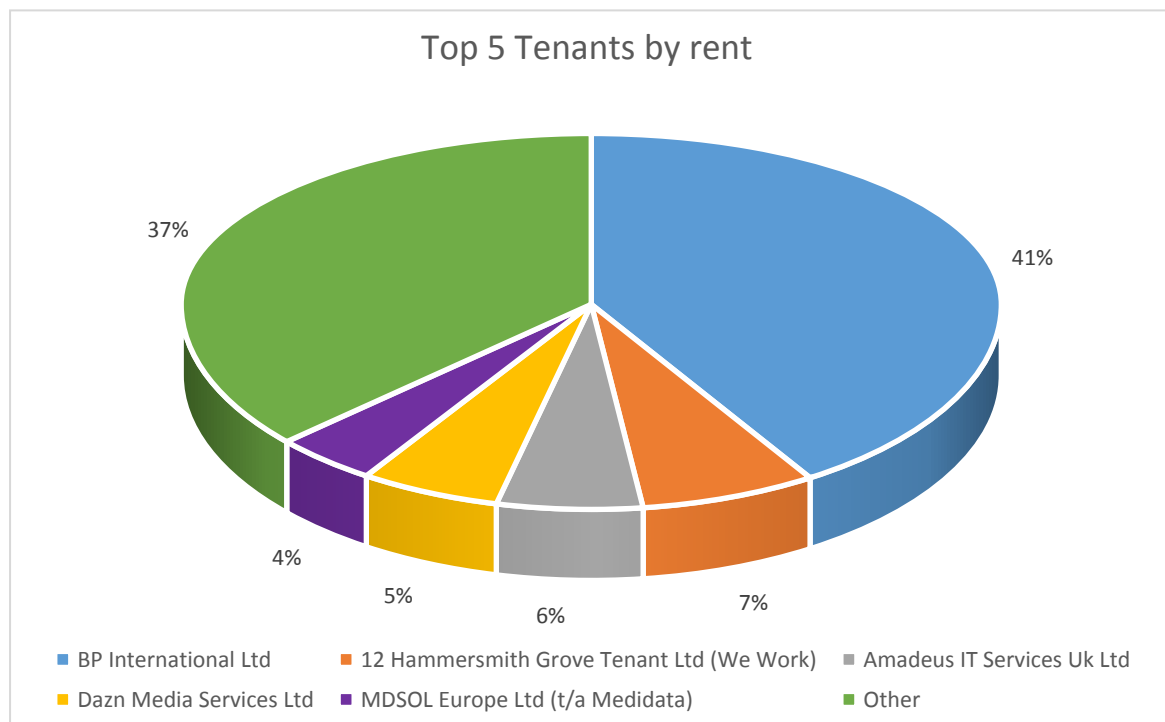
The Charter Building is now 46% let following completion of the Validity International lease.

The void rent on Thames Tower, Charter Building and Porter Building has been covered to date by rental guarantees negotiated on purchase which expire in August 2020 (Porter/Thames Tower) and August 2022 (Charter Building). By successfully completing the lettings within the guarantee period it ensures that there will only be a minimal void on expiry of the guarantee. The lettings will have a positive impact on the valuation by providing additional income certainty and removing the void costs from the valuation.

There has been no rent review activity over the last 12 months.

## Rent analysis - Security of Income

BP International Ltd remains the investment portfolio's largest tenant paying an annual rent of £17.57 million which equates to 41% of the total portfolio passing rent. This is not surprising as Sunbury Business Park remains the Council's largest asset by value at £391.73 million. WeWork, the service office provider at 12 Hammersmith Grove is the Council's second largest tenant contributing 7% to the total rent receivable followed closely by Amadeus and Perform Media. The top 5 tenants by passing rent contribute 63% of the total income.



The Fund's large exposure to BP International Ltd who has a D&B rating of 5A2 and a low risk of business failure has underpinned the exceptional rent collection performance for the March quarter.

The Council closely monitors the financial position of all our tenants and guarantors. The accountancy firm Deloitte provides advice on tenant covenant strength on acquisitions, on large transactions and provides regular financial reviews. In addition we subscribe to the Dun and Bradstreet service which monitors the financial performance of the tenants. The monitoring of all tenants is clearly important at the current time.

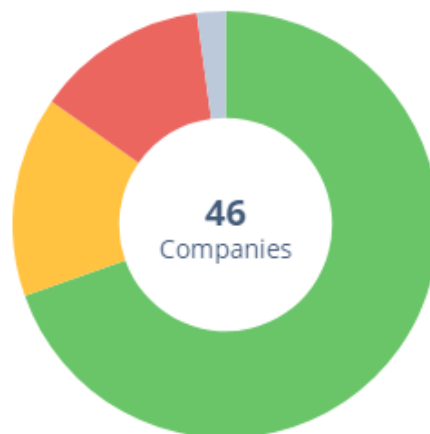
The rental income across the investment portfolio is supported by tenants of high financial strength as the chart below illustrates. Of the 46 companies that are monitored, 32 tenants are regarded as having a low risk of business failure, 7 have a moderate risk and 6 have a high risk of failure. According to Dun & Bradstreet only 6.52% of the overall portfolio is considered risky with both a high delinquency and failure risk. Those companies regarded as high risk fall within the serviced office sector and insurance. It is well-known that the service office sector has been a sector badly hit by the covid-19 pandemic and ongoing discussions are held with our tenants in this sector.

## RISK DISTRIBUTION

Overall view of risk based on the selected portfolio segment.

### Select for Details

- ☒ ☐ All Risk Segments
- ☐ ☒ Low Risk
- ☐ ☒ Moderate Risk
- ☐ ☒ High Risk
- ☐ ☒ Severe Risk
- ☐ ☒ Out of Business
- ☐ ☒ Undetermined
- ☐ ☒ Risk Data Unavailable



The overall portfolio income is reversionary with a total estimated rental value of £54.28 million. This indicates that the Council can expect future rental increases. It also provides the Council with the security that some of the properties should they become vacant ought to re-let at the same or greater rental level. There is greater risk attached to the income return of an over-rented property portfolio where there is a higher likelihood of tenant default and the inability to re-let at the passing rent.

## Rent collection

The collection of the March quarters rent was a huge challenge for all landlords across all sectors. The quarter date of 25 March 2020 coincided with the Governments forced shutdown of businesses and the total restriction on movement. The economy came to a standstill and the UK was braced for



a health and economic crisis of epic proportions. With no certainty as to how the pandemic will play out many tenants withheld rental payments to protect their cash position. The Council's ability to collect the rent was made harder by the Government who introduced measures to protect tenants. The Government quickly sought to pass the Coronavirus Act 2020 which prohibited the use of forfeiture as a means to collect the rent until 30 June. This was extended further on 23 April preventing the landlord from serving notice and then instructing an Enforcement Agent to seize and sell goods to meet the outstanding rent (a process known as CRAR). The Taking Control of Goods and Certification of Enforcement Agents (Amendment) (Coronavirus) Regulations 2020 meant that the rent had to be 90 days in arrears rather than the previous 7 days before action can be taken to recover the sums. The Government also announced a temporary ban on statutory demands and winding up petitions where the tenant cannot pay its rent for Covid-19 reasons. The practicalities of serving a notice correctly on the tenant and getting a date for a court hearing also make the process of statutory demands and winding up petitions a pointless exercise for the landlord to coerce the tenant into paying the rent. Essentially the Government made it clear that tenants would be protected from any aggressive action to recover the rent by Landlords.

Despite these restriction by the 31<sup>st</sup> March 2020 the investment portfolio collection rate was 79% and by 14<sup>th</sup> May 2020, 90% of the portfolio rent had been collected (excludes the Elmsleigh Centre). This compares favourably to other landlords; research published by Re-Leased which collated data from 10,000 properties and 35,000 leases indicated that on average 49.7% of all UK rent had been collected 10 days after the March quarter. This was a decline from 69.7% on the average collection rates for the last two years. As you would expect the office sector was more resilient with on average just over 60% collected<sup>10</sup>.

With limited recourse to legal remedies to collect the rent the Council has adopted a policy of engaging and negotiating with tenants on an individual basis to identify their particular financial position. Where appropriate, monthly payments and rent deferments have been agreed. Rent collection has been given top priority and weekly meetings are held with the Leader, Portfolio Holders, Councillors, the CEO and other senior officers. Any rent concession proposal that is considered is modelled to examine the impact it will have to the Council's sinking fund over the next 5 and 10 years.

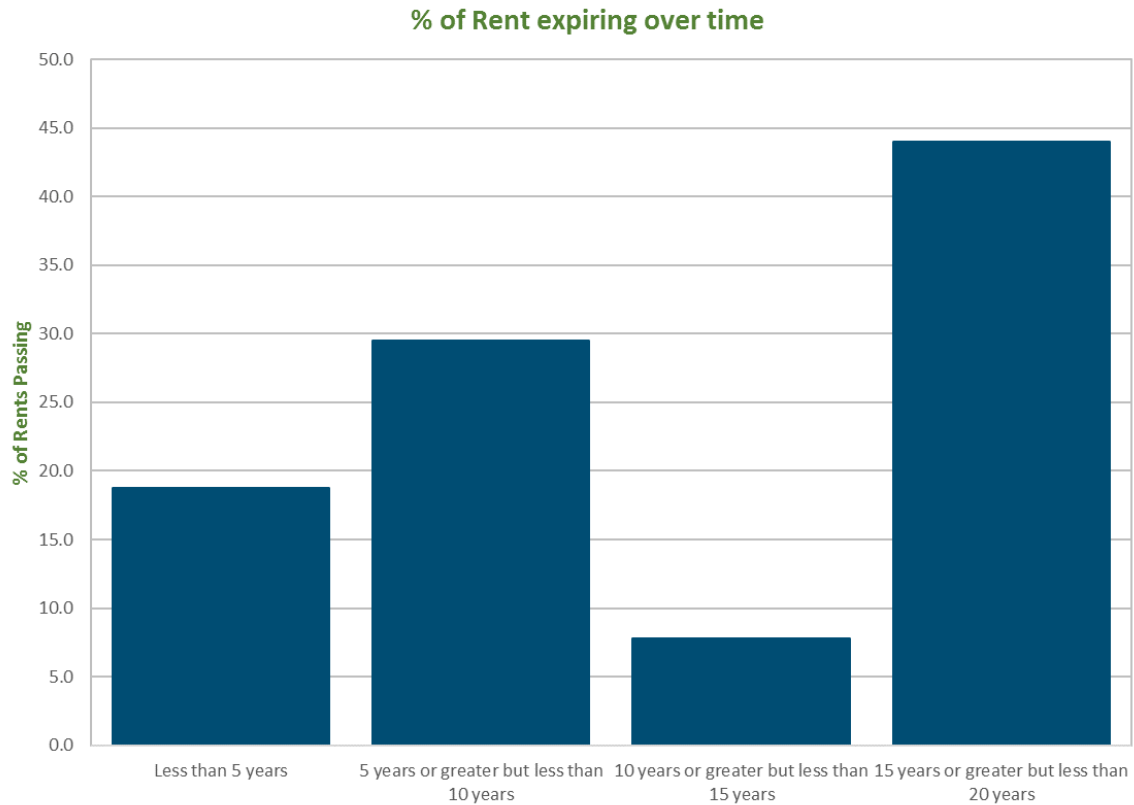
## Longevity of Income

The portfolio is positioned well in terms of longevity of rental income with 51.8% of the current annual income secured for 10 years or more. Of this figure, 44% is secured for more than 15 years. This is an increase on March 2019 when 45% of the current annual income was secured for 10 years or more with 37% more than 15 years. WeWork and BP International, the Council largest tenant by rent payable contributes to this total with leases in excess of 15 years. The long term secure income of 20 years plus provided by the Council's freehold interest in the Elmsleigh Centre is no longer accounted for in the Investment portfolio following the acquisition. The lettings completed over the quarter will have improved the longevity of income at the Charter Building.

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<sup>10</sup> Property News UK, 24<sup>th</sup> April 2020





The proportion of short term income, expiring in 5 years or less is 18.7% of the total annual rent. This has decreased since December (33.4%) due to the creation of a dedicated regeneration portfolio which now includes Communications House, the Summit Centre and the Elmsleigh Shopping Centre. The successful negotiation to remove the break option with Volga-Dnepr at Stockley Park due in January 2021 has also had a positive impact. The rental guarantees on the vacant space at the Charter Building account for a large percentage of the short term income expiring in August 2022. The completion of the lettings at the Charter Building and the on ongoing leasing activity will greatly improve the income profile and reduce the Council's exposure to short term income.

## Portfolio Activity – Regeneration Portfolio

### Letting activity

There have been three lettings on the Regeneration portfolio during Q1 2020, producing £850,000 per annum in secured rent.

At Units 3&4 The Summit Centre, Sunbury, two reversionary leases to ADT Fire & Security plc were completed on 28<sup>th</sup> February on accommodation totalling 56,412 sq ft. The leases are for five years and take effect from 4<sup>th</sup> August 2020, at a total rent of £850,000 per annum. The lease on Unit 4 is subject to a third year tenant break option. These leases were agreed on a non-binding basis at the time of the asset acquisition in September 2019, and underpin the core income for the property over the next five years while redevelopment plans are progressed.

On 9<sup>th</sup> March, the Council agreed a new letting to Topman/Topshop on Units 15/16 Elmsleigh Centre, after the tenant served notice to vacate on 14<sup>th</sup> March. This was a short term letting with the tenant

paying only rates for a period of two years subject to a rolling mutual break option on 15<sup>th</sup> August on no less than eight weeks notice. In light of the government lockdown two weeks later, this was a timely letting that partially defrays the Council's outgoings.

During Q1 2020 there were a number of lease negotiations with occupiers at the Elmsleigh Centre, including H Samuel, Ernest Jones, Body Shop and Clinton Cards. Given the evolving position with Covid-19, it has proved challenging to finalise these lettings given retailer sentiment, but it is hoped that there will be greater activity over the next two quarters.

## Asset Management

### Elmsleigh Centre

The Elmsleigh Centre was acquired as a regeneration opportunity and therefore sits the Regeneration Portfolio. During the acquisition, an asset management business plan was created which considered short, medium and long term potential development opportunities. Cabinet approval was also obtained at the time for specific enhancement projects including:-

- Car parking consolidation and refurbishment
- Branding, wayfinding and modernising
- Transformation of the southern entrance and the creation of a public square
- Conversion of vacant accommodation above Decathlon into office/gym/nursery

The business plan for the acquisition investigated the potential for development and housing delivery within the town centre, on a phased basis and geared around key lease expiries/lease events from major tenants such as Primark, Matalan etc.

In forming the business plan consideration was given to the fact that the North Mall is the more valuable and vibrant section of the Centre, with the pitch falling away within the East Mall and South Mall areas. The business plan also factors in a reduced need for retail within the town centre over the next decade, which provides an opportunity to re-purpose the less valuable South and East Malls into residential while retaining a reduced retail offer within the North Mall close to the High Street.

Following purchase of the Centre in early February, the Council has now appointed Collado Collins (in line with the report to Cabinet on the original acquisition) to progress initial scheme designs for certain elements of the Elmsleigh Centre. This work is progressing in tandem with the wider Staines town centre masterplan which is being developed through David Locke Associates which will provide evidence around our housing delivery programme as part and parcel of the revised Local Plan.

### Communications House

Communications House was acquired in 2018 as a strategic development opportunity in the town centre. The building is fully let to five tenants and produces an income of £1,246,447 per annum with varying lease expiries between 2021 and Q1 2023. It forms a significant land holding which complements the adjoining ownerships at Thameside House and the Elmsleigh Centre. The intention is to redevelop into a residential led scheme once vacant possession can be obtained.

The priority over the last 12 months has been to retain the principal tenant, Samsung R&D, which accounts for the majority of the income (£970,000 per annum) and whose lease expires in Q3 2021.

### **The Summit Centre, Sunbury**

The Summit Centre was acquired in September 2019 to provide core income with medium term regeneration and development opportunities in a strategic location next to the M3/A316 junction at Sunbury Cross.

Following completion of the reversionary leases to ADT Fire & Security this quarter (see above), the Council can now look towards wider land assembly to unlock medium term development.

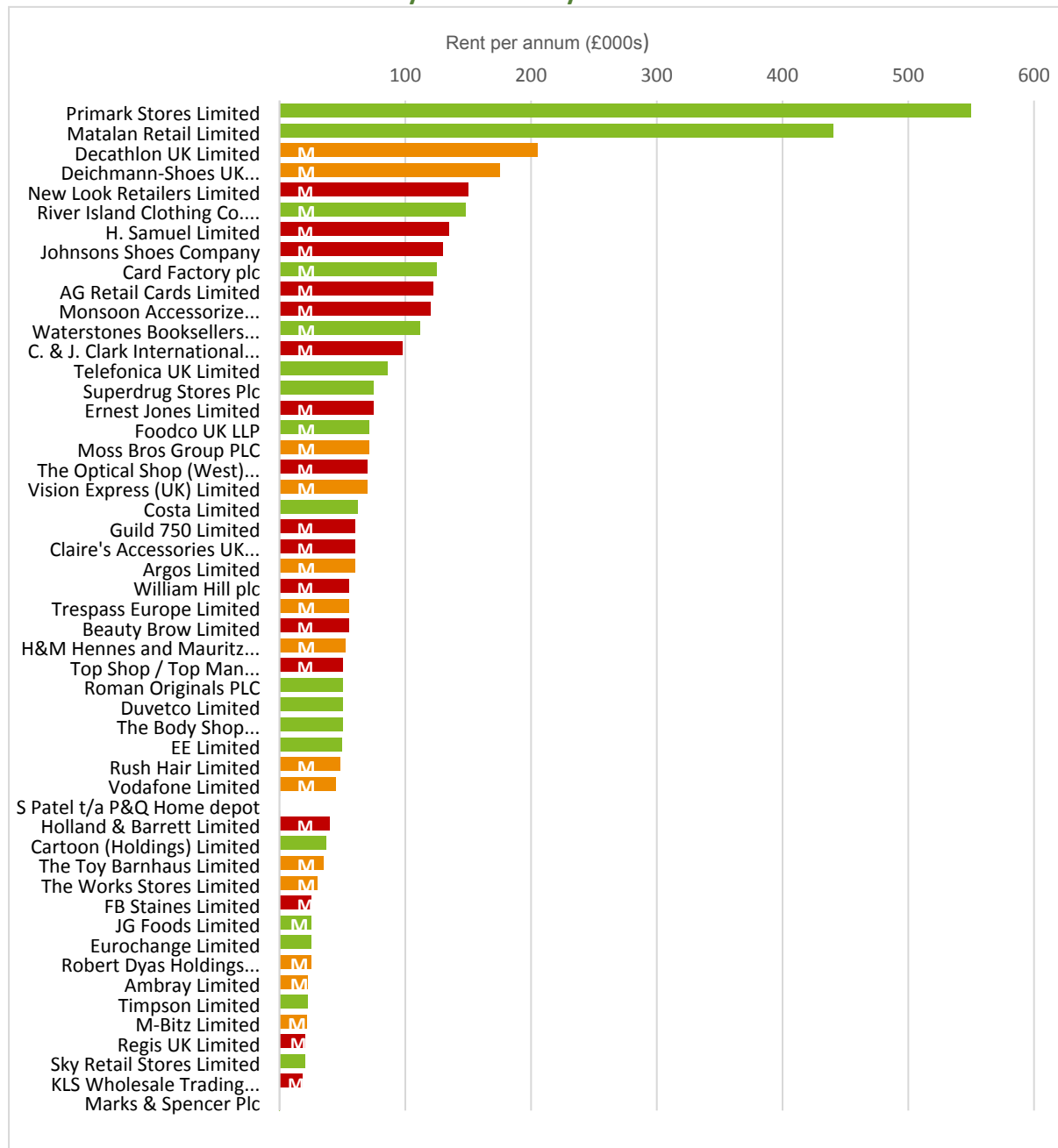
During the quarter we had one tenant entering into liquidation at Unit 1f Summit Centre. The tenant, The Old Surrey Window Company, was paying a rent of £15,000 per annum. A rent deposit was held which covered the Council for the December quarter's rent plus VAT. Following the liquidation we have commenced marketing and at the date of this report, we are close to agreeing terms with a new tenant.

The tenant of 33 Hanworth Road, Cyntergy Limited, also entered administration on 20<sup>th</sup> March 2020. We are in discussions with the guarantor on the lease, Omnico Holdings Limited, to step in and pay the March quarters rent and to agree a lease surrender in advance of the December 2020 expiry. This is on the basis of agreeing terms with another occupier/s to take a lease on the building, and progress is being made in that regard. It is anticipated that the ground floor accommodation will be let to the Incubator project which is an initiative which will be led by the Council's Economic Development team.

## Rent analysis - Security of Income

This section focuses on the Elmsleigh Centre only. The table below shows a summary of the tenant risk profile at the Elmsleigh Centre, based on a Red/Amber/Green (“RAG”) rating which includes a number of factors, including credit score, gearing, operating margins, changes in sales and operating margins and net assets.

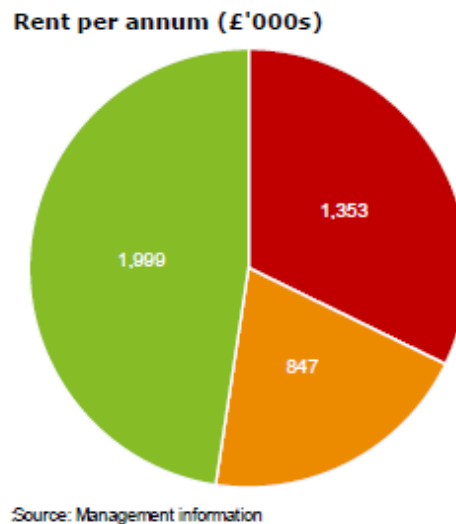
**Tenant RAG Analysis Ranked by Income. Source:Deloitte**



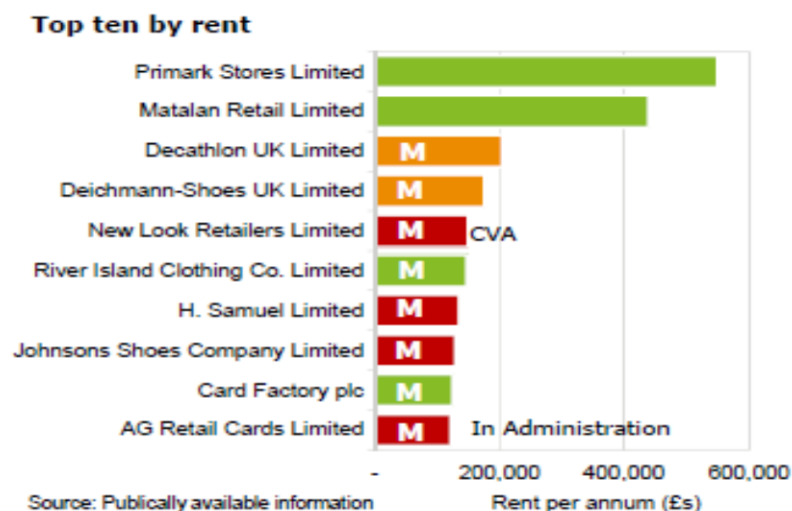
The top ten entities by rental value total £2.2m per annum which is 54% of the rental income of the shopping centre. Of these ten occupiers, there are four entities considered low risk, two entities rated moderate risk and four entities that are viewed as high risk. Two of the top ten tenants have been through an insolvency / CVA process.

The top tenant by income at the Elmsleigh Centre is Primark Stores Limited which accounts for 13% of the overall gross income. This is followed by Matalan Retail Limited which pays 10.4%. Both of these are viewed as low risk tenants according to a report commissioned by Deloitte at the time of purchase.

The overall rent can be categorised in risk terms as follows:-



The Deloitte report rates the top 10 tenants into the following RAG categories:-



The top ten high risk entities total £1.08m of rental value which accounts for 25.5% of the overall rental income for the centre. These tenants are closely monitored with regular financial updates obtained via Dun & Bradstreet.

## Rent Collection

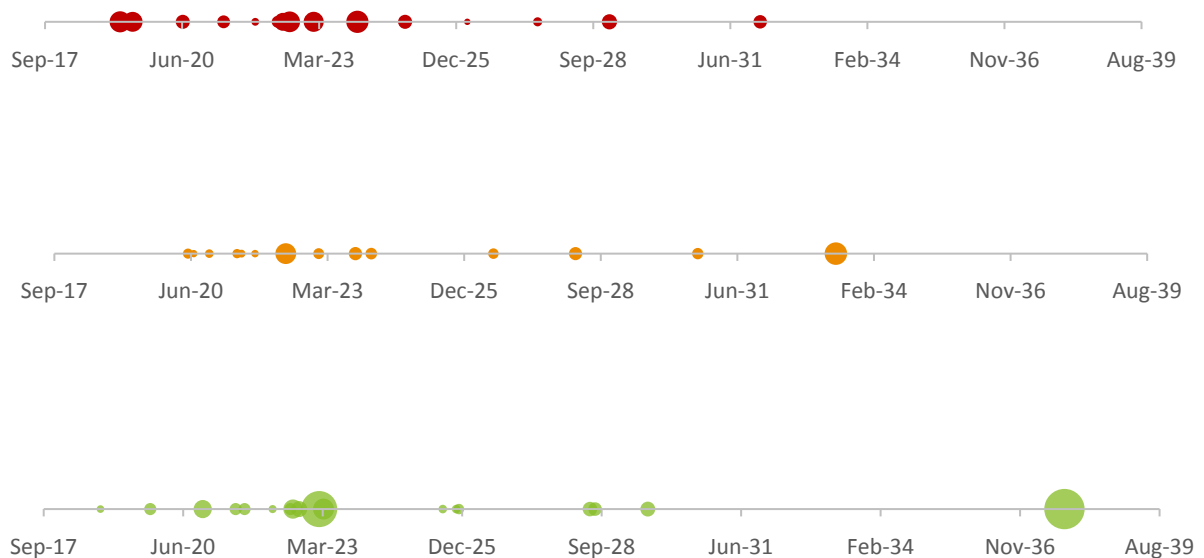
As highlighted earlier government intervention coupled with the lockdown on 23<sup>rd</sup> March has created significant challenges in collecting rent on retail properties in particular. At the date of this report, the March quarter rent and service charge collection statistics on Elmsleigh Centre stood at 18.06% and 61.13% respectively (30.78% combined).

While these figures are concerning, they are representative of the wider retail sector, and major retail landlords such as Hammerson, Intu and Land Securities have reported similar statistics. The Assets team has adapted its strategy towards rent collection and approximately 75% of time spent during end March / April was dedicated to chasing rent and service charge payments in collaboration with our managing agents.

## Longevity of Income

At the Elmsleigh Centre, 35 tenant leases are due to expire before 2023, which totals 41.6% of the rental value. Primark has a lease until 2037 and contributes 13% of the overall rent, whereas Matalan (10.4% of rent) has a lease due to expire in 2023.

The following chart shows an illustration of financial risk by mapping the various lease expiries and breaks at Elmsleigh Centre against the quantum of rent (bubble size). There is a clear consolidation of lease expiry/break events around 2023 which is the focus of short term asset management.



Source: Deloitte

# Asset Profile

**PROPERTY ADDRESS: BP Campus, Sunbury Business Park, Sunbury**



## Asset Details

<b>Sector:</b> Office/Business Park	<b>Tenure:</b> Freehold	<b>Independent Valuation:</b> £391.73 million (31st March 2020)	<b>Purchase Price:</b> £384.9 million (December 2016)
<b>Property Description:</b>	The main site is arranged as a campus style development comprising of eight buildings constructed between 2000 and 2014. They are of steel framed construction with glazed and aluminium cladding under a flat roof. They are fitted out as offices with a Grade A specification although some of the accommodation includes laboratories and a lecture hall. The SW corner site comprises of 4 buildings dating from the 1950's to 2000. The offices, laboratories and warehouse are of a basic internal specification in line with the age of the property. There are 2,001 car parking spaces.		
<b>Total Area:</b> 701,659 sq.ft	<b>Passing rent:</b> £17.57 million pa	<b>ERV:</b> £19.90 million pa	<b>Vacancy %</b> 0%
<b>Key Tenant:</b> BP International Ltd			

## Asset Strategy

<b>Summary Strategy</b>	To hold the property with a view to progressing the rent reviews in September 2021. The property is reversionary and the Council should benefit from a substantial uplift in income.
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# Asset Profile

**PROPERTY ADDRESS: 12 Hammersmith Grove, Hammersmith, London**



## Asset Details

<b>Sector:</b> Office	<b>Tenure:</b> Long Leasehold	<b>Independent Valuation:</b> £165.9 million (31st March 2020)	<b>Purchase Price:</b> £170 million (January 2018)
<b>Property Description:</b>	The property is located in a prime position in Hammersmith, next to the entrance to Hammersmith Underground station and within easy access to the A4/M4 corridor and Heathrow. The Landmark building was completed in February 2016. The multi-let office building provides Grade A accommodation over ground and ten upper floors.		
<b>Total Area:</b> 170,011 sq.ft	<b>Passing rent:</b> £9.54 million pa	<b>ERV:</b> £9.44 million pa	<b>Vacancy %:</b> 0%
<b>Key Tenants:</b> We Work Hammersmith, Perform Media Services, Creative Arts Agency, Medidata Europe Ltd, Research Instruments Ltd and All Nippon Airways Co Ltd.			

## Asset Strategy

<b>Summary Strategy</b>	To hold the property to benefit from the rental growth anticipated at the first rent review in 2022/2023. Good longevity of income should provide good prospects for capital value growth in the medium term.
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# Asset Profile

**PROPERTY ADDRESS: 3 Roundwood Avenue, Stockley Park.**



## Asset Details

<b>Sector:</b> Office/Business Park	<b>Tenure:</b> Freehold	<b>Independent Valuation:</b> £20.10 million (31 <sup>st</sup> March 2020)	<b>Purchase Price:</b> £21.40 million (July 2017)
<b>Property Description:</b>	Stockley Park is a well-established business park located near Uxbridge with excellent transport connections to J4 of the M4, M25, Heathrow Airport and Central London via Hayes and Harlington Rail Station, Uxbridge Underground station and soon Crossrail. The property was built in 1990 and was comprehensively refurbished in 2014 and 2016. It is a two storey, steel-framed building with glazed atrium reception and WC's and shower facilities on both ground and first floor. The refurbished office space provides 4 pipe fan coil air conditioning, LED lighting, raised floors, metal tiled suspended ceiling. A car park provides 136 car parking spaces, a ratio of 3.17 spaces per 1,000sq.ft.		
<b>Total Area:</b> 42,907 sq.ft	<b>Passing rent:</b> £1.43 million pa	<b>ERV:</b> £1.50 million pa	<b>Vacancy %:</b> 0%
<b>Key Tenants:</b> Verifone (UK) Ltd, Volga DNEPR (UK) Ltd			

## Asset Strategy

<b>Summary Strategy</b>	To hold the property in anticipation of rental growth following the potential longer term expansion of Heathrow airport and the opening of Crossrail. To ensure we retain the existing tenants to reduce the risk posed by the tenant's exercising the break options in 2021/2022.
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# Asset Profile

**PROPERTY ADDRESS: World Business Centre 4, Newall Road, Heathrow Airport**



## Asset Details

<b>Sector:</b> Office	<b>Tenure:</b> Part freehold & part leasehold	<b>Independent Valuation:</b> £45.80 million (31 <sup>st</sup> March 2020)	<b>Purchase Price:</b> £47.248 million (September 2017)
<b>Property Description:</b>	Located to the north of Heathrow airport it is a stand-alone office building adjacent to World Business Centre 1, 2 & 3. Recently completed it is of steel frame construction with glass elevations and a flat roof. It provides open plan, Grade A accommodation over ground and three upper floors. There is an underground car park providing a car parking ratio of 1:556sq.ft.		
<b>Total Area:</b> 89,282 sq.ft	<b>Passing rent:</b> £2.46 million pa	<b>ERV:</b> £2.37 million pa	<b>Vacancy %:</b> 0%
<b>Key Tenant:</b> Amadeus IT Services UK Ltd			

## Asset Strategy

<b>Summary Strategy</b>	Long term hold to benefit from the 15 year income return. Asset well placed to withstand market movement due to grade A building, close proximity to Heathrow and long lease to a tenant of substantial financial strength.
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# Asset Profile

**PROPERTY ADDRESS: Elmbrook House, 18-19 Station Road, Sunbury-on-Thames.**



## Asset Details

<b>Sector:</b> Office	<b>Tenure:</b> Freehold	<b>Independent Valuation:</b> £7.24 million (31 <sup>st</sup> March 2020)	<b>Purchase Price:</b> £7.160 million (December 2016)
<b>Property Description:</b>	The property was constructed in the mid 1990's and comprehensively refurbished in 2016. It is three storey concrete framed structure with brick elevations and hipped slate covered roof. The property provides office accommodation over ground with three upper floors.		
<b>Total Area:</b> 19,480 sq.ft	<b>Passing rent:</b> £0.478 million pa	<b>ERV:</b> £0.487 million pa	<b>Vacancy %:</b> 0%
<b>Key Tenant:</b> Complete Cover Group Ltd			

## Asset Strategy

<b>Summary Strategy</b>	<p>The property provides a good income for a further 6 years. It provide flexible office space in a regional market and compares favourably to other office accommodation in the area in terms of parking and transport connections.</p> <p>It benefits from planning consent for a change of use from offices to residential apartments.</p> <p>The medium-term strategy is to consider a residential redevelopment when the lease expires in 2026.</p>
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# Asset Profile

**PROPERTY ADDRESS: Charter Building, Uxbridge**



## Asset Details

<b>Sector:</b> Office	<b>Tenure:</b> Freehold	<b>Independent Valuation:</b> £131.20 million (31 <sup>st</sup> March 2020)	<b>Purchase Price:</b> £135.98 million (August 2018)
<b>Property Description:</b>	The property is located in Uxbridge town centre within close proximity to the train station. Newly completed in 2017 by Brockton Capital and Landid it provides Grade A office accommodation over lower ground and five upper floors. The building benefits from a large reception area and five storey atrium, decked roof terraces and 326 car parking spaces. The open plan floorplates provide flexible space that range in size from 8,747 sq.ft to 54,076 sq.ft .		
<b>Total Area:</b> 235,458 sq.ft	<b>Passing rent:</b> £2.69 million pa (excludes guarantees)	<b>ERV:</b> £7.41 million pa	<b>Vacancy (as % of floor area):</b> 54%
<b>Key Tenants:</b> Spaces, Tracelink, Parkview, Jazz Networks, Regeneron, Café Kix.			

## Asset Strategy

<b>Summary Strategy</b>	To the let the vacant space at or above ERV within the timeframe provided by the guarantees to avoid full vacancy costs.
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# Asset Profile

**PROPERTY ADDRESS: Thames Tower, Reading**



## Asset Details

<b>Sector:</b> Office	<b>Tenure:</b> Freehold	<b>Independent Valuation:</b> £126.8 million (31 <sup>st</sup> March 2020)	<b>Purchase Price:</b> £119.32 million (August 2018)
<b>Property Description:</b>	The building was developed by Brockton Capital & Landid and completed in 2017. It is prominently located in Reading town centre adjacent to Reading train station. It provides Grade A office accommodation over basement, ground and 14 upper floors. A private occupier terrace and café is provided on the 14 <sup>th</sup> floor.		
<b>Total Area:</b> 190,868 sq.ft	<b>Passing rent:</b> £6.18 million pa (excludes guarantees)	<b>ERV:</b> £6.69 million pa	<b>Vacancy (as % of floor area):</b> 3.5%
<b>Key Tenants:</b> Fora, Pret a Manger, Clarkslegal, Make a Wish, Broadway Malyan, HSBC, MBNL, Eriksson, BDO, Austin Fraser, Objective Corporation.			

## Asset Strategy

<b>Summary Strategy</b>	To let the vacant part 10 <sup>th</sup> floor at or above ERV within the timeframe provided by the guarantees to avoid full vacancy costs. To improve the income profile when opportunities arise by negotiating longer leases, removing break options or improving the covenant strength. Long term hold to benefit from expected reversionary potential in 2022/2023.
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# Asset Profile

**PROPERTY ADDRESS: The Porter Building, Slough**



## Asset Details

<b>Sector:</b> Office	<b>Tenure:</b> Freehold	<b>Independent Valuation:</b> £69.90 million (31 <sup>st</sup> March 2020)	<b>Purchase Price:</b> £66.47 million (August 2018)
<b>Property Description:</b>	The building was developed by Brockton Capital & Landid and completed in 2017. It is located in a prominent position in Slough town centre opposite the station. It provides high quality Grade A office accommodation over ground and four upper floors.		
<b>Total Area:</b> 117,388 sq.ft	<b>Passing rent:</b> £3.94 million pa	<b>ERV:</b> £3.88 million pa	<b>Vacancy (as % of floor area):</b> 0%
<b>Key Tenants:</b> Starbucks, Fiserv, Spaces & Orange Business Services			

## Asset Strategy

<b>Summary Strategy</b>	Long term hold to benefit from anticipated rental growth in 2022/2023 and any capital growth from positive yield movement.
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# Asset Profile

**PROPERTY ADDRESS: Elmsleigh Shopping Centre, Staines**



## Asset Details

<b>Sector:</b> Retail	<b>Tenure:</b> Freehold	<b>Independent Valuation:</b> £39.325 million <b>NB</b> although the asset was not formally valued pre-purchase, independent property consultants JLL supported the purchase price.	<b>Purchase Price:</b> £39.325 million (February 2020)
<b>Property Description:</b>	The Elmsleigh Shopping Centre is a modern, covered shopping mall fronting the High Street and with access at the rear to Friends Walk and bus station. Adjoining the Centre is a multi-storey car park. The freehold was purchased by Spelthorne in February 2020. The acquisition also included the purchase of the Titles to:- 1-6 Friends Walk, 77 High Street, 91-93 High Street, 101-103 High Street (rear only), the Elmsleigh and Tothill multi-storey car parks, and Elmsleigh shopping centre itself. The shopping centre and adjacent premises currently present 51 separate retailers plus additional mall kiosks*		
<b>Internal Lettable Area</b> 200,977 sq.ft	<b>Passing rent:</b> £4.36 million pa	<b>ERV:</b> £3.72 million pa	<b>Vacancy %:</b> 3.2551%
* <b>Key Tenants:</b> Deichmann, Matalan, Decathlon, Primark, M&S, H&M, New Look, and others			

## Asset Strategy

<b>Summary Strategy</b>	A strategic long-term regeneration investment for the Council, Elmsleigh Centre is also a focal point at the heart of the community. An opportunity to maximise potential on multiple levels – housing, work, communications, community, leisure, retail – it is key to the prosperity of Staines. The Council is committed to promote and improve Staines as a thriving centre.
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# Asset Profile

**PROPERTY ADDRESS:** Communications House, South Street, Staines



## Asset Details

<b>Sector:</b> Office	<b>Tenure:</b> Freehold	<b>Independent Valuation:</b> £14.50million (March 2020)	<b>Purchase Price:</b> £11.70 million (July 2018)
<b>Property Description:</b>	The property is located in Staines town centre adjacent to the Tothill car park and the Elmsleigh Centre. Constructed in 1981 and refurbished internally in 2013 it provides office accommodation over ground and five upper floors. The building is an 'L' shaped, brick construction with a flat roof.		
<b>Total Area:</b> 47,500sq.ft	<b>Passing rent:</b> £1.25 million pa	<b>ERV:</b> £1.25 million pa	<b>Vacancy rate:</b> 0%
<b>Key Tenant:</b> Samsung Electronics (UK) Ltd, Pros Europe Ltd, Anglo Gold Ashanti Holdings Plc, Marsh Corporate Services Ltd, Mathison & Macara LLP.			

## Asset Strategy

<b>Summary Strategy</b>	To maximise the income in the short term. In the medium term there is the potential to redevelop the site in conjunction with other property assets owned by the Council nearby such as Tothill Car park.
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# Asset Profile

**PROPERTY ADDRESS: The Summit Centre, Sunbury**



## Asset Details

<b>Sector:</b> Light Industrial/Office	<b>Tenure:</b> Freehold	<b>Independent Valuation:</b> £13.50 million (31st March 2020).	<b>Purchase Price:</b> £13.79 million (September 2019)
<b>Property Description:</b>	The site of 4.47 acres includes a mix of industrial and office accommodation constructed during the 1970's and 1980's. Units 3 & 4 provide a 2 a storey office and R&D space over 56,412 sq.ft. 33 Hanworth Road provides 1970's style office accommodation with a warehouse to the rear totalling 10,627 sq.ft. There is a terrace of 6, small industrial units ranging in size from 997 to 1,196 sq.ft.		
<b>Total Area:</b> 73,401 sq.ft	<b>Passing rent:</b> £1.03 million pa	<b>ERV:</b> £1.12 million pa	<b>Vacancy (as % of floor area):</b> 0%
<b>Key Tenants:</b> Johnson Controls/ADT Fire and Security plc, Cyntergy Ltd.			

## Asset Strategy

<b>Summary Strategy</b>	To maintain short/medium term income by renewing leases if possible or re-letting. The longer term strategy is to redevelop the site for residential. To create a larger site for redevelopment the Council is considering acquiring other sites/buildings to maximise the potential.
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## Glossary

**Capital Growth** - The increase in value of the property over time also known as capital appreciation. It can be calculated with reference to the previous valuation or since purchase.

**Capital Return** – In the context of the report this is the capital value growth shows the capital appreciation since the date of purchase.

**Capital Value** - This is also known as the property's market value. The market value is defined by the International Valuation Standards Council 'IVSC' and the Royal Institution of Chartered Surveyors to mean 'the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The IVSC makes it clear that a "willing seller" is simply a seller motivated to sell at the best price obtainable on the valuation date.

**Estimated Rental Value (ERV)** - The estimated annual rent that would be achieved if the floor space was to be re-let in the open market at the valuation date. The rental value is determined by Carter Jonas, the Council's appointed valuers.

**Equivalent yield** - The internal rate of return of the cashflow from the property, assuming a rise to ERV (estimated rental value) at the next review but with no further rental growth.

**Grade A** – This refers to the quality of the office space. A Grade A building is the highest quality of building, it is typically newly constructed or substantially redeveloped. It is considered the best in class in terms of aesthetics, standard of finishes, state of the art systems and location.

**Gross/Net Rental Income** – the actual rent received or receivable either including or excluding revenue costs such as marketing costs, letting fees, void costs.

**Income Yield/Net Initial yield** – The annual passing rent less costs as a percentage of the capital value, after adding notional purchaser's costs. In the report the income yield has been calculated at the valuation date.

**Investment cover** – the ratio of net income received by the Council to the total payable in loan repayments and interest in the financial year.

**Lot size** – the capital value of the property.

**Net Asset Value** – the full value of all the properties owned by Spelthorne Borough Council.

**Passing rent** – the contracted rent or gross rent less any ground rent payable under the lease over a 12 month period.

**Quarter Day** – the dates specified under the lease when the rents are payable. The English quarter days are 25<sup>th</sup> March, 24<sup>th</sup> June, 29<sup>th</sup> September and 25<sup>th</sup> December.

**Rent free period** – a period of time during the lease when the tenant does not have to pay rent. Typically granted to a tenant as an incentive to enter in to a lease.

**Reversionary Lease** – a lease which is granted today but has a future term commencement date. They are granted to extend a tenant's lease.

**Vacancy rate** – the amount of space within a property which is currently empty and not generating rent as a percentage of the whole property or portfolio. The rate can be expressed a percentage of floor area or as a percentage of the estimated rental value.

**Void** – a period when the property is vacant and is not generating any rent.

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## Executive Summary

The investment report is an overview of the performance of the commercial property portfolio owned by Spelthorne Borough Council for the financial year ending 31<sup>st</sup> March 2020.

### Commercial Portfolio Key Facts

Net Asset Value 31 March 2020	£1.026 billion
Number of Property Holdings	11
Average Lot Size	£93.27million
Total Passing Rent (per annum)	£46.97 million*
Estimated Rental Value (per annum)	£54.28 million**
Vacancy Rate - % of floor area	8%**

\* Contracted rent assumes rent free periods have expired, excludes guarantees & Elmsleigh Centre.

\*\*Excludes Elmsleigh Centre.

At the 31<sup>st</sup> March 2020 Spelthorne Borough Council owned 11 properties with a total value of £1.026 billion.

In the last 12 months the Council has acquired two properties; the Summit Centre in Sunbury and the Elmsleigh Shopping Centre in Staines totalling £53.11 million. In line with the Capital Strategy both properties were acquired for regeneration purposes; to provide long term housing and to rejuvenate the retail offer in Staines town centre. Since the end of 2018 the Council's income generating assets have reached a critical mass that has allowed the Council to focus on regeneration and housing opportunities in the Borough.

Since 2016 the Council has invested £1.017 billion in commercial property largely funded by the Public Works Loan Board on long term loans at low, fixed rates of interest. With the portfolio now valued at £1.026 billion, the portfolio has seen positive capital growth since purchase of 0.86%.

The commercial properties were independently valued annually on 31<sup>st</sup> March by Carter Jonas LLP at £986.67 million. Carter Jonas did not value the Elmsleigh Shopping Centre which has been recently acquired in February 2020. The Council has relied upon the acquisition price of £39.33 million.

With the exception of Sunbury Business Park all the properties fell in value over the 12 month period. Excluding the properties acquired during the year the portfolio decreased in value by 1.13% since March 2019 when they were last valued. The decrease in value is in line with the market, it reflected the increased market uncertainty due to Brexit and more recently the global covid-19 pandemic.

Despite the fall in value, the Council has been successful in increasing the rental income. Six letting transactions were completed over the 12 months increasing the passing rent by £3.67 million and reducing the portfolio vacancy rate from 14% to 8% (as a percentage of total floor space excluding the Elmsleigh Centre). The Porter Building is now fully let and Thames

Tower is principally let at 96.7% with space currently under offer. The Charter Building is now 46% let which is commendable in difficult market conditions. The portfolio void on the investment properties (ie. the Porter Building, Thames Tower and the Charter Building) are all covered by rental guarantees.

The Council has been prudent in its approach to property investment by setting aside a percentage of the rental income as a sinking fund. The sinking fund has a balance of £20.3 million as at 31<sup>st</sup> March 2020 (as at 31<sup>st</sup> March 2019 the sinking fund balance was £10.6 million). This sum is the equivalent to 5.19 months of the portfolio rent, in the very unlikely event that no tenants pay rent. More importantly the sinking fund would cover 25 months of the net income payable to the Council to support services to the Borough.

The sinking fund was established as a reserve account to cover capital costs such as refurbishments and void costs. In the current Covid-related economic crisis the Council acknowledges that the sinking fund may be needed earlier than anticipated to cover void costs of tenants who may default. The Council undertakes rigorous financial modelling and stress testing on the sinking fund cash-flow. Even modelling the worse-case scenario the Council can demonstrate that the reserve fund remains in a healthy position over the next 10 years.

The Council's investment portfolio of Grade A buildings are well-let to tenants who are best placed to financially withstand the economic shock of the national lockdown and anticipated economic recession. BP International Ltd is the Council largest tenant contributes 41% of the total rental income and 51.8% of the total portfolio income is contracted for 10 years or more.

The rent collection rate on the investment portfolio at the 31<sup>st</sup> March was 79%. This compares favourably to the property market as a whole which recorded that 49.7% of all UK rent had been collected 10 days after the March quarter. At the year-end the Council was not looking to 'write off' any bad debts (the Council has subsequently collected 91% of rents by day 60) which demonstrates the resilience of the investment portfolio.

The Elmsleigh Shopping Centre was acquired as a regeneration opportunity and not an asset to generate income to support Council services. In line with the wider retail market, the rent and service charge collection statistics on the Elmsleigh Centre stood at 18.06% and 61.13% respectively.

With the retail sector in the doldrums the Council has proactively commenced the regeneration opportunities identified for the Elmsleigh Centre at acquisition. Collado Collins, an architectural practice has been appointed to progress initial scheme designs for elements of the shopping centre.

The Elmsleigh Centre together with the Summit Centre and Communications House were all acquired with the long term objective to redevelop to provide much needed housing within the Borough. Identified for their redevelopment potential the three properties are collectively known as the regeneration portfolio. Over the next 12 months the Council will be progressing the regeneration opportunities whilst focusing on maximising the income generated from our existing properties in what will be a challenging property market.



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# Overview and Scrutiny Committee

29 September 2020



<b>Title</b>	Statutory Guidance on Overview and Scrutiny in Local Authorities		
<b>Purpose of the report</b>	To note		
<b>Report Author</b>	Gillian Scott, Principal Committee Manager		
<b>Cabinet Member</b>	Not applicable	<b>Confidential</b>	No
<b>Corporate Priority</b>	This item is not in the current list of Corporate priorities but still requires a Cabinet decision		
<b>Recommendations</b>	<p>The Committee is asked to review the new statutory guidance on Overview and Scrutiny (attached as Appendix 1) with a view to:</p> <ol style="list-style-type: none"> <li>1) Noting the policies, practice, and approaches detailed within the statutory guidance;</li> <li>2) Identifying any changes to current practice as a result of the guidance that can be directly implemented by the Committee; or by way of recommendation to Cabinet for any matters outside the Committee's remit.</li> </ol>		
<b>Reason for recommendation</b>	Statutory guidance on Overview and Scrutiny has been published in May 2019 to ensure that local authorities carry out their Overview and Scrutiny functions effectively.		

## 1. Key issues

- 1.1 On 7 May 2019 the Ministry of Housing, Communities & Local Government published the document, 'Statutory Guidance for Local Authorities on Overview and Scrutiny'. The new guidance seeks to clarify the role and benefits of scrutiny to local authorities, taking into account the significant changes to scrutiny since the previous guidance was published in 2006.
- 1.2 The statutory O&S guidance includes a number of policies and practices authorities should adopt or should consider adopting when deciding how to carry out their overview and scrutiny functions. The council 'must have regard' to the guidance but is not required to follow it in every detail.
- 1.3 Although it is statutory guidance, it is non-prescriptive and distinctly light-touch. It maintains that individual local authorities are best placed to decide how scrutiny should work within their own political structures. As such, individual local authorities are invited to determine whether to implement the policies and practices featured in the guidance.

- 1.4 Although parts of the guidance are focussed on the wider culture of the organisation towards scrutiny, and as such are beyond the remit of the Overview and Scrutiny Committee to directly determine, other sections provide more practical advice. Where the guidance makes practical recommendations, the Committee needs to consider how it wishes those to be implemented. The areas within the remit of the Committee to implement are highlighted in this report.
- 1.5 The guidance identifies effective scrutiny using six themes: culture, resourcing, selection of committee members, powers to access information, planning of work programmes, and evidence sessions.
- 1.6 The key content of the six themes is summarised below in sections 2 - 6 and the full report is attached at Appendix 1. Limited comment is offered.

## **2. Culture**

- 2.1 The guidance acknowledges that the organisational culture within a local authority is a key determinant of the success or failure of O&S, and emphasises the importance of councillors in setting an environment for effective scrutiny.
- 2.2 The guidance lists a range of suggested mechanisms to help establish a strong organisational culture supportive of the role of scrutiny. These are:

### **a) Recognising scrutiny's legal and democratic legitimacy**

The need for all councillors and officers to understand the importance and legitimacy of scrutiny, particularly its role as a check and balance on the Cabinet.

### **b) Identifying a clear role and focus**

The guidance advocates scrutiny having a clearly defined role within the organisation and one that is focussed on providing value.

It is emphasised that there needs to be a clear division of responsibilities between the scrutiny and audit functions

### **c) Ensuring early and regular engagement between the executive and scrutiny**

The guidance suggests there should be early and regular discussions between scrutiny and the Cabinet, especially about the future work programme of the Cabinet.

### **d) Managing disagreement**

The guidance suggests that it is the job of the Cabinet and scrutiny to work together to reduce the risk of the Cabinet disagreeing with the findings or recommendations of the Overview and Scrutiny Committee (OSC). To achieve this, the development of a protocol is suggested to manage instances when the Cabinet disagrees with OSC recommendations.

### **e) Providing the necessary support**

The guidance recognises that determining the level of support available for Scrutiny is a matter for individual authorities, but it does highlight that appropriate support should be given to allow Scrutiny Members to access information required to fulfil their duties.

#### **f) Ensuring impartial advice from officers**

The guidance re-confirms the need for all officers to be able to give impartial advice to OSCs to help ensure effective scrutiny.

#### **g) Communicating scrutiny's role and purpose to the wider authority**

The guidance notes that scrutiny can lack support and recognition due to a lack of awareness within a local authority about its role.

#### **h) Maintaining the interest of full Council in the work of Scrutiny**

The guidance notes the importance of the wider membership of the Council being kept informed of the work of scrutiny. The suggested mechanism for this is through submitting OSC reports and recommendations to full Council rather than solely to the Cabinet.

#### **i) Communicating scrutiny's role to the public**

The guidance recommends scrutiny has a profile in the wider community and suggests engaging the Council's communications officers to help with this.

#### **j) Ensuring scrutiny members are supported in having an independent mind-set**

The guidance notes the potential difficulties for O&S councillors in having to scrutinise colleagues and their need for an independent mind-set.

- 2.3 Many parts of the above are outside of the remit of the Overview and Scrutiny Committee to directly influence. As such the Committee should consider highlighting these recommendations to the Cabinet.

### **3. Resourcing**

- 3.1 The guidance suggests the resource allocated to scrutiny is fundamental in determining how effective the function is, before noting it is a matter for each local authority to decide.
- 3.2 Currently, the Council does not have a dedicated scrutiny officer post or a scrutiny budget for external advice and expertise. It is supported by the Deputy Chief Executive, Terry Collier.
- 3.3 This section of the guidance is also beyond the remit of the Overview and Scrutiny Committee to directly influence.

### **4. Selecting Committee Members**

- 4.1 The guidance notes how important the councillors serving on OSCs are to the effective functioning of scrutiny. The guidance emphasises the need to consider experience, expertise, interests, ability to act impartially, ability to work as part of a group, and capacity to serve when selecting councillors to serve on OSCs.
- 4.2 The selection of Scrutiny Members at this Council is by the respective political groups and as such beyond the direct control of the Overview and Scrutiny Committee.
- 4.3 The guidance recognises the importance and influence the role of Chairman has in the success of scrutiny. A suggestion is made for taking a vote by secret ballot as a method for selecting a scrutiny Chairman, but it is made clear that each local authority can choose the best method for their circumstances.

- 4.4 The guidance recommends that an induction and ongoing training are provided for scrutiny councillors to enable them to carry out their roles effectively.
- 4.5 The Council offers induction training and ongoing skills training to councillors, usually facilitated by Mark Palmer from South East Employers. All the training he has delivered to date has been well received by councillors and additional sessions on aspects of overview and scrutiny are envisaged for the forthcoming year. In addition, councillors are able to attend external O&S training courses (for example, with the Centre for Public Scrutiny and the Local Government Association).

## **5. Power to Access Information**

- 5.1 The guidance notes the legal powers of an OSC to access information in order to do its job effectively. The guidance suggests a number of considerations for scrutiny when seeking information from external organisations, including the need to explain the purpose of scrutiny, the benefits of an informal approach, how to encourage compliance with the request, and who best to approach.
- 5.2 Spelthorne Borough Council has framed its approach to external organisations on a case by case basis and has historically experienced positive responses to providing documentation and appearing before its Committee.

## **6. Planning Work**

- 6.1 The guidance stresses the importance of focusing on items that can make a tangible difference and having a long term plan, but one flexible enough to accommodate urgent, short term issues that arise.
- 6.2 The guidance suggests a variety of sources can inform the O&S work programme, including the public, partner organisations, the Cabinet and senior officers. In consulting with the public it does highlight that a formal consultation on scrutiny may be less successful than individual councillors having conversations with groups and individuals in their local communities.
- 6.3 The guidance also recommends approaches to shortlisting topics should ensure that the items chosen are ones in which scrutiny can add value.
- 6.4 At Spelthorne Borough Council, the O&S work programme is considered regularly and agreed formally by the OSC. Topics are shortlisted with reference to a standard criteria selection tool for assessing their significance for and value to our communities.
- 6.5 The Committee may wish to consider who else should be consulted in developing its work programme and how this could be accomplished.
- 6.6 The guidance suggests a number of ways to scrutinise topics, including as a single item on an agenda, a single item meeting, short or long-term task and finish groups, and a standing panel.
- 6.7 In the past year at Spelthorne, the majority of topics for O&S have been scrutinised as individual items on an agenda, a larger topic (Heathrow expansion) has involved a dedicated meeting, and more complex issues have already been identified as pieces of work for task groups next year.

## **7. Evidence Sessions**

- 7.1 The guidance notes that evidence sessions are a key way for OSCs to inform their work and that they require effective planning. In particular it is recommended that consideration is given to setting overall objectives for each session and the types of questions that need to be asked to achieve these objectives.
- 7.2 Prior to each OSC meeting at Spelthorne Borough Council, a pre-meeting is held with the Chairman for discussing each agenda item and for question-planning. Given the importance of effective planning, the Committee might consider whether the current system of pre-meetings with the Chair allows this to be accomplished or whether other mechanisms should be considered.
- 7.3 In developing recommendations from the evidence sessions the guidance advocates the need for them to be evidence based and SMART (specific, measurable, achievable, relevant and timed). The guidance also suggests that a maximum of six to eight recommendations per topic should be sufficient to ensure that a focussed response is received.

## **8. Next Steps**

- 8.1 There are areas within the guidance, such as work programming and evidence sessions that relate specifically to processes within the control of the Committee.
- 8.2 As such the Overview and Scrutiny Committee is asked to give consideration to its current processes and whether any changes are required as a result of the guidance.
- 8.3 Any changes that the Committee identifies in relation to other matters covered in the guidance will need to be dealt with by way of a recommendation to Cabinet.

**Background papers:** There are none

### **Appendices:**

Appendix 1 – Statutory Guidance on Overview and Scrutiny in Local and Combined Authorities, May 2019.

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Ministry of Housing,  
Communities &  
Local Government

# Statutory Guidance on Overview and Scrutiny in Local and Combined Authorities



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# Ministerial Foreword

The role that overview and scrutiny can play in holding an authority's decision-makers to account makes it fundamentally important to the successful functioning of local democracy. Effective scrutiny helps secure the efficient delivery of public services and drives improvements within the authority itself. Conversely, poor scrutiny can be indicative of wider governance, leadership and service failure.

It is vital that councils and combined authorities know the purpose of scrutiny, what effective scrutiny looks like, how to conduct it and the benefits it can bring. This guidance aims to increase understanding in all four areas.

In writing this guidance, my department has taken close note of the House of Commons Select Committee report of December 2017, as well as the written and oral evidence supplied to that Committee. We have also consulted individuals and organisations with practical involvement in conducting, researching and supporting scrutiny.

It is clear from speaking to these practitioners that local and combined authorities with effective overview and scrutiny arrangements in place share certain key traits, the most important being a strong organisational culture. Authorities who welcome challenge and recognise the value scrutiny can bring reap the benefits. But this depends on strong commitment from the top - from senior members as well as senior officials.

Crucially, this guidance recognises that authorities have democratic mandates and are ultimately accountable to their electorates, and that authorities themselves are best-placed to know which scrutiny arrangements are most appropriate for their own individual circumstances.

I would, however, strongly urge all councils to cast a critical eye over their existing arrangements and, above all, ensure they embed a culture that allows overview and scrutiny to flourish.

A handwritten signature in blue ink, reading 'Rishi Sunak'.

**Rishi Sunak MP**  
**Minister for Local Government**

# About this Guidance

## Who the guidance is for

This document is aimed at local authorities and combined authorities in England to help them carry out their overview and scrutiny functions effectively. In particular, it provides advice for senior leaders, members of overview and scrutiny committees, and support officers.

## Aim of the guidance

This guidance seeks to ensure local authorities and combined authorities are aware of the purpose of overview and scrutiny, what effective scrutiny looks like, how to conduct it effectively and the benefits it can bring.

As such, it includes a number of policies and practices authorities should adopt or should consider adopting when deciding how to carry out their overview and scrutiny functions.

The guidance recognises that authorities approach scrutiny in different ways and have different processes and procedures in place, and that what might work well for one authority might not work well in another.

The hypothetical scenarios contained in the annexes to this guidance have been included for illustrative purposes, and are intended to provoke thought and discussion rather than serve as a 'best' way to approach the relevant issues.

While the guidance sets out some of the key legal requirements, it does not seek to replicate legislation.

## Status of the guidance

This is statutory guidance from the Ministry of Housing, Communities and Local Government. Local authorities and combined authorities must have regard to it when exercising their functions. The phrase 'must have regard', when used in this context, does not mean that the sections of statutory guidance have to be followed in every detail, but that they should be followed unless there is a good reason not to in a particular case.

Not every authority is required to appoint a scrutiny committee. This guidance applies to those authorities who have such a committee in place, whether they are required to or not.

This guidance has been issued under section 9Q of the Local Government Act 2000 and under paragraph 2(9) of Schedule 5A to the Local Democracy, Economic Development and Construction Act 2009, which requires authorities to have regard to this guidance. In addition, authorities may have regard to other material they might choose to consider, including that issued by the Centre for Public Scrutiny, when exercising their overview and scrutiny functions.

### Terminology

Unless 'overview' is specifically mentioned, the term 'scrutiny' refers to both overview and scrutiny.<sup>1</sup>

Where the term 'authority' is used, it refers to both local authorities and combined authorities.

Where the term 'scrutiny committee' is used, it refers to an overview and scrutiny committee and any of its sub-committees. As the legislation refers throughout to powers conferred on scrutiny committees, that is the wording used in this guidance. However, the guidance should be seen as applying equally to work undertaken in informal task and finish groups, commissioned by formal committees.

Where the term 'executive' is used, it refers to executive members.

For combined authorities, references to the 'executive' or 'cabinet' should be interpreted as relating to the mayor (where applicable) and all the authority members.

For authorities operating committee rather than executive arrangements, references to the executive or Cabinet should be interpreted as relating to councillors in leadership positions.

### Expiry or review date

This guidance will be kept under review and updated as necessary.

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<sup>1</sup> A distinction is often drawn between 'overview' which focuses on the development of policy, and 'scrutiny' which looks at decisions that have been made or are about to be made to ensure they are fit for purpose.

# 1. Introduction and Context

1. Overview and scrutiny committees were introduced in 2000 as part of new executive governance arrangements to ensure that members of an authority who were not part of the executive could hold the executive to account for the decisions and actions that affect their communities.
2. Overview and scrutiny committees have statutory powers<sup>2</sup> to scrutinise decisions the executive is planning to take, those it plans to implement, and those that have already been taken/implemented. Recommendations following scrutiny enable improvements to be made to policies and how they are implemented. Overview and scrutiny committees can also play a valuable role in developing policy.

Effective overview and scrutiny should:

- Provide constructive 'critical friend' challenge;
- Amplify the voices and concerns of the public;
- Be led by independent people who take responsibility for their role; and
- Drive improvement in public services.

3. The requirement for local authorities in England to establish overview and scrutiny committees is set out in sections 9F to 9FI of the Local Government Act 2000 as amended by the Localism Act 2011.
4. The Localism Act 2011 amended the Local Government Act 2000 to allow councils to revert to a non-executive form of governance - the 'committee system'. Councils who adopt the committee system are not required to have overview and scrutiny but may do so if they wish. The legislation has been strengthened and updated since 2000, most recently to reflect new governance arrangements with combined authorities. Requirements for combined authorities are set out in Schedule 5A to the Local Democracy, Economic Development and Construction Act 2009.
5. Current overview and scrutiny legislation recognises that authorities are democratically-elected bodies who are best-placed to determine which overview and scrutiny arrangements best suit their own individual needs, and so gives them a great degree of flexibility to decide which arrangements to adopt.
6. In producing this guidance, the Government fully recognises both authorities' democratic mandate and that the nature of local government has changed in recent years, with, for example, the creation of combined authorities, and councils increasingly delivering key services in partnership with other organisations or outsourcing them entirely.

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<sup>2</sup> Section 9F of the Local Government Act 2000; paragraph 1 of Schedule 5A to the Local Democracy, Economic Development and Construction Act 2009.

## 2. Culture

7. The prevailing organisational culture, behaviours and attitudes of an authority will largely determine whether its scrutiny function succeeds or fails.
8. While everyone in an authority can play a role in creating an environment conducive to effective scrutiny, it is important that this is led and owned by members, given their role in setting and maintaining the culture of an authority.
9. Creating a strong organisational culture supports scrutiny work that can add real value by, for example, improving policy-making and the efficient delivery of public services. In contrast, low levels of support for and engagement with the scrutiny function often lead to poor quality and ill-focused work that serves to reinforce the perception that it is of little worth or relevance.
10. Members and senior officers should note that the performance of the scrutiny function is not just of interest to the authority itself. Its effectiveness, or lack thereof, is often considered by external bodies such as regulators and inspectors, and highlighted in public reports, including best value inspection reports. Failures in scrutiny can therefore help to create a negative public image of the work of an authority as a whole.

### How to establish a strong organisational culture

11. Authorities can establish a strong organisational culture by:

- a) **Recognising scrutiny's legal and democratic legitimacy** – all members and officers should recognise and appreciate the importance and legitimacy the scrutiny function is afforded by the law. It was created to act as a check and balance on the executive and is a statutory requirement for all authorities operating executive arrangements and for combined authorities.

Councillors have a unique legitimacy derived from their being democratically elected. The insights that they can bring by having this close connection to local people are part of what gives scrutiny its value.

- b) **Identifying a clear role and focus** – authorities should take steps to ensure scrutiny has a clear role and focus within the organisation, i.e. a niche within which it can clearly demonstrate it adds value. Therefore, prioritisation is necessary to ensure the scrutiny function concentrates on delivering work that is of genuine value and relevance to the work of the wider authority – this is one of the most challenging parts of scrutiny, and a critical element to get right if it is to be recognised as a strategic function of the authority (see chapter 6).

Authorities should ensure a clear division of responsibilities between the scrutiny function and the audit function. While it is appropriate for scrutiny to pay due regard to the authority's financial position, this will need to happen in the context of the formal audit role. The authority's section 151 officer should advise scrutiny on how to manage this dynamic.

While scrutiny has no role in the investigation or oversight of the authority's whistleblowing arrangements, the findings of independent whistleblowing investigations might be of interest to scrutiny committees as they consider their wider implications. Members should always follow the authority's constitution and associated Monitoring Officer directions on the matter. Further guidance on whistleblowing can be found at:

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/415175/bis-15-200-whistleblowing-guidance-for-employers-and-code-of-practice.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/415175/bis-15-200-whistleblowing-guidance-for-employers-and-code-of-practice.pdf).

- c) **Ensuring early and regular engagement between the executive and scrutiny** – authorities should ensure early and regular discussion takes place between scrutiny and the executive, especially regarding the latter's future work programme. Authorities should, though, be mindful of their distinct roles:

In particular:

- The executive should not try to exercise control over the work of the scrutiny committee. This could be direct, e.g. by purporting to 'order' scrutiny to look at, or not look at, certain issues, or indirect, e.g. through the use of the whip or as a tool of political patronage, and the committee itself should remember its statutory purpose when carrying out its work. All members and officers should consider the role the scrutiny committee plays to be that of a 'critical friend' not a de facto 'opposition'. Scrutiny chairs have a particular role to play in establishing the profile and nature of their committee (see chapter 4); and
- The chair of the scrutiny committee should determine the nature and extent of an executive member's participation in a scrutiny committee meeting, and in any informal scrutiny task group meeting.

- d) **Managing disagreement** – effective scrutiny involves looking at issues that can be politically contentious. It is therefore inevitable that, at times, an executive will disagree with the findings or recommendations of a scrutiny committee.

It is the job of both the executive and scrutiny to work together to reduce the risk of this happening, and authorities should take steps to predict, identify and act on disagreement.

One way in which this can be done is via an 'executive-scrutiny protocol' (see annex 1) which can help define the relationship between the two and mitigate any differences of opinion before they manifest themselves in unhelpful and unproductive ways. The benefit of this approach is that it provides a framework for disagreement and debate, and a way to manage it when it happens. Often,

the value of such a protocol lies in the dialogue that underpins its preparation. It is important that these protocols are reviewed on a regular basis.

Scrutiny committees do have the power to 'call in' decisions, i.e. ask the executive to reconsider them before they are implemented, but should not view it as a substitute for early involvement in the decision-making process or as a party-political tool.

- e) **Providing the necessary support** – while the level of resource allocated to scrutiny is for each authority to decide for itself, when determining resources an authority should consider the purpose of scrutiny as set out in legislation and the specific role and remit of the authority's own scrutiny committee(s), and the scrutiny function as a whole.

Support should also be given by members and senior officers to scrutiny committees and their support staff to access information held by the authority and facilitate discussions with representatives of external bodies (see chapter 5).

- f) **Ensuring impartial advice from officers** – authorities, particularly senior officers, should ensure all officers are free to provide impartial advice to scrutiny committees. This is fundamental to effective scrutiny. Of particular importance is the role played by 'statutory officers' – the monitoring officer, the section 151 officer and the head of paid service, and where relevant the statutory scrutiny officer. These individuals have a particular role in ensuring that timely, relevant and high-quality advice is provided to scrutiny.
- g) **Communicating scrutiny's role and purpose to the wider authority** – the scrutiny function can often lack support and recognition within an authority because there is a lack of awareness among both members and officers about the specific role it plays, which individuals are involved and its relevance to the authority's wider work. Authorities should, therefore, take steps to ensure all members and officers are made aware of the role the scrutiny committee plays in the organisation, its value and the outcomes it can deliver, the powers it has, its membership and, if appropriate, the identity of those providing officer support.
- h) **Maintaining the interest of full Council in the work of the scrutiny committee** – part of communicating scrutiny's role and purpose to the wider authority should happen through the formal, public role of full Council – particularly given that scrutiny will undertake valuable work to highlight challenging issues that an authority will be facing and subjects that will be a focus of full Council's work. Authorities should therefore take steps to ensure full Council is informed of the work the scrutiny committee is doing.

One way in which this can be done is by reports and recommendations being submitted to full Council rather than solely to the executive. Scrutiny should decide when it would be appropriate to submit reports for wider debate in this way, taking into account the relevance of reports to full Council business, as well as full Council's capacity to consider and respond in a timely manner. Such



reports would supplement the annual report to full Council on scrutiny's activities and raise awareness of ongoing work.

In order to maintain awareness of scrutiny at the Combined Authority and provoke dialogue and discussion of its impact, the business of scrutiny should be reported to the Combined Authority board or to the chairs of the relevant scrutiny committees of constituent and non-constituent authorities, or both. At those chairs' discretion, particular Combined Authority scrutiny outcomes, and what they might mean for each individual area, could be either discussed by scrutiny in committee or referred to full Council of the constituent authorities.

- i) **Communicating scrutiny's role to the public** – authorities should ensure scrutiny has a profile in the wider community. Consideration should be given to how and when to engage the authority's communications officers, and any other relevant channels, to understand how to get that message across. This will usually require engagement early on in the work programming process (see chapter 6).
- j) **Ensuring scrutiny members are supported in having an independent mindset** – formal committee meetings provide a vital opportunity for scrutiny members to question the executive and officers.

Inevitably, some committee members will come from the same political party as a member they are scrutinising and might well have a long-standing personal, or familial, relationship with them (see paragraph 25).

Scrutiny members should bear in mind, however, that adopting an independent mind-set is fundamental to carrying out their work effectively. In practice, this is likely to require scrutiny chairs working proactively to identify any potentially contentious issues and plan how to manage them.

#### Directly-elected mayoral systems

12. A strong organisational culture that supports scrutiny work is particularly important in authorities with a directly-elected mayor to ensure there are the checks and balances to maintain a robust democratic system. Mayoral systems offer the opportunity for greater public accountability and stronger governance, but there have also been incidents that highlight the importance of creating and maintaining a culture that puts scrutiny at the heart of its operations.
13. Authorities with a directly-elected mayor should ensure that scrutiny committees are well-resourced, are able to recruit high-calibre members and that their scrutiny functions pay particular attention to issues surrounding:
  - rights of access to documents by the press, public and councillors;
  - transparent and fully recorded decision-making processes, especially avoiding decisions by 'unofficial' committees or working groups;
  - delegated decisions by the Mayor;
  - whistleblowing protections for both staff and councillors; and
  - powers of Full Council, where applicable, to question and review.

14. Authorities with a directly-elected mayor should note that mayors are required by law to attend overview and scrutiny committee sessions when asked to do so (see paragraph 44).

### 3. Resourcing

15. The resource an authority allocates to the scrutiny function plays a pivotal role in determining how successful that function is and therefore the value it can add to the work of the authority.
16. Ultimately it is up to each authority to decide on the resource it provides, but every authority should recognise that creating and sustaining an effective scrutiny function requires them to allocate resources to it.
17. Authorities should also recognise that support for scrutiny committees, task groups and other activities is not solely about budgets and provision of officer time, although these are clearly extremely important elements. Effective support is also about the ways in which the wider authority engages with those who carry out the scrutiny function (both members and officers).

When deciding on the level of resource to allocate to the scrutiny function, the factors an authority should consider include:

- Scrutiny's legal powers and responsibilities;
- The particular role and remit scrutiny will play in the authority;
- The training requirements of scrutiny members and support officers, particularly the support needed to ask effective questions of the executive and other key partners, and make effective recommendations;
- The need for ad hoc external support where expertise does not exist in the council;
- Effectively-resourced scrutiny has been shown to add value to the work of authorities, improving their ability to meet the needs of local people; and
- Effectively-resourced scrutiny can help policy formulation and so minimise the need for call-in of executive decisions.

#### Statutory scrutiny officers

18. Combined authorities, upper and single tier authorities are required to designate a statutory scrutiny officer,<sup>3</sup> someone whose role is to:
  - promote the role of the authority's scrutiny committee;
  - provide support to the scrutiny committee and its members; and
  - provide support and guidance to members and officers relating to the functions of the scrutiny committee.

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<sup>3</sup> Section 9FB of the Local Government Act 2000; article 9 of the Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2017

19. Authorities not required by law to appoint such an officer should consider whether doing so would be appropriate for their specific local needs.

#### Officer resource models

20. Authorities are free to decide for themselves which wider officer support model best suits their individual circumstances, though generally they adopt one or a mix of the following:
- Committee – officers are drawn from specific policy or service areas;
  - Integrated – officers are drawn from the corporate centre and also service the executive; and
  - Specialist – officers are dedicated to scrutiny.
21. Each model has its merits – the committee model provides service-specific expertise; the integrated model facilitates closer and earlier scrutiny involvement in policy formation and alignment of corporate work programmes; and the specialist model is structurally independent from those areas it scrutinises.
22. Authorities should ensure that, whatever model they employ, officers tasked with providing scrutiny support are able to provide impartial advice. This might require consideration of the need to build safeguards into the way that support is provided. The nature of these safeguards will differ according to the specific role scrutiny plays in the organisation.

## 4. Selecting Committee Members

23. Selecting the right members to serve on scrutiny committees is essential if those committees are to function effectively. Where a committee is made up of members who have the necessary skills and commitment, it is far more likely to be taken seriously by the wider authority.
24. While there are proportionality requirements that must be met,<sup>4</sup> the selection of the chair and other committee members is for each authority to decide for itself. Guidance for combined authorities on this issue has been produced by the Centre for Public Scrutiny<sup>5</sup>.

Members invariably have different skill-sets. What an authority must consider when forming a committee is that, as a group, it possesses the requisite expertise, commitment and ability to act impartially to fulfil its functions.

25. Authorities are reminded that members of the executive cannot be members of a scrutiny committee.<sup>6</sup> Authorities should take care to ensure that, as a minimum, members holding less formal executive positions, e.g. as Cabinet assistants, do not sit on scrutinising committees looking at portfolios to which those roles relate. Authorities should articulate in their constitutions how conflicts of interest, including familial links (see also paragraph 31), between executive and scrutiny responsibilities should be managed, including where members stand down from the executive and move to a scrutiny role, and vice-versa.
26. Members or substitute members of a combined authority must not be members of its overview and scrutiny committee.<sup>7</sup> This includes the Mayor in Mayoral Combined Authorities. It is advised that Deputy Mayors for Policing and Crime are also not members of the combined authority's overview and scrutiny committee.

### Selecting individual committee members

27. When selecting individual members to serve on scrutiny committees, an authority should consider a member's experience, expertise, interests, ability to act impartially, ability to work as part of a group, and capacity to serve.

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<sup>4</sup> See, for example, regulation 11 of the Local Authorities (Committee System) (England) Regulations 2012 (S.I. 2012/1020) and article 4 of the Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2017 (S.I. 2017/68).

<sup>5</sup> See pages 15-18 of 'Overview and scrutiny in combined authorities: a plain English guide': <https://www.cfps.org.uk/wp-content/uploads/Overview-and-scrutiny-in-combined-authorities-a-plain-english-guide.pdf>

<sup>6</sup> Section 9FA(3) of the Local Government Act 2000.

<sup>7</sup> 2(3) of Schedule 5A to the Local Democracy, Economic Development and Construction Act 2009

28. Authorities should not take into account a member's perceived level of support for or opposition to a particular political party (notwithstanding the wider legal requirement for proportionality referred to in paragraph 24).

### Selecting a chair

29. The Chair plays a leadership role on a scrutiny committee as they are largely responsible for establishing its profile, influence and ways of working.
30. The attributes authorities should and should not take into account when selecting individual committee members (see paragraphs 27 and 28) also apply to the selection of the Chair, but the Chair should also possess the ability to lead and build a sense of teamwork and consensus among committee members.

Chairs should pay special attention to the need to guard the committee's independence. Importantly, however, they should take care to avoid the committee being, and being viewed as, a de facto opposition to the executive.

31. Given their pre-eminent role on the scrutiny committee, it is strongly recommended that the Chair not preside over scrutiny of their relatives<sup>8</sup>. Combined authorities should note the legal requirements that apply to them where the Chair is an independent person<sup>9</sup>.
32. The method for selecting a Chair is for each authority to decide for itself, however every authority should consider taking a vote by secret ballot. Combined Authorities should be aware of the legal requirements regarding the party affiliation of their scrutiny committee Chair<sup>10</sup>.

### Training for committee members

33. Authorities should ensure committee members are offered induction when they take up their role and ongoing training so they can carry out their responsibilities effectively. Authorities should pay attention to the need to ensure committee members are aware of their legal powers, and how to prepare for and ask relevant questions at scrutiny sessions.
34. When deciding on training requirements for committee members, authorities should consider taking advantage of opportunities offered by external providers in the sector.

### Co-option and technical advice

35. While members and their support officers will often have significant local insight and an understanding of local people and their needs, the provision of outside expertise can be invaluable.

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<sup>8</sup> A definition of 'relative' can be found at section 28(10) of the Localism Act 2011.

<sup>9</sup> See article 5(2) of the Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2017 (S.I. 2017/68).

<sup>10</sup> Article 5(6) of the Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2017.

36. There are two principal ways to procure this:

- Co-option – formal co-option is provided for in legislation<sup>11</sup>. Authorities must establish a co-option scheme to determine how individuals will be co-opted onto committees; and
- Technical advisers – depending on the subject matter, independent local experts might exist who can provide advice and assistance in evaluating evidence (see annex 2).

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<sup>11</sup> Section 9FA(4) Local Government Act 2000

## 5. Power to Access Information

37. A scrutiny committee needs access to relevant information the authority holds, and to receive it in good time, if it is to do its job effectively.
38. This need is recognised in law, with members of scrutiny committees enjoying powers to access information<sup>12</sup>. In particular, regulations give enhanced powers to a scrutiny member to access exempt or confidential information. This is in addition to existing rights for councillors to have access to information to perform their duties, including common law rights to request information and rights to request information under the Freedom of Information Act 2000 and the Environmental Information Regulations 2004.
39. When considering what information scrutiny needs in order to carry out its work, scrutiny members and the executive should consider scrutiny's role and the legal rights that committees and their individual members have, as well as their need to receive timely and accurate information to carry out their duties effectively.
40. Scrutiny members should have access to a regularly available source of key information about the management of the authority – particularly on performance, management and risk. Where this information exists, and scrutiny members are given support to understand it, the potential for what officers might consider unfocused and unproductive requests is reduced as members will be able to frame their requests from a more informed position.
41. Officers should speak to scrutiny members to ensure they understand the reasons why information is needed, thereby making the authority better able to provide information that is relevant and timely, as well as ensuring that the authority complies with legal requirements.

While each request for information should be judged on its individual merits, authorities should adopt a default position of sharing the information they hold, on request, with scrutiny committee members.

42. The law recognises that there might be instances where it is legitimate for an authority to withhold information and places a requirement on the executive to provide the scrutiny committee with a written statement setting out its reasons for that decision<sup>13</sup>. However, members of the executive and senior officers should take particular care to avoid refusing requests, or limiting the information they provide, for reasons of party political or reputational expediency.

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<sup>12</sup> Regulation 17 - Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012; article 10 Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2017.

<sup>13</sup> Regulation 17(4) – Local Government (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012; article 10(4) Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2017.



Before an authority takes a decision not to share information it holds, it should give serious consideration to whether that information could be shared in closed session.

43. Regulations already stipulate a timeframe for executives to comply with requests from a scrutiny member<sup>14</sup>. When agreeing to such requests, authorities should:
- consider whether seeking clarification from the information requester could help better target the request; and
  - Ensure the information is supplied in a format appropriate to the recipient's needs.

44. Committees should be aware of their legal power to require members of the executive and officers to attend before them to answer questions<sup>15</sup>. It is the duty of members and officers to comply with such requests.<sup>16</sup>

#### Seeking information from external organisations

45. Scrutiny members should also consider the need to supplement any authority-held information they receive with information and intelligence that might be available from other sources, and should note in particular their statutory powers to access information from certain external organisations.

46. When asking an external organisation to provide documentation or appear before it, and where that organisation is not legally obliged to do either (see annex 3), scrutiny committees should consider the following:

- a) **The need to explain the purpose of scrutiny** – the organisation being approached might have little or no awareness of the committee's work, or of an authority's scrutiny function more generally, and so might be reluctant to comply with any request;
- b) **The benefits of an informal approach** – individuals from external organisations can have fixed perceptions of what an evidence session entails and may be unwilling to subject themselves to detailed public scrutiny if they believe it could reflect badly on them or their employer. Making an informal approach can help reassure an organisation of the aims of the committee, the type of information being sought and the manner in which the evidence session would be conducted;

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<sup>14</sup> Regulation 17(2) – Local Government (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012; article 10(2) Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2017.

<sup>15</sup> Section 9FA(8) of the Local Government Act 2000; paragraph 2(6) of Schedule 5A to the Local Democracy, Economic Development and Construction Act 2009.

<sup>16</sup> Section 9FA(9) of the Local Government Act 2000; paragraph 2(7) of Schedule 5A to the Local Democracy, Economic Development and Construction Act 2009.

- c) **How to encourage compliance with the request** – scrutiny committees will want to frame their approach on a case by case basis. For contentious issues, committees might want to emphasise the opportunity their request gives the organisation to ‘set the record straight’ in a public setting; and
- d) **Who to approach** – a committee might instinctively want to ask the Chief Executive or Managing Director of an organisation to appear at an evidence session, however it could be more beneficial to engage front-line staff when seeking operational-level detail rather than senior executives who might only be able to talk in more general terms. When making a request to a specific individual, the committee should consider the type of information it is seeking, the nature of the organisation in question and the authority’s pre-existing relationship with it.

**Following ‘the Council Pound’**

Scrutiny committees will often have a keen interest in ‘following the council pound’, i.e. scrutinising organisations that receive public funding to deliver goods and services.

Authorities should recognise the legitimacy of this interest and, where relevant, consider the need to provide assistance to scrutiny members and their support staff to obtain information from organisations the council has contracted to deliver services. In particular, when agreeing contracts with these bodies, authorities should consider whether it would be appropriate to include a *requirement* for them to supply information to or appear before scrutiny committees.

## 6. Planning Work

47. Effective scrutiny should have a defined impact on the ground, with the committee making recommendations that will make a tangible difference to the work of the authority. To have this kind of impact, scrutiny committees need to plan their work programme, i.e. draw up a long-term agenda and consider making it flexible enough to accommodate any urgent, short-term issues that might arise during the year.
48. Authorities with multiple scrutiny committees sometimes have a separate work programme for each committee. Where this happens, consideration should be given to how to co-ordinate the various committees' work to make best use of the total resources available.

### Being clear about scrutiny's role

49. Scrutiny works best when it has a clear role and function. This provides focus and direction. While scrutiny has the power to look at anything which affects 'the area, or the area's inhabitants', authorities will often find it difficult to support a scrutiny function that carries out generalised oversight across the wide range of issues experienced by local people, particularly in the context of partnership working. Prioritisation is necessary, which means that there might be things that, despite being important, scrutiny will not be able to look at.
50. Different overall roles could include having a focus on risk, the authority's finances, or on the way the authority works with its partners.
51. Applying this focus does not mean that certain subjects are 'off limits'. It is more about looking at topics and deciding whether their relative importance justifies the positive impact scrutiny's further involvement could bring.
52. When thinking about scrutiny's focus, members should be supported by key senior officers. The statutory scrutiny officer, if an authority has one, will need to take a leading role in supporting members to clarify the role and function of scrutiny, and championing that role once agreed.

### Who to speak to

53. Evidence will need to be gathered to inform the work programming process. This will ensure that it looks at the right topics, in the right way and at the right time. Gathering evidence requires conversations with:
  - *The public* – it is likely that formal 'consultation' with the public on the scrutiny work programme will be ineffective. Asking individual scrutiny members to have conversations with individuals and groups in their own local areas can work better. Insights gained from the public through individual pieces of scrutiny work can be fed back into the work programming process. Listening to and participating in conversations in places where local people come together, including in online forums, can help authorities engage people on their own terms and yield more positive results.

Authorities should consider how their communications officers can help scrutiny engage with the public, and how wider internal expertise and local knowledge from both members and officers might make a contribution.

- *The authority's partners* – relationships with other partners should not be limited to evidence-gathering to support individual reviews or agenda items. A range of partners are likely to have insights that will prove useful:
  - Public sector partners (like the NHS and community safety partners, over which scrutiny has specific legal powers);
  - Voluntary sector partners;
  - Contractors and commissioning partners (including partners in joint ventures and authority-owned companies);
  - In parished areas, town, community and parish councils;
  - Neighbouring principal councils (both in two-tier and unitary areas);
  - Cross-authority bodies and organisations, such as Local Enterprise Partnerships<sup>17</sup>; and
  - Others with a stake and interest in the local area – large local employers, for example.
- *The executive* – a principal partner in discussions on the work programme should be the executive (and senior officers). The executive should not direct scrutiny's work (see chapter 2), but conversations will help scrutiny members better understand how their work can be designed to align with the best opportunities to influence the authority's wider work.

#### Information sources

54. Scrutiny will need access to relevant information to inform its work programme. The type of information will depend on the specific role and function scrutiny plays within the authority, but might include:

- Performance information from across the authority and its partners;
- Finance and risk information from across the authority and its partners;
- Corporate complaints information, and aggregated information from political groups about the subject matter of members' surgeries;
- Business cases and options appraisals (and other planning information) for forthcoming major decisions. This information will be of particular use for pre-decision scrutiny; and
- Reports and recommendations issued by relevant ombudsmen, especially the Local Government and Social Care Ombudsman.

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<sup>17</sup> Authorities should ensure they have appropriate arrangements in place to ensure the effective democratic scrutiny of Local Enterprise Partnerships' investment decisions.

As committees can meet in closed session, commercial confidentiality should not preclude the sharing of information. Authorities should note, however, that the default for meetings should be that they are held in public (see 2014 guidance on '*Open and accountable local government*':

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/343182/140812\\_Openness\\_Guide.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/343182/140812_Openness_Guide.pdf)).

55. Scrutiny members should consider keeping this information under regular review. It is likely to be easier to do this outside committee, rather than bringing such information to committee 'to note', or to provide an update, as a matter of course.

### Shortlisting topics

Approaches to shortlisting topics should reflect scrutiny's overall role in the authority. This will require the development of bespoke, local solutions, however when considering whether an item should be included in the work programme, the kind of questions a scrutiny committee should consider might include:

- Do we understand the benefits scrutiny would bring to this issue?
- How could we best carry out work on this subject?
- What would be the best outcome of this work?
- How would this work engage with the activity of the executive and other decision-makers, including partners?

56. Some authorities use scoring systems to evaluate and rank work programme proposals. If these are used to provoke discussion and debate, based on evidence, about what priorities should be, they can be a useful tool. Others take a looser approach. Whichever method is adopted, a committee should be able to justify how and why a decision has been taken to include certain issues and not others.

57. Scrutiny members should accept that shortlisting can be difficult; scrutiny committees have finite resources and deciding how these are best allocated is tough. They should understand that, if work programming is robust and effective, there might well be issues that they want to look at that nonetheless are not selected.

### Carrying out work

58. Selected topics can be scrutinised in several ways, including:

- a) **As a single item on a committee agenda** – this often presents a limited opportunity for effective scrutiny, but may be appropriate for some issues or where the committee wants to maintain a formal watching brief over a given issue;
- b) **At a single meeting** – which could be a committee meeting or something less formal. This can provide an opportunity to have a single public meeting about a

given subject, or to have a meeting at which evidence is taken from a number of witnesses;

- c) **At a task and finish review of two or three meetings** – short, sharp scrutiny reviews are likely to be most effective even for complex topics. Properly focused, they ensure members can swiftly reach conclusions and make recommendations, perhaps over the course of a couple of months or less;
- d) **Via a longer-term task and finish review** – the ‘traditional’ task and finish model – with perhaps six or seven meetings spread over a number of months – is still appropriate when scrutiny needs to dig into a complex topic in significant detail. However, the resource implications of such work, and its length, can make it unattractive for all but the most complex matters; and
- e) **By establishing a ‘standing panel’** – this falls short of establishing a whole new committee but may reflect a necessity to keep a watching brief over a critical local issue, especially where members feel they need to convene regularly to carry out that oversight. Again, the resource implications of this approach means that it will be rarely used.

## 7. Evidence Sessions

59. Evidence sessions are a key way in which scrutiny committees inform their work. They might happen at formal committee, in less formal ‘task and finish’ groups or at standalone sessions.

Good preparation is a vital part of conducting effective evidence sessions. Members should have a clear idea of what the committee hopes to get out of each session and appreciate that success will depend on their ability to work together on the day.

### How to plan

60. Effective planning does not necessarily involve a large number of pre-meetings, the development of complex scopes or the drafting of questioning plans. It is more often about setting overall objectives and then considering what type of questions (and the way in which they are asked) can best elicit the information the committee is seeking. This applies as much to individual agenda items as it does for longer evidence sessions – there should always be consideration in advance of what scrutiny is trying to get out of a particular evidence session.

Chairs play a vital role in leading discussions on objective-setting and ensuring all members are aware of the specific role each will play during the evidence session.

61. As far as possible there should be consensus among scrutiny members about the objective of an evidence session before it starts. It is important to recognise that members have different perspectives on certain issues, and so might not share the objectives for a session that are ultimately adopted. Where this happens, the Chair will need to be aware of this divergence of views and bear it in mind when planning the evidence session.
62. Effective planning should mean that at the end of a session it is relatively straightforward for the chair to draw together themes and highlight the key findings. It is unlikely that the committee will be able to develop and agree recommendations immediately, but, unless the session is part of a wider inquiry, enough evidence should have been gathered to allow the chair to set a clear direction.
63. After an evidence session, the committee might wish to hold a short ‘wash-up’ meeting to review whether their objectives were met and lessons could be learned for future sessions.

### Developing recommendations

64. The development and agreement of recommendations is often an iterative process. It will usually be appropriate for this to be done only by members, assisted by co-optees where relevant. When deciding on recommendations, however, members should have due regard to advice received from officers, particularly the Monitoring Officer.

65. The drafting of reports is usually, but not always, carried out by officers, directed by members.
66. Authorities draft reports and recommendations in a number of ways, but there are normally three stages:
- i. the development of a 'heads of report' – a document setting out general findings that members can then discuss as they consider the overall structure and focus of the report and its recommendations;
  - ii. the development of those findings, which will set out some areas on which recommendations might be made; and
  - iii. the drafting of the full report.
67. Recommendations should be evidence-based and SMART, i.e. specific, measurable, achievable, relevant and timed. Where appropriate, committees may wish to consider sharing them in draft with interested parties.
68. Committees should bear in mind that often six to eight recommendations are sufficient to enable the authority to focus its response, although there may be specific circumstances in which more might be appropriate.

Sharing draft recommendations with executive members should not provide an opportunity for them to revise or block recommendations before they are made. It should, however, provide an opportunity for errors to be identified and corrected, and for a more general sense-check.



# Annex 1: Illustrative Scenario – Creating an Executive-Scrutiny Protocol

An executive-scrutiny protocol can deal with the practical expectations of scrutiny committee members and the executive, as well as the cultural dynamics.

Workshops with scrutiny members, senior officers and Cabinet can be helpful to inform the drafting of a protocol. An external facilitator can help bring an independent perspective.

Councils should consider how to adopt a protocol, e.g. formal agreement at scrutiny committee and Cabinet, then formal integration into the Council's constitution at the next Annual General Meeting.

The protocol, as agreed, may contain sections on:

- The way scrutiny will go about developing its work programme (including the ways in which senior officers and Cabinet members will be kept informed);
- The way in which senior officers and Cabinet will keep scrutiny informed of the outlines of major decisions as they are developed, to allow for discussion of scrutiny's potential involvement in policy development. This involves the building in of safeguards to mitigate risks around the sharing of sensitive information with scrutiny members;
- A strengthening and expansion of existing parts of the code of conduct that relate to behaviour in formal meetings, and in informal meetings;
- Specification of the nature and form of responses that scrutiny can expect when it makes recommendations to the executive, when it makes requests to the executive for information, and when it makes requests that Cabinet members or senior officers attend meetings; and
- Confirmation of the role of the statutory scrutiny officer, and Monitoring Officer, in overseeing compliance with the protocol, and ensuring that it is used to support the wider aim of supporting and promoting a culture of scrutiny, with matters relating to the protocol's success being reported to full Council through the scrutiny Annual Report.

## Annex 2: Illustrative Scenario – Engaging Independent Technical Advisers

This example demonstrates how one Council's executive and scrutiny committee worked together to scope a role and then appoint an independent adviser on transforming social care commissioning. Their considerations and process may be helpful and applicable in other similar scenarios.

Major care contracts were coming to an end and the Council took the opportunity to review whether to continue with its existing strategic commissioning framework, or take a different approach – potentially insourcing certain elements.

The relevant Director was concerned about the Council's reliance on a very small number of large providers. The Director therefore approached the Scrutiny and Governance Manager to talk through the potential role scrutiny could play as the Council considered these changes.

The Scrutiny Chair wanted to look at this issue in some depth, but recognised its complexity could make it difficult for her committee to engage – she was concerned it would not be able to do the issue justice. The Director offered support from his own officer team, but the Chair considered this approach to be beset by risks around the independence of the process.

She talked to the Director about securing independent advice. He was worried that an independent adviser could come with preconceived ideas and would not understand the Council's context and objectives. The Scrutiny Chair was concerned that independent advice could end up leading to scrutiny members being passive, relying on an adviser to do their thinking for them. They agreed that some form of independent assistance would be valuable, but that how it was provided and managed should be carefully thought out.

With the assistance of the Governance and Scrutiny Manager, the Scrutiny Chair approached local universities and Further Education institutions to identify an appropriate individual. The approach was clear – it set out the precise role expected of the adviser, and explained the scrutiny process itself. Because members wanted to focus on the risks of market failure, and felt more confident on substantive social care matters, the approach was directed at those with a specialism in economics and business administration. The Council's search was proactive – the assistance of the service department was drawn on to make direct approaches to particular individuals who could carry out this role.

It was agreed to make a small budget available to act as a 'per diem' to support an adviser; academics were approached in the first instance as the Council felt able to make a case that an educational institution would provide this support for free as part of its commitment to Corporate Social Responsibility.

Three individuals were identified from the Council's proactive search. The Chair and Vice-Chair of the committee had an informal discussion with each – not so much to establish their skills and expertise (which had already been assessed) but to give a sense about

their 'fit' with scrutiny's objectives and their political nous in understanding the environment in which they would operate, and to satisfy themselves that they will apply themselves even-handedly to the task. The Director sat in on this process but played no part in who was ultimately selected.

The independent advice provided by the selected individual gave the Scrutiny Committee a more comprehensive understanding of the issue and meant it was able to offer informed advice on the merits of putting in place a new strategic commissioning framework.

## Annex 3: Illustrative Scenario – Approaching an External Organisation to Appear before a Committee

This example shows how one council ensured a productive scrutiny meeting, involving a private company and the public. Lessons may be drawn and apply to other similar scenarios.

Concerns had been expressed by user groups, and the public at large, about the reliability of the local bus service. The Scrutiny Chair wanted to question the bus company in a public evidence session but knew that she had no power to compel it to attend. Previous attempts to engage it had been unsuccessful; the company was not hostile, but said it had its own ways of engaging the public.

The Monitoring Officer approached the company's regional PR manager, but he expressed concern that the session would end in a 'bunfight'. He also explained the company had put their improvement plan in the public domain, and felt a big council meeting would exacerbate tensions.

Other councillors had strong views about the company – one thought the committee should tell the company it would be empty-chaired if it refused to attend. The Scrutiny Chair was sympathetic to this, but thought such an approach would not lead to any improvements.

The Scrutiny Chair was keen to make progress, but it was difficult to find the right person to speak to at the company, so she asked council officers and local transport advocacy groups for advice. Speaking to those people also gave her a better sense of what scrutiny's role might be.

When she finally spoke to the company's network manager, she explained the situation and suggested they work together to consider how the meeting could be productive for the Council, the company and local people. In particular, this provided her with an opportunity to explain scrutiny and its role. The network manager remained sceptical but was reassured that they could work together to ensure that the meeting would not be an 'ambush'. He agreed in principle to attend and also provide information to support the Committee's work beforehand.

Discussions continued in the four weeks leading up to the Committee meeting. The Scrutiny Chair was conscious that while she had to work with the company to ensure that the meeting was constructive – and secure their attendance – it could not be a whitewash, and other members and the public would demand a hard edge to the discussions.

The scrutiny committee agreed that the meeting would provide a space for the company to provide context to the problems local people are experiencing, but that this would be preceded by a space on the agenda for the Chair, Vice-chair, and representatives from two local transport advocacy groups to set out their concerns. The company were sent in

advance a summary of the general areas on which members were likely to ask questions, to ensure that those questions could be addressed at the meeting.

Finally, provision was made for public questions and debate. Those attending the meeting were invited to discuss with each other the principal issues they wanted the meeting to cover. A short, facilitated discussion in the room led by the Chair highlighted the key issues, and the Chair then put those points to the company representatives.

At the end of the meeting, the public asked questions of the bus company representative in a 20-minute plenary item.

The meeting was fractious, but the planning carried out to prepare for this – by channelling issues through discussion and using the Chair to mediate the questioning – made things easier. Some attendees were initially frustrated by this structure, but the company representative was more open and less defensive than might otherwise have been the case.

The meeting also motivated the company to revise its communications plan to become more responsive to this kind of challenge, part of which involved a commitment to feed back to the scrutiny committee on the recommendations it made on the night.

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# Overview and Scrutiny Committee

29 September 2020



<b>Title</b>	Capital Monitoring Report		
<b>Purpose of the report</b>	To note		
<b>Report Author</b>	Grantley Miles (Interim Chief Accountant)		
<b>Cabinet Member</b>	Councillor Sati Buttar	<b>Confidential</b>	No
<b>Corporate Priority</b>	Financial Sustainability		
<b>Recommendations</b>	Cabinet to note the current level of spend.		
<b>Reason for Recommendation</b>	Not applicable		

## 1. Capital Expenditure to date and Estimated Outturn

1.1 Attached as Appendix A & B is the actual spend to date on capital covering the period April to July 2020. Appendix A provides a summary for capital schemes by portfolio. Appendix B provides a summary of the progress against each capital scheme, with comments on progress.

1.2 For the period ending July 2020, the approved 2020/21 Capital Budget including slippage is £142.2m. Actual capital expenditure including commitments to the end of July is £22.1m, with a projected outturn of £31.5m at the end of the year leading to an expected underspend of £110.7m.

1.3 It should be noted that Covid-19 has impacted on the overall progress of capital schemes in 2020/21 and has caused delays in the procurement of contractors and supplies. It is anticipated that key planning and economic development schemes will be further delayed due to the impact of Covid-19 upon Planning Committee meetings. It is likely delays in obtaining approval for planning decisions will occur and this will make it difficult for some schemes to progress in line with the budget. A summary of the main highlights of each portfolio follows.

## 1.4 Councillor Attewell – Community Wellbeing and Housing

An underspend of £0.035m is projected at year end. This relates to an underspend of £0.065m on the Landlord Guarantee Scheme which is not now required. It is proposed to vire these monies to fund Sharepoint a scheme in

Councillor Noble's Portfolio which will enable the redesign and relaunch of Sharepoint. There is also an overspend shown of £0.030m resulting from a late invoice received in 2020/21 in respect of Home Improvements for 2018/19. This additional expenditure will be funded by a Surrey County Council contribution.

**1.5 Councillor Barratt – Compliance, Risk and Waste**

An overspend of £0.291m is projected at year end. This principally relates the acquisition of replacement waste vehicles at the end of its life which it was agreed to be funded from revenue reserves and additional CCTV which it is planned to fund from S106 funding.

**1.6 Councillor Chandler- Leisure Services & Leisure Centre Development**

An underspend of £1.98m is forecast on the new Leisure Development project at the end of the year. The project is moving forward and the necessary approvals for planning permissions will be sought within the next few months. Any underspend will be carried forward at year end.

**1.7 Councillor McIlroy – Deputy Leader, Housing Regeneration**

An underspend of £89.7m is forecast at year end. The underspend at year end relates to delays in a number of major redevelopments; Thameside House, Oast House, Ashford Hospital, Elmsleigh Centre. Redevelopments by their nature are subject to delay and the impact of Covid-19 on the building industry contributes significantly to the delays. Any underspend will be carried forward at year end.

**1.8 Councillor Boughtflower – Leader**

An underspend of £19.2m is forecast at year end. At the end of July it is anticipated that £0.8m will be incurred on acquisitions in 2020/21.

**1.9 Councillor Noble – Communications, Corporate Management & Environment**

An overspend of £0.055m is projected at year end. This overspend is mainly due to a £66,000 overspend on IT homeworking costs resulting from the need to deliver effective working from home for staff during the Covid-19 pandemic. These costs will be funded from the Covid-19 Grant as a revenue contribution to fund capital expenditure.

**2. Financial implications**

- 2.1 Any underspend on the approved Capital Programme enables the authority to invest the monies to gain additional investment income or can be used to fund additional schemes.



### **3. Timetable for implementation**

- 3.1 Monthly monitoring reports are prepared for Management team which incorporate regular updates on the progress of capital schemes.

**Background papers: None**

**Appendices: A&B**

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## CAPITAL MONITORING REPORT AT 31 JULY 2020

Portfolio Member	ORIGINAL BUDGET	CARRY FORWARDS	SUPPLEMENTARY ESTIMATE	REVISED BUDGET	ACTUALS YTD	COMMIT MENTS	MANAGERS PROJECTED OUTTURN	MANAGERS PROJECTION TO REVISED BUDGET
Cllr Attwell - Community Wellbeing and Housing	41,600	65,000	-	106,600	158,341	70,229	71,600	(35,000)
Cllr Barratt - Compliance, Waste & Risk	180,000	176,100	-	356,100	64,868	368,866	646,900	290,800
Cllr Chandler- Leisure Services & Spelthorne Leisure Centre	2,980,000	-	-	2,980,000	193,315	1,228,337	1,000,000	(1,980,000)
Cllr McIlroy - Deputy Leader, Housing Regeneration	42,201,600	75,774,700	-	117,976,300	4,727,384	15,062,431	28,225,350	(89,750,950)
Cllr Boughtflower - Leader	20,000,000	-	-	20,000,000	120,233	26,500	750,000	(19,250,000)
Cllr Noble - Corporate Management	203,500	510,100	-	743,600	39,698	55,793	798,700	55,100
	<b>65,606,700</b>	<b>76,525,900</b>	<b>-</b>	<b>142,162,600</b>	<b>5,303,838</b>	<b>16,812,156</b>	<b>31,492,550</b>	<b>(110,670,050)</b>

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CAPITAL MONITORING REPORT AT 31 JULY 2020											
Portfolio Member / Service Head	Cost Centre	Description	Original Budget	Carry Forwards	Supplementary Estimate	Revised Budget	Actuals YTD	Commit ments	Managers Projected Outturn	Managers Projection to Revised Budget	Comments
<u>Housing Investment</u>											
<u>Cllr Attewell - Community Wellbeing &amp; Housing</u>											
Deborah Ashman & K Sinclair	40203	Disabled Facilities Mandatory	831,300	-	-	831,300	128,341	70,229	831,300	-	Due to the impact of Covid-19, there has been a delay in DFG works. As many client are in a shielded category, the works are expected to be spent later this year.
Deborah Ashman & K Sinclair	40204	Disabled Facilities Discretion	29,600	-	-	29,600	-	-	29,600	-	Due to the impact of Covid-19, there has been a delay in DFG works. As many client are in a shielded category, the works are expected to be spent later this year.
		Less Specified Capital Grant	(831,300)	-	-	(831,300)	-	-	(831,300)	-	
		Net Cost of Disabled Facilities Grants	29,600	-	-	29,600	128,341	70,229	29,600	-	
Deborah Ashman & K Sinclair	40209	Home Improvement Agency grant	-	-	-	-	30,000	-	30,000	30,000	This overspend will be funded by the Surrey County Council Contribution
		HIA Funding	-	-	-	-	-	-	-	-	
		Total	-	-	-	-	30,000	-	30,000	30,000	
Total For HIP			29,600	-	-	29,600	158,341	70,229	59,600	30,000	
<u>Other Capital</u>											
<u>Cllr Attewell - Community Wellbeing &amp; Housing</u>											
Sandy Muirhead	42015	Landlord Guarantee Scheme	-	65,000	-	65,000	-	-	-	(65,000)	Funding to be used towards Sharepoint redesign & relaunch as more work is required to implement office 365 to maximise the opportunities to work from home due to Covid-19 - this is no longer needed so can be reabsorbed into capital as the original premise for the scheme is not needed and there is plenty of Office 365 funds below. A virement of £65,000 is proposed from Councillor's portfolio to Councillor Noble's portfolio to fund Sharepoint
		Total	-	65,000	-	65,000	-	-	-	(65,000)	
Deborah Ashman & K Sinclair	41038	Upgrade treatment rooms	12,000	-	-	12,000	-	-	12,000	-	
		Total	12,000	-	-	12,000	-	-	12,000	-	
<u>Cllr Barratt - Compliance, Waste &amp; Risk</u>											
Jackie Taylor	41502	Refuse/Recycling Vehicles	-	99,000	-	99,000	-	59,044	99,000	-	
Jackie Taylor	41504	EV Pool Vehicles/Bikes	-	-	-	-	851	625	1,900	1,900	This relates to the provision of an additional pool electric cycle. It was agreed that this should be funded from an underspend on the revenue budget as direct revenue financing of this capital expenditure.
Jackie Taylor	41508	Waste Vehicle	-	-	-	-	-	297,942	300,000	300,000	This relates to a replacement a refuse vehicle which was at the end of its useful life. It was agreed that this should be funded from an underspend on the revenue budget as direct revenue financing of this capital expenditure.
Jackie Taylor	41609	Replacement Multi Use Vehicle	100,000	-	-	100,000	-	-	100,000	-	
Jackie Taylor	41612	Recycling Bins	-	27,000	-	27,000	-	-	27,000	-	Bins will be ordered throughout the financial year depending on need as & when identified
Jackie Taylor	41620	Wheellie Bins	50,000	-	-	50,000	22,326	11,256	50,000	-	Bins will be ordered throughout the financial year depending on need as & when identified
Jackie Taylor	42027	Domestic Home Energy	30,000	-	-	30,000	2,285	-	15,000	(15,000)	Installations have been affected by Covid-19 many of these clients have been shielding and there has been 5 months delay.
Jackie Taylor	41621	CCTV Enhancement	-	25,600	-	25,600	39,406	-	42,000	16,400	Project is expected to be completed by end of this financial year. The overspend will be funded from Section 106 funding
		Total	180,000	151,600	-	331,600	64,868	368,866	634,900	303,300	
Lee O'Neil	41314	Air Quality	-	24,500	-	24,500	-	-	12,000	(12,500)	A number of proposals have been evaluated and the shortlisted contractors are expected to have been short listed by the end of August. It is anticipated that £12,000 of the budget will have been spent by year end.
		Total	-	24,500	-	24,500	-	-	12,000	(12,500)	
<u>Cllr Chandler- Leisure Services, Leisure Centre Development</u>											
Heather Morgan	41024	SpelthorneLeisurCenDevelopment	2,980,000	-	-	2,980,000	193,315	1,228,337	1,000,000	(1,980,000)	Public consultation completed 10 April 2020 - 96% support. Report currently planned for Cabinet in September 2020 to agree to move forward with a planning application. It is anticipated that a planning application will be made in November 2020. As a result of reviewing the site location the programme has slipped - no site works are currently anticipated in FY20/21.
		Total	2,980,000	-	-	2,980,000	193,315	1,228,337	1,000,000	(1,980,000)	
<u>Cllr McIlroy- Deputy Leader, Housing Regeneration</u>											
Heather Morgan	41015	Runnymede Estates	55,600	-	-	55,600	-	-	55,600	-	Transfer made at year end.
Heather Morgan	41026	Laleham Park Upgrade	-	237,900	-	237,900	-	-	237,900	-	Project delayed due to Environment Agency objecting on flood risk assessment grounds. Revised site and ground floor plans issued to demonstrate 'water-compatible' use and awaiting a formal response in early September. Demolition works will now likely be delayed to spring 2021 as the window for re-roosting identified bats in pavilion is September/October or April/May. Project completion now expected in summer 2021.
Heather Morgan	41622	Affordable Housing Opportunity	-	-	-	-	-	-	-	-	
Heather Morgan	42010	KG Car Park Improvements	-	44,000	-	44,000	-	-	55,000	11,000	Scope of works agreed with Leader, Deputy and MAT. Phase 1 works to the front of the Council Offices (which will be paid for out of this budget) commenced 19.08.20 and will be completed by 03.09.20.
Heather Morgan	42034	Community Centre Projects	-	118,500	-	118,500	2,850	4,478	2,850	(115,650)	The project at Fordbridge Centre for a ground floor extension is currently on hold as a result of COVID-19. Planning permission has already been granted. No further expenditure expected until a decision is made on how the Independent Living service will be provided moving forwards
Heather Morgan	41328	Ashford MSCP	-	200,000	-	200,000	-	-	200,000	-	Viable feasibility options are being considered by ward councillors that optimise wider community benefits. Forecast spend may be revised at next review depending on outcome.
Heather Morgan	42039	Bugle	-	46,100	-	46,100	-	37,810	38,000	(8,100)	Project complete. Retention being held until final works completed.
Heather Morgan	42041	Churchill	-	-	-	-	-	-	-	-	Project complete.
Heather Morgan	42042	Ceaser Court	8,316,000	-	-	8,316,000	2,452,587	3,689,846	8,316,000	-	Phase 1 of project under construction and practical completion anticipated late November 2020. A planning application for Phase 2 of the project is currently being considered. Target is for September or October planning committee.

CAPITAL MONITORING REPORT AT 31 JULY 2020											
Portfolio Member / Service Head	Cost Centre	Description	Original Budget	Carry Forwards	Supplementary Estimate	Revised Budget	Actuals YTD	Commit ments	Managers Projected Outturn	Managers Projection to Revised Budget	Comments
Heather Morgan	42051	Building Improvements	5,000,000	-	-	5,000,000	-	-	-	(5,000,000)	This budget is for general projects and nothing has been identified as of August 2020
Heather Morgan	42052	Whitehouse	-	-	-	-	-	307,691	-	-	The proposed residential scheme will not proceed until the Local Plan is adopted. There will be no further spend in this financial year.
Heather Morgan	42054	Thameside House	2,700,000	-	-	2,700,000	56,908	1,045,762	1,200,000	(1,500,000)	Planning application submitted and targeting October or November planning committee for a decision. Budget reduced to cover fees and potential demolition costs
Heather Morgan	42055	West Wing	2,980,000	250,000	-	3,230,000	529,348	2,357,160	3,230,000	-	Construction and project completion anticipated end Q4 2020/21
Heather Morgan	42056	Whitehouse Hostel	4,250,000	250,000	-	4,500,000	478,079	3,334,457	4,500,000	-	Planning permission obtained. Construction started Q1 2020 with project completion end March 2021. However, due to COVID-19, the programme has slipped 4 weeks to end April 2021. Partial grant funding provided by Homes England (£2m)
Heather Morgan	42057	Ashford Hospital	4,960,000	-	-	4,960,000	182,107	658,682	1,500,000	(3,460,000)	Application withdrawn in March 2020. A revised application for 127 units registered by the LPA on 4 August and is under consideration. Targeting Novemer planning committee for a decision. Archaeological works being undertaken in paralell to accelerate programme delivery.
Heather Morgan	42058	Waterfront	100,000	-	-	100,000	2,249	43,307	100,000	-	Development Agreement signed 30 April 2020. Arora to progress submission of a planning application within this financial year. The budget is for a monitoring surveyor to oversee the project on behalf of the Council (which will be paid for by Arora).
Heather Morgan	42060	Oast House	3,050,000	74,628,200	-	77,678,200	444,618	1,033,036	2,000,000	(75,678,200)	Initial design and feasibility work underway. Some enabling works expected to start in Q4/20. Current planning application submission target date - December 2020. Fee spend for FY estimated at £1.5m. Listed Building works - estiamted at £500k if undertaken in current FY. Managers note: budget excludes acquisition costs.
Heather Morgan	42062	Harper House Redevelopent	2,790,000	-	-	2,790,000	531,138	2,225,136	2,790,000	-	Main contractor on site progressing works - Project ongoing with a target completion of March 2021. Partial grant funding provided by Homes England (£850k)
Heather Morgan	42063	Elmsleigh Centre	8,000,000	-	-	8,000,000	47,500	323,669	4,000,000	(4,000,000)	For the regeneration of the Elmsleigh Centre, including Tothill car park. Proposals are currently at pre-feasibility stage. No date for planning submssion has yet been agreed.
Keith McGroary	41619	Small Scale Area Regeneration	-	-	-	-	-	1,397	-	-	Project complete
Total			42,201,600	75,774,700	-	117,976,300	4,727,384	15,062,431	28,225,350	(89,750,950)	
Cllr Boughtflower - Leader											
Heather Morgan	42038	Acquisition of Assets	20,000,000	-	-	20,000,000	120,233	26,500	750,000	(19,250,000)	Property Y acquisition likely to go ahead. The assets team will continue exploring acquisitions as and when they become available.
Total			20,000,000	-	-	20,000,000	120,233	26,500	750,000	(19,250,000)	
Cllr Noble - Corporate Management											
Jodie Hawkes	43601	SCP Portal	1,500	-	-	1,500	-	9,306	11,300	9,800	Necessary security improvements to enable electronic payments tocontinue to be made,The, overspend reflects by some charges by some third parties to enable integration with the Council's Secure Card Portal.
Jodie Hawkes	43602	Centros Upgrade - Integra	-	-	-	30,000	-	-	30,000	-	This is a major upgrade to the Council's financial system Integra. It is aimed to carry out this work by the end of the financial year. The timescales are subject to supplier availability,
Alistair Corkish	43603	Training Room	15,000	-	-	15,000	-	-	15,000	-	Works adversely affected by the Covid-19 lockdown. It is anticipated that these works will be completed by year end.
Alistair Corkish	43604	Leisure Board	15,000	-	-	15,000	-	-	15,000	-	An options appraisal is in progress which includes working with the BiD to provide a joined up solution, it is anticipated that this will be completed by year end..
Alistair Corkish	43605	Audiocodes	12,000	-	-	12,000	-	-	12,000	-	In the region of £2,000 will be used for the new telephone s
Alistair Corkish	43625	Customer Portal	-	10,000	-	10,000	-	-	10,000	-	These funds form part of the funds for the new phone system
Alistair Corkish	43626	Customer Services Contact Cent	-	40,000	-	40,000	368	-	40,000	-	Work was delayed on new telephone system due to long procurement process and is expected to start in August 2020.
Alistair Corkish	43628	Reception Terminals	-	5,000	-	5,000	-	73	5,000	-	This is using Lima funding to continue to upgrade the reception area to meet COVID 19 requirements.
Alistair Corkish	43629	Sharepoint Upgrade	-	35,000	-	35,000	-	-	35,000	-	This funding form part of the funding for the new phone system.
Alistair Corkish	43632	General ICT Equipment	90,000	-	-	90,000	6,560	1,710	90,000	-	Expenditure on various hardware/ software enhancements throughout the financial year
Alistair Corkish	43633	Covid-19 ICT Home Working	-	-	-	-	14,530	22,570	65,300	65,300	Expenditure to be funded through Govt. grants relating to Covid-19
Total			133,500	90,000	-	253,500	21,458	33,659	328,600	75,100	
Sandy Muirhead	42008	Project Lima	-	27,600	-	27,600	-	10,619	27,600	-	Further work to be undertaken to Reception area & office configuration and general provisions re: Covid-19
Sandy Muirhead	43501	Forward Scanning	20,000	-	-	20,000	-	-	-	(20,000)	This scheme has been reconsidered and will not be needed at this time. The resources will be added back into the corporate pot.
Sandy Muirhead	43502	Digital Spelthorne	50,000	-	-	50,000	-	-	50,000	-	Project has been on hold with COVID 19
Sandy Muirhead	43512	Sharepoint redesign & Relaunch	-	90,000	-	90,000	-	-	90,000	-	This project is part of Office 365 implementation & sharepoint training needs which because pevious workloads only started in detail in December 2019 and is likley to run into mid 2021 so this money will be spent over that period. As Office 365 needs to be implemented first Sharepoint may implementation with the training required may not start ot be implemented until early 2021.
Sandy Muirhead	43515	Corporate EDMS Project	-	302,500	-	302,500	18,240	11,515	302,500	-	This is part of office 365 which started late 2019 and will run into 2021. It is important to ensure this works well and all appropriate measures are in place to ensure the implementation is successful and works well for staff.
Total			70,000	420,100	-	490,100	18,240	22,134	470,100	(20,000)	
Total For Other			65,577,100	76,525,900	-	142,133,000	5,145,497	16,741,927	31,432,950	(110,700,050) #	
Total Expenditure			66,438,000	76,525,900	-	142,993,900	5,303,838	16,812,156	32,323,850	(110,670,050)	
Total: Ring Fenced Grant Funding			(831,300)	-	-	(831,300)	-	-	(831,300)	-	
GRAND TOTAL			65,606,700	76,525,900	-	142,162,600	5,303,838	16,812,156	31,492,550	(110,670,050)	

# Overview and Scrutiny Committee

29 September 2020



<b>Title</b>	Revenue Monitoring Report		
<b>Purpose of the report</b>	To note		
<b>Report Author</b>	Grantley Miles (Chief Accountant)		
<b>Cabinet Member</b>	Councillor Sati Buttar	<b>Confidential</b>	No
<b>Corporate Priority</b>	Financial Sustainability		
<b>Recommendations</b>	To note the current level of spend		
<b>Reason for Recommendation</b>	Not applicable		

## 1. Key issues

- 1.1 This report provides a summary of the forecast outturn position at the end for the 2020-21 financial year, based on income and expenditure up to the end of July 2020.
- 1.2 The report considers the Council's financial position in the light of the Covid-19 pandemic. It should be noted that the Covid-19 pandemic has created a dynamic environment leading to continuous change to plans and figures. The current environment is constantly changing in relation to events, plans and programmes. As a result of this it is inevitable that there will be changes over time in financial information, forecasts and reports to Members.
- 1.3 A forecast overspend has been identified within the General Fund budget. The key variances are summarised in the table below.
- 1.4 The Council's General Fund forecast outturn, estimates that the General Fund will be underspent, against the revised budget, overall by £2.016m at the year end. The table below details the impact of Covid-19, together with the additional grant funding received from Government to meet the costs of Covid-19, is shown separately from Non-Covid-19 impacted services. The impact of Covid-19 is shown as an underspend of £1.539m, this takes into account the Supplementary Revenue Estimate which was approved by Council. This is currently suggests that the Council will not need to apply all of the £2.2m supplementary estimate, funded from reserves, that was approved by Council on 21st May. Non Covid-19 expenditure is showing an underspend of £0.477m.

- 1.5 **Covid-19 Uncertainties** – The table shows the impact of Covid-19 on those areas affected. Appendix A and B show an additional breakdown of the forecast impact of Covid-19 on each area within the Council's General Fund budget. The forecast overspends are based on discussions with Budget Managers and are based on knowledge available to Budget Managers and should be seen as a realistic and prudent assessment. However, it should be recognised that it is difficult for Managers to form a judgement on circumstances which are currently very fluid. There are a number of unknowns such as when the lockdown and measures on social distancing will end and importantly when a return to normal activity will occur.

<b>Forecast Outturn Position at 31/3/21</b>	<b>Revised Budget £'000</b>	<b>Forecast Outturn £'000</b>	<b>Covid-19 Variance £'000</b>	<b>Non Covid-19 Variance £'000</b>	<b>Total Variance £'000</b>
Service Level Expenditure	62,917	63,410	921	(428)	493
Housing Benefit Income	(28,621)	(28,700)	-	(79)	(79)
Service level Income	(12,041)	(10,715)	1,110	216	1,326
Salary budget saving ( <i>actual vacancy savings are reflected in services level expenditure</i> )	(300)	-	-	300	300
Supplementary Covid Budget	2,200	-	(2,200)	-	(2,200)
Net Asset Income	(10,124)	(9,916)	-	208	208
Project Delivery Fund	1,397	1,397	-	-	-
Other Adjustments	(390)	(455)	629	(694)	(65)
External Financing	(4,351)	(6,350)	(1,999)	-	(1,999)
Revenue Carry forward	(204)	(204)	-	-	-
General Fund Reserves	(2,200)	(2,200)	-	-	-
Council Tax Income	(8,283)	(8,283)	-	-	-
<b>Net Over/(Underspend)</b>	<b>-</b>	<b>(2,016)</b>	<b>(1,539)</b>	<b>(477)</b>	<b>(2,016)</b>

- 1.6 Covid-19 Grant funding for the General Fund – Funding has been received from central government to mitigate the impact of Covid-19 together with a New Burdens Grant to offset the costs of the additional work involved in administering the Business Support Grants and the 100% Business Rate Relief schemes. Government has also announced additional funding will be provided for the loss of income resulting from the pandemic. Councils will have to meet the first 5% of the loss and will receive 75% funding for the remainder of the loss of Sales, Fees and Charges. The additional grant funding is shown in the table below.



<b>Covid- 19 Revenue Grants</b>	<b>£'000</b>
Covid-19 Grant (Tranche 1) – Received	34
Covid-19 Grant (Tranche 2) – Received	987
Covid-19 Grant (Tranche 3) – Received	161
New Burdens Grant – Received	130
Income Recovery Grant (estimated claim)	687
<b>Anticipated Covid-19 Revenue Grant Support</b>	<b>1,999</b>

- 1.7 **Business Support Grants** – Government has provided additional funding to Local Government to be distribute to eligible small businesses within the Council's area to mitigate against the financial impact of Covid-19. This funding provided was provided in the form of a non-discretionary scheme and a discretionary scheme. In addition to this Government has provided grant funding to Councils to enable additional Council Tax Support of up to £150 per eligible council taxpayer to be provided to Council Taxers who receive Council Tax Support.

<b>Business Grants</b>	<b>Grant Received</b>	<b>Grant Distributed as at 31/7/2020</b>
	<b>£000's</b>	<b>£000's</b>
Non-Discretionary Business Grant	14,428	12,795
Discretionary Business Grant	715	690
Council Tax Hardship Grant	588	0

## 2. **Forecast Budget Under/Overpends at year end by Portfolio**

- 2.1 The following tables identifies significant forecast over and underspends greater than 5% or £10,000 of the spend area for each Cabinet portfolio. Figures shown without brackets represent an overspend, figures shown within brackets represent an underspend.

**Leader - Portfolio**

<b>Spend Area</b>	<b>Variance £'000</b>	<b>Comment</b>
Corporate Governance	24	Additional consultancy costs relating to Group Head recruitment
Legal	41	Additional temporary/agency staff costs offset by increased income
Staines Town Centre Mgt	90	This results from a loss of income net of reduction in costs following the implementation of the new arrangements for the Elmsleigh Centre.
Information Technology	(25)	Anticipated savings from vacant posts
<b>Total</b>	<b>130</b>	

**Deputy Leader - Portfolio**

<b>Spend Area</b>	<b>Variance £'000</b>	<b>Comment</b>
Asset Mgt Administration	(86)	Underspend expected as a result of vacant posts offset by unbudgeted Covid -19 expenditure.
Development Properties	230	This relates to costs of properties awaiting development mainly Elmsleigh Centre Multi Storey & Thameside House. :
<b>Total</b>	<b>144</b>	

**Finance - Portfolio**

<b>Spend Area</b>	<b>Variance £'000</b>	<b>Comment</b>
Central Services Mgt & Support	(25)	Salary vacancies anticipated to be used on consultancy costs
<b>Total</b>	<b>(25)</b>	

## Leisure & New Leisure – Portfolio

Spend Area	Variance £'000	Comment
Spelthorne Leisure Centre	337	Loss of income plus support package for Spelthorne Leisure Centre
Public Health	56	Higher expenditure due to Covid-19 and reduced income from courses
<b>Total</b>	<b>393</b>	

## Community Wellbeing & Housing- Portfolio

Spend Area	Variance £'000	Comment
SPAN	(19)	Staff vacancy and additional grant from Surrey
Com Care Admin	9	The cost of the S4S Community Hub has been offset by a number of vacant. posts are vacant which are planned to filled later in the year.
Day Centres	151	Income affected by the closure of day centres offset by vacancies and reduced spend on supplies and services
SAT	(60)	Income is reduced due to Covid-19
General Grants	(13)	Grants awarded below budget
Housing Needs	93	Overspend on staffing budget due to an unbudgeted post transferred from Family Support and additional overtime as a result of Covid-19.
Homelessness	257	Bed and Breakfast costs higher than budgeted due to additional demands arising from Covid-19
Housing Benefit Admin	(65)	2019/20 underspend carry forward of Discretionary Housing Payments (DHP) grant being retained as a contingency
Housing Benefit Payments	(78)	Increase in recovery of overpayments
<b>Total</b>	<b>275</b>	

### Compliance, Waste and Risk Management- Portfolio

<b>Spend Area</b>	<b>Variance £'000</b>	<b>Comment</b>
Car Parks	535	Income is lower than budgeted due to Covid-19 pandemic
Cemeteries	(49)	Burials higher than budgeted due to an increase in burials due to Covid-19
DS Management and Support	21	No management recharge income as the contract with Runnymede has ended.
Licensing	37	Income lower than budgeted due to Covid-19
Refuse Collection	(65)	Green Waste bin income is higher than anticipated
Staines Market	190	Income lower than budgeted due to Covid-19
Taxi Licensing	41	Income lower than budgeted due to Covid-19
Waste Recycling	231	Increase in income lower due to increase in charges and lower income from Surrey
<b>Total</b>	<b>941</b>	

### Planning and Economic Development - Portfolio

<b>Spend Area</b>	<b>Variance £'000</b>	<b>Comment</b>
Building Control	83	Income lower than budgeted due to Covid-19
Community Infrastructure Levy	(82)	Expected administration recovery from CIL receipts
Economic Development	14	Expected small business incubator cost of £50k offset by vacant post
Land Charges	61	Income lower than budgeted due to Covid-19
Planning Development	(242)	This underspend is as a result of staff vacancies and additional income from planning performance agreements
Planning Policy	33	This is mainly attributable to Local Plan costs not budgeted less a staffing vacancy.
Public Halls	20	Income lower than budgeted due to Covid-19
<b>Total</b>	<b>(113)</b>	

## Communications, Corporate Management and Environment – Portfolio

<b>Spend Area</b>	<b>Variance £'000</b>	<b>Comment</b>
Corporate Management	(44)	Savings expected against overall Retention Allowance budget
Parks Strategy	40	Income anticipated to be lower than budgeted due to Covid-19
<b>Total</b>	<b>(84)</b>	

### 2.2 Net Asset Income (Commercial and Regeneration Assets)

The table below shows the latest monitoring position for the acquired assets, the net income is used to meet additional expenditure resulting from reduced government grant, Surrey County Council funding and other pressures.

<b>Net Asset Income from Commercial and Regeneration Assets</b>	<b>Revised Budget £'000</b>	<b>Forecast Outturn £'000</b>	<b>Variance £'000</b>
<b>Rental Income</b>	(53,006)	(53,021)	(15)
<b>Loan Interest Payable</b>	24,035	24,258	223
<b>Minimum Revenue Provision</b>	11,903	11,903	0
<b>Sinking Funds</b>	5,814	5,814	0
<b>Asset Supervision Costs</b>	1,130	1,130	0
<b>Net Income (used to fund Revenue budget)</b>	<b>(10,124)</b>	<b>(9,916)</b>	<b>208</b>

- 2.3 It can be seen in the table above that the Council places a significant amount of the income earned into sinking funds (£5.814m) to cover future changes in circumstance, such as capital refurbishments or rent free periods. The sinking funds are being built up over a number of years in anticipation of when required. The sinking fund positions for the various acquisitions are as follows:

<b>Proposed Allocation to Reserves</b>	<b>Balance 31/03/20 £'000</b>	<b>Additions 2020/21 £'000</b>	<b>Applied 2020/21 £'000</b>	<b>Balance 31/03/21 £'000</b>
<b>BP Main Site</b>	3,909	500	0	4,409
<b>BP SW Corner</b>	848	150	0	998
<b>Elmbrook House</b>	438	50	0	488
<b>12 Hammersmith Grove</b>	4,086	900	(814)	4,172
<b>Stockley Park</b>	1,580	100	(222)	1,458
<b>World Business Ctre 4</b>	200	200	0	400
<b>Communications House</b>	1,054	500	(1)	1,553
<b>Thames Tower</b>	1,998	1,050	0	3,048
<b>Charter Building</b>	4,074	1,190	0	5,264
<b>Porter Building</b>	1,384	200	0	1,584
<b>Summit Centre</b>	391	250	(1)	640
<b>Elmsleigh Centre</b>	548	724	0	1,272
<b>Total</b>	<b>20,510</b>	<b>5,814</b>	<b>(1,038)</b>	<b>25,286</b>

## 2.4 Project Delivery Fund Contributions

This Project Delivery Fund provides funding for two separate projects:-

- A sum of £0.9m was set aside for a Green Belt Fighting Fund currently none of this funding has been required and it is anticipated that this provision will be carried forward into the next financial year.
- The balance of the Fund (£0.497m) was set aside before the impact of Covid-19 occurred, to be allocated by Cabinet to support a number of specific projects. Following the start of the Pandemic, it was then decided to retain the funding to offset any net financial impact from Covid-19. At this current time, it appears that the financial position of the Council is such that these funds could be considered for release for other projects.

## 2.5 Impact on the Council's Cash Flow as a result of Covid-19

There is a concern amongst Billing Authorities (ie the borough and district councils who raise the bills) about the extent to which Covid-19 reduces the cash collected in respect of Council Tax and Business Rates. As many Billing Authorities only retain a small proportion of, with the majority collected being paid to preceptors. The concern is as precepts were set well before the start of the financial year, prior to the onset of Covid-19 collection rates will be significantly below expectation as the finances of residents and local businesses are impacted. As precept payments to Surrey County Council, Surrey Police and the Government were set in line with statute the gearing effect will reduce the Spelthorne's cashflow. The impact of this is shown in the table above under Other Adjustments. The impact is £0.629m, which comprise

a loss of interest receivable of £0.398m as a result of lower interest rates and additional short term borrowing costs of £0.231m.

- 2.6 Currently the Council Tax and Business Rates collection rate stand at 95.2% and 96% respectively. If these rates continue to the end of the year the impact of these lower rates on the Council's cash flow is estimated at £3.1m. These lower collection rates will impact on the Council's borrowing costs in 2020/21. If the Council is unable to collect Council Tax/Business Rates in 2020/21 in line with the levels of previous years, it is also likely that additional bad debt provisions will need to be made in 2020/21 in respect of any uncollected debt. This could give rise to deficits on the Collection Fund for both Council Tax and Business Rates which are apportioned between SBC and the preceptors. As deficits have to be met from future budgets, this places additional pressure on the budget setting process for 2021-22. The Council is monitoring collection rates closely, to assess the risks. Government has advised that they will be flexing the regulations to enable Collection Fund deficits to be spread over 3 years, rather than 1 year as at present.
- 2.7 **Charges to Knowle Green Estates Ltd**- Knowle Green Estates is a wholly owned company set up to meet the housing needs of residents including affordable rented and private rented accommodation and key worker homes. The company does directly employ any staff but commissions or procures the work required by the Board from the Council. The services provided by the Council are provided at cost. The company is at an early stage in its development cycle and it would not be appropriate at this time to take on the burden of fixed overhead costs until it becomes more mature.
- 2.8 In 2020/21 the estimated charges made to Knowle Green Estates for services provided by the Council are set out in the table below.

<b>Spelthorne Charges for Services to Knowle Green Estates Ltd</b>		
	<b>2020/21 Budget £000's</b>	<b>2020/21 Estimated Charge to end July £000's</b>
<b>Charges for Commissioned Work</b>		
Senior Management	9,700	3,200
Property Team	70,600	23,500
Finance	5,500	1,800
Housing	3,500	1,200
Legal	12,000	4,000
<b>Total of Commissioned Work</b>	<b>101,300</b>	<b>33,700</b>
<b>Debt Financing Costs</b>		
Loan Interest*	101,320	33,375
Loan Repayment*	45,780	15,595
<b>Total to be recharged by Spelthorne</b>	<b>248,400</b>	<b>82,670</b>

## **2.9 2020/21 Pay Award**

The Council determines the pay for the Council's staff on a local basis. The Council's policy is to at least match the pay award which is negotiated nationally by local government employers with the relevant Trade Unions. The national pay award has now been agreed at 2.75% with the Trade Unions for 2020/21 commencing in April 2020 and the pay award will be backdated to April 2020. The Council has allowed 2.5% in the budget for 2020/21. The additional cost in 2020/21 is estimated at £38,900.

## **3. Financial implications**

3.1 Financial implications are as set out within the report and appendices.

## **4. Other considerations**

4.1 There are none.

## **5. Timetable for implementation**

5.1 Monthly financial monitoring reports are produced for Management team.

**Background papers: None**

**Appendices: A and B**



# APPENDIX A

## 2020/21 Net Revenue Budget Monitoring As at end of 31 JULY 2020

	2020/21	2020/21	2020/21	2020/21	2020/21	2020/21
	Budget		Forecast	Variance	Variance	Variance
	Original	Revised	Outturn	Covid	Non-Covid	to Revised
	£	£	£			£
Gross Expenditure	62,712,500	62,916,700	63,409,505	921,044	(428,239)	492,805
Less Housing Benefit grant	(28,621,000)	(28,621,000)	(28,699,800)	-	(78,800)	(78,800)
Less Specific fees and charges income	(12,040,600)	(12,040,600)	(10,714,660)	1,109,940	216,000	1,325,940
<b>Net Expenditure - broken down as below</b>	<b>22,050,900</b>	<b>22,255,100</b>	<b>23,995,045</b>	<b>2,030,984</b>	<b>(291,039)</b>	<b>1,739,945</b>
Leader of the Council	2,556,200	2,544,200	2,653,900	(61,970)	171,670	109,700
Deputy Leader	2,419,000	2,419,000	2,583,990	63,060	101,930	164,990
Finance	4,389,000	4,434,000	4,404,500	4,370	(33,870)	(29,500)
Community Wellbeing	1,520,700	1,548,800	1,725,585	356,235	(179,450)	176,785
Housing	2,318,500	2,383,200	2,524,350	261,295	(120,145)	141,150
Leisure Services	48,300	48,300	447,540	394,634	4,606	399,240
Compliance, Waste & Risk	4,248,100	4,248,100	5,185,700	1,037,650	(100,050)	937,600
Planning & Economic Development	1,060,100	1,060,100	946,940	(74,580)	(38,580)	(113,160)
Communications & Corporate Management	2,222,400	2,285,500	2,235,440	28,970	(79,030)	(50,060)
Environment	1,268,600	1,283,900	1,287,100	21,320	(18,120)	3,200
<b>NET EXPENDITURE AT SERVICE LEVEL</b>	<b>22,050,900</b>	<b>22,255,100</b>	<b>23,995,045</b>	<b>2,030,984</b>	<b>(291,039)</b>	<b>1,739,945</b>
Salary expenditure - vacancy monitoring	(300,000)	(300,000)	-	-	300,000	300,000
<b>NET EXPENDITURE</b>	<b>21,750,900</b>	<b>21,955,100</b>	<b>23,995,045</b>	<b>2,030,984</b>	<b>8,961</b>	<b>2,039,945</b>
<b>NET EXPENDITURE</b>	<b>21,750,900</b>	<b>21,955,100</b>	<b>23,995,045</b>	<b>2,030,984</b>	<b>8,961</b>	<b>2,039,945</b>
Covid-19 Supplementary Estimate		2,200,000	-	(2,200,000)		(2,200,000)
Asset Acquisition Income	(53,006,200)	(53,006,200)	(53,021,240)	-	(15,040)	(15,040)
Interest Payable-Long Term	24,034,600	24,034,600	24,257,600	-	223,000	223,000
Minimum Revenue Provision	11,902,900	11,902,900	11,902,900	-	-	-
Refurbishments Reserve Contributions	5,814,000	5,814,000	5,814,000	-	-	-
Asset Supervision Costs	1,130,000	1,130,000	1,130,000	-	-	-
Project Delivery Fund Contributions	1,397,400	1,397,400	1,397,400	-	-	-
Interest Receivable	(1,340,000)	(1,340,000)	(1,636,000)	398,000	(694,000)	(296,000)
Interest Payable-Short Term	200,000	200,000	430,800	230,800	-	230,800
Revenue Contributions to Capital Outlay	750,000	750,000	750,000	-	-	-
<b>BUDGET REQUIREMENT</b>	<b>12,633,600</b>	<b>15,037,800</b>	<b>15,020,505</b>	<b>459,784</b>	<b>(477,079)</b>	<b>(17,295)</b>
Baseline NNDR Funding	(3,000,000)	(3,000,000)	(3,000,000)	-	-	-
Non Ring-fenced Grants	(800,000)	(800,000)	(800,000)	-	-	-
Covid-19 Support Grant	-	0	(1,998,510)	(1,998,510)	-	(1,998,510)
New Homes Bonus	(551,100)	(551,100)	(551,100)	-	-	-
<b>NET BUDGET REQUIREMENT</b>	<b>8,282,500</b>	<b>10,686,700</b>	<b>8,670,895</b>	<b>(1,538,726)</b>	<b>(477,079)</b>	<b>(2,015,805)</b>
2019/20 Revenue carry forward	0	(204,200)	(204,200)	-	-	-
General Fund Reserves- Supplementary Estimate		(2,200,000)	(2,200,000)	-	-	-
Collection Fund Surplus/(deficit)	(63,000)	(63,000)	(63,000)	-	-	-
Income from Council Tax	(8,219,500)	(8,219,500)	(8,219,500)	-	-	-
<b>Net Position</b>	<b>-</b>	<b>-</b>	<b>(2,015,805)</b>	<b>(1,538,726)</b>	<b>(477,079)</b>	<b>(2,015,805)</b>

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REVENUE MONITORING 2020/21						
EXPENDITURE AND INCOME SUMMARY 31 JULY 2020						
	Budget		Forecast			
<b>Results to</b>	Original	Revised	Outturn	Covid-19	Non-Covid-19	Total Variance
<b>31-Jul-20</b>	£	£	£	Variance £	Variance £	to Revised £
<b>Leader of the Council</b>						
Employees	2,010,400	2,010,400	2,080,000	259	69,341	69,600
Other Expenditure	1,258,100	1,246,100	1,098,350	(86)	(147,664)	(147,750)
Income	(712,300)	(712,300)	(524,450)	(62,150)	250,000	187,850
	<b>2,556,200</b>	<b>2,544,200</b>	<b>2,653,900</b>	<b>(61,976)</b>	<b>171,676</b>	<b>109,700</b>
<b>Deputy Leader</b>						
Employees	1,237,200	1,237,200	1,112,850	2,150	(126,500)	(124,350)
Other Expenditure	1,818,400	1,818,400	2,106,460	59,633	228,427	288,060
Income	(636,600)	(636,600)	(635,320)	1,280	0	1,280
	<b>2,419,000</b>	<b>2,419,000</b>	<b>2,583,990</b>	<b>63,064</b>	<b>101,926</b>	<b>164,990</b>
<b>Finance</b>						
Employees	4,140,700	4,140,700	4,111,200	0	(29,500)	(29,500)
Other Expenditure	628,800	673,800	673,800	4,375	(4,375)	0
Income	(380,500)	(380,500)	(380,500)	0	0	0
	<b>4,389,000</b>	<b>4,434,000</b>	<b>4,404,500</b>	<b>4,375</b>	<b>(33,875)</b>	<b>(29,500)</b>
<b>Communications &amp; Corporate Management</b>						
Employees	1,131,100	1,176,100	1,085,480	3,107	(93,727)	(90,620)
Other Expenditure	1,131,300	1,149,400	1,177,440	13,345	14,695	28,040
Income	(40,000)	(40,000)	(27,480)	12,520	0	12,520
	<b>2,222,400</b>	<b>2,285,500</b>	<b>2,235,440</b>	<b>28,972</b>	<b>(79,032)</b>	<b>(50,060)</b>
<b>Community Wellbeing</b>						
Employees	2,087,000	2,087,000	1,991,800	11,107	(106,307)	(95,200)
Other Expenditure	845,200	873,300	863,085	62,929	(73,144)	(10,215)
Income	(1,411,500)	(1,411,500)	(1,129,300)	282,200	0	282,200
	<b>1,520,700</b>	<b>1,548,800</b>	<b>1,725,585</b>	<b>356,237</b>	<b>(179,452)</b>	<b>176,785</b>
<b>Leisure Services</b>						
Employees	222,900	222,900	225,900	448	2,552	3,000
Other Expenditure	166,000	166,000	508,700	340,646	2,054	342,700
Income	(340,600)	(340,600)	(287,060)	53,540	0	53,540
	<b>48,300</b>	<b>48,300</b>	<b>447,540</b>	<b>394,634</b>	<b>4,606</b>	<b>399,240</b>
<b>Compliance, Waste &amp; Risk</b>						
Employees	5,202,200	5,202,200	5,202,800	2,648	(2,048)	600
Other Expenditure	3,427,800	3,427,800	3,329,800	0	(98,000)	(98,000)
Income	(4,381,900)	(4,381,900)	(3,346,900)	1,035,000	0	1,035,000
	<b>4,248,100</b>	<b>4,248,100</b>	<b>5,185,700</b>	<b>1,037,648</b>	<b>(100,048)</b>	<b>937,600</b>
<b>Planning &amp; Economic Development</b>						
Employees	2,014,600	2,014,600	1,849,220	638	(166,018)	(165,380)
Other Expenditure	341,800	341,800	470,320	1,080	127,440	128,520
Income	(1,296,300)	(1,296,300)	(1,372,596)	(76,296)	0	(76,296)
	<b>1,060,100</b>	<b>1,060,100</b>	<b>946,944</b>	<b>(74,578)</b>	<b>(38,578)</b>	<b>(113,156)</b>
<b>Housing</b>						
Employees	1,958,000	1,958,000	2,054,900	44,783	52,117	96,900
Other Expenditure	31,668,400	31,733,100	32,046,800	373,163	(59,463)	313,700
Housing Benefit grant income	(28,621,000)	(28,621,000)	(28,699,800)	0	(78,800)	(78,800)
Income	(2,686,900)	(2,686,900)	(2,877,550)	(156,650)	(34,000)	(190,650)
	<b>2,318,500</b>	<b>2,383,200</b>	<b>2,524,350</b>	<b>261,296</b>	<b>(120,146)</b>	<b>141,150</b>
<b>Environment</b>						
Employees	984,800	984,800	984,800	818	(818)	0
Other Expenditure	437,800	453,100	435,800	0	(17,300)	(17,300)
Income	(154,000)	(154,000)	(133,500)	20,500	0	20,500
	<b>1,268,600</b>	<b>1,283,900</b>	<b>1,287,100</b>	<b>21,318</b>	<b>(18,118)</b>	<b>3,200</b>
<b>NET EXPENDITURE AT SERVICE LEVEL</b>	<b>22,050,900</b>	<b>22,255,100</b>	<b>23,995,049</b>	<b>2,030,990</b>	<b>(291,041)</b>	<b>1,739,949</b>
Total Employees	<b>20,988,900</b>	<b>21,033,900</b>	<b>20,698,950</b>	<b>65,960</b>	<b>(400,910)</b>	<b>(334,950)</b>
Total Other Expenditure	<b>41,723,600</b>	<b>41,882,800</b>	<b>42,710,555</b>	<b>855,086</b>	<b>(27,331)</b>	<b>827,755</b>
Housing Benefit grant income	<b>(28,621,000)</b>	<b>(28,621,000)</b>	<b>(28,699,800)</b>	<b>0</b>	<b>(78,800)</b>	<b>(78,800)</b>
Other Covid-19 Grant Income						
Total Income	<b>(12,040,600)</b>	<b>(12,040,600)</b>	<b>(10,714,656)</b>	<b>1,109,944</b>	<b>216,000</b>	<b>1,325,944</b>
	<b>22,050,900</b>	<b>22,255,100</b>	<b>23,995,049</b>	<b>2,030,990</b>	<b>(291,041)</b>	<b>1,739,949</b>
<b>Total Expenditure</b>	<b>62,712,500</b>	<b>62,916,700</b>	<b>63,409,505</b>	<b>921,046</b>	<b>(428,241)</b>	<b>492,805</b>
<b>Total Income</b>	<b>(40,661,600)</b>	<b>(40,661,600)</b>	<b>(39,414,456)</b>	<b>0</b>	<b>137,200</b>	<b>1,247,144</b>
<b>Net</b>	<b>22,050,900</b>	<b>22,255,100</b>	<b>23,995,049</b>	<b>921,046</b>	<b>(291,041)</b>	<b>1,739,949</b>

Appendix C1											
<b>Leader of the Council</b>											
<b>Results to</b>	<b>Budget</b>			<b>Actual</b>	<b>Forecast</b>	<b>Variance</b>	<b>Covid-19</b>	<b>Non-Covid-19</b>	<b>Total Variance</b>	<b>Comments</b>	
<b>31-Jul-20</b>	<b>Original</b>	<b>Revised</b>	<b>YTD</b>	<b>YTD</b>	<b>Outturn</b>	<b>to Revised</b>	<b>Variance</b>	<b>Variance</b>	<b>to Revised</b>		
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>		
Employees	158,600	158,600	52,600	78,347	166,600	8,000	0	8,000	8,000	Higher due to overlapping of costs for the month of July Additional consultants costs relating to recruitment of Group Head post.	
Other Expenditure	7,200	7,200	3,500	16,794	23,200	16,000	0	16,000	16,000		
Income	0	0	0	0		0	0	0	0		
<b>Corporate Governance</b>	<b>165,800</b>	<b>165,800</b>	<b>56,100</b>	<b>95,141</b>	<b>189,800</b>	<b>24,000</b>	<b>0</b>	<b>24,000</b>	<b>24,000</b>		
Employees	12,100	12,100	4,900	5,741	12,900	800	0	800	800	Savings expected against members allowances	
Other Expenditure	407,700	407,700	124,000	107,228	397,700	(10,000)	0	(10,000)	(10,000)		
Income	0	0	0	0		0	0	0	0		
<b>Democratic Rep &amp; Management</b>	<b>419,800</b>	<b>419,800</b>	<b>128,900</b>	<b>112,969</b>	<b>410,600</b>	<b>(9,200)</b>	<b>0</b>	<b>(9,200)</b>	<b>(9,200)</b>		
Employees	2,300	2,300	800	0	0	(2,300)	0	(2,300)	(2,300)		
Other Expenditure	7,900	7,900	2,600	0	0	(7,900)	0	(7,900)	(7,900)		
Income	0	0	0	0	0	0	0	0	0		
<b>Elections</b>	<b>10,200</b>	<b>10,200</b>	<b>3,400</b>	<b>0</b>	<b>0</b>	<b>(10,200)</b>	<b>0</b>	<b>(10,200)</b>	<b>(10,200)</b>	No expenditure if there is no by elections	
Employees	152,600	152,600	51,200	52,356	157,200	4,600	0	4,600	4,600	Additional Individual Electoral Registration (IER) Grant funding of £8.5k to fund the additional costs as above	
Other Expenditure	100,900	100,900	5,600	1,330	104,900	4,000	0	4,000	4,000		
Income	(1,000)	(1,000)	0	(8,505)	(9,600)	(8,600)	(8,600)	0	(8,600)		
<b>Electoral Registration</b>	<b>252,500</b>	<b>252,500</b>	<b>56,800</b>	<b>45,182</b>	<b>252,500</b>	<b>0</b>	<b>(8,600)</b>	<b>8,600</b>	<b>0</b>		
Employees	505,400	505,400	166,600	204,861	591,400	86,000	235	85,765	86,000	Additional legal work relating to Litigation & S106 is being undertaken by Agency/ Temporary staff, partially expected to be off-set by additional income Higher software costs due to upgrade Higher income due to more activity	
Other Expenditure	26,600	26,600	24,000	30,725	31,600	5,000	(116)	5,116	5,000		
Income	(77,500)	(77,500)	(5,800)	(16,744)	(127,500)	(50,000)	(50,000)	0	(50,000)		
<b>Legal</b>	<b>454,500</b>	<b>454,500</b>	<b>184,800</b>	<b>218,842</b>	<b>495,500</b>	<b>41,000</b>	<b>(49,881)</b>	<b>90,881</b>	<b>41,000</b>		
Employees	119,100	119,100	39,200	28,247	111,100	(8,000)	0	(8,000)	(8,000)	Savings expected due to a vacant post	
Other Expenditure	24,900	24,900	11,600	12,452	24,900	0	0	0	0		
Income	0	0	0	0		0	0	0	0		
<b>Committee Services</b>	<b>144,000</b>	<b>144,000</b>	<b>50,800</b>	<b>40,699</b>	<b>136,000</b>	<b>(8,000)</b>	<b>0</b>	<b>(8,000)</b>	<b>(8,000)</b>		
Employees	0	0	0	0		0	0	0	0	Current budgeted income due to be received.	
Other Expenditure	82,400	82,400	27,400	13,218	83,090	690	0	690	690		
Income	(83,800)	(83,800)	(28,000)	(25,502)	(84,350)	(550)	(550)	0	(550)		
<b>General Property Expenses</b>	<b>(1,400)</b>	<b>(1,400)</b>	<b>(600)</b>	<b>(12,284)</b>	<b>(1,260)</b>	<b>140</b>	<b>(550)</b>	<b>690</b>	<b>140</b>		
Employees	0	0	0	0		0	0	0	0	Cleaning costs for the Lammas Pavilion.	
Other Expenditure	0	0	0	308	1,560	1,560	0	1,560	1,560		
Income	0	0	0	0		0	0	0	0		
<b>Sea Cadets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>308</b>	<b>1,560</b>	<b>1,560</b>	<b>0</b>	<b>1,560</b>	<b>1,560</b>		
Employees	0	0	0	0	0	0	0	0	0	This is an old budget now due to the acquisition of the Elmsleigh Centre.	
Other Expenditure	160,000	160,000	79,200	0	0	(160,000)	0	(160,000)	(160,000)		
Income	(550,000)	(550,000)	(250,000)	0	(300,000)	250,000	0	250,000	250,000		
<b>Staines Town Centre Management</b>	<b>(390,000)</b>	<b>(390,000)</b>	<b>(170,800)</b>	<b>0</b>	<b>(300,000)</b>	<b>90,000</b>	<b>0</b>	<b>90,000</b>	<b>90,000</b>		
Employees	317,300	317,300	99,400	102,441	321,800	4,500	25	4,475	4,500		
Other Expenditure	57,300	75,300	16,400	13,323	75,300	0	0	0	0		
Income	0	0	0	0	0	0	0	0	0		
<b>HR</b>	<b>374,600</b>	<b>392,600</b>	<b>115,800</b>	<b>115,764</b>	<b>397,100</b>	<b>4,500</b>	<b>25</b>	<b>4,475</b>	<b>4,500</b>		
Employees	57,900	57,900	19,500	20,325	58,900	1,000	0	1,000	1,000		
Other Expenditure	800	800	200	69	700	(100)	30	(130)	(100)		
Income	0	0	0	0	0	0	0	0	0		
<b>Payroll</b>	<b>58,700</b>	<b>58,700</b>	<b>19,700</b>	<b>20,393</b>	<b>59,600</b>	<b>900</b>	<b>30</b>	<b>870</b>	<b>900</b>		
Employees	685,100	685,100	225,100	187,759	660,100	(25,000)	0	(25,000)	(25,000)	Savings expected due to vacant posts, expected to be covered by additional payments	
Other Expenditure	382,400	352,400	176,700	179,025	355,400	3,000	0	3,000	3,000		
Income	0	0	0	(3,000)	(3,000)	(3,000)	(3,000)	0	(3,000)		
<b>Information &amp; Comms Technology</b>	<b>1,067,500</b>	<b>1,037,500</b>	<b>401,800</b>	<b>363,784</b>	<b>1,012,500</b>	<b>(25,000)</b>	<b>(3,000)</b>	<b>(22,000)</b>	<b>(25,000)</b>		
Total Employees	2,010,400	2,010,400	659,300	680,076	2,080,000	69,600	259	69,341	69,600		
Total Other Expenditure	1,258,100	1,246,100	471,200	374,472	1,098,350	(147,750)	(86)	(147,664)	(147,750)		
Total Income	(712,300)	(712,300)	(283,800)	(53,750)	(524,450)	187,850	(62,150)	250,000	187,850		
	2,556,200	2,544,200	846,700	1,000,799	2,653,900	109,700	(61,976)	171,676	109,700		

Appendix C2										
<b>Deputy Leader</b>										
<b>Results to</b>	<b>Budget</b>			<b>Actual</b>	<b>Forecast</b>	<b>Variance</b>	<b>Covid-19</b>	<b>Non-Covid-19</b>	<b>Total Variance</b>	<b>Comments</b>
<b>31-Jul-20</b>	<b>Original</b>	<b>Revised</b>	<b>YTD</b>	<b>YTD</b>	<b>Outturn</b>	<b>to Revised</b>	<b>Variance</b>	<b>Variance</b>	<b>to Revised</b>	
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	
Employees	629,300	629,300	209,900	229,543	484,650	(144,650)	0	(144,650)	(144,650)	2 vacant posts and a underspend on agency staff.
Other Expenditure	406,600	406,600	135,500	201,812	465,350	58,750	58,483	267	58,750	Current cost of £58k on unbudgeted Covid19 expenditure, include the Stanwell foodbank.
Income	(635,600)	(635,600)	(9,400)	(7,050)	(635,600)	0	0	0	0	Year end transfer from set asides to fund expenditure, public halls income expected to be on target (£24.5k)
<b>Asset Mgn Administration</b>	<b>400,300</b>	<b>400,300</b>	<b>336,000</b>	<b>424,306</b>	<b>314,400</b>	<b>(85,900)</b>	<b>58,483</b>	<b>(144,383)</b>	<b>(85,900)</b>	
Employees	0	0	0	0	0	0	0	0	0	This covers revenue costs for properties being developed or awaiting development.
	0	0	0	66,426	229,710	229,710	0	229,710	229,710	£15k show home furniture for Ceaser Court, £150k service charge liability for Elmsleigh Multi-story Car Park, £25.3k Hannover House empty costs, £22k Thameside House running costs (electricity & insurance), £7k Benwell insruance liability and running costs for Oast House totalling £8 approx.
Other Expenditure										
Income	0	0	0	0	0	0	0	0	0	
<b>Development Properties</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>66,426</b>	<b>229,710</b>	<b>229,710</b>	<b>0</b>	<b>229,710</b>	<b>229,710</b>	
Employees	0	0	0	0	0	0	0	0	0	
Other Expenditure	1,284,100	1,284,100	428,000	145,946	1,284,100	0	0	0	0	
Income	0	0	0	1,278	1,280	1,280	1,280	0	1,280	Credit note relating to the previous FY has caused this charge.
<b>Planned Maintenance Programm</b>	<b>1,284,100</b>	<b>1,284,100</b>	<b>428,000</b>	<b>147,225</b>	<b>1,285,380</b>	<b>1,280</b>	<b>1,280</b>	<b>0</b>	<b>1,280</b>	
Employees	213,300	213,300	70,700	63,035	217,200	3,900	0	3,900	3,900	
Other Expenditure	8,400	8,400	2,500	1,498	8,000	(400)	1,150	(1,550)	(400)	
Income	0	0	0	0	0	0	0	0	0	
<b>Chief Executive</b>	<b>221,700</b>	<b>221,700</b>	<b>73,200</b>	<b>64,533</b>	<b>225,200</b>	<b>3,500</b>	<b>1,150</b>	<b>2,350</b>	<b>3,500</b>	
Employees	274,000	274,000	90,800	92,271	281,000	7,000	0	7,000	7,000	Additional allowance payment to one member of staff as S151 officer
Other Expenditure	2,400	2,400	800	(79,581)	2,400	0	0	0	0	Early pension payment of £80k due to Surrey County Council is still outstanding and waiting to be charged
Income	0	0	0	0	0	0	0	0	0	
<b>Deputy Chief Executives</b>	<b>276,400</b>	<b>276,400</b>	<b>91,600</b>	<b>12,690</b>	<b>283,400</b>	<b>7,000</b>	<b>0</b>	<b>7,000</b>	<b>7,000</b>	
Employees	120,600	120,600	39,700	44,313	130,000	9,400	2,150	7,250	9,400	Honorarium is being paid to 2 members of staff for additional responsibilities and additional costs relating to Covid-19
Other Expenditure	4,800	4,800	1,500	1,330	4,800	0	0	0	0	
Income	0	0	0	0	0	0	0	0	0	
<b>MaT Secretariat &amp; Support</b>	<b>125,400</b>	<b>125,400</b>	<b>41,200</b>	<b>45,643</b>	<b>134,800</b>	<b>9,400</b>	<b>2,150</b>	<b>7,250</b>	<b>9,400</b>	
Employees	0	0	0	0	0	0	0	0	0	
Other Expenditure	112,100	112,100	15,600	9,536	112,100	0	0	0	0	
Income	(1,000)	(1,000)	0	0	(1,000)	0	0	0	0	
<b>Emergency Planning</b>	<b>111,100</b>	<b>111,100</b>	<b>15,600</b>	<b>9,536</b>	<b>111,100</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Total Employees	<b>1,237,200</b>	<b>1,237,200</b>	<b>411,100</b>	<b>429,162</b>	<b>1,112,850</b>	<b>(124,350)</b>	<b>2,150</b>	<b>(126,500)</b>	<b>(124,350)</b>	
Total Other Expenditure	<b>1,818,400</b>	<b>1,818,400</b>	<b>583,900</b>	<b>346,969</b>	<b>2,106,460</b>	<b>288,060</b>	<b>59,633</b>	<b>228,427</b>	<b>288,060</b>	
Total Income	<b>(636,600)</b>	<b>(636,600)</b>	<b>(9,400)</b>	<b>(5,772)</b>	<b>(635,320)</b>	<b>1,280</b>	<b>1,280</b>	<b>0</b>	<b>1,280</b>	
	<b>2,419,000</b>	<b>2,419,000</b>	<b>985,600</b>	<b>770,359</b>	<b>2,583,990</b>	<b>164,990</b>	<b>63,064</b>	<b>101,926</b>	<b>164,990</b>	

Appendix C3										
Finance										
<b>Results to</b>	Budget			Actual	Forecast	Variance	Covid-19	Non-Covid-19	Total Variance	Comments
<b>31-Jul-20</b>	Original	Revised	YTD	YTD	Outturn	to Revised	Variance	Variance	to Revised	
	£	£	£	£	£	£	£	£	£	
Employees	659,700	659,700	218,100	212,271	659,700	0	0	0	0	Vacant posts are being covered by agency staff which are usually paid in arrears
Other Expenditure	46,900	76,900	24,600	27,322	76,900	0	75	(75)	0	
Income	(69,000)	(69,000)	0	(74)	(69,000)	0	0	0	0	
Accountancy	637,600	667,600	242,700	239,519	667,600	0	75	(75)	0	
Employees	2,330,000	2,330,000	776,000	(562,327)	2,330,000	0	0	0	0	Added years Pension & compensation payments of £1.93m for previous financial years is still due to Surrey County Council and July payment for current financial year is actually made one month in arrears
Other Expenditure	61,600	61,600	6,200	8,930	61,600	0	0	0	0	
Income	0	0	0	0	0	0	0	0	0	
Unapportionable CentralO/Heads	2,391,600	2,391,600	782,200	(553,397)	2,391,600	0	0	0	0	
Employees	0	0	0	0	0	0	0	0	0	
Other Expenditure	0	0	0	0	0	0	0	0	0	
Income	0	0	0	0	0	0	0	0	0	
Misc Expenses	0	0	0	0	0	0	0	0	0	
Employees	101,000	101,000	33,300	31,440	96,500	(4,500)	0	(4,500)	(4,500)	
Other Expenditure	71,700	86,700	400	(116,946)	86,700	0	0	0	0	Early pension payment of £117k due to Surrey County Council is still outstanding and waiting to be charged
Income	0	0	0	0	0	0	0	0	0	
Audit	172,700	187,700	33,700	(85,506)	183,200	(4,500)	0	(4,500)	(4,500)	
Employees	1,050,000	1,050,000	354,200	299,793	1,025,000	(25,000)	0	(25,000)	(25,000)	Savings achieved due to vacant posts is expected to be used to pay for consultants and temporary staff to clear back log of work
Other Expenditure	448,600	448,600	316,300	291,863	448,600	0	4,300	(4,300)	0	
Income	(311,500)	(311,500)	0	0	(311,500)	0	0	0	0	
CServ Management & Support	1,187,100	1,187,100	670,500	591,655	1,162,100	(25,000)	4,300	(29,300)	(25,000)	
Total Employees	4,140,700	4,140,700	1,381,600	(18,823)	4,111,200	(29,500)	0	(29,500)	(29,500)	
Total Other Expenditure	628,800	673,800	347,500	211,169	673,800	0	4,375	(4,375)	0	
Total Income	(380,500)	(380,500)	0	(74)	(380,500)	0	0	0	0	
	4,389,000	4,434,000	1,729,100	192,272	4,404,500	(29,500)	4,375	(33,875)	(29,500)	

Appendix C5										
Community Wellbeing										
Results to 31-Jul-20	Budget			Actual	Forecast	Variance	Covid-19	Non-Covid-19	Total Variance	Comments
	Original	Revised	YTD	YTD	Outturn	to Revised	Variance	Variance	to Revised	
	£	£	£	£	£	£	£	£	£	
Employees	107,300	107,300	35,600	30,626	98,600	(8,700)	158	(8,858)	(8,700)	Vacant post being backfilled by a post in Com Care Admin
Other Expenditure	82,900	82,900	27,300	21,854	82,900	0	0	0	0	
Income	(205,000)	(205,000)	(142,200)	(200,203)	(215,000)	(10,000)	(10,000)	0	(10,000)	Surrey Telecare grant of £10k
Span	(14,800)	(14,800)	(79,300)	(147,723)	(33,500)	(18,700)	(9,842)	(8,858)	(18,700)	
Employees	451,900	451,900	151,900	130,563	402,700	(49,200)	7,752	(56,952)	(49,200)	3 posts vacant, to be filled later in the year
Other Expenditure	19,300	19,300	5,200	5,865	77,085	57,785	57,185	600	57,785	Costs for S4S Community Hub included here at £57,185
Income	(20,000)	(20,000)	(6,700)	0	(20,000)	0	0	0	0	
Com Care Administration	451,200	451,200	150,400	136,428	459,785	8,585	64,937	(56,352)	8,585	
Employees	622,200	622,200	206,000	169,745	590,300	(31,900)	2,079	(33,979)	(31,900)	3 posts currently vacant, to be advertised shortly
Other Expenditure	289,800	289,800	110,800	42,579	244,000	(45,800)	744	(46,544)	(45,800)	Supplies and services costs lower due to COVID19
Income	(394,200)	(394,200)	(131,200)	(7,912)	(166,000)	228,200	228,200	0	228,200	Income impacted by closure of Day Centres due to COVID19
Day Centres	517,800	517,800	185,600	204,412	668,300	150,500	231,023	(80,523)	150,500	
Employees	124,600	124,600	41,200	44,006	130,700	6,100	1,119	4,981	6,100	
Other Expenditure	87,400	87,400	33,600	30,938	87,800	400	0	400	400	
Income	(160,300)	(160,300)	(53,500)	(58,755)	(160,300)	0	0	0	0	
Meals on Wheels	51,700	51,700	21,300	16,189	58,200	6,500	1,119	5,381	6,500	
Employees	525,600	525,600	173,800	166,592	521,100	(4,500)	0	(4,500)	(4,500)	One member of staff has been working in Housing options and costs are being recharged there and expected to be covered by temporary staff
Other Expenditure	12,400	12,400	3,900	5,523	17,900	5,500	0	5,500	5,500	
Income	(538,000)	(538,000)	0	(52,799)	(539,000)	(1,000)	(1,000)	0	(1,000)	
Spelthorne Troubled Families	0	0	177,700	119,316	0	0	(1,000)	1,000	0	
Employees	199,600	199,600	63,000	62,707	199,600	0	0	0	0	
Other Expenditure	48,100	48,100	8,500	3,602	43,100	(5,000)	0	(5,000)	(5,000)	
Income	(94,000)	(94,000)	(24,600)	(4,021)	(29,000)	65,000	65,000	0	65,000	Income for the year is expected to be lower than budget due to the COVID-19 crisis
SAT	153,700	153,700	46,900	62,287	213,700	60,000	65,000	(5,000)	60,000	
Employees	55,800	55,800	18,500	16,108	48,800	(7,000)	0	(7,000)	(7,000)	
Other Expenditure	82,700	87,100	28,100	10,581	87,700	600	5,000	(4,400)	600	
Income	0	0	0	0	0	0	0	0	0	
People & Partnerships	138,500	142,900	46,600	26,689	136,500	(6,400)	5,000	(11,400)	(6,400)	
Employees	0	0	0	0	0	0	0	0	0	
Other Expenditure	209,600	222,900	5,800	118,250	209,600	(13,300)	0	(13,300)	(13,300)	
Income	0	0	0	0	0	0	0	0	0	
General Grants	209,600	222,900	5,800	118,250	209,600	(13,300)	0	(13,300)	(13,300)	
Employees	0	0	0	0	0	0	0	0	0	
Other Expenditure	13,000	23,400	5,500	0	13,000	(10,400)	0	(10,400)	(10,400)	
Income	0	0	0	0	0	0	0	0	0	
Research & Consultation	13,000	23,400	5,500	0	13,000	(10,400)	0	(10,400)	(10,400)	
Total Employees	2,087,000	2,087,000	690,000	620,347	1,991,800	(95,200)	11,107	(106,307)	(95,200)	
Total Other Expenditure	845,200	873,300	228,700	239,191	863,085	(10,215)	62,929	(73,144)	(10,215)	
Total Income	(1,411,500)	(1,411,500)	(358,200)	(323,690)	(1,129,300)	282,200	282,200	0	282,200	
	1,520,700	1,548,800	560,500	535,848	1,725,585	176,785	356,237	(179,452)	176,785	

Appendix C9										
<b>Housing</b>										
<b>Results to</b>	<b>Budget</b>			<b>Actual</b>	<b>Forecast</b>	<b>Variance</b>	<b>Covid-19</b>	<b>Non-Covid-19</b>	<b>Total Variance</b>	<b>Comments</b>
<b>31-Jul-20</b>	<b>Original</b>	<b>Revised</b>	<b>YTD</b>	<b>YTD</b>	<b>Outturn</b>	<b>to Revised</b>	<b>Variance</b>	<b>Variance</b>	<b>to Revised</b>	
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	
Employees	1,327,400	1,327,400	439,100	498,206	1,435,400	108,000	44,783	63,217	108,000	Overspend due to Heads of Housing working additional hours due to COVID19. One post not budgeted for, as transferred from Family Support. Increase in Super contributions
Other Expenditure	62,500	56,500	14,000	11,617	57,300	800	63	737	800	
Income	(33,900)	(33,900)	(11,300)	0	(50,000)	(16,100)	0	(16,100)	(16,100)	Increase of reimbursements for RSI & KGE at end of year in line with 19/20 actuals
<b>Housing Needs</b>	<b>1,356,000</b>	<b>1,350,000</b>	<b>441,800</b>	<b>509,823</b>	<b>1,442,700</b>	<b>92,700</b>	<b>44,846</b>	<b>47,854</b>	<b>92,700</b>	
Employees	39,000	39,000	13,000	0	39,000	0	0	0	0	
Other Expenditure	2,892,200	2,898,200	958,300	1,478,471	3,261,800	363,600	373,100	(9,500)	363,600	
Income	(2,353,000)	(2,353,000)	(1,148,600)	(1,344,372)	(2,459,250)	(106,250)	(156,650)	50,400	(106,250)	
<b>Homelessness</b>	<b>578,200</b>	<b>584,200</b>	<b>(177,300)</b>	<b>134,099</b>	<b>841,550</b>	<b>257,350</b>	<b>216,450</b>	<b>40,900</b>	<b>257,350</b>	B&B costs higher than budgeted, due to COVID19
Employees	591,600	591,600	195,700	191,610	580,500	(11,100)	0	(11,100)	(11,100)	Two part time posts vacant
Other Expenditure	41,700	41,700	12,700	24,775	55,700	14,000	0	14,000	14,000	Software costs to be covered by new burdens grants
Income	(300,000)	(300,000)	(100,200)	(226,405)	(368,300)	(68,300)	0	(68,300)	(68,300)	Additional new burdens grants received
<b>Housing Benefits Admin</b>	<b>333,300</b>	<b>333,300</b>	<b>108,200</b>	<b>(10,019)</b>	<b>267,900</b>	<b>(65,400)</b>	<b>0</b>	<b>(65,400)</b>	<b>(65,400)</b>	
Employees	0	0	0	0		0	0	0	0	
Other Expenditure	28,672,000	28,736,700	9,564,600	8,897,008	28,672,000	(64,700)	0	(64,700)	(64,700)	Increase in DHP Contribution, amount not known until after budget set
Income	(28,621,000)	(28,621,000)	(9,584,800)	(7,650,654)	(28,699,800)	(78,800)	0	(78,800)	(78,800)	Increase in recovery of overpayments
<b>Housing Benefits Payments</b>	<b>51,000</b>	<b>115,700</b>	<b>(20,200)</b>	<b>1,246,354</b>	<b>(27,800)</b>	<b>(143,500)</b>	<b>0</b>	<b>(143,500)</b>	<b>(143,500)</b>	
Total Employees	<b>1,958,000</b>	<b>1,958,000</b>	<b>647,800</b>	<b>689,817</b>	<b>2,054,900</b>	<b>96,900</b>	<b>44,783</b>	<b>52,117</b>	<b>96,900</b>	
Total Other Expenditure	<b>31,668,400</b>	<b>31,733,100</b>	<b>10,549,600</b>	<b>10,411,871</b>	<b>32,046,800</b>	<b>313,700</b>	<b>373,163</b>	<b>(59,463)</b>	<b>313,700</b>	
Total Income	<b>(31,307,900)</b>	<b>(31,307,900)</b>	<b>(10,844,900)</b>	<b>(9,221,430)</b>	<b>(31,577,350)</b>	<b>(269,450)</b>	<b>(156,650)</b>	<b>(112,800)</b>	<b>(269,450)</b>	
	<b>2,318,500</b>	<b>2,383,200</b>	<b>352,500</b>	<b>1,880,257</b>	<b>2,524,350</b>	<b>141,150</b>	<b>261,296</b>	<b>(120,146)</b>	<b>141,150</b>	



Appendix C6										
Leisure Services										
Results to	Budget			Actual	Forecast	Variance	Covid-19	Non-Covid-19	Total Variance	Comments
31-Jul-20	Original	Revised	YTD	YTD	Outturn	to Revised	Variance	Variance	to Revised	
	£	£	£	£	£	£	£	£	£	
Employees	207,200	207,200	68,500	71,931	210,000	2,800	267	2,533	2,800	
Other Expenditure	11,200	11,200	3,600	3,056	11,600	400	466	(66)	400	
Income	0	0	0	0	0	0	0	0	0	
Leisure Administration	218,400	218,400	72,100	74,987	221,600	3,200	733	2,467	3,200	
Employees	0	0	0	0	0	0	0	0	0	
Other Expenditure	57,600	57,600	10,600	40,007	350,000	292,400	292,400	0	292,400	Payment Holiday of profit share & employee contributions, due to impact of COVID19
Income	(260,300)	(260,300)	(237,500)	(46,870)	(215,760)	44,540	44,540	0	44,540	
Spelthorne Leisure Centre	(202,700)	(202,700)	(226,900)	(6,864)	134,240	336,940	336,940	0	336,940	
Employees	12,600	12,600	4,200	4,030	12,800	200	181	19	200	
Other Expenditure	3,300	3,300	1,600	1,450	6,100	2,800	0	2,800	2,800	
Income	(3,100)	(3,100)	(1,000)	942	(3,100)	0	0	0	0	
Resource Centre	12,800	12,800	4,800	6,422	15,800	3,000	181	2,819	3,000	
Employees	1,600	1,600	600	40	1,600	0	0	0	0	
Other Expenditure	17,900	17,900	5,800	5,500	17,900	0	0	0	0	
Income	(6,500)	(6,500)	(2,200)	1,750	(6,500)	0	0	0	0	
Sports Development	13,000	13,000	4,200	7,290	13,000	0	0	0	0	
Employees	0	0	0	0	0	0	0	0	0	
Other Expenditure	0	0	0	0	0	0	0	0	0	
Income	(46,200)	(46,200)	(8,200)	(8,200)	(46,200)	0	0	0	0	
Sunbury Golf Club	(46,200)	(46,200)	(8,200)	(8,200)	(46,200)	0	0	0	0	
Employees	0	0	0	0	0	0	0	0	0	
Other Expenditure	1,100	1,100	0	0	1,100	0	0	0	0	
Income	0	0	0	0	0	0	0	0	0	
Safeguarding	1,100	1,100	0	0	1,100	0	0	0	0	
Employees	0	0	0	0	0	0	0	0	0	
Other Expenditure	5,400	5,400	4,000	292	5,400	0	0	0	0	
Income	(8,000)	(8,000)	(8,000)	0	(8,000)	0	0	0	0	
Museum	(2,600)	(2,600)	(4,000)	292	(2,600)	0	0	0	0	
Employees	0	0	0	0	0	0	0	0	0	
Other Expenditure	24,800	24,800	9,000	1,800	24,800	0	0	0	0	
Income	0	0	0	0	0	0	0	0	0	
Youth	24,800	24,800	9,000	1,800	24,800	0	0	0	0	
Employees	0	0	0	0	0	0	0	0	0	
Other Expenditure	5,000	5,000	1,600	0	5,000	0	0	0	0	
Income	(600)	(600)	(100)	0	(600)	0	0	0	0	
Active Lifestyle	4,400	4,400	1,500	0	4,400	0	0	0	0	
Employees	1,500	1,500	500	0	1,500	0	0	0	0	
Other Expenditure	29,800	29,800	17,600	1,576	29,800	0	0	0	0	
Income	(3,000)	(3,000)	(1,000)	0	(3,000)	0	0	0	0	
Arts Development	28,300	28,300	17,100	1,576	28,300	0	0	0	0	
Employees	0	0	0	0	0	0	0	0	0	
Other Expenditure	2,000	2,000	700	0	2,000	0	0	0	0	
Income	0	0	0	0	0	0	0	0	0	
Events	2,000	2,000	700	0	2,000	0	0	0	0	
Employees	0	0	0	0	0	0	0	0	0	
Other Expenditure	7,900	7,900	3,000	50,432	55,000	47,100	47,780	(680)	47,100	Higher expenditure relating to Health & Safety due to covid-19 crisis
Income	(12,900)	(12,900)	(3,000)	(8)	(3,900)	9,000	9,000	0	9,000	No income is expected for Health & Safety as no external courses are to taken due to other priority work
Public Health	(5,000)	(5,000)	0	50,424	51,100	56,100	56,780	(680)	56,100	
Total Employees	222,900	222,900	73,800	76,001	225,900	3,000	448	2,552	3,000	
Total Other Expenditure	166,000	166,000	57,500	104,112	508,700	342,700	340,646	2,054	342,700	
Total Income	(340,600)	(340,600)	(261,000)	(52,386)	(287,060)	53,540	53,540	0	53,540	
	48,300	48,300	(129,700)	127,727	447,540	399,240	394,634	4,606	399,240	

Appendix C7										
Compliance, Waste & Risk										
<b>Results to 31-Jul-20</b>	Budget			Actual	Forecast	Variance	Covid-19	Non-Covid-19	Total Variance	Comments
	Original	Revised	YTD	YTD	Outturn	to Revised	Variance	Variance	to Revised	
	£	£	£	£	£	£	£	£	£	
Employees	457,000	457,000	150,700	127,810	457,000	0	0	0	0	Vacant posts are being covered by agency staff and additional paymernts which are usually paid in arrears
Other Expenditure	1,001,300	1,001,300	120,900	(104,441)	906,300	(95,000)	0	(95,000)	(95,000)	No rental payment due to Surrey County Council for Oast House within Kingston Road car park in this financial year as this was puchased recently and annual On- Strret parking payment due to Surrey County Council is also outstanding for 2019/20
Income	(2,126,200)	(2,126,200)	(666,500)	(12,289)	(1,496,600)	629,600	629,600	0	629,600	Income for the year is expected to be lower than budget due to the COVID-19 crisis.
<b>Car Parks</b>	<b>(667,900)</b>	<b>(667,900)</b>	<b>(394,900)</b>	<b>11,080</b>	<b>(133,300)</b>	<b>534,600</b>	<b>629,600</b>	<b>(95,000)</b>	<b>534,600</b>	
Employees	0	0	0	0	0	0	0	0	0	
Other Expenditure	28,800	28,800	5,900	6,217	28,800	0	0	0	0	
Income	(351,100)	(351,100)	(106,100)	(144,459)	(400,000)	(48,900)	(48,900)	0	(48,900)	Income is expected to exceed the budget target due to an increase in deaths due to the COVID-19 pandemic.
<b>Cemeteries</b>	<b>(322,300)</b>	<b>(322,300)</b>	<b>(100,200)</b>	<b>(138,242)</b>	<b>(371,200)</b>	<b>(48,900)</b>	<b>(48,900)</b>	<b>0</b>	<b>(48,900)</b>	
Employees	67,500	67,500	22,400	22,328	68,100	600	50	550	600	
Other Expenditure	176,900	176,900	59,600	55,891	172,900	(4,000)	0	(4,000)	(4,000)	
Income	0	0	0	0	0	0	0	0	0	
<b>Community Safety</b>	<b>244,400</b>	<b>244,400</b>	<b>82,000</b>	<b>78,219</b>	<b>241,000</b>	<b>(3,400)</b>	<b>50</b>	<b>(3,450)</b>	<b>(3,400)</b>	
Employees	0	0	0	0	0	0	0	0	0	
Other Expenditure	116,200	116,200	63,000	65,753	116,200	0	0	0	0	
Income	0	0	0	0	0	0	0	0	0	
<b>Depot</b>	<b>116,200</b>	<b>116,200</b>	<b>63,000</b>	<b>65,753</b>	<b>116,200</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Employees	1,175,200	1,175,200	388,400	360,755	1,175,200	0	2,078	(2,078)	0	Vacant posts are being covered by agency staff which are usually paid in arrears
Other Expenditure	136,300	136,300	41,000	43,318	136,300	0	0	0	0	
Income	(24,200)	(24,200)	(17,600)	(1,840)	(3,000)	21,200	21,200	0	21,200	No management recharge income from Runnymede BC due to cease of contract
<b>DS Management &amp; Support</b>	<b>1,287,300</b>	<b>1,287,300</b>	<b>411,800</b>	<b>402,233</b>	<b>1,308,500</b>	<b>21,200</b>	<b>23,278</b>	<b>(2,078)</b>	<b>21,200</b>	
Employees	0	0	0	0	0	0	0	0	0	
Other Expenditure	2,500	2,500	300	130	2,500	0	0	0	0	
Income	(4,500)	(4,500)	(1,400)	(585)	(4,500)	0	0	0	0	
<b>Food Safety</b>	<b>(2,000)</b>	<b>(2,000)</b>	<b>(1,100)</b>	<b>(455)</b>	<b>(2,000)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Employees	1,294,500	1,294,500	419,000	408,437	1,294,500	0	0	0	0	Vacant posts are being covered by agency staff and additional overtime payments which are usually made in arrears
Other Expenditure	643,300	643,300	170,200	151,082	643,300	0	0	0	0	
Income	(248,600)	(248,600)	(164,700)	(149,822)	(248,600)	0	0	0	0	
<b>Grounds Maintenance</b>	<b>1,689,200</b>	<b>1,689,200</b>	<b>424,500</b>	<b>409,697</b>	<b>1,689,200</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Employees	215,200	215,200	71,300	54,429	215,200	0	0	0	0	Vacant post is expected to be covered by agency/temporary staff which are usually paid in arrears
Other Expenditure	5,400	5,400	1,700	2,654	6,400	1,000	0	1,000	1,000	
Income	(115,600)	(115,600)	(36,100)	(26,078)	(79,600)	36,000	36,000	0	36,000	Income for the year is expected to be lower than budget due to the COVID-19 crisis.
<b>Licensing</b>	<b>105,000</b>	<b>105,000</b>	<b>36,900</b>	<b>31,005</b>	<b>142,000</b>	<b>37,000</b>	<b>36,000</b>	<b>1,000</b>	<b>37,000</b>	
Employees	1,333,700	1,333,700	452,300	444,567	1,333,700	0	0	0	0	Vacant posts are being covered by agency staff which are usually paid in arrears
Other Expenditure	886,000	886,000	622,200	593,415	886,000	0	0	0	0	
Income	(793,000)	(793,000)	(680,300)	(751,956)	(858,000)	(65,000)	(65,000)	0	(65,000)	Mainly Green wastes bins income is higher due to more activity
<b>Refuse Collection</b>	<b>1,426,700</b>	<b>1,426,700</b>	<b>394,200</b>	<b>286,026</b>	<b>1,361,700</b>	<b>(65,000)</b>	<b>(65,000)</b>	<b>0</b>	<b>(65,000)</b>	
Employees	0	0	0	0	0	0	0	0	0	
Other Expenditure	113,300	113,300	30,600	24,072	113,300	0	0	0	0	
Income	(250,000)	(250,000)	(83,300)	(13,200)	(60,000)	190,000	190,000	0	190,000	Income for the year is expected to be lower than budget due to the COVID-19 crisis.
<b>Staines Market</b>	<b>(136,700)</b>	<b>(136,700)</b>	<b>(52,700)</b>	<b>10,872</b>	<b>53,300</b>	<b>190,000</b>	<b>190,000</b>	<b>0</b>	<b>190,000</b>	
Employees	659,100	659,100	217,300	188,069	659,100	0	520	(520)	0	Vacant posts are being covered by agency staff which are usually paid in arrears
Other Expenditure	314,500	314,500	145,300	145,005	314,500	0	0	0	0	
Income	(47,700)	(47,700)	0	(40)	(47,700)	0	0	0	0	
<b>Street Cleaning</b>	<b>925,900</b>	<b>925,900</b>	<b>362,600</b>	<b>333,035</b>	<b>925,900</b>	<b>0</b>	<b>520</b>	<b>(520)</b>	<b>0</b>	
Employees	0	0	0	0	0	0	0	0	0	
Other Expenditure	3,300	3,300	1,200	912	3,300	0	0	0	0	
Income	(79,000)	(79,000)	(26,300)	256	(37,900)	41,100	41,100	0	41,100	Income for the year is expected to be lower than budget due to the COVID-19 crisis.
<b>Taxi Licensing</b>	<b>(75,700)</b>	<b>(75,700)</b>	<b>(25,100)</b>	<b>1,168</b>	<b>(34,600)</b>	<b>41,100</b>	<b>41,100</b>	<b>0</b>	<b>41,100</b>	
Employees	0	0	0	0	0	0	0	0	0	
Other Expenditure	0	0	0	0	0	0	0	0	0	
Income	(342,000)	(342,000)	(12,500)	87,551	(111,000)	231,000	231,000	0	231,000	Income is expected to remain below the budget due to changes to the financial mechanism system and increases in charges, which has resulted in lower income from Surrey County Council. School Recycling income is also lower by £10k due to Covid-19 crisis
<b>Waste Recycling</b>	<b>(342,000)</b>	<b>(342,000)</b>	<b>(12,500)</b>	<b>87,551</b>	<b>(111,000)</b>	<b>231,000</b>	<b>231,000</b>	<b>0</b>	<b>231,000</b>	
Total Employees	<b>5,202,200</b>	<b>5,202,200</b>	<b>1,721,400</b>	<b>1,606,394</b>	<b>5,202,800</b>	<b>600</b>	<b>2,648</b>	<b>(2,048)</b>	<b>600</b>	
Total Other Expenditure	<b>3,427,800</b>	<b>3,427,800</b>	<b>1,261,900</b>	<b>984,010</b>	<b>3,329,800</b>	<b>(98,000)</b>	<b>0</b>	<b>(98,000)</b>	<b>(98,000)</b>	
Total Income	<b>(4,381,900)</b>	<b>(4,381,900)</b>	<b>(1,794,800)</b>	<b>(1,012,461)</b>	<b>(3,346,900)</b>	<b>1,035,000</b>	<b>1,035,000</b>	<b>0</b>	<b>1,035,000</b>	
	<b>4,248,100</b>	<b>4,248,100</b>	<b>1,188,500</b>	<b>1,577,943</b>	<b>5,185,700</b>	<b>937,600</b>	<b>1,037,648</b>	<b>(100,048)</b>	<b>937,600</b>	

Appendix C8										
<b>Planning &amp; Economic Development</b>										
<b>Results to</b>	<b>Budget</b>			<b>Actual</b>	<b>Forecast</b>	<b>Variance</b>	<b>Covid-19</b>	<b>Non-Covid-19</b>	<b>Total Variance</b>	<b>Comments</b>
<b>31-Jul-20</b>	<b>Original</b>	<b>Revised</b>	<b>YTD</b>	<b>YTD</b>	<b>Outturn</b>	<b>to Revised</b>	<b>Variance</b>	<b>Variance</b>	<b>to Revised</b>	
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	
Employees	423,200	423,200	140,200	134,147	403,200	(20,000)	638	(20,638)	(20,000)	Savings expected due to a vacant post
Other Expenditure	18,400	18,400	6,300	4,846	18,400	0	0	0	0	
Income	(410,000)	(410,000)	(136,600)	(89,313)	(307,500)	102,500	102,500	0	102,500	Income for the year is expected to be lower than budget due to the COVID-19 crisis.
<b>Building Control</b>	<b>31,600</b>	<b>31,600</b>	<b>9,900</b>	<b>49,680</b>	<b>114,100</b>	<b>82,500</b>	<b>103,138</b>	<b>(20,638)</b>	<b>82,500</b>	
Employees	0	0	0	0	0	0	0	0	0	
Other Expenditure	0	0	0	0	0	0	0	0	0	
Income	0	0	0	(81,866)	(81,866)	(81,866)	(81,866)	0	(81,866)	SBC is able to retain 5% of this income to administer CIL. Amounts received in year rely on levies on developments making it difficult to forecast for.
<b>Community Infrastructure Levy</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(81,866)</b>	<b>(81,866)</b>	<b>(81,866)</b>	<b>(81,866)</b>	<b>0</b>	<b>(81,866)</b>	
Employees	145,700	145,700	48,600	34,142	110,750	(34,950)	0	(34,950)	(34,950)	1 vacancy and recent restructure.
Other Expenditure	46,700	46,700	15,500	2,835	138,700	92,000	0	92,000	92,000	Expected 50k incubator cost for financial year and also £42.8k EM3 match funding spend for digital screens at the Elmsleigh Centre. Incubator costs covered by NNDR retention money.
Income	0	0	0	0	(42,850)	(42,850)	(42,850)	0	(42,850)	EM3 grant expected to be received soon
<b>Economic Development</b>	<b>192,400</b>	<b>192,400</b>	<b>64,100</b>	<b>36,976</b>	<b>206,600</b>	<b>14,200</b>	<b>(42,850)</b>	<b>57,050</b>	<b>14,200</b>	
Employees	66,100	66,100	22,100	19,975	59,850	(6,250)	0	(6,250)	(6,250)	Full time post budget being temporary worked against part time.
Other Expenditure	27,500	27,500	9,100	6,061	16,800	(10,700)	35	(10,735)	(10,700)	Less money to be sent onto SCC due to lower collections with search fees.
Income	(155,000)	(155,000)	(51,600)	(27,795)	(77,500)	77,500	77,500	0	77,500	Impact on searches in first quarter due to main lockdown period of Covid 19. We have seen a pick up with searches rebounding later on in the quarter.
<b>Land Charges</b>	<b>(61,400)</b>	<b>(61,400)</b>	<b>(20,400)</b>	<b>(1,760)</b>	<b>(850)</b>	<b>60,550</b>	<b>77,535</b>	<b>(16,985)</b>	<b>60,550</b>	
Employees	986,300	986,300	328,800	301,986	916,020	(70,280)	0	(70,280)	(70,280)	Two current vacancies.
Other Expenditure	169,200	169,200	56,300	69,675	164,800	(4,400)	914	(5,314)	(4,400)	Small reductions in things like printing, postage and car mileage, due to officers not being in the building from C19, more use of emailing and less officers visiting sites to claim mileage.
Income	(632,100)	(632,100)	(210,700)	(268,792)	(799,210)	(167,110)	(167,110)	0	(167,110)	Although pre application and planning application fees are down against the budget, we are expecting some large amounts from developers for planning performance agreements and shortly some income from the proceeds of crime act. This will help to offset the fee based income.
<b>Planning Development Control</b>	<b>523,400</b>	<b>523,400</b>	<b>174,400</b>	<b>102,870</b>	<b>281,610</b>	<b>(241,790)</b>	<b>(166,196)</b>	<b>(75,594)</b>	<b>(241,790)</b>	
Employees	393,300	393,300	131,100	135,946	359,400	(33,900)	0	(33,900)	(33,900)	1 vacancy and 1 member of staff on sick pay.
Other Expenditure	71,700	71,700	23,900	56,638	123,300	51,600	131	51,469	51,600	Costs associated with local plan. Although not budgeted, these costs were largely expected this year for our local plan.
Income	(71,800)	(71,800)	0	0	(56,270)	15,530	15,530	0	15,530	This is to fund 2 CIL posts, currently only one post is filled. Variance here will be offset by favourable variance in staff costs.
<b>Planning Policy</b>	<b>393,200</b>	<b>393,200</b>	<b>155,000</b>	<b>192,584</b>	<b>426,430</b>	<b>33,230</b>	<b>15,661</b>	<b>17,569</b>	<b>33,230</b>	
Employees	0	0	0	0	0	0	0	0	0	
Other Expenditure	8,300	8,300	2,000	1,306	8,300	0	0	0	0	
Income	(27,400)	(27,400)	(6,100)	64	(7,400)	20,000	20,000	0	20,000	Income for the year is expected to be lower than budget due to the COVID-19 crisis.
<b>Public Halls</b>	<b>(19,100)</b>	<b>(19,100)</b>	<b>(4,100)</b>	<b>1,370</b>	<b>900</b>	<b>20,000</b>	<b>20,000</b>	<b>0</b>	<b>20,000</b>	
Employees	0	0	0	0	0	0	0	0	0	
Other Expenditure	0	0	0	24	20	20	0	20	20	
Income	0	0	0	0	0	0	0	0	0	
<b>Staines Upon Thames Programme</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>24</b>	<b>20</b>	<b>20</b>	<b>0</b>	<b>20</b>	<b>20</b>	
Total Employees	<b>2,014,600</b>	<b>2,014,600</b>	<b>670,800</b>	<b>626,195</b>	<b>1,849,220</b>	<b>(165,380)</b>	<b>638</b>	<b>(166,018)</b>	<b>(165,380)</b>	
Total Other Expenditure	<b>341,800</b>	<b>341,800</b>	<b>113,100</b>	<b>141,386</b>	<b>470,320</b>	<b>128,520</b>	<b>1,080</b>	<b>127,440</b>	<b>128,520</b>	
Total Income	<b>(1,296,300)</b>	<b>(1,296,300)</b>	<b>(405,000)</b>	<b>(467,702)</b>	<b>(1,372,596)</b>	<b>(76,296)</b>	<b>(76,296)</b>	<b>0</b>	<b>(76,296)</b>	
	<b>1,060,100</b>	<b>1,060,100</b>	<b>378,900</b>	<b>299,878</b>	<b>946,944</b>	<b>(113,156)</b>	<b>(74,578)</b>	<b>(38,578)</b>	<b>(113,156)</b>	

Appendix C4										
Communications & Corporate Management										
<b>Results to</b>	Budget			Actual	Forecast	Variance	Covid-19	Non-Covid-19	Total Variance	Comments
<b>31-Jul-20</b>	Original	Revised	YTD	YTD	Outturn	to Revised	Variance	Variance	to Revised	
	£	£	£	£	£	£	£	£	£	
Employees	256,000	256,000	89,300	36,222	202,900	(53,100)	0	(53,100)	(53,100)	Savings expected against overall Retention Allowance budget
Other Expenditure	154,100	172,200	62,500	70,659	181,000	8,800	11,173	(2,373)	8,800	Additional expenditure relates to Covid-19
Income	0	0	0	0	0	0	0	0	0	
Corporate Management	410,100	428,200	151,800	106,881	383,900	(44,300)	11,173	(55,473)	(44,300)	
Employees	0	0	0	0	0	0	0	0	0	
Other Expenditure	0	0	0	0	0	0	0	0	0	
Income	0	0	0	0	0	0	0	0	0	
Corporate Savings	0	0	0	0	0	0	0	0	0	
Employees	214,000	214,000	71,400	59,370	176,480	(37,520)	1,360	(38,880)	(37,520)	1 vacancy
	526,600	526,600	173,100	90,512	545,840	19,240	2,172	17,068	19,240	Public address system causing overspend to budget along with extra cleaning products required to deal with Covid19.Split between actual plus commitment ,less budget
Other Expenditure										
Income	0	0	0	13,416	13,420	13,420	13,420	0	13,420	Credit note issued on invoice relating to 1920.
Facilities Management	740,600	740,600	244,500	163,298	735,740	(4,860)	16,952	(21,812)	(4,860)	
Employees	0	0	0	0	0	0	0	0	0	
Other Expenditure	319,100	319,100	0	0	319,100	0	0	0	0	
Income	(35,000)	(35,000)	0	(897)	(35,900)	(900)	(900)	0	(900)	
Insurance	284,100	284,100	0	(897)	283,200	(900)	(900)	0	(900)	
Employees	188,600	188,600	62,300	71,010	188,600	0	1,747	(1,747)	0	Any overspends will be recharged to Leisure Centre project
Other Expenditure	68,000	68,000	21,400	20,107	68,000	0	0	0	0	
Income	(5,000)	(5,000)	0	0	(5,000)	0	0	0	0	
Corporate Publicity	251,600	251,600	83,700	91,116	251,600	0	1,747	(1,747)	0	
Employees	472,500	517,500	157,400	157,498	517,500	0	0	0	0	
Other Expenditure	63,500	63,500	200	357	63,500	0	0	0	0	
Income	0	0	0	2	0	0	0	0	0	
Project Management	536,000	581,000	157,600	157,857	581,000	0	0	0	0	
Total Employees	1,131,100	1,176,100	380,400	324,100	1,085,480	(90,620)	3,107	(93,727)	(90,620)	
Total Other Expenditure	1,131,300	1,149,400	257,200	181,634	1,177,440	28,040	13,345	14,695	28,040	
Total Income	(40,000)	(40,000)	0	12,521	(27,480)	12,520	12,520	0	12,520	
	2,222,400	2,285,500	637,600	518,256	2,235,440	(50,060)	28,972	(79,032)	(50,060)	

Appendix C10										
<b>Environment</b>										
<b>Results to</b>	<b>Budget</b>			<b>Actual</b>	<b>Forecast</b>	<b>Variance</b>	<b>Covid-19</b>	<b>Non-Covid-19</b>	<b>Total Variance</b>	<b>Comments</b>
<b>31-Jul-20</b>	<b>Original</b>	<b>Revised</b>	<b>YTD</b>	<b>YTD</b>	<b>Outturn</b>	<b>to Revised</b>	<b>Variance</b>	<b>Variance</b>	<b>to Revised</b>	
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	
Employees	0	0	0	0	0	0	0	0	0	
Other Expenditure	3,500	3,500	1,100	1,940	3,500	0	0	0	0	
Income	0	0	0	0	0	0	0	0	0	
<b>Abandoned Vehicles</b>	<b>3,500</b>	<b>3,500</b>	<b>1,100</b>	<b>1,940</b>	<b>3,500</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Employees	0	0	0	0	0	0	0	0	0	
Other Expenditure	23,000	23,000	4,600	5,459	23,000	0	0	0	0	
Income	(30,500)	(30,500)	(200)	(488)	(30,500)	0	0	0	0	
<b>Allotments</b>	<b>(7,500)</b>	<b>(7,500)</b>	<b>4,400</b>	<b>4,970</b>	<b>(7,500)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Employees	0	0	0	0	0	0	0	0	0	
Other Expenditure	25,300	25,300	1,100	702	25,300	0	0	0	0	
Income	0	0	0	0	0	0	0	0	0	
<b>Bus Station</b>	<b>25,300</b>	<b>25,300</b>	<b>1,100</b>	<b>702</b>	<b>25,300</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Employees	0	0	0	0	0	0	0	0	0	
Other Expenditure	10,100	10,100	3,400	6,310	10,100	0	0	0	0	
Income	0	0	0	(0)	0	0	0	0	0	
<b>Energy Initiatives</b>	<b>10,100</b>	<b>10,100</b>	<b>3,400</b>	<b>6,310</b>	<b>10,100</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Employees	0	0	0	0	0	0	0	0	0	
Other Expenditure	46,000	46,000	13,900	14,637	46,000	0	0	0	0	
Income	(25,000)	(25,000)	0	0	(25,000)	0	0	0	0	
<b>Environmental Enhancements</b>	<b>21,000</b>	<b>21,000</b>	<b>13,900</b>	<b>14,637</b>	<b>21,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Employees	984,800	984,800	326,000	313,439	984,800	0	818	(818)	0	Vacant posts are being covered by agency/ temporary staff which are usually paid in arrears
Other Expenditure	79,000	79,000	10,800	10,381	79,000	0	0	0	0	
Income	0	0	0	(4,735)	(5,000)	(5,000)	(5,000)	0	(5,000)	Enforcement Notice Charges income with no budget
<b>Environmental Health Admin</b>	<b>1,063,800</b>	<b>1,063,800</b>	<b>336,800</b>	<b>319,084</b>	<b>1,058,800</b>	<b>(5,000)</b>	<b>(4,182)</b>	<b>(818)</b>	<b>(5,000)</b>	
Employees	0	0	0	0	0	0	0	0	0	
Other Expenditure	119,400	134,700	35,200	33,615	134,700	0	0	0	0	
Income	(21,100)	(21,100)	(2,100)	(2,924)	(21,100)	0	0	0	0	
<b>Environmental Protection Act</b>	<b>98,300</b>	<b>113,600</b>	<b>33,100</b>	<b>30,691</b>	<b>113,600</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Employees	0	0	0	0	0	0	0	0	0	
Other Expenditure	0	0	0	1,380	4,500	4,500	0	4,500	4,500	Managing agent costs - awaiting confirmation if to be managed by KGE Ltd.
Income	0	0	0	(5,792)	(16,000)	(16,000)	(16,000)	0	(16,000)	Forecast on basis income will stay the same.
<b>Parks Properties Project</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(4,412)</b>	<b>(11,500)</b>	<b>(11,500)</b>	<b>(16,000)</b>	<b>4,500</b>	<b>(11,500)</b>	
Employees	0	0	0	0	0	0	0	0	0	
Other Expenditure	87,200	87,200	21,200	20,702	87,200	0	0	0	0	
Income	(72,400)	(72,400)	(24,600)	(17,843)	(32,400)	40,000	40,000	0	40,000	Expected possible loss of income due to Covid-19 crisis
<b>Parks Strategy</b>	<b>14,800</b>	<b>14,800</b>	<b>(3,400)</b>	<b>2,859</b>	<b>54,800</b>	<b>40,000</b>	<b>40,000</b>	<b>0</b>	<b>40,000</b>	
Employees	0	0	0	0	0	0	0	0	0	
Other Expenditure	12,400	12,400	1,400	120	1,500	(10,900)	0	(10,900)	(10,900)	Savings expected due to closure of Public Conveniences
Income	0	0	0	0	0	0	0	0	0	
<b>Public Conveniences</b>	<b>12,400</b>	<b>12,400</b>	<b>1,400</b>	<b>120</b>	<b>1,500</b>	<b>(10,900)</b>	<b>0</b>	<b>(10,900)</b>	<b>(10,900)</b>	
Employees	0	0	0	0	0	0	0	0	0	
Other Expenditure	26,400	26,400	8,900	5,132	15,500	(10,900)	0	(10,900)	(10,900)	Savings expected due to no contract payment for Rodent & Pest control
Income	(5,000)	(5,000)	(1,700)	0	(3,500)	1,500	1,500	0	1,500	
<b>Rodent &amp; Pest Control</b>	<b>21,400</b>	<b>21,400</b>	<b>7,200</b>	<b>5,132</b>	<b>12,000</b>	<b>(9,400)</b>	<b>1,500</b>	<b>(10,900)</b>	<b>(9,400)</b>	
Employees	0	0	0	0	0	0	0	0	0	
Other Expenditure	5,500	5,500	0	0	5,500	0	0	0	0	
Income	0	0	0	0	0	0	0	0	0	
<b>Water Courses &amp; Land Drainage</b>	<b>5,500</b>	<b>5,500</b>	<b>0</b>	<b>0</b>	<b>5,500</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Total Employees	<b>984,800</b>	<b>984,800</b>	<b>326,000</b>	<b>313,439</b>	<b>984,800</b>	<b>0</b>	<b>818</b>	<b>(818)</b>	<b>0</b>	
Total Other Expenditure	<b>437,800</b>	<b>453,100</b>	<b>101,600</b>	<b>100,377</b>	<b>435,800</b>	<b>(17,300)</b>	<b>0</b>	<b>(17,300)</b>	<b>(17,300)</b>	
Total Income	<b>(154,000)</b>	<b>(154,000)</b>	<b>(28,600)</b>	<b>(31,782)</b>	<b>(133,500)</b>	<b>20,500</b>	<b>20,500</b>	<b>0</b>	<b>20,500</b>	
	<b>1,268,600</b>	<b>1,283,900</b>	<b>399,000</b>	<b>382,034</b>	<b>1,287,100</b>	<b>3,200</b>	<b>21,318</b>	<b>(18,118)</b>	<b>3,200</b>	

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# Overview and Scrutiny Committee

29 September 2020



<b>Title</b>	Corporate Project Management Report		
<b>Purpose of the report</b>	To note		
<b>Report Author</b>	Sandy Muirhead Group Head Commissioning and Transformation		
<b>Cabinet Member</b>	Councillor Robert Noble	<b>Confidential</b>	No
<b>Corporate Priority</b>	Financial Sustainability		
<b>Recommendations</b>	<b>To note the report</b>		
<b>Reason for Recommendation</b>	<b>To allow Members to be updated on progress of projects and their outcomes across the Council</b>		

## 1. Key issues

- 1.1 This report highlights the work of the Council on projects.
- 1.2 The Corporate Project Dashboard attached (Appendix 1) tracks progress of projects and work streams across the Council. Some projects have been impacted by the emergency response to COVID-19 but it is expected that over the next few months the backlog will be addressed subject to their not being a second major emergency response needed with a second wave of COVID-19.
- 1.3 The council's focus continues to be on property investments and housing projects, with the property acquisition portfolio being managed, controlled, and reported through the 'Development and Investment Group' and the 'Investment and Property Investment Committee'. The detail of these projects is captured at these meetings with high-level information being captured as part of the "Corporate Project Register" and "Corporate Project Dashboard" documents. A presentation of the risks associated with the 'Confidential' development projects is made in a 'Part 2' (Confidential) section of the meeting. This format has been used for the past two Overview and Scrutiny meetings. Should there be any revisions/improvements which may prove necessary, then Officers shall see to introduce those improvements for the next session. This includes consideration of future formats.
- 1.4 Moving forward the Commissioning and Transformation (CTG) project manager will continue to meet with all Group Heads to obtain their views on current and future needs in relation to projects. Project Managers need to ensure they seek appropriate authorisations before progressing projects to ensure there is a business case and resources are in place to support the

Monday, 14 September 2020

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project. CTG will focus on performance to ensure that all aspects of project work are captured to enable the Council to clearly demonstrate its achievements

- 1.5 Projects need to ensure they continue to take account of the General Data Protection Regulations (GDPR), Equality and Diversity impacts, sustainability, and where appropriate Privacy Impact Assessments, to comply with the necessary Governmental legislations.

GDPR considerations are now being discussed at more project meetings.

- 1.6 The Project Steering Group continue to meet and discuss individual projects in greater detail, particularly those with a red or amber status. Highlight reports continue to be produced on a regular basis by the majority of managers.

## **2. Corporate Projects**

- 2.1 The projects being delivered across the Council continue to move Spelthorne forward on various areas to support delivery of the corporate priorities.
- 2.2 The project documentation has been modified to ensure projects at initiation have a clear business case and highlight Procurement, Legal, ICT Finance, Communications and GDPR requirements that will need supporting during the project. This will assist with workload planning where projects cross several different services. To ease reporting requirements relevant forms and database are being developed to make it both easier for project managers and summary reporting by CTG.
- 2.3 Some projects listed have now been completed but given COVID 19 have been included to demonstrate those projects which managed to progress and be completed during the last few months. These will be removed from the listings in the next cycle.

## **3. Financial implications**

- 3.1 Projects should not be initiated unless there is a clear business case and funding stream in place. These should be indicated at the project planning stage and it is hoped there will be continuing support given for all the initial business case documentation to be completed thus allowing projects to be effectively reported on and monitored.
- 3.2 Project Management shall also include the Procurement Business Case document as appropriate.

## **4. Resource implications**

- 4.1 As with the financial needs, resources must be given equal attention, with the appropriate departments and services being considered so that the appropriate and necessary skills can be made available so as to meet delivery deadlines.
- 4.2 Given the current structure, and working practices, of the Authority, prioritisation of workloads will prove crucial to engage key members of the delivery Team at the times conducive to meeting deadlines and fulfilling expectations.



- 4.3 Where resource availability is proving to be a risk with potential to threaten the agreed delivery date, then escalation for support must be considered.

## **5. Other considerations**

- 5.1 Projects will need to address GDPR, equality and diversity issues together with those of sustainability (financial, social, and environmental).
- 5.2 The introduction, and regular sitting, of the Project Steering Group (PSG) shall seek to further support each project by way of adherence to the current SBC project principles, recommended practices and processes. All of these shall serve to ensure that projects are managed in a manner conducive with focus to effective, efficient and controlled delivery. Risks and issues shall continue to alert the PSG of where additional consideration and support shall become necessary to review and address project priorities with those of corporate direction and needs.
- 5.3 In a bid to promote speedier submission of project documentation a new streamlined document (Project Brief and Business Case) covering the 'Project Summary', 'Project Initiation' and 'Business Case' requirements, has been produced and circulated for use.

Initial feedback on use of the document has proved to be very positive.

## **6. Timetable for implementation**

- 6.1 Project governance shall now also seek the consideration and direction of the PSG and continue to be reported to MAT, Cabinet Briefing and Overview and Scrutiny every quarter.
- 6.2 The corporate project team will continue to meet and discuss individual projects in more detail particularly those with a red or amber status. Highlight reports underpin the project report hierarchy and will continue to be produced monthly by project managers.
- 6.3 It is envisaged that as the Groups provide greater support for this corporate requirement that the content and timing of the data input shall become more efficient thereby ensuring that the overall process, and its own requirements shall provide enhanced benefits.

This will include the maintenance of an accurate 'Corporate Project Register', which provides an up-to-date record of all project activity within the Authority. This shall enable opportunities for the necessary support to be provided to the project teams by way of a corporate assessment of budget, resource and man-power needs/availability and the appropriate prioritisation/reprioritisation on an ongoing basis. It is therefore imperative that the Group Heads impart their knowledge of project activity in their respective areas, in a timely manner, to those maintaining the corporate documentation.

- 6.4 It is appreciated that the current sourcing mechanisms (Highlight Reports) for obtaining Dashboard information from the Groups Heads/Project Managers has been 'cumbersome' but a more streamlined approach is now utilised to provide the necessary project information.

- 6.5 The revised design of the Corporate Project Dashboard is still being worked on to continue to improve the presentation of the project status information in a truly focussed format. This issue continues to be addressed by the Project Team.
- 6.6 The Group Head of Commissioning and Transformation has initiated a number of work streams which aim to manage the end-to-end delivery of any project by introducing more effective and efficient methodologies. These include:-

- Project Governance
  - Project Steering Group responsibilities
  - Stage gates
  - Project Documentation - requirement
- Project Manager Training – In-house
- Project Reporting – automation
- Communication of projects / portfolio of projects

The Project Office, supported by the PSG and MAT, continue to consider opportunities to improve the Project reporting mechanisms and presentation formats based upon the needs and requirements of all the recipients of the data. Research into potential solutions is ongoing, and shall be reported upon in due course with the preferred option/s.

In the interim, the current reporting methods and documentation shall remain in place, whilst addressing the need to share project progress and current status.

So as to assist with the navigation within the “Corporate Project Dashboard – Project Detail” document, hyperlinks from the front page to the various project update pages.

The Reader will need to hover their cursor over the respective project on the ‘Portfolio of Projects’ page (page 1) and then simultaneously press ‘Ctrl’ and the left hand mouse key to move to the project detail page.

ICT are supporting the Project Reporting process and are working to produce a more automated method and E-Form mechanism to streamline the process by making it less time-consuming.

The fully functional roll-out of these changes are anticipated to be delivered by Autumn/Winter 2020.

## **Background papers:**

## **Appendices:**

### **Appendix 1: Corporate Project Register**

### **Appendix 2: Corporate Project Dashboard – Project Detail**

Project Name (by Categorisation)	Status (RAG)	Project Sponsor	Project Manager	Group	Key Delivery Partners						Start Date	End Date	Original Approved Budget	Budget Variance < % >	Timeline (12 months commencing Sept 2020)												Current General Health
					Finance	ICT	Legal	Proc	GDPR	Comms					Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul		

### Priority Flagship (x13)

[illegible]

### Flagship (x8)

[illegible]

**High (x12)**

[illegible]

**Medium (x14)**

[illegible]



Notes:  
The 'Current General Health' (column Z) provides an overview on the the project's status (as determined by MAT), in terms of progress, risks and issues.  
Additional supporting dialogue (covering Risks and Issues, *etc.* ) shall be provided on an additional sheet covering the various projects.

Those projects shaded 'blue' have not responded to information requests for a status update, and therefore the information in the above table is from their submission in April 2019.

Those projects without a RAG Status are the newly added projects - which are yet to be initiated fully.

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**Corporate Project Dashboard**  
**August 2020**

**Portfolio of Projects:**

<b>Priority Flagship</b>	<b>Flagship</b>	<b>High</b>	<b>Medium</b>	<b>Service</b>
<a href="#">EU Exit</a>	<a href="#">Continuous Improvement Programme</a>	<a href="#">GDPR – Steps to Compliance</a>	<a href="#">Payment Allocation</a>	<a href="#">Revamp of Intranet (Spelnet)</a>
<a href="#">Spelthorne Leisure Centre</a>	<a href="#">Office 365</a>	<a href="#">EDRMS</a>	<a href="#">CIVICA Migration to SQL Server</a>	<a href="#">Multi-use Bins in Parks</a>
<a href="#">White House Redevelopment Phase I</a>	<a href="#">Incubator</a>	<a href="#">Corporate Hybrid Printing</a>	<a href="#">CIVICA Disposal Module</a>	<a href="#">River Ash Walk (Wetland Habitat Creation)</a>
<a href="#">Ceaser Court Phase I</a>	<a href="#">Fordbridge Day Centre (Extension)</a>	<a href="#">Rent Management and Homelessness System</a>	<a href="#">Academy to 2012 / Ingres Upgrade</a>	<a href="#">Refurbishment of Laleham Park Play Area</a>
<a href="#">Ceaser Court Phase II</a>	<a href="#">SharePoint Development</a>	<a href="#">LSVT (Large Scale Voluntary Transfer)</a>	<a href="#">UNIFORM Disposal Module ***Completed***</a>	<a href="#">Commercial Waste</a>
<a href="#">Waterfront Redevelopment of Staines</a>	<a href="#">Door Entry System (HFX)</a>	<a href="#">Replacement Phones</a>	<a href="#">2008 R2 Upgrades to 2016 ***Completed***</a>	<a href="#">Bartec for 'Refuse Enquiries'</a>
<a href="#">Ashford MSCP Redevelopment</a>	<a href="#">Webcasting</a>	<a href="#">Enforcement Agents</a>	<a href="#">Property Management Software</a>	<a href="#">Enterprise (IDox)</a>
<a href="#">Thameside House Redevelopment</a>	<a href="#">Replace "Skype for Business" / "Teams"</a>	<a href="#">Knowle Green Works/Project Claude</a>	<a href="#">Land Registry – LA Migration</a>	<a href="#">Virtualising ORACLE</a>
<a href="#">Knowle Green West Wing Conversion</a>		<a href="#">Laleham Park Pavilion</a>		
<a href="#">Ashford Hospital Car Park</a>		<a href="#">Staines Jetty</a>		
<a href="#">Southern Light Railway (SLR)</a>		<a href="#">Homeworking Kit: Roll-out</a>		
<a href="#">Harper House Redevelopment</a>		<a href="#">PA System</a>		
<a href="#">Oast House Redevelopment</a>				

**Project: Brexit/EU Exit****Category: Priority Flagship****RAG Status: Green**

- **Benefits Identified and Anticipated Delivery to Target:**

To ensure Spelthorne Borough Council, its community and businesses are as prepared as possible, given the uncertainties of the EU Exit especially a “No Deal”.

It is anticipated the UK will now leave the EU on 31 December 2020. However, it is still not clear the precise impacts as a result. Milestone/s can be set once more is known.

- **Progress Against Milestones:**

- As of 1 January 2020 the UK entered a transition period. Negotiations continue to be ongoing with the EU but with no sign of a firm deal the Local Resilience Forum has once again commenced contingency planning for a “No Deal”. However, due to COVID-19 there has been no substantial activity over last 7 months.
- Conducted / progressed assessments of a number of Food Banks in the Borough so as to determine what assistance might be necessary for those financially impacted by the EU Exit.

- **Identified Risks and Issues:**

- Risks:
  1. **Impact of ‘No Deal’ exit:-** Likelihood 4 x Impact 4 = **Risk Score: 16**
- Issues:
  1. **Uncertainty of position of UK on exiting the EU.**

- **Budget Management:**

Item	Amount	Date and Comments
Approved Budget	£12,000	
Actual Spend to Date	£12,000	Budget spent to support food banks as requirements high in last 8 months
Projected Spend	TBC	
Variance From Agreed Budget	0%	

- **Stakeholder Engagement:**

Plan in place.

- **Resources:**

Resource requirement and availability shall receive prioritisation once the dates and tasks for EU Exit become more defined.

- **Anticipated Completion Date:**

Spring 2021.

- **Comments:**

As we are currently in the transition period we are still awaiting further understanding and direction but plans are now being put in place for a No Deal scenario and impacts on various aspects of trade, food availability and impacts on the financially vulnerable.

[‘Portfolio of Projects’](#)



**Project: Spelthorne Leisure Centre**

**Category: Priority Flagship**

**RAG Status: Green**

- **Benefits Identified and Anticipated Delivery to Target:**
  - New facility with greater capacity to address the leisure needs of the residents of Spelthorne
    - Long term public health of residents
    - New facility addressing leisure needs of residents
    - Greater capacity with broader range of facilities
    - Fit for purpose
    - Future proofing for the growing population
- **Progress Against Milestones:**
  - Last period Key Achievements:-
    - Concluded feasibility work and site review
    - Cabinet Member Presentation – Scheme proposals
    - Public Consultation undertaken
  - Next period Key Activities:-
    - Public Consultation ran from 28 February to 25 March 2020 and report now produced
- **Identified Risks and Issues:**

**CONFIDENTIAL - Reported directly to Development Investment Group on a two weekly basis**

Risks:

Issues:
- **Budget Management:**

**CONFIDENTIAL - Reported directly to Development Investment Group on a two weekly basis**
- **Stakeholder Engagement:**

Regular and on-going information sharing with:-

  - Management team
  - Councillors
  - Residents
  - Design Team

**Reported directly to Development Investment Group on a two weekly basis, and monthly updates are made to Cabinet.**
- **Resources:**
- **Anticipated Completion Date:**

**CONFIDENTIAL**
- **Comments:**

[‘Portfolio of Projects’](#)

**CONFIDENTIAL**

**Project: White House Redevelopment (Phase 1)**

**Category: Priority Flagship**

**RAG Status: Green**

- **Benefits Identified and Anticipated Delivery to Target:**
  - To provide 27 single living hostel room and 4 studios for 'move on' purposes
  - To provide much needed hostel accommodation for homeless in the Borough
  - To meet the Council's obligations under the Homelessness Reduction Act
- **Progress Against Milestones:**
  1. Last period Key Achievements:-
    - Covid-19 impact has seen delays of some 7 weeks in the progress of this project
    - Groundworks completed
    - Pre - Commencement Conditions all discharged apart from Cond 5 relating to Site Investigations
    - Superstructure commenced and ground and first floors complete
  2. Next period Key Activities:-
    - Discharge remaining planning condition 5
    - Progress superstructure through 2nd floor upwards
    - Watertight in late Q4/20
    - Revised PC for early May 2021
- **Identified Risks and Issues:**

**CONFIDENTIAL** - Reported directly to Development Investment Group on a two weekly basis

Risks:

Issues:
- **Budget Management:**

**CONFIDENTIAL** - Reported directly to Development Investment Group on a two weekly basis
- **Stakeholder Engagement:**

Regular and on-going information sharing with:-

  - Management team
  - Councillors
  - Design Team
- **Resources:**
  - Asset Management / Property Development
  - Project Team
  - Legal
  - Procurement
  - Communications
- **Anticipated Completion Date:**

**CONFIDENTIAL**
- **Comments:**

Reported directly to Development Investment Group on a two weekly basis

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**CONFIDENTIAL**

**Project: Ceaser Court Redevelopment Phase I**

**Category: Priority Flagship**

**RAG Status: Amber**

- **Benefits Identified and Anticipated Delivery to Target:**
  - To provide 55 x 1 and 2 bed apartments
  - To provide much needed housing in the Borough
- **Progress Against Milestones:**
  1. Last period Key Achievements:-
    - Late steel delivery early in the project resulted in the loss of some 12 weeks to the planned delivery date.
    - Watertight milestone achieved in May
    - All steelwork completed and final cladding to 4/5th floors being completed
    - Ground/1st floors fit out completed
    - Showflat completed
    - Silo underground waste bins delivered to site for installation
  2. Next period Key Activities:-
    - Floors 3-5 being partitioned ready for fitting out
    - Finalise top floor cladding panels
    - Complete fit out by Dec 20
    - Furnish Showflat and open for marketing
    - Commence marketing units in mid-September 20
- **Identified Risks and Issues:**

**CONFIDENTIAL - Reported directly to Development Investment Group on a two weekly basis**

Risks:

Issues:
- **Budget Management:**

**CONFIDENTIAL - Reported directly to Development Investment Group on a two weekly basis**
- **Stakeholder Engagement:**

Regular and on-going information sharing with:-

  - Management team
  - Councillors
  - Design Team

**Reported directly to Development Investment Group on a two weekly basis, and monthly updates are made to Cabinet.**
- **Resources:**
  - Asset Management / Property Development
  - Project Team
  - Legal
  - Procurement
  - Communications
- **Anticipated Completion Date:**

**CONFIDENTIAL**
- **Comments:**

**Reported directly to Development Investment Group on a two weekly basis**

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**Project: Ceaser Court Redevelopment Phase II**

**Category: Priority Flagship**

**RAG Status: Amber**

- **Benefits Identified and Anticipated Delivery to Target:**
  - To provide 36 x 1 bedroom, 2 and 3 bedroom apartments plus community space
  - To provide much needed housing in the Borough
- **Progress Against Milestones:**
  - Planning - delayed due to Covid issues/until physically attended meetings start**
    1. Last period Key Achievements:-
      - Tender returns received - evaluation of bids ongoing
      - Most planning matters have been agreed
    2. Next period Key Activities:-
      - Planning determination - tbc. Won't be considered until physically attended planning committee meetings commence
      - Complete planning negotiations. Key matters outstanding - viability and pedestrian crossing (tbc by Surrey Highways)
      - Finalise tender evaluation and seek Cabinet approval to appoint a contractor subject to planning being granted
      - Start site clearance post planning
- **Identified Risks and Issues:**

**CONFIDENTIAL - Reported directly to Development Investment Group on a two weekly basis**

Risks:

Issues:
- **Budget Management:**

**CONFIDENTIAL - Reported directly to Development Investment Group on a two weekly basis**
- **Stakeholder Engagement:**

Regular and on-going information sharing with:-

  - Management team
  - Councillors
  - Design Team

**Reported directly to Development Investment Group on a two weekly basis, and monthly updates are made to Cabinet.**
- **Resources:**
  - Asset Management / Property Development
  - Project Team
  - Legal
  - Procurement
  - Communications
- **Anticipated Completion Date:**

**CONFIDENTIAL**
- **Comments:**

**Reported directly to Development Investment Group on a two weekly basis**

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**CONFIDENTIAL**

**Project: Waterfront Redevelopment in Staines**

**Category: Priority Flagship**

**RAG Status: Green**

- **Benefits Identified and Anticipated Delivery to Target:**
  1. Regeneration of Staines-upon-Thames waterfront.
- **Progress Against Milestones:**
  - 3 month Covid delay due to key design team members being furloughed**
  - 1. Last period Key Achievements:-
    - Development Agreement executed 30 April 2020
    - Design works commenced although some delay due to member of professional team having been furloughed
    - Early engagement with EA to resolve flood mitigation measures
    - Change of brand from Hilton Double-Tree to Pullman (a higher quality brand)
  - 2. Next period Key Activities:-
    - Progress concept design
    - Presentation to councillors/public consultation in Q4
    - Submit planning application by 1st Feb 2021
- **Identified Risks and Issues:**

**CONFIDENTIAL - Reported directly to Development Investment Group on a two weekly basis**

Risks:

Issues:
- **Budget Management:**

**CONFIDENTIAL - Reported directly to Development Investment Group on a two weekly basis**
- **Stakeholder Engagement:**

Regular and on-going information sharing with:-

  - Management team
  - Councillors
  - Design Team

**Reported directly to Development Investment Group on a two weekly basis, and monthly updates are made to Cabinet.**
- **Resources:**
  - Asset Management / Property Development
  - Project Team
  - Legal
  - Procurement
  - Communications
- **Anticipated Completion Date:**

**CONFIDENTIAL**
- **Comments:**

**Reported directly to Development Investment Group on a two weekly basis**

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**CONFIDENTIAL**

**Project: Ashford Multi-Storey Car Park (AMSCP)**

**Category: Priority Flagship**

**RAG Status: Green**

- **Benefits Identified and Anticipated Delivery to Target:**  
To provide a development scheme which shall include housing.
- **Progress Against Milestones:**
  1. Last period Key Achievements:-
    - Consultations with Local Ward Councillors on hold as prioritising Covid related matters
  2. Next period Key Activities:-
    - Refine feasibility options once feedback received from Local Ward Councillors.
- **Identified Risks and Issues:**  
**CONFIDENTIAL - Reported directly to Development Investment Group on a two weekly basis**  
Risks: Issues:
- **Budget Management:**  
**CONFIDENTIAL - Reported directly to Development Investment Group on a two weekly basis**
- **Stakeholder Engagement:**  
Regular and on-going information sharing with:-
  - Management team
  - Councillors
  - Residents
  - Design Team
  - Construction Team

**Reported directly to Development Investment Group on a two weekly basis, and monthly updates are made to Cabinet.**
- **Resources:**  
Asset Management / Property Development  
Project Team  
Legal  
Procurement  
Communications  
Enforcement
- **Anticipated Completion Date:**  
**CONFIDENTIAL**
- **Comments:**  
**Reported directly to Development Investment Group on a two weekly basis**

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**CONFIDENTIAL**

**Project: Thameside House**

**Category: Priority Flagship**

**RAG Status: Green**

- **Benefits Identified and Anticipated Delivery to Target:**
  - To provide much needed housing in the Borough
- **Progress Against Milestones:**
  1. Last period Key Achievements:-
    - Planning application registered 20 April 20
    - Statutory consultation period closed end of May 2020
    - Responding to stat consultee comments
  2. Next period Key Activities:-
    - Planning determination target Nov 2020 tbc - depends on physical planning committee meetings starting
    - If Planning permission is granted demo can start Q4/2020
    - Close out remaining consultee comments such as EA, viability
- **Identified Risks and Issues:**

**CONFIDENTIAL - Reported directly to Development Investment Group on a two weekly basis**

Risks:

Issues:
- **Budget Management:**

**CONFIDENTIAL - Reported directly to Development Investment Group on a two weekly basis**
- **Stakeholder Engagement:**

Regular and on-going information sharing with:-

  - Management team
  - Councillors
  - Design Team

**Reported directly to Development Investment Group on a two weekly basis, and monthly updates are made to Cabinet.**
- **Resources:**
  - Asset Management / Property Development
  - Project Team
  - Legal
  - Procurement
  - Communications
- **Anticipated Completion Date:**

**CONFIDENTIAL**
- **Comments:**

**Reported directly to Development Investment Group on a two weekly basis**

**CONFIDENTIAL**

**Project: Knowle Green Conversion – West Wing**

**Category: Priority Flagship**

**RAG Status: Amber**

- **Benefits Identified and Anticipated Delivery to Target:**
  1. To provide 25 new apartments
  2. To provide much needed housing in the Borough
- **Progress Against Milestones:**
  1. Last period Key Achievements:-
    - Delay to roof details and Building Control Approval
    - All shell and core works completed
    - PV installation completed
    - Staircase demolition completed
    - Installation of new windows completed
    - Fit out commenced
  2. Next period Key Activities:-
    - Complete utilities connections
    - Install silo underground bins
    - Progress fit out works
    - Practical completion in Dec 20
- **Identified Risks and Issues:**

**CONFIDENTIAL - Reported directly to Development Investment Group on a two weekly basis**

Risks:

Issues:
- **Budget Management:**

**CONFIDENTIAL - Reported directly to Development Investment Group on a two weekly basis**
- **Stakeholder Engagement:**

Regular and on-going information sharing with:-

  - Management team
  - Councillors
  - Design Team

**Reported directly to Development Investment Group on a two weekly basis, and monthly updates are made to Cabinet.**
- **Resources:**
  - Asset Management / Property Development
  - Project Team
  - Legal
  - Procurement
  - Communications
- **Anticipated Completion Date:**

**CONFIDENTIAL**
- **Comments:**

**Reported directly to Development Investment Group on a two weekly basis**

[‘Portfolio of Projects’](#)



**CONFIDENTIAL**

**Project: Ashford Hospital Car Park**

**Category: Priority Flagship**

**RAG Status: Green**

- **Benefits Identified and Anticipated Delivery to Target:**
  - Proposal to include 115 new homes
  - To provide much need housing in the Borough
- **Progress Against Milestones:**
  1. Last period Key Achievements:-
    - Planning application recommended for approval but withdrawn in March and resubmitted and registered in mid July 20
    - Main Contract tender returns received. Cabinet approval for construction budget to be sought at September Cabinet
    - Scheme revisions increased units from 115 to 127. MoU signed with Ashford & St Peters Hospital for up to 115 units
    - Archaeology dig completed in collaboration with County Archaeologist to remove pre-comm condition
  2. Next period Key Activities:-
    - Target Planning Committee - Nov2020
    - Cabinet Approval For Build Costs Subject To Planning- Sept 2020
    - Start Demo -November 2020
    - Start Main Build - Feb 2021
- **Identified Risks and Issues:**

**CONFIDENTIAL** - Reported directly to Development Investment Group on a two weekly basis

Risks:

Issues:
- **Budget Management:**

**CONFIDENTIAL** - Reported directly to Development Investment Group on a two weekly basis
- **Stakeholder Engagement:**

Regular and on-going information sharing with:-

  - Management Team
  - Councillors
  - Design team

Reported directly to Development Investment Group on a two weekly basis, and monthly updates are made to Cabinet.
- **Resources:**
  - Asset Management / Property Development
  - Project Team
  - Legal
  - Procurement
  - Communications
- **Anticipated Completion Date:**

**CONFIDENTIAL**
- **Comments:**

Reported directly to Development Investment Group on a two weekly basis

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**CONFIDENTIAL**

**Project: Southern Light Railway (SLR)**

**Category: Flagship**

**RAG Status: Green**

- **Benefits Identified and Anticipated Delivery to Target:**

The SLR will deliver a light rail route from Staines-upon-Thames to Heathrow airport. It can be delivered in advance of the expansion of the airport to provide a third runway. It will 'join up journeys' and provide a complementary service to that of heavy rail. There would be a connection with the main rail network at Staines –upon-Thames station (to provide a seamless journey from Central, south and west London as well as from the wider south east).

A light rail solution allows for additional stations to provide a new public transport interchange closer to the town centre, as well as a station close to the airport.

The scheme will run alongside an existing railway for part of the route and then immediately to the east of the M25, linking into T5 or the new terminal (and option to then link to CTA, other Terminals, Cargo *etc.*).

Key benefits include:-

1. Connectivity to the airport from the south (including London and wider south east)  
7 minutes to airport, every 6 minutes
2. 24/7 connectivity to the airport for local residents (98% reliability)
3. Act as a catalyst for further regeneration of the town centre 'Airport City'
4. Park and Ride Parkway to help alleviate traffic closer to Stanwell Moor and Stanwell (Heathrow are proposing 25,000 space car park on the doorstep of these communities)
5. Minimises impact on Staines Moor SSSI compared to a heavy rail solution

- **Progress Against Milestones:**

Heathrow Airport Limited confirmed at the end of July 2019 that SLR had been chosen as a formal Innovation Partner. The SLR consortium (lead by the Council) will work in conjunction with HAL to look at a feasibility study for the light rail scheme (scope to be agreed). Heathrow will be providing funding for this piece of work.

It was anticipated that the feasibility study would be completed winter 2019/20. The High Court Challenge in February 2020 and COVID-19 since March 2020 has meant that HAL initially had to re-focus their priorities. Heathrow have recently indicated (August 2020) that they wish to re-start engagement on active travel options including SLR.

- **Identified Risks and Issues:**

**CONFIDENTIAL**

- Risks:
- Issues:

- **Budget Management:**

**CONFIDENTIAL**

- **Stakeholder Engagement:**

**Project: Southern Light Railway (SLR) (cont'd.)**

SBC key delivery partners:

Legal

Procurement

Comms

**CONFIDENTIAL** - Reported directly to Development Investment Group on a two weekly basis.

External key delivery partners:

**CONFIDENTIAL** - Reported directly to Development Investment Group on a two weekly basis.

- **Resources:**

Project Lead Daniel Mouawad

Staff resource Heather Morgan Group Head Regeneration and Growth

Victoria Statham, Head of Corporate Governance

Ann Biggs, Strategic Planning Manager

External As of August 2020, considering whether to bring additional external resource on board to accelerate project delivery

- **Anticipated Completion Date:**

Project start date Jan 2018

Anticipated completion 2023

- **Comments:**

**Reported directly to Development Investment Group on a two weekly basis.**

**CONFIDENTIAL**

**Project: Harper House Redevelopment**

**Category: Priority Flagship**

**RAG Status: Green**

- **Benefits Identified and Anticipated Delivery to Target:**
  - To provide 20 units of emergency accommodation.
- **Progress Against Milestones:**
  1. Last period Key Achievements:-
    - On programme
    - Start on site in March 20
    - Party wall awards completed
    - Materials bought in advance of Covid supply chain closures in order to maintain programme
    - Ground/1st floors completed
    - Crane installed and oversail licences completed with adjoining neighbours
  2. Next period Key Activities:-
    - Main works continue to complete structure
    - Watertight in late autumn 20
    - Commence fit out before end of year
- **Identified Risks and Issues:**

**CONFIDENTIAL - Reported directly to Development Investment Group on a two weekly basis**

Risks:

Issues:
- **Budget Management:**

**CONFIDENTIAL - Reported directly to Development Investment Group on a two weekly basis**
- **Stakeholder Engagement:**

Regular and on-going information sharing with:-

  - Management Team
  - Councillors
  - Design team

**Reported directly to Development Investment Group on a two weekly basis, and monthly updates are made to Cabinet.**
- **Resources:**
  - Asset Management / Property Development
  - Project Team
  - Legal
  - Procurement
  - Communications
- **Anticipated Completion Date:**

**CONFIDENTIAL**
- **Comments**

As this is a recently initiated project the documentation and updates are still being prepared. Therefore further information shall follow, else any queries can be directed to the Project Office in the first instance, or alternatively the Asset Management Team.

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**Project: Oast House**

**Category: Priority flagship**

**RAG Status: Green**

- **Benefits Identified and Anticipated Delivery to Target:**  
Provision of much needed housing within the Borough, along with the same of an 'arts space' facility.
- **Progress Against Milestones:**
  1. Last period Key Achievements:-
    - On programme
    - Design team appointed and 1st pre app meeting held with planners
    - Feasibility scheme revisions being undertaken to fix height and massing parameters
    - Undertaken site surveys
  2. Next period Key Activities:-
    - Review scheme costs and financial viability
    - Pre app 2 to get planners buy in to height/massing parameters
    - Develop design and progress towards a public consultation in Autumn 20
- **Identified Risks and Issues:**  
**CONFIDENTIAL - Reported directly to Development Investment Group on a two weekly basis**  
Risks:  
Issues:
- **Budget Management:**  
**CONFIDENTIAL - Reported directly to Development Investment Group on a two weekly basis**
- **Stakeholder Engagement:**  
**Reported directly to Development Investment Group on a two weekly basis, and monthly updates are made to Cabinet.**
- **Resources:**
- **Anticipated Completion Date:**  
**CONFIDENTIAL**
- **Comments:**  
**Reported directly to Development Investment Group on a two weekly basis**

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**Project: Root and Branch Review/Continuous Improvement Programme**

**Category: Flagship**

**RAG Status: Green**

- **Benefits Identified and Anticipated Delivery to Target:**

To identify efficiencies and savings wherever feasible and improved processes to ensure the authority delivers its services in the most effective manner for the Council and residents. There are likely to be some 'cashable' savings, but, most are likely to be 'non-cashable'.

- **Progress Against Milestones:**

1. Last period Key Achievements:-

- End of 'Basic Discovery' – completed to schedule.
- End of 'Phase 1 Discovery' ("Staff Impacting") – delayed due to capacity and engagement difficulties.
- End of 'Phase 1 Discovery' ("Customer Impacting") – significantly delayed due to increased detail of discovery and engagement difficulties.
- End of 'Phase 2 Discovery' – timescales reviewed with 8 month plan completed
- Review of Project (internal) – from late April 2020
- Presentation of R&B Project (May 2018-April 2020) outputs – in June 2020
- Proposal for 'Annual Continuous Improvement Function for The Council' – for commencement in June 2020.
- COVID-19 has led to difficulties in engagement with all teams due to emergency response in many areas but also undertaken some improvements which have assisted staff in that response

2. Next period Key Activities:-

- Delivery of projects to ensure improvements made
- Further engagement with teams to see further benefits

- **Identified Risks and Issues:**

Risks:

1. **Lack of Officer resource in R&B Project:-** Likelihood 4 x Impact 5 = **Risk Score: 20**
2. **Difficulty engaging with Staff:-** Likelihood 4 x Impact 5 = **Risk Score: 20**
3. **Difficulty with Staff not being 'open':-** Likelihood 3 x Impact 4 = **Risk Score: 12**
4. **Resistance to change/'Silo' working:-** Likelihood 3 x Impact 4 = **Risk Score: 12**
5. **Loss of project focus due to breadth of task:-** Likelihood 3 x Impact 4 = **Risk Score: 12**
6. **Outputs are insufficient for MAT/Cabinet:-** Likelihood 3 x Impact 4 = **Risk Score: 12**

Issues:

None offered.

- **Budget Management:**

Projects costed and delivery plan constructed to identify priority areas and any invest to save growth items which provide opportunities for efficiency savings.

- **Stakeholder Engagement:**

Regular and on-going meetings with:-

- Staff team and individual level
- Management Team and Group Heads

**Project: Root and Branch Review (cont'd: )**

- Communication developed and issued on Spelnet together with IT tips - monthly updates on both IT tips and root and branch ideas and successes.
- **Resources:**
  - Delivery:

Business analyst for ICT started April and workload high. Resourcing – recruitment progressing to bring the Team numbers back to strength.
  - Post-delivery / Implementation:

Once have implementation plans likely to involve ICT solutions – availability of resource across the organisation likely to be a significant risk.
- **Anticipated Completion Date:**

Ongoing work with individual projects and quick wins hence title change to Continuous Improvement Programme.
- **Comments:**

**Project: Office 365 Upgrade**

**Category: Flagship**

**RAG Status: Green**

- **Benefits Identified and Anticipated Delivery to Target:**  
The current Microsoft product is being replaced with the Office 365 product.  
As Office 365 is a hosted product, the training programme, along with the actual roll-out, shall prove to be 'significant'.
- **Progress Against Milestones:**
  - **Last Period Key Achievements:**
    - Nothing recorded.
  - **Next Period Key Activities:**
    - Continued Testing and checking of VDI profile for office 365
    - Migration of actual mailboxes for all users
    - Rollout of Office 365 to more users
    - Start of implementation of Microsoft Teams
- **Identified Risks and Issues:**  
Risks:
  1. **User Adoption:-** Likelihood: 4 x Impact: 2 = **Risk Score: 8**
  2. **Hardware Compatibility issues with MS Teams:-** Likelihood: 4 x Impact: 3 = **Risk Score: 12**
  3. **Lack of staffing resource:-** Likelihood: 3 x Impact: 5 = **Risk Score: 15**Issues:
  1. **VDI Template**
- **Budget Management:**
  - The 'Corporate Document Management Capital Budget is being used for this project
- **Stakeholder Engagement:**
- **Resources:**  
Need trainers to be identified and in place when roll out commences – increasing ICT Staff numbers should assist with this. Some delays due to ICY having to focus on issues related to COVID-19
- **Anticipated Completion Date:**  
2020 and fully operational by 2021.
- **Comments:**

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**Project: Incubator**

**Category: Flagship**

**RAG Status: Red**

- **Benefits Identified and Anticipated Delivery to Target:**
  - Following the council's purchase of the Summit Centre at Sunbury Cross it is now hoped that the incubator project will be housed in the lower ground floor area. Once finalised there will be the need for some minor alterations to the functional layout.
  - Although progress has been slower than envisaged it has provided time to research other incubator models and the introduction to CoTribe, who remain committed to the project.
- **Progress Against Milestones:**
  1. Costings will need to be revisited once the venue is finalised.
- **Identified Risks and Issues:**

Risks:

The main risk to this project has been the change of locations, there have been 8 different locations identified for the incubator to date. However it is preferable to occupy premises owned by the Council rather than renting externally.

Issues:
- **Budget Management:**

Budget of £150K has been ring-fenced to cover initial life of the project from the business rate retention pilot.
- **Stakeholder Engagement:**

Stakeholders have been kept up to date. Plans are in place to introduce key stakeholders to the space to ensure commitment to support the project. Meetings have taken place with both SETsquared (a global business incubator and accelerator) based at Surrey University and the Royal Holloway University to pick up on previous discussions.

Internally, meetings and conversations have taken place with:

  - ICT – who have provided a proposal for the installation and management of the ICT.
  - Asset Management who can assist with the preparations of the location to make it fit for purpose
  - Legal Services – who are managing the current negotiations with the Landlord.
  - Communications – who have been briefed to prepare a Communications plan.
- **Resources:**
- All resources have been identified and no issues are anticipated. The final plans cannot be drafted until we have access to the building and so full resource requirements are unclear. However, as previously stated, much work has been carried out previously when preparing for other locations, so a significant amount of knowledge has been built up, as well as contacts.
- **Anticipated Completion Date:**
- Accessing and renting a space/building is key to the success of the incubator. Subject to no major delays with the finalising of the purchase of the building it is hoped that occupancy will take place in April 2020 in order for a time frame of September 2020 if not before, to be achieved.
- Current discussions with Assets, Procurement and with a 3<sup>rd</sup> Party we are confident that the delivery of an operational Incubator will be by the end of 2020.

**Project: Incubator (cont'd:)**

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- **Comments:**

**The project had been given a 'Red' status due to:**

1. Deadlines for milestones have been missed as the location for the incubator was withdrawn at a several separate locations. As soon as an occupancy date is agreed, a delivery date will be confirmed but is expected to be no later than the end of 2020.
  2. The project was in Red due to missing the deadlines, but now the deadline has now been re-set due to lack of location.
- This project is likely to be rebranded and renamed, so as to include and emphasise the Spelthorne association. This is likely to confirmed during August 2020.

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**Project on hold following Senior Management Team instruction due to Covid****Project: Fordbridge Day Centre (Extension)****Category: Flagship****RAG Status: Red**

- **Benefits Identified and Anticipated Delivery to Target:**

Additional floor space for use by the Centre's visitors.

- **Progress Against Milestones:**

1. Last period Key Achievements:-

- Planning Application approved – 5 February 2020
- Design received.

2. Next period Key Activities:-

- Prepare and complete Tender Specification.
- Tenders return and review.

- **Identified Risks and Issues:**

**Project may not be delivered due to changing role of Day Centres post Covid**

Risks:

1. **Build cost inflation considerations:-** Likelihood 3 x Impact 3 = **Risk Score: 9**

Issues:

1. Need to agree pedestrian access layout with highways officer.
2. Full structural drawings not yet produced ~ which shall delay tendering the project.

- **Budget Management:**

Item	Amount	Date and Comments
Approved Budget	£130k	
Actual Spend to Date	£5.449k	
Projected Spend		
Variance From Agreed Budget	£124.551k	Unspent

- **Stakeholder Engagement:**

Regular and on-going information sharing with:-

1. Management Team
2. Councillors
3. Design team
4. Contractors
5. Day Centre manager

- **Resources:**

1. Asset Management / Property Development
2. Project Team
3. Legal
4. Procurement
5. Communications

- **Anticipated Completion Date:**

This project is being held in abeyance until such time as Independent Living have reviewed how they will be delivering services moving forward, and whether or not they now need the centre to be extended or not.

- **Comments:**

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**Project: SharePoint Development**

**Category: Flagship**

**RAG Status: Green**

- **Benefits Identified and Anticipated Delivery to Target:**  
To implement the project will greatly improve document storage of the organisation and assist further with meeting GDPR requirements.  
**The project has not yet been initiated as need to roll out Office 365 first**
- **Progress Against Milestones:**
- **Identified Risks and Issues:**  
Risks:  
Issues:
- **Budget Management:**
- **Stakeholder Engagement:**
- **Resources:**
- **Anticipated Completion Date:**  
  
**Late 2021**
- **Comments:**

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**Project: Door Entry System (HFX)**

**Category: Flagship**

**RAG Status: Green**

- **Benefits Identified and Anticipated Delivery to Target:**  
The door entry system is out of date and plan is to replace.  
**Project only just initiated and documentation being worked on so will update in next cycle.**
- **Progress Against Milestones:**
- **Identified Risks and Issues:**  
Risks:  
Issues:
- **Budget Management:**  
Approx £100k
- **Stakeholder Engagement:**
- **Resources:**
- **Anticipated Completion Date:**  
**2021**
- **Comments:**

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**Project: Webcasting**

**Category: Flagship**

**RAG Status: Green**

- **Benefits Identified and Anticipated Delivery to Target:**  
To enable virtual meetings to be more easily broadcast to a wider audience
- **Progress Against Milestones:**  
Initiated – researching best equipment *etc.*
- **Identified Risks and Issues:**  
Risks:  
Issues: best equipment to use
- **Budget Management:**  
**Approx £12k**
- **Stakeholder Engagement:**
- **Resources:**
- **Anticipated Completion Date:**
- **Comments:**  
Initiation of project is imminent  
To be updated once equipment identified

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**Project: Replace “Skype for Business” / “Teams”**

**Category: High**

**RAG Status: Green**

- **Benefits Identified and Anticipated Delivery to Target:**

- **Progress Against Milestones:**

- **Last Period Key Achievements:**

- New project.
    - PO has been raised
    - Awaiting ‘Start Date’ from Supplier

- **Next Period Key Activities:**

- Nothing Recorded
    - Nothing Recorded

- **Identified Risks and Issues:**

- Risks:

- 1.

- Issues:

- 1.

- **Budget Management:**

- Approved Budget: £ xx,xxx.xx**

- Actual Spend (To Date): £ xx,xxx.xx**

- **Stakeholder Engagement:**

- **Resources:**

- **Anticipated Completion Date:**

- **Comments:**

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**Project: General Data Protection Regulation (GDPR) Steps to Compliance**

**Category: High**

**RAG Status: Red**

- **Benefits Identified and Anticipated Delivery to Target:**

To achieve compliance and avoid risks.

- **Progress Against Milestones:**

- Many services have failed to meet the deadlines in the DP Compliance Plan for Services.

- **Identified Risks and Issues:**

Risks:

1. **IC fine following non-compliance:-** Likelihood: 3 x Impact: 5 = **Risk Score: 15**
2. **Further compensation claims following non-compliance:-** Likelihood: 4 x Impact: 5 = **Risk Score: 20**
3. **Reputational damage following non-compliance:-** Likelihood: 4 x Impact: 5 = **Risk Score: 20**
4. **Loss of Public confidence following non-compliance:-** Likelihood: 4 x Impact: 5 = **Risk Score: 20**

Issues:

1. Non-compliance with data protection legislation. Increased risk from 25 May 2018 when GDPR became enforceable.
  2. Compensation claims following non-compliance.
  3. Lack of engagement by many staff.
  4. Despite support by MAT+ of the DP compliance plan for services; the original deadlines were not met and continue not to be met (despite reassurances at MAT+).
  5. Failure of some staff to attend meetings.
  6. Failure of some staff to complete work identified in Information Asset Register meetings.
  7. Failure of many managers to comply with timelines for Data Protection Compliance Plan for services.
- **Budget Management:**  
No budget.
  - **Stakeholder Engagement:**  
Regular and on-going information sharing with MAT+. Data protection compliance plan for services supported by MAT+.
  - **Resources:**  
All departments/staff who process personal data are involved however many staff view data protection as an “add on”. There are numerous flows of personal data into and out of the council across many services. Demonstrating compliance with the GDPR is only one of its manually-intensive requirements which has a significant impact on all departments. Some services have moved staff from other tasks in order to concentrate on data protection.
  - **Anticipated Completion Date:**  
It is difficult to anticipate a completion date. MAT+ agreed that the Compliance Plan for services is a priority.

**Project: General Data Protection Regulation (GDPR) Steps to Compliance (cont'd: )**

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- **Comments:**

Current status of the project: significantly behind schedule.

In November 2019 a German company received the first GDPR fine triggered by their non-compliance with data retention apparently due to their use of a software system that did not automatically delete obsolete information.

The case is important because there was no misuse of actual data but a breach of admin obligations under GDPR. Many SBC services are not complying with their retention periods, even in those areas that have software systems that are capable of deleting personal information that is outside of its retention period.

**Project: Electronic Document and Records Management System (EDRMS)**

**Category: High**

**RAG Status: Green**

- **Benefits Identified and Anticipated Delivery to Target:**

The main benefits of EDRMS are:

- Document security rules advised, implemented and adhered to (public and sensitive)
- Easier retrieval and linking of documentation
- Effective management of documents in relation to retention and destruction
- Reduction in paper usage and storage facilities
- Meeting GDPR requirements

Departments currently benefitting the most from the service:

- Building Control
- Planning
- Environmental Health
- Some work in relation to assets also undertaken

- **Progress Against Milestones:**

**Little progress had been made on scanning since the start of the Covid emergency.**

1. Last period Key Achievements:-

- Template work for the Planning DM team (to enable them to use IDOX Enterprise) is almost complete
- Re-categorisation of Planning applications submitted as merely "Other Plans" has been done while working from home
- Created volunteer passes one day a week for 2 months - for the S4S Hub activities
- Scan the plans in the applications received by post to help the Planning DM admin team
- Spent 5 days making phone calls to businesses to tell encourage them to apply for the discretionary grant

2. Next period Key Activities:-

- Continue with Planning DM scanning now there is a partial return to the office an using the scanners
- Complete the Template work. (10 days to go.)
- Complete the scanning of the journals
- Complete the Surrey Youth Games scanning. 2009 -2013
- Find an optimum mix of the other scanning (Building Control, Interment forms etc.)

- **Identified Risks and Issues:**

Risks:

1. **Originals are destroyed before scanning:-** Likelihood: 3 x Impact: 4 = **Risk Score: 12**
2. **Data quality and retrieval time concerns:-** Likelihood: 2 x Impact: 5 = **Risk Score: 10**

Issues:

1. Space concerns – files and filing cabinets.
2. Data retrieval.
3. Data retrieval for FOI requirements.
4. Resource availability/priority of work.
5. Scanning maybe inefficient.

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**Project: Electronic Data Resource Management System (EDRMS) (cont'd;)**

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- **Budget Management:**

Item	Amount	Date and Comments
Approved Budget	£61,200	
Actual Spend to Date	£13,284	
Projected Spend	£60,000	
Variance From Agreed Budget	TBA	Variance as a percentage (%)

**Stakeholder Engagement:**

Discussed at MAT, so the Group Heads are aware.

- **Resources:**

One Team Member is now assisting with Planning DM projects.

- **Anticipated Completion Date:**

Required actions and volume terms to be discussed on an on-going basis until all services requiring back scanning are project scoped.

- **Comments:**

- Review of longer term scanning strategy and agreed to progress with two staff.
- Currently fully evaluating amount of material to be scanned with retention times allocated – if start with recent material may be able to remove and destroy older material as it goes past the retention period. Retention periods widely differ between departments from 6/7 years to indefinitely so each section will need to be evaluated separately.
- The Council has a number of document management systems and need to evaluate whether those we have or a new one is the best long term solution for the Council.
- The systems available do not easily 'talk' to each other, so which ever route new system focus on one, or two, will involve some expense.
- Sharepoint will be utilised once Office 365 is implemented as it comes as part of the package. This will be a new version of Sharepoint as the current version becomes unsupported by 2020.

**Project: Corporate Hybrid Printing**

**Category: High**

**RAG Status: Green**

- **Benefits Identified and Anticipated Delivery to Target:**

Project hopes to deliver real, and substantial, savings in the Authority's printing, postage and advertising expenditure plus time efficiencies whereby staff will not have to "stuff" envelopes. Once the contract is in place be more effective in measuring outputs

- **Progress Against Milestones:**

1. Last period Key Achievements:-

- Feasibility study approved by MAT
- Specification document created and RFQ sent to three suppliers

2. Next period Key Activities:-

- To secure legal contract for pilot.

- **Identified Risks and Issues:**

Risks:

1. **Resource availability from stakeholder departments for Feasibility study:-**

Likelihood: 4 x Impact: 5 = **Risk Score: 20**

2. **Potential risk of Covid-19 second wave resulting in staff redeployment:-** Likelihood:

3 x Impact: 3 = **Risk Score: 9**

3. **Potential risk of supplier being unable to continue with study due to Covid-19:-**

Likelihood: 2 x Impact: 5 = **Risk Score: 10**

Issues: Obtaining all relevant data from services

- **Budget Management:**

To be advised.

- **Stakeholder Engagement:**

'Key Delivery Partners'

1. Legal / Procurement
2. ICT
3. Communications
4. Finance
5. Customer Services and Elections

- **Resources:**

Project managers allocated and taking forward with procurement staff.

- **Anticipated Completion Date:**

Autumn 2020. Pilot to run to autumn 2021

- **Comments:**

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**Project: Rent Management and Homelessness System Replacement Project –  
Integra and CIVICA**

**Category: High**

**RAG Status: Green**

- **Benefits Identified and Anticipated Delivery to Target:**
  1. Replacement of the client recording element of the Emergency Accommodation (Bed and Breakfast placements) monitoring system which is no longer fit for purpose and no longer supported, allowing for it to be decommissioned.
  2. Replacement of the current Rent Assure Scheme (SRA) management processes (mainly spreadsheets) by a system developed within Civica to record and monitor all aspects of the 'people' (Landlord and tenant) element of the scheme in a more structured way.
  3. Development and Roll out of an overnight interface between Locata (Housing management system) and Civica to automatically replicate/ update customer information entered into Locata within Civica hence negating the need to create customers and stop double entry in both systems. Also minimises risk of errors.
  4. Introduction of a weekly interface between Integra and Academy Housing Benefits system to update client payments status
  5. Development of a system of recording both B&B and SRA payments on Integra to include monitoring of rent account status and a series of debt management letters generated based on non-payment of rent.
  6. Benefits include :
    - the improved ability to monitor and manage placements into accommodation in both areas;
    - the mitigation of risks around the software used being unfit for purpose or difficult to navigate;
    - negates the need to double enter financial information in 2 systems and the potential of errors occurring during this process;
    - better transparency and continuity between the Civica and Integra data held.
- **Progress Against Milestones:**

A revised timeline project plan was produced in September 2019 amalgamating the two projects. Target dates were set to start parallel running in January 2020 and go live at the end of March 2020, however this has slipped due to Covid pressures on staff and difficulties encountered whilst working from home.. Work on the project picked up again in June 2020 and all key elements of the B&B Rent Management is now live on the new Integra system. There are still a few outstanding issues with the Civica process maps which are due to be resolved in the next few weeks. The B&B rent management continues to run in parallel for the time being Work is continuing on the RGS Rent Management process.

This is scheduled to be completed by the middle of September.

**Project: Rent Management and Homelessness System Replacement Project –**

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**Integra and CIVICA (cont'd:)**

- **Identified Risks and Issues:**

- Risks:

1. **Reconciliation of Integra and B&B systems for parallel running:-** Likelihood 3 x Impact 4 = **Risk Score: 12**
2. **All element being ready on time for parallel running:-** Likelihood 3 x Impact 3 = **Risk Score: 9**
3. **Resource availability to deliver project requirements:-** Likelihood 4 x Impact 4 = **Risk Score: 16**
4. **Slippage due Covid-19:-** Likelihood 4 x Impact 5 = **Risk Score:20**

- Issues:

Delay in rolling out completed product due to Covid pressures.

- **Budget Management:**

Project on budget. There have been no change control items affecting costs. To date all of the known costs have been paid. There is no residual budget for this project, and no budget overspend.

Item	Amount	Date and Comments
Approved Budget	£22.5K	
Actual Spend to Date	£22.5K	Budget spent
Projected Spend		
Variance From Agreed Budget		0%

Civica module – cost £17.5K, (Paid)

Locata interface development cost £7.5K (Paid)

Ad hoc expenses for training - £500 (Paid)

Integra development work – FOC – Sourced internally

- **Stakeholder Engagement:**

Regular fortnightly development sub team meetings are scheduled for the duration of the project. Monthly Project Board meetings are also scheduled. Both meetings include representatives from Housing, Finance, and ICT. In addition the head of Commissioning and Transformation attends the project board meetings.

Legal, Procurement and Comms have no input into the delivery of this project at this point in time.

Updates have been provided to staff through team meetings and training sessions.

- **Resources:**

Additional resource to help Housing in the delivery of the project has been agreed. A resource from Finance has been identified to work alongside Housing until the end of the year for 2 days per week and an additional temporary resource is due to be recruited to assist with the financial administration tasks.

- **Anticipated Completion Date:**

Mid-September 2020.

- **Comments:**

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**Project: Large Scale Voluntary Transfer (LSVT) Update**

**Category: High**

**RAG Status: Amber**

- **Benefits Identified and Anticipated Delivery to Target:**  
Changes needed to the current LSVT ensure a legal basis for ongoing increased supply of former Airways Housing Units and any new builds since LSVT date.
- **Progress Against Milestones:**  
LSVT changes have been agreed in principle with A2D and with both organisations. Legal teams to finalise. Legal requested to follow up in November and December
- **Identified Risks and Issues:**  
Risks:  
Failure to update the LSVT may disadvantage Spelthorne with reference to Housing nominations from A2Dominion ongoing.  
Issues:
- **Budget Management:**  
There is no cost associated with the project to update the LSVT agreement. Ongoing 'Legal Services' costs.
- **Stakeholder Engagement:**  
A2D are the main stakeholders. They are fully engaged with the process.
- **Resources:**  
There is still some legal input from both sides to progress the LSVT and the Search Moves contracts. Spelthorne Legal Services are actively chasing.
- **Anticipated Completion Date:**  
February 2020
- **Comments:**  
Please note this was agreed some years ago. The issues in principle have been agreed between the two parties, however the legal teams (A2D and SBC) need to finalise.  
**This is taking a long time and we are over time.**

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**Project: Replacement of Mitel/LiquidVoice Phone Systems**

**Category: High**

**RAG Status:**

- **Benefits Identified and Anticipated Delivery to Target:**  
Provide better customer experience allow for 1 number and automatic routing to departments. Integrated email routing facility. Customer service skilling and in built CRM history. Allow for add on such as live chat. Give Customer Services Greater control on managing front end options. Allow for phone calls to be routed for home working.
- **Progress Against Milestones:**  
**Project has been on hold due Covid-19 emergency.**
  1. Last period Key Achievements:-
    -
  2. Next period Key Activities:-
    - PM to be assigned Aug/Sep 20
- **Identified Risks and Issues:**  
Risks:  
Disaster Recovery considerations to be fully understood and risks mitigated.  
Issues:
  1. Covid-19 associated delay
  2. Delivery to coincide with that of the ICT “Microsoft Teams” project ~ likely to be that delivery date +6weeks
- **Budget Management:**  
Expenditure is anticipated to be in the £50,000 - £90,000 range as the ultimate delivery shall be dependent upon our module selection/use it is anticipated that a phased install will allow for costs to be spread.
- **Stakeholder Engagement:**  
ICT, Customer Relations, Procurement/Legal and the various service lines as necessary.
- **Resources:**  
ICT (delivery) and general Staff for training.
- **Anticipated Completion Date:**  
2021 date which aligns with the ICT delivery of the migration to “Microsoft Teams”
- **Comments:**  
The telephony comes with a CRM (Customer Relations Management) system, and it may lead to the discontinuation of the Civica version which will be evaluated prior to implementation.

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**Project: Enforcement Agents**

**Category: High**

**RAG Status: Green**

- **Benefits Identified and Anticipated Delivery to Target:**  
Provision of an 'in-house' enforcement service is to be considered alongside the option/potential to extend that service Surrey-wide.
- **Progress Against Milestones:**  
**Project has been on hold due Covid-19 emergency.**
  1. Last period Key Achievements:-
    -
  2. Next period Key Activities:-
    - Project to resume in September 2020
- **Identified Risks and Issues:**  
Risks:  
Issues:
- **Budget Management:**
- **Stakeholder Engagement:**
- **Resources:**
- **Anticipated Completion Date:**  
March 2021
- **Comments:**  
Joint Venture considerations currently being pursued.

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**Project: Knowle Green Works/Project Claude**

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**Category: High****RAG Status: Green**

- **Benefits Identified and Anticipated Delivery to Target:**

To provide modern and fit-for-purpose facilities by conducting the:-

1. Refurbishment of WCs and showers
2. Creation of new disabled toilets and showers
3. Refurbishment of the Social Club and kitchen

- **Progress Against Milestones:**

- Last period Key Achievements:-

- Delayed appointment of contractor and delayed start on site.

- Next period Key Activities:-

- Tender Review and appointments for kitchenette, toilets and washrooms.
    - Design review for the Social Club

- **Identified Risks and Issues:**

Risks:

1. **Contractor timeframe problems:-** Likelihood 3 x Impact 3 = **Risk Score: 9**
2. **Design Approval:-** Likelihood 3 x Impact 4 = **Risk Score: 12**
3. **Staff inconvenience:-** Likelihood 5 x Impact 3 = **Risk Score: 15**

Issues:

1. Management's approval of budget for Social Club works.

- **Budget Management:**

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

The £184k figure is for the toilet refurbishments only. The work for the Social Club is to be tendered separately.

- **Stakeholder Engagement:**

Plan in place and being progressed.

- **Resources:**

- **Anticipated Completion Date:**

Summer 2020

- **Comments:**

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**Project: Laleham Park Pavilion****Category: High****RAG Status: Red**

- **Benefits Identified and Anticipated Delivery to Target:**
  - To provide seasonal catering facility and reduce Health & Safety risks by the demolition of a redundant pavilion building
  - Provision of new toilet facilities.
- **Progress Against Milestones:**
  - Last period Key Achievements:-
    - EA objecting to flood risk assessment and presence of bats identified
  - Next period Key Activities:-
    -

- **Identified Risks and Issues:**

**Confidential**Risks:Issues:

- **Budget Management:**

Item	Amount	Date and Comments
Approved Budget	£250K	
Actual Spend to Date	£25K	
Projected Spend		
Variance From Agreed Budget		Possible early overspend on Architect fees due to reappointment

- **Stakeholder Engagement:**  
Regular and on-going information sharing with:-
  - Management Team
  - Councillors
  - Design team
  - Contractors
  - Liaising with Jackie Taylor, Heather Morgan and Mark Rachwal
- **Resources:**
  - Asset Management / Property Development
  - Project Team
  - Legal
  - Procurement
  - Communications
- **Anticipated Completion Date:**  
Late summer 2021
- **Comments:**  
Anticipated completion date is subject to Planning and Ecology surveys being processed as quickly as possible.

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**Project: Staines Jetty**

**Category: High**

**RAG Status: Green**

- **Benefits Identified and Anticipated Delivery to Target:**  
To provide jetty facilities at a key strategic point upon the River Thames within the Borough. Activity to help deliver the long desired aim to make more of the River Thames as one of Spelthorne's key assets, to encourage visitors and support the visitor economy
- **Progress Against Milestones:**
  1. Last period Key Achievements:-
    - COVID-19 caused project to be stalled ~ due contractors having to furlough Staff.
    - Contractors had to re-prioritise their workload/delivery.
  2. Next period Key Activities:-
    - Jetty has been fully constructed and positioned in its final location
- **Identified Risks and Issues:**
  1. Risks:
    1. Localised lock-down due COVID\_
  2. Issues:
- **Budget Management:**  
Project to deliver on budget.
- **Stakeholder Engagement:**  
Councillors  
MAT  
Legal  
Procurement  
Environment Agency
- **Resources:**  
River Thames Task Group  
Economic Development Manager  
Neighbourhood Services
- **Anticipated Completion Date:**  
Complete.
- **Comments:**  
The River Thames Task Group meets on a regular basis and members of the group will be updated accordingly.

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**Project: Homeworking Kit**

**Category: High**

**RAG Status: Green**

- **Benefits Identified and Anticipated Delivery to Target:**
- **Progress Against Milestones:**
  - **Last Period Key Achievements:**
    - Nothing recorded.
  - **Next Period Key Activities:**
    - Finish build of 50 new laptops
    - Make sure all 50 laptops have the same build
    - Staff to collect kit
- **Identified Risks and Issues:**
  - Risks:
    2. **Damage to new kit:-** Likelihood: 2 x Impact 4: = **Risk Score: 8**
    3. **Running out of stock of new kit:-** Likelihood: 1 x Impact 5: = **Risk Score: 5**
    4. **Kit not being returned:-** Likelihood: 1 x Impact 5: = **Risk Score: 5**
    5. **Users misplacing kit:-** Likelihood: 4 x Impact 4: = **Risk Score: 8**
  - Issues:
    1. Requirements for the laptops keep changing
    2. ISPs/Users not providing their internet speeds
- **Budget Management:**
- **Stakeholder Engagement:**
- **Resources:**
- **Anticipated Completion Date:**  
**Complete**
- **Comments:**

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**Project: Public Address System**

**Category: High**

**RAG Status: Green**

- **Benefits Identified and Anticipated Delivery to Target:**
- **Progress Against Milestones:**
  - **Last Period Key Achievements:**
    - Nothing recorded.
  - **Next Period Key Activities:**
    - Resolving Issues
    - Recall of “Google Home Minis”
- **Identified Risks and Issues:**
  - Risks:
  - Issues:
    - 1. Crackling sound from CX's microphone
- **Budget Management:**
  - Approved Budget: £12, 650**
  - Actual Spend (To Date): £12,650**
- **Stakeholder Engagement:**
- **Resources:**
- **Anticipated Completion Date:**
  - Completed on time and to budget**
- **Comments:**

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**Project: Payment Allocation**

**Category: Medium**

**RAG Status: Green**

- **Benefits Identified and Anticipated Delivery to Target:**  
The new e-form will be easier to use for the resident. It will also allow us more control over the tracking of these payments
- **Progress Against Milestones:**
  1. Last period Key Achievements:-
    - Internal Stakeholders agreed priorities
    - Capita changes to the website have been made and are in test. Just waiting on the new GOSS header to implement
    - ICT have almost completed the new e-form. Including understanding how to interface with the Capita payment taking module to return the payment reference
  2. Next period Key Activities:-
    - Obtain GOSS header so that website changes can be made
    - Complete the new e-form and testing
    - Create flow diagram from call script notes and discuss with Customer
- **Identified Risks and Issues:**

Risks:

  1. **User complaints if delay in improvements to web payment process: -**  
Likelihood: - 5 x Impact: - 1 = **Risk Score: 5**

Issues:

  1. Dependent on GOSS changes
  2. Dependent on SCP changes
  3. Dependent on Firmstep changes
- **Budget Management:**
- **Stakeholder Engagement:**
- **Resources:**
- **Anticipated Completion Date:**  
November 2020
- **Comments:**  
This project may close due to other priorities..

**Project: CIVICA Migration to SQL Server**

**Category: Medium**

**RAG Status: Green**

- **Benefits Identified and Anticipated Delivery to Target:**
- **Progress Against Milestones:**
  - 1. Last period Key Achievements:-
    - Upgrade Civica to version 26
    - Move the database server
    - Allocated space on the new server to receive the migrated data.
  - 2. Next period Key Activities:-
    - Civica to Run a script to transfer live data to the new SQL database
    - Civica to Run testing to ensure documents are accessible
    - Civica to Switch off old data store
    - Civica to Move links in the test area to point to the new data store
- **Identified Risks and Issues:**
  - Risks:
    - 1. **Document accessibility post switch-over:-** Risk: 3 x Impact: 5 = **Risk Score: 15**
    - 2. **Resourcing within the CIVICA Project team:-** Risk: 4 x Impact: 3 = **Risk Score: 12**
  - Issues:
- **Budget Management:**
  - Approved Budget: £18,000**
  - Actual Spend (To Date): £18,000**
- **Stakeholder Engagement:**
  - Plan to be prepared and implemented.
- **Resources:**
- **Anticipated Completion Date:**
- **Comments:**

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**Project: CIVICA Disposal Module**

**Category: Medium**

**RAG Status: Amber**

- **Benefits Identified and Anticipated Delivery to Target:**  
Improved data management and meeting of GDPR requirements.
- **Progress Against Milestones:**  
**Due to lack of resources, the project was not able to progress as planned**
  1. Last period Key Achievements:-
  2. Next period Key Activities:-
    - Start implementing retention policies where appropriate
    - Look on solutions on how to implement HB policies
- **Identified Risks and Issues:**  
Risks:  
Issues:
  1. Housing Benefits retention policies are heavily dependent on outcome from Academy
  2. Due to the pandemic, teams have become busy in responsive work
  3. Member of the project team left
- **Budget Management:**  
**Approved Budget: £10,000.05**  
**Actual Spend (To Date): £10,000.05**
- **Stakeholder Engagement:**
- **Resources:**
- **Anticipated Completion Date:**  
Ongoing
- **Comments:**

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**Project: Academy to 2012 / Ingres Upgrade**

**Category: Medium**

**RAG Status: Red**

- **Benefits Identified and Anticipated Delivery to Target:**
- **Progress Against Milestones:**
  - Last period Key Achievements:-
    - Capita completed work to migrate the servers in Test
    - Testing carried out by ICT and System Administrators.
    - Migration work completed – weekend of 30 November 2019.
    - All scripts, integrations, printers and client machines updated.
  - Next period Key Activities:-
    - Complete project.
- **Identified Risks and Issues:**
  - Risks:
  - Issues:
- **Budget Management:**

No information supplied.
- **Stakeholder Engagement:**

Plan to be prepared and implemented.
- **Resources:**
- **Anticipated Completion Date:**
- **Comments:**

Academy Migration to 2012 complete, however, Capita have not yet released the 'Ingres' upgrade, so the delivery is postponed.

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Project: **UNIFORM Disposal Module**

Category: Medium

RAG Status: Green

- **Benefits Identified and Anticipated Delivery to Target:**
- **Progress Against Milestones:**
  - Last period Key Achievements:-
    - Rule Creation and Testing by Environmental Health
    - Building Control - Test rule setup – awaiting feedback from dept.
    - Estates Management - Test rule setup – awaiting feedback from dept.
    - Street Naming & Numbering - Test rule setup – awaiting feedback from dept.
    - Planning - Test rule setup – awaiting feedback from dept.
    - Licensing - Test rule setup – awaiting feedback from dept.
    - Housing - Test rule setup – awaiting feedback from dept.
  - Next period Key Activities:-
- **Identified Risks and Issues:**

Risks:

  1. **Non take up by Departments:-** Likelihood 4 x Impact 4 = **Risk Score: 16**

Issues:

  1. **Non take up by Departments.**
- **Budget Management:**

Item	Amount	Date and Comments
Approved Budget	£1k	
Actual Spend to Date	£750	
Projected Spend		
Variance From Agreed Budget		

- **Stakeholder Engagement:**
- **Resources:**
- **Anticipated Completion Date:**

**Completed and “Closure Report” provided.**
- **Comments:**

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**Project: 2008 R2 Upgrades to 2016**

**Category: Medium**

**RAG Status: Green**

- **Benefits Identified and Anticipated Delivery to Target:**
- **Progress Against Milestones:**
- **Identified Risks and Issues:**
  - Risks:
  - Issues:
- **Budget Management:**
- **Stakeholder Engagement:**
- **Resources:**
- **Anticipated Completion Date:**

Completed – except for Sharepoint which shall be progressed as part of the Office365 project.
- **Comments:**

“Closure Report” provided.

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**Project: Property Management Software**

**Category: Medium**

**RAG Status: Green**

- **Benefits Identified and Anticipated Delivery to Target:**

The Property Management Software is essential for the effective management of the Council's assets.

- **Progress Against Milestones:**

1. Last period Key Achievements:-

- Data entry:-
  - All properties
  - Property types
  - Property unit codes
- Leases:-
  - Investment property entries continue
  - Municipal properties are about 50% entered via MOJO (Bluebox front-end).
- E-Discussions with Dwellant about this product – implementation now on hold.
- Technical training day completed.
- Property Manager providing 'quality assurance'.
- Portal content has been created for the template and the first property
- Discussions with Dwellant to ensure they can meet the timetable. They have helped with portal structure and content.
- Logo change scheduled
- Conversations with KGE secretary to keep informed.

2. Next period Key Activities:-

- Bank account decision to be made – wish appropriate signatories.
- Dwellant implementation and training.
- Continue with 'quality assurance'.
- Test the tenant portal and have a tenant test it
- Demo the portal for our first property to get feedback
- Present the portal to the key approvers.
- Create content pages for the West Wing and Caesar Court.
- Investigate the possibility of using the portal for a document repository for the directors and councillors.

- **Identified Risks and Issues:**

Risks:

1. **GDPR data considerations:-** Likelihood: 1 x Impact: 5= **Risk Score: 5**

Issues:

1. E-mail considerations.
2. Bank Account concerns/considerations.
3. Interface with Integra requirement.
4. Lack of clarity as to roles and responsibilities.
5. GDPR privacy requirement in contract.

**Project: Property Management Software (cont'd: )**

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6. Lack of resource/capacity/availability.
7. Lack of skillset (ICT) – for Test Plans.
8. Lack of skillset (general technical).
9. No parallel running opportunities.
10. Data Loss.
11. System integrity – confidence within Finance/Sales Ledger.
12. Process concerns.

- **Budget Management:**

Item	Amount	Date and Comments
Approved Budget	£226k	over 4 years including initial consultancy
Actual Spend to Date		
Projected Spend		
Variance From Agreed Budget		

- **Stakeholder Engagement:**

The following departments have all been consulted in drafting the Business Requirements Document; ICT, Legal, Finance and Audit.

Fortnightly meetings are conducted.

- **Resources:**

- Fully resourced.

- **Anticipated Completion Date:**

September to December for uploading and migrating the data. Objective to run a rent raising exercise for the February month's rent charges and Go Live on 1<sup>st</sup> April 2020.

- **Comments:**

**Project: Land Registry – LA Migration**

**Category: Medium**

**RAG Status: Green**

- **Benefits Identified and Anticipated Delivery to Target:**
- **Progress Against Milestones:**
- **Identified Risks and Issues:**
  - Risks:
    1. **COVID - 19 second Wave: Likelihood: - 3 x Impact:- 4 = Risk Score: 12**
  - Issues:
- **Budget Management:**
- **Stakeholder Engagement:**
- **Resources:**
- **Anticipated Completion Date:**
- **Comments:**

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**Project: Revamp of Intranet (Spelnet)**

**Category: Service**

**RAG Status: Green**

- **Benefits Identified and Anticipated Delivery to Target:**
- **Progress Against Milestones:**  
Project has been on hold due Covid-19 emergency
- **Identified Risks and Issues:**  
Risks:  
Issues:
- **Budget Management:**
  -
- **Stakeholder Engagement:**
- **Resources:**
- **Anticipated Completion Date:**
- **Comments:**  
Meeting to be scheduled with iGoss (Supplier) post the Covid-19 emergency and that shall determine delivery dates.

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**Project: Multi-use Bins in Parks****Category: Service****RAG Status: Green**

- **Benefits Identified and Anticipated Delivery to Target:**
  - Potentially an annual saving due to a change in supplier
  - Staff time for other duties increased due to less bins to service
  - No loss of facilities for members of the public using the parks
  - Less “Clutter “ in parks with duplicated furniture
  - The level of dog bag usage is significantly reduced
- **Progress Against Milestones:**
  1. Lammas Park trial – Complete
  2. Plan developed for parks across the borough
  3. Installation of bins and signage has commenced at the first park (Littleton)
  4. Survey work complete at 9 sites
- **Identified Risks and Issues:**  
None currently identified.  
Risks:  
Issues:
- **Budget Management:**  
Figures to be provided for next report.
- **Stakeholder Engagement:**  
Key Delivery Partners (ICT, Legal Services, Procurement and Communications) have been consulted with involvement of only the Communications Team being deemed as being required for delivery of this project.
- **Resources:**
  - Installation of new furniture and removal of redundant bins will be undertaken by in house staff.
  - Cost of external contractor to carry out this work was found to be excessive.
- **Start and Anticipated Dates:**

Started	To Commence	Completed
Woodthorpe Rd. Rec. – Mar. '19*	Studios Rd.	Lammas Park – Nov. '18
Stanwell Moor Rec. – Mar. '19*	Splash Meadow	Littleton Rec. – Feb. '19*
Shepperton Rec. – Mar. '19*	Groveley Rec.	
Staines Park – Mar. '19*	Alexandra Rd. Rec.	
Bishop Duppas Park – Mar. '19*	Kenyngton Manor Rec.	
Russell Rd. – Mar. '19*	Nuthatch Close	
Long Lane – Mar. '19*	Russell Rd.	
Feltham Hill Rd. Rec. – Mar. '19*	Greenfield Rec.	
Woodlands Parade – Mar. '19*	Manor Park	
	Clockhouse Rec.	
	Fordbridge Park	

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	Fordbridge North	
	Moormede	
	Halliford Green (by Goat)	
	Cedars Rec.	
	Sunbury Park	
	Rivermead Island	
	Lower Hampton Rd.	
	Flowerpot Green	
	Old Bathing Station	
	Halliford Park	
	Donkey Meadow	
	Littleton Green	
	Manor Farm Avenue	
	Woodthorpe Rec.	
	Hetherington Rec.	
	Catlin Crescent	
	Hengrove Rec.	
	Village Park	
	Staines Riverside	
	Birch Green	

Nb. Sites marked with an asterisk (\*) are those which have undergone surveys.

- **Comments:**
  - Following the trial at Lammas Park, there has been no negative feedback received.
  - Survey work has been completed at the first 9 sites on the list
  - Orders placed for new furniture
  - Bases completed at Littleton, awaiting delivery of bins
  - Littleton Rec now completed.
  - We have no dedicated budget for the installation of new furniture and are reliant on staff carrying out this on overtime.
  - Other pressures have resulted in a delay in carrying out this work.
  - We have now sourced quotations from external contractors to carry out this work.
  - We are using the most advantageous of quotes received.
  - Anticipate completion of Long Lane Rec and Woodthorpe Rec by mid-September.
- Awaiting the return to duty of the Project Manager.

**Project: River Ash Walk (Wetland Habitat Creation)****Category: Service****RAG Status: Green**

- **Benefits Identified and Anticipated Delivery to Target:**

The project chiefly encompasses the restoration of the river Ash (approx. 300m) section South of Bronzefield prison, this will provide a varied flow and an increase in habitat value. Seasonal ponds will also be created to provide riparian habitat. It was originally hoped that a looped walk could be created incorporating the existing pond to the rear of the prison, but this might not be achievable, instead a walkway will be created to the east of the pond, still creating a circular path (River Ash walk).

- Ecological enhancement
- Increased recreational value

- **Progress Against Milestones:**

- **Last Period Key Achievements:**

- Tender for detail specification of works via – contractor attained.

- **Next Period Key Activities:**

- Stakeholder agreement with final detail design.

- **Identified Risks and Issues:**

Risks:

Issues:

- **Budget Management:**

Item	Amount	Date and Comments
Approved Budget	£23k	Capital funding
External Funding	£58,490	
Total Funding	£81,490	
Actual Spend to Date	£	Budget spent
Projected Spend		
Variance From Agreed Budget		0%

- **Stakeholder Engagement:**

- **Resources:**

- **Anticipated Completion Date:**

Between September and November 2020.

- **Comments:**

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**Project: Refurbishment of Laleham Park Play Area****Category: Service****RAG Status: Green**

- **Benefits Identified and Anticipated Delivery to Target:**

Neighbourhood Services are responsible for the management of all Council owned play areas within Spelthorne. This play area has been installed for a long period of time and is in need of refurbishment

- **Progress Against Milestones:**

- Two tenders were received in January 2019
- Both tenders were not quite right for the area
- Will work with Asset Management to review what is going to be installed and then work out the requirement for the area.

- **Identified Risks and Issues:**

Risks: Installing equipment in the correct season.

Issues:

- **Budget Management:**

Item	Amount	Date and Comments
Approved Budget	£60,000	
Actual Spend to Date		
Projected Spend		
Variance From Agreed Budget		

- **Stakeholder Engagement:**

- **Resources:**

Key Delivery Partners include:-

- Asset Management
- Finance
- Legal
- Communications

- **Anticipated Completion Date:**

Currently 'ongoing' due to research in the latest equipment becoming available.

- **Comments:**

**Project withdrawn/paused whilst Asset Management progress with work to the pavilion. When that work is completed this project shall be reassessed.**

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**Project: Commercial Waste (Spelthorne Direct Services)****Category: Service****RAG Status: Green**

- **Benefits Identified and Anticipated Delivery to Target:**  
Additional customers wanting to sign contracts
- **Progress Against Milestones:**  
Legal and Finance are slightly behind schedule.
  - **Last Period Key Achievements:**
    - Company incorporated with registration for VAT and HMRC complete
    - JT & CT company directors and VS Company Secretary
    - IT equipment purchased with KEENIT
    - Back office system for trucks purchased with VWS
    - Customer contracts to be signed by the end of this week 3rd Aug
    - Currently writing new risk assessments which will include sections for Driving, loading, personal, H&S regulations etc.
    - Website (Cloud based) and branding achieved, 365 with encrypted emails
    - Communications terms currently being drafted for use of information
    - Lloyds bank account
  - **Next Period Key Activities:**
    - Contracts to be sent out
    - Invoices raised
    - Marketing letters/campaigned with business rates depts.
    - Website released
    - Purchase of bins
    - HR contracts to be written
- **Identified Risks and Issues:**  
Risks:  
Issues:
- **Budget Management:**

Item	Amount	Date and Comments
Approved Budget		£450,000 anticipated spend.
Actual Spend to Date	£18,000	
Projected Spend		
Variance From Agreed Budget		

- **Stakeholder Engagement:**
- **Resources:**
- **Anticipated Completion Date:**  
To be assessed with Covid-19 considerations.
- **Comments:**

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**Project: Bartec for 'Refuse Enquiries'**

**Category: Service**

**RAG Status: Green**

- **Benefits Identified and Anticipated Delivery to Target:**

Those identified thus far include:-

- Time and Cost savings
- Reduction in calls to the service
- Improved all-round Customer experience
- Reduction in paper process/usage
- In Depot reporting/analysis

- **Progress Against Milestones:**

The relevant Project Documentation is currently being prepared.

The Project Team have been continuously working with ICT and Bartec to roll actions to reach milestones. Training, testing the new system upgrade, testing web view and route optimisation for road sweepers.

- **Last Period Key Achievements:**

- Continuous work on overview of current waste management system
- Training for in-cab terminals has been provided for the Operations Manager
- Garden Waste new customers are now been added to Bartec by the Admin Team
- Spelthorne upgrade to test session R16 is currently underway
- R16 training for our Bartec champion
- Access to web view is now live
- Demonstration of the functionality of the system provided by Bartec to ICT

- **Next Period Key Activities:**

- To determine the possibility of Customer Services Officers to have access to Bartec web view
- Define what automated processes are required
- Decide processes and arrange workshops for ICT and Bartec
- Internal workflows for admin team

- **Identified Risks and Issues:**

Risks:

1. **Software:-** Likelihood 3 x Impact 4 = **Risk Score: 12**
2. **New workflows not adhered to:-** Likelihood: 2 x Impact: 3 = **Risk Score: 6**

Issues:

1. **Project timeframe/delivery delay**
2. **Covid-19 emergency**

- **Budget Management:**

**To be confirmed.**

- **Stakeholder Engagement:**

- **Resources:**

**Anticipated Completion Date:**

**To be confirmed.**

- **Comments:**

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**Project: Enterprise Project – iDOX (Planning)**

**Category: Service**

**RAG Status: Green**

- **Benefits Identified and Anticipated Delivery to Target:**  
Improved processes by the use of workload reports to identify red/amber/green status of target dates. Listing officer workload priorities to assist with allocation of cases and management of officer workload to help with achieving target dates for determination. Greater use of electronic systems and consultations to enable working towards being paper lite. This will help to improve workload monitoring, achieve greater accuracy and efficiency and assist in meeting Government Performance Targets.
- **Progress Against Milestones:**
  1. Last period Key Achievements:-
    - New process set up for 'Authorisation of Decisions' via Uniform.
    - All acknowledgements, site notices, Public Speaking letters and statutory consultees set to be E-mailed directly from Uniform and stored in EDRMS.
    - All invalid letters to be generated directly from Uniform and stored in EDRMS.
    - Delegated Report generated from Uniform (as a Word document to allow track changes by Authorising Officer).
    - Decision Notices generated directly from Uniform and E-mailed to Agent (or printed if no E-mail address).
  2. Next period Key Activities:-
    - Continue testing DM and ENF Mobile Apps.
    - Develop Enterprise – 3 Days IDOX consultancy booked
    - Standard Templates and Processes to be set up within Uniform Enforcement Module
- **Identified Risks and Issues:**

Risks:

  1. Sufficient planning staff resources and ICT resources available with the required skills.
  2. Availability of IDOX Consultancy for Planning and Enforcement Audits has affected the projected completion dates of the project.
  3. Sufficient Budget.

Issues:

  - **Budget Management:**  
Within existing budgets and on track.
  - **Stakeholder Engagement:**  
Engagement with planning staff, ICT and IDOX Consultants.
  - **Resources:**  
Planning staff, ICT support and IDOX Consultants.
  - **Anticipated Completion Date:**  
The project started in December 2017 and it is anticipated will be completed by November 2019.
  - **Comments:**

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**Project: Virtualising ORACLE**

**Category: Service**

**RAG Status: Green**

- **Benefits Identified and Anticipated Delivery to Target:**
- **Progress Against Milestones:**
  - **Last Period Key Achievements:**
    - New project.
  - **Next Period Key Activities:**
    - Server Validation
    - Server move, Oracle Upgrade and testing
- **Identified Risks and Issues:**
  - Risks:
    1. **Server move and upgrade to take longer than anticipated:-** Likelihood: 3 x Impact 4: = **Risk Score: 12**
    2. **Server validation to raise issues:-** Likelihood: 2 x Impact 3: = **Risk Score: 6**
  - Issues:
    2. Systems on other servers were locking data, leading to spacial migration failing halfway through the process, causing downtime
- **Budget Management:**

**Approved Budget: £ 8,200**  
**Actual Spend (To Date): £ 5,500**
- **Stakeholder Engagement:**
- **Resources:**
- **Anticipated Completion Date:**
- **Comments:**

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Project: **BLANK**

Category: Service

RAG Status: Green

- **Benefits Identified and Anticipated Delivery to Target:**
- **Progress Against Milestones:**
  - **Last Period Key Achievements:**
    - New project.
  - **Next Period Key Activities:**
    - Nothing Recorded
    - Nothing Recorded
- **Identified Risks and Issues:**

Risks:

  - 6. **Xxxxx xxxx:-** Likelihood: 1 x Impact 2: = **Risk Score: 2**
  - 7. **Xxxxx xxxx:-** Likelihood: 1 x Impact 2: = **Risk Score: 2**
  - 8. **Xxxxx xxxx:-** Likelihood: 1 x Impact 2: = **Risk Score: 2**

Issues:

  - 3.
- **Budget Management:**

Approved Budget: £ xx,xxx.xx  
Actual Spend (To Date): £ xx,xxx.xx
- **Stakeholder Engagement:**
- **Resources:**
- **Anticipated Completion Date:**
- **Comments:**

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