



*Please reply to:*

Contact: Gary Lelliott  
Service: Committee Services  
Direct Line: 01784 446337  
E-mail: [g.elliott@spelthorne.gov.uk](mailto:g.elliott@spelthorne.gov.uk)  
Date: 19 November 2021

## **Notice of meeting**

### **Corporate Policy and Resources Committee**

**Date:** Monday, 29 November 2021

**Time:** 7.00 pm

**Place:** Council Offices, Knowle Green, Staines-upon-Thames

#### **To the members of the Corporate Policy and Resources Committee**

Councillors:

L. E. Nichols (Chairman)	S. Buttar	A. Brar
J.R. Sexton (Vice-Chairman)	S.C. Mooney	O. Rybinski
J.R. Boughtflower	R.J. Noble	S.M. Doran
C.F. Barnard	N. Islam	I.J. Beardsmore
V.J. Leighton	S.A. Dunn	V. Siva

Substitute Members: Councillors C. Bateson, J.T.F. Doran, T. Fidler, H. Harvey, D. Saliagopoulos, R.A. Smith-Ainsley and J. Vinson

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

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

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

[www.spelthorne.gov.uk](http://www.spelthorne.gov.uk) [customer.services@spelthorne.gov.uk](mailto:customer.services@spelthorne.gov.uk) Telephone 01784 451499

# Agenda

Page nos.

**1. Apologies and Substitutes**

To receive apologies for absence and notification of substitutions.

**2. Minutes**

**7 - 22**

To confirm the minutes of the meetings held on 4 October 2021 and 19 October 2021 as a correct record.

**3. Disclosures of Interest**

To receive any disclosures of interest from councillors in accordance with the Council's Code of Conduct for members.

**4. Questions from members of the Public**

The Chair, or his nominee, to answer any questions raised by members of the public in accordance with Standing Order 40.

At the time of publication of this agenda no questions had been received.

**5. Ward Issues**

To consider any issues raised by ward councillors in accordance with Standing Order 34.2

At the time of publication of this agenda no ward issues had been received.

**6. Knowle Green Estates KGE**

Directors of KGE will be present during the consideration of these items.

a) Knowle Green Estates Annual Report

To follow.

b) Tenancy Strategy

**23 - 104**

To consider the recommendations from the Community Wellbeing and Housing Committee on 28 September 2021.

The report and appendices, as considered by the Community Wellbeing and Housing Committee are attached.

<b>7.</b>	<b>Capital monitoring (Qtr. 2 July-Sept)</b>	<b>105 - 114</b>
	The capital monitoring report covers the cumulative actual expenditure to date, against the cumulative council approved capital programme budget and compares this against the latest forecast outturn from officers.	
<b>8.</b>	<b>Revenue monitoring (Qtr. 1 April-June)</b>	<b>115 - 136</b>
	This report provides a summary of the forecast outturn position for the financial year 2021-22 as at 30 September 2021.	
<b>9.</b>	<b>Outline Budget 2022-2023</b>	<b>137 - 148</b>
	To review the outline budget for 2022-2023 and the Medium Term Financial Strategy.	
<b>10.</b>	<b>Determination of the 2022/23 Council Tax base for tax setting</b>	<b>149 - 152</b>
	To agree the Council Tax Base for 2022/23.	
<b>11.</b>	<b>Treasury Management Strategy - mid-year report</b>	<b>153 - 172</b>
	To receive an update on the Council's treasury management activities.	
<b>12.</b>	<b>Procurement of Fire Alarms Systems and Emergency Lighting Installations Maintenance Services - Residential and Municipal Properties</b>	<b>173 - 178</b>
	To agree the procurement process for fire alarm systems maintenance services (for Planned and Responsive Maintenance) with a contract commencement date of 1 April 2022.	
<b>13.</b>	<b>Corporate Plan 2021-2023</b>	<b>179 - 200</b>
	To review the proposed Corporate Plan and make a recommendation to Council on 9 December 2021.	
<b>14.</b>	<b>Oast House/Kingston Road Car Park and Health and Wellbeing Centre</b>	
	To follow.	
<b>15.</b>	<b>Exclusion of Public and Press (Exempt Business)</b>	
	To move the exclusion of the public and press for the specified agenda items, in view of the likely disclosure of exempt information within the meaning of Part 1 of Schedule 12A to the Local Government Act 1972, as amended by the Local Government (Access to Information) Act 1985 and by the Local Government (Access to information) (Variation) Order 2006.	

- 16. EXEMPT ITEM - Staines Library Hub and Museum** **201 - 218**
- The report contains exempt information within the meaning of Part 1 of Schedule 12A to the Local Government Act 1972, as amended by the Local Government (Access to Information) Act 1985 and by the Local Government (Access to information) (Variation) Order 2006 Paragraph 3 – Information relating to the financial or business affairs of any particular person (including the authority holding that information) and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information because, disclosure to the public would prejudice the financial position of the authority in being able to undertake even-handed negotiations and finalising acceptable contract terms.
- 17. EXEMPT ITEM - 5th Floor, Communications House, Staines** **219 - 224**
- This report contains exempt information within the meaning of Part 1 of Schedule 12A to the Local Government Act 1972, as amended by the Local Government (Access to Information) Act 1985 and by the Local Government (Access to information) (Variation) Order 2006 Paragraph 3 – Information relating to the financial or business affairs of any particular person (including the authority holding that information) and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information because, disclosure to the public would prejudice the financial position of the authority in any lease, contract or other type of negotiation with the tenant, who could then know the position of the Council.
- 18. Ashford Multi-Storey Car Park**
- To follow.
- 19. Opportunities for collaborative working**
- To follow.
- 20. Verbal update on the Corporate Recovery Plan**
- To receive a verbal update on the Corporate Recovery Plan, following service committee reviews.
- 21. Forward Plan** **225 - 230**
- To consider the Forward Plan for committee business.

**22. Additional Corporate Policy and Resources Committee**

To agree an additional date for a meeting of the Corporate Policy and Resources Committee. The following dates are currently available:

- Monday 17 January 2022 at 7.00pm
- Wednesday 19 January 2022 at 7.00pm
- Thursday 20 January 2022 at 7.00pm

**23. Urgent Actions**

**231 - 232**

To note those urgent actions which have been taken by the Chief Executive in consultation with the Leader since the agenda was published for the ordinary Corporate Policy and Resources meeting on 4 October 2021.

**24. Urgent business**

To consider any business deemed as urgent by the chair.

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**Minutes of the Corporate Policy and Resources Committee  
4 October 2021**

**Present:**

Councillor L. E. Nichols (Chairman)

Councillors:

C.F. Barnard	R.J. Noble	I.J. Beardsmore
V.J. Leighton	S.A. Dunn	V. Siva
S. Buttar	O. Rybinski	
S.C. Mooney	S.M. Doran	

**Substitutions:** Councillors H. Harvey (In place of A. Brar)

**In Attendance:** Councillors C. Bateson, M. Beecher and R.D. Dunn.

**405/21 Apologies for absence**

Apologies were received from Councillors Sexton, Boughtflower and Brar (substituted by Councillor H Harvey).

**406/21 Minutes**

The minutes of the meeting held on 5 July 2021 were agreed as a correct record.

**407/21 Disclosures of Interest**

Councillor Leighton declared an interest in agenda item 4 (Stadbury Meadow Car Park) and did not participate in discussions.

**408/21 Stadbury Meadow Car Park**

The committee was pleased that this longstanding matter was now drawing to a conclusion. The agreement had been signed on 21 September 2021, and outstanding matters were now being administered.

It was hoped that the Council had learned lessons from this matter, in particular when assessing the risks around commencing litigation.

Resolved that the report be noted.

#### **409/21 Recommendations from the committees**

##### **a Acquisition of Registered Providers' Street Properties**

This report was making preparations for the 2022-23 Capital Programme. Knowle Green Estates would receive the assets (to be financed by loan finance from the Council) and would manage the assets. The long term viability analysis indicated that it would be viable for KGE to hold the assets (as long as appropriate purchase prices were paid).

There was discussion about inviting the directors of Knowle Green Estates to a future meeting of this committee or to the Community Wellbeing and Housing Committee.

Resolved that:

1. The Acquisition of Registered Providers Street Properties Policy be approved; and
2. A Capital Programme recommendation be made for 2022-23 for approval by Council in February 2022.

##### **b Staines Library**

It was proposed by Councillor C Barnard, Seconded by Councillor S Doran and **resolved** that the public and press be excluded during consideration of this item, in accordance with paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended) because it was likely to disclose 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 in being able to undertake even-handed negotiations and finalising acceptable contract terms.

The recommendations, as set out in the report, were agreed.

See separate minutes.

##### **c Proposal to Acquire Additional Car Parking by Way of a Lease – Charter Building, Uxbridge**

It was proposed by Councillor C Barnard, Seconded by Councillor S Doran and **resolved** that the public and press be



excluded during consideration of this item, in accordance with paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended) because it was likely to disclose 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 in any lease, contract or other type of negotiation with the tenant or developer, who could then know the position of the Council.

The Committee agreed that the Council enter into a 15 year lease at Grainge's Car Park, subject to the terms set out in the report.

See separate minutes.

**410/21 Procurement of Mechanical Installations Service and Maintenance (for planned and responsive maintenance)**

[Councillor H Harvey joined the meeting.]

The performance monitoring of contractors was discussed. Contractors' financial statuses were also evaluated. It was suggested that specific key performance indicators be written into the contracts, and that there be a rigorous process for monitoring them. The Committee was reassured about the rationale for bringing some of the services 'in-house'.

The Committee approved the terms and procurement processes for the following new contracts which were scheduled to commence on 01 April 2022 for an initial contract term to be for a period of three (3) years, with the option to extend annually for a further two (2) 12-month periods, in the Council's sole discretion, and taking into account the contractor's performance on the contract.

1. Mechanical installations maintenance services for Council's municipal and residential properties
2. Electrical installations maintenance services for Council's municipal and residential properties
3. General Building Reactive works for Council's municipal and residential properties

The Committee:

- i. delegated the approval of the appointment of the contractors to the Group Head of Regeneration and Growth in consultation with the Chair and Vice Chair of the Corporate Policy and Resources Committee.
- ii. authorised the Head of Corporate Governance to enter into any legal documentation necessary to implement the new contracts.

#### **411/21 Additional Short Term Funding for KGE**

It was proposed by Councillor C Barnard, Seconded by Councillor S Doran and **resolved** that the public and press be excluded during consideration of this item, in accordance with paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended) because it was likely to disclose 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 in the bidding process for the site/services by allowing other bidders to know the position of the Council. This in turn prejudices the Council by (i) distorting the bids process and (ii) prejudicing the opportunity for the Council to acquire a site/services to enable regeneration in the Borough.

The Committee approved an initial loan amount of £250,000, with the ability to approve further amounts, subject to it receiving a satisfactory business case from Knowle Green Estates (KGE). The Committee requested the attendance of representatives KGE's board at a future Corporate Policy and Resources Committee.

See separate minutes.

#### **412/21 Asset Management Plan - Annual Report**

It was noted that the plan had been subjected to a significant update.

The Committee:

1. noted the update on actions for Year 1.
2. approved the new actions for Year 2 for inclusion within the overall action plan.

#### **413/21 Capital monitoring (Qtr. 1 April-June)**

Suggestions on the content and presentation of future reports were welcomed outside the meeting. It was hoped that a reporting process that made best use of committee bandwidth would evolve over time.

A precis of questions that had been asked at other committees was provided. The impact of Covid-19 was also mentioned. The expenditure for the Elmsleigh Centre had been approved by the former Cabinet in February 2021.

The Committee noted the current level of underspend on capital expenditure against its Capital Programme provision as at 30 June 2021 for the Council and the Corporate Policy and Resources Committee's areas of responsibility.

#### **414/21 Revenue monitoring (Qtr. 1 April-June)**

Suggestions on the content and presentation of future reports were welcomed outside the meeting.

[Councillor Beardsmore left the meeting.]

A precis of questions that had been asked at other committees was provided. The impact of Covid-19 was also mentioned. There was the potential for a significant impact on the Council's finances if its interest payments on housing delivery projects not yet completed could not be met from capital, should the moratorium on high rise developments in Staines-upon-Thames continue much longer. This was being closely monitored.

The Committee noted the forecast underspend outturn for 2021/22 as at 30 June 2021 for the Council and its areas of responsibility.

#### **415/21 Re-procurement of Property Management Contracts**

There had been a comprehensive tendering exercise carried out. The process for evaluating the bids that had been submitted was noted.

The Committee:

- approved the proposed sourcing strategy for property management contract renewals (a mini-tender with the Property Management consultancies on Lot 5 of SBC's Professional Services Framework Agreement);
- noted the proposed timetable for the procurement of the commercial and retail property management contracts.

#### **416/21 Sundry Debt Write Offs**

The individual write off amounts were reviewed. It was considered uneconomical to pursue the amounts owed due to the low likelihood of success.

The Committee approved the sundry debt write offs set out amounting to £81,332.76.

#### **417/21 Verbal update on the corporate plan**

The verbal update was noted.

#### **418/21 Appointments**

a **Outside bodies**

The Committee appointed Councillor Leighton as the Council's representative on the Thames Landscape Strategy Partnership.

b **Development Sub-Committee**

Councillors Mooney and Buttar were recommended to be appointed by Council to the Development Sub-Committee.

c **Waterfront Hotel Investigation Review Group**

No further appointments were made to the Waterfront Hotel Investigation Review Group.

#### **419/21 Forward Plan**

The Committee noted the forward plan.

It was agreed that:

1. the tenancy strategy item be considered at the meeting on 15 November 2021.
2. a full business case for the proposed Transactional Financial Service Partnership be considered at the meeting on 15 November 2021.

#### **420/21 Urgent Actions**

The urgent actions of the Chief Executive were noted.

#### **421/21 Update on proposed Transactional Financial Service Partnership**

The chair agreed to this item being added to the agenda in accordance with Section 100B(4)(b) of the Local Government Act 1972 for the following reasons:

*This report seeks to progress the proposed agreement with Mole Valley District Council as soon as possible. Delaying the agreement will impact on service resilience, the councils' ability to recruit and retain staff, and limit any efficiencies that can potentially be made.*

Spelthorne and Mole Valley both utilised the same finance systems which removed some of the complexity around sharing resources. Some officers were also familiar with the local arrangements of both councils.

It was hoped that the Committee would agree to enter into a memorandum of understanding, with various safeguards and clear exit arrangements for each

council. There was the potential for the shared service to accept other partners once it was established.

The intended benefits of the shared service were mentioned, including resilience and economies of scale. There were no planned redundancies in either finance team, with the proposals being cost neutral, and both councils being in a reasonably strong financial position.

The Committee questioned whether there had been any learning points identified when previous shared service arrangements had failed. It was noted that there was a clear vision for the proposed partnership.

[The committee agreed that the meeting should continue for a maximum of 30 minutes, in accordance with standing order 38.2.]

There was a good level of buy in among officers in both teams, with a desire to share and implement best practice. The location of staff was less of an issue, now that remote working had become commonplace.

It was noted that whilst the timescales for creating a shared service were demanding, officers were confident that it could be delivered in accordance with the planned timeline.

The committee noted the proposed partnership and requested that a full business case be presented at the meeting on 15 November 2021.

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**Minutes of the Corporate Policy and Resources Committee  
19 October 2021**

**Present:**

Councillor L. E. Nichols (Chairman)  
Councillor J.R. Sexton (Vice-Chairman)

Councillors:

J.R. Boughtflower	S.C. Mooney	A. Brar
C.F. Barnard	R.J. Noble	S.M. Doran
S. Buttar	S.A. Dunn	I.J. Beardsmore

**Substitutions:** Councillor H. Harvey (In place of O. Rybinski).

**Apologies:** Councillors V.J. Leighton, N. Islam and V. Siva.

**In Attendance:** Councillor C. Bateson.

**422/21 Apologies and Substitutes**

See above.

**423/21 Disclosures of Interest**

It was noted that the substantive item may progress to the Council's Planning Committee. Councillors did not express views on planning matters.

**424/21 Staines Health and Wellbeing Centre**

It was proposed by Councillor Dunn, Seconded by Councillor Sexton, and resolved that the public and press be excluded during consideration of this item, in accordance with paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended) because it was likely to disclose 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 authority in undertaking negotiations concerning the head lease of the property.

See separate minutes.

Recommendations 2 - 4 of the officer's report were agreed.

**425/21 Urgent business**

There was no urgent business.

**Exempt  
Minutes of the Corporate Policy and Resources Committee  
19 October 2021**

**Present:**

Councillor L. E. Nichols (Chairman)  
Councillor J.R. Sexton (Vice-Chairman)

Councillors:

J.R. Boughtflower	S.C. Mooney	A. Brar
C.F. Barnard	R.J. Noble	S.M. Doran
S. Buttar	S.A. Dunn	I.J. Beardsmore

**Substitutions:** Councillors H. Harvey (In place of O. Rybinski).

**Apologies:** Councillors V.J. Leighton, N. Islam and V. Siva.

**In Attendance:** Councillor Bateson.

**424/21 Staines Health and Wellbeing Centre**

It was confirmed that this report was seeking the committee's approval to agree heads of terms for NHS England to occupy a section (of approximately 30%) of the Oast House site on a long-term lease for a peppercorn rent. Other proposals for this site were not for discussion at this meeting.

NHS England was proposing to move the existing Staines Health and Wellbeing Centre from its current site at Knowle Green, in order to expand local health services and locate them at a more central position in the town. It was proposed to permit subletting on the site to enable NHS England to reshape services to meet local need. NHS England would be responsible for the majority of fitting out costs.

The current Knowle Green facility was likely to be disposed of on completion of any new build on the Oast House site. There were likely to be issues with planning permission for the redevelopment of the Knowle Green site, due to its flood risk.

The viability of the Council's plans for the site had been reviewed by the Development Sub-Committee in light of a potential reduction in the number of dwellings (from c.250 to c.180), to accommodate NHS England's request. Knowle Green Estates' view was therefore an important consideration.

Concerns had been raised about the Council being responsible for bearing the cost of any delays or increases in the cost of the construction, which could potentially arise as a result of a fixed price contract for delivering the building. This was a typical feature of construction projects and NHS England were unwilling to take on this risk.

A number of specialised services were expected to be located at the proposed health and wellbeing centre. This would result in some users making longer journeys to access the centre, which meant that its proximity to Staines Station was a strong positive for the project. There was discussion about parking, including whether driving should be discouraged. A potential underground car park, the potential the cost of which, would be discussed in due course.

A need for speedy decision making was anticipated, due to the restrictive funding window available to the project. Officers were therefore asked to prepare a decision making 'flightpath' document to ensure that there was clarity over each committee and sub-committee's responsibilities.

The views of the Council's treasury management advisers were discussed. Additional feedback would be provided, as part of the budget process, on the basis for the advisers' projections around long term gilt rates. There was also a need to review the Council's grants scheme, due to NHS England charging rent that would be paid for through grants to affected charities.

The objectives element of the recommendation was discussed. It was agreed that as this had not been discussed by the Development Sub-Committee, this element of the report would be brought back to the Corporate Policy and Resources Committee in due course.

The Corporate Policy and Resources Committee:

1. Agreed to proceed with the Heads of Terms between the Council as landowner and the CCG as proposed long leaseholder.
2. Authorised the Group Head of Regeneration and Growth (in consultation with the Chair and Vice Chair of the Corporate Policy and Resources Committee) to conclude the negotiations on the Head of Terms to secure the best commercial terms for the Council.
3. Authorised the Group Head of Corporate Governance to complete the necessary legal documentation to formalise the Heads of Terms.



**28 September 2021**

<b>Title</b>	Tenancy Strategy
<b>Purpose of the report</b>	To make a Key Decision
<b>Report Author</b>	Marta Imig, Strategic Lead, Housing
<b>Ward(s) Affected</b>	All Wards
<b>Exempt</b>	No
<b>Exemption Reason</b>	<i>N/a</i>
<b>Corporate Priority</b>	Housing
<b>Recommendations</b>	Committee is asked to:  Approve the Tenancy Strategy; and To make a recommendation to Corporate Policy and Resources Committee
<b>Reason for Recommendation</b>	This Strategy is a review of the existing Tenancy Strategy, originally introduced in 2012.

## 1. Key issues

- 1.1 The Council's Tenancy Strategy has not been reviewed since it has been originally introduced in 2012. Within the Housing Strategy, it was stated that the original Tenancy Strategy should be reviewed, to ensure that tenures offered to residents meet local needs.
- 1.2 The revised Strategy is a more comprehensive version of the original document, setting out all types of tenancies permitted within the Borough and the circumstances when those can be offered. The revised draft Strategy focuses on local needs and affordability of housing within the Borough.
- 1.3 A research of affordability of Affordable Housing has been carried out and is attached in Appendix D. The research shows that affordable housing at 80% of market rent is still very expensive within Spelthorne Borough, and not affordable for those on low income or Housing Benefits. Consequently, residents rely on Discretionary Housing Payments (DHP) to cover their rents. Furthermore, DHP is not designed as a long-term support to residents, therefore although it provides temporary support, long term issues of affordability remain.
- 1.4 The proposed revised version of the Tenancy Strategy has been drafted based on the input from a consultation of all Registered Providers (RPs) operating within Spelthorne Borough as well as Knowle Green Estates, and it

seeks to lower the maximum affordable rent to up to 70% of market rent (which is currently at up to a maximum of 80% of market rent).

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

### Option 1: To reject the Tenancy Strategy

The revised Strategy will not apply, and the existing Tenancy Strategy will remain in force.

### Option 2: To adopt the proposed Version 1 of Tenancy Strategy (recommended)

The adoption of the revised Tenancy Strategy will ensure that tenancies are offered fairly and consistently across the Borough by Registered Providers (RPs) and Knowle Green Estates. The Strategy will seek to deliver new tenancies for re-lets, as well as new build properties to be offered to the residents at up to 70% of market rent. This would enable to offer affordable rent to greater number of applicants.

### Option 3: To adopt the proposed Version 2 of Tenancy Strategy

The adoption of the revised Tenancy Strategy will ensure that tenancies are offered fairly and consistently across the Borough by RPs and Knowle Green Estates. The Strategy will seek to deliver new tenancies for new build properties to be offered to the residents at up to 70% of market rent, while existing properties will continue to be re-let at up to 80% of market value.

### Option 4: Adopt an alternative Tenancy Strategy

There remains the possibility of adopting an alternative Tenancy Strategy, should Committee consider it appropriate.

## **3. Financial implications**

- 3.1 The revised Tenancy Strategy offers a reduction in rent for new affordable tenancies to be set at a maximum of 70% of the market value (currently 80%).
- 3.2 This proposed rent reduction will have the biggest impact on Knowle Green Estates (KGE), our largest affordable housing provider within the Borough.
- 3.3 KGE were consulted separately - KGE conducted an assessment of their affordability to deliver affordable housing at rent reduced up to 70% of market rent. The assessment found that it is affordable for KGE to continue delivering affordable housing at rent reduced up to 70% of market rent.

## **4. Other considerations**

- 4.1 The feedback from the consultation of the RPs has been positive, with RPs supporting the proposed tenancy strategy, but concerns have been raised by some providers with regard to the re-lets of the existing properties which have previously been budgeted at up to 80% of market rent, as this may affect the budgets of the RPs. The number of re-lets in the last year has been 175 units across all providers. However, to address this concern we provide as attached two versions of the Strategy for the Committee to consider.
- 4.2 In addition, RPs raised concerns about the developments that have received planning permission prior to the review of the Tenancy Strategy, and had

viability assessed at the rate of up to 80% of market rent. The Tenancy Strategy was amended accordingly, to allow for any developments with planning permission granted prior to the review of the Tenancy Strategy, to enable RPs to continue offering rents at up to 80% of market rent.

- 4.3 At a Surrey Enabling Group on 14 September 2021, attended by representatives of Housing Strategy Managers/Leads, affordability of rents has been discussed and while none of the Borough Councils have yet passed a revised version of their Tenancies Strategies to officially reduce the % of affordable rent charged, it was stated that Waverley Borough Council as well as Guildford Borough Council are working on bringing the changes to reduce their affordable rent to up to 70% of market value. Equally, Woking Borough Council, stated that they recognise the need for the review of their affordable rent position, but have not been able to tackle it yet due to staff shortages. However, Woking Borough Council is now starting the process of reviewing the affordability. Elmbridge Borough Council said that although their policies enable the RPs to charge up to 80% of market rent, in practice it is around 70% mark, as their RPs have struggled to rent units at 80% of market rent.

## **5. Equality and Diversity**

- 5.1 An Equality and Diversity Impact Assessment has been carried out and is provided in Appendix D.

## **6. Sustainability/Climate Change Implications**

- 6.1 The proposed Strategy itself does not have any impact on the Council's sustainability / climate change position.

## **7. Timetable for implementation**

- 7.1 Once adopted, the Strategy will be put into effect immediately.  
7.2 This Strategy will be comprehensively reviewed every 5 years.

**Background papers: There are none.**

### **Appendices:**

**List as Appendix A, B etc with a short description of each.**

*Appendix A: Version 1 Revised Tenancy Strategy*

*Appendix B: Version 2 Revised Tenancy Strategy*

*Appendix C: Original Tenancy Strategy*

*Appendix D: Equality Impact Assessment for Tenancy Strategy*

*Appendix E: Affordability of Affordable Housing*

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# **SPELTHORNE TENANCY STRATEGY**

**July 2021**

## **1. Introduction and background**

1.1. The Localism Act 2011 (the Act) requires local authorities to publish a Tenancy Strategy setting out the matters which registered providers of social housing (RPS) should have regard to when formulating their policies or their own housing stock relating to: .

- (a) The types of tenancies they grant
- (b) The circumstances in which they will grant a particular type of tenancy
- (c) Where there are fixed term tenancies the length of the term granted
- (d) The circumstances in which they will or will not grant a further tenancy on the termination of an existing fixed tenancy

1.2. The Act introduced a number of new options for RPs including:

- (a) fixed term tenancies rather than secure or assured tenancies
- (b) flexible tenancies which can be for a minimum fixed term of two years
- (c) 'affordable rent' which permits rents to be set at up to 80% of market rent (inclusive of service charges). The introduction of affordable rent made building more new homes possible, allowing more people in housing need to have access to a good quality home at a reduced rent.

1.3. The Act required local authorities to keep the Tenancy Strategy under review. This strategy replaces the Council's Tenancy Strategy, published in 2012 and now includes and applies to Knowle Green Estates Limited (KGE), the Council's housing delivery company .

1.4. Knowle Green Estates Limited whilst not currently a registered provider has agreed to have regard to the Tenancy Strategy in formulating any of its policies relating to its affordable housing stock.

1.5. The strategy sets out all types of tenancies that all RPs operating in Spelthorne and KGE, must consider when they draw up their own individual policies on the types of tenancies, they will grant. The Council does not own its own housing stock and is reliant on its RP partners and

KGE for properties to allocate to households on the Council's Housing Register.

1.6. All RPs operating in Spelthorne and KGE must have regard to the Council's Tenancy Strategy, when meeting their duty to state clearly what types of tenancies they will grant and in which circumstances these different types of tenancies will be granted, also the length of any fixed-term tenancies they will grant and in what circumstances a new tenancy will be given should any fixed-term tenancy expire.

1.7. This strategy is the result of the review and consultation with RPs operating within Spelthorne Borough and KGE, their views have informed this strategy review. We will continue to work in partnership to ensure that this Tenancy Strategy and local RPs and KGE policies meet local housing needs.

## **2. Local Context**

2.1 Spelthorne is an attractive borough with excellent schools, attractive open spaces, and good transport links. The Borough benefits from scenic river walks along the banks of the River Thames and is in close proximity to Heathrow which offers good and varied employment opportunities for residents. As such, the demand for housing in the borough is high and like most areas in the South East, property prices are high. Levels of home ownership are high<sup>1</sup> at approximately 72.5%, 25.5% rent their home with 13.1% of these renting from the private sector. Further 2% either lives with family or has other living arrangements.

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2.3 The supply of affordable rented homes is limited, and it is important that the stock that is available is used to its full potential to provide homes for those in the highest housing need who require assistance from the Council.

### **3. Objectives of the Tenancy Strategy**

3.1 The purpose of this Tenancy Strategy is to provide guidance to RPs and KGE, informing their policies and practices to ensure that they meet housing need across the whole of the Spelthorne Borough. This Strategy clarifies to housing applicants the type of tenancy they can expect.

3.2 The Strategy has the following aims:

- a) **Make best use of social housing stock** - to ensure that affordable homes are used as effectively as possible to meet the housing needs of Spelthorne residents where their needs are not met by the private sector. This can be achieved by supporting and enabling existing social housing tenants to move on from affordable housing once they are able to sustain an alternative housing option, such as home ownership or the private rented sector.
  
- b) **To meet local housing needs and prevent homelessness** - The use of fixed term tenancies provides an opportunity to address under-occupation. It gives affordable housing providers greater opportunity to move people into a smaller property when their current accommodation is larger than their actual housing need (i.e. occupying a three bedroom property when their need is only for a two bedroom property). This will release larger properties for those who need them, including overcrowded households or families facing homelessness. RPs and KGE will not be obliged to renew a fixed term tenancy at the end of the term and will support tenants who are under occupying an affordable property to find a more suitable alternative in this situation.

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People's needs may change over time and different tenure options may be more suitable subject to their circumstances, including accessing home ownership and the private rented sector. Flexible tenancies should encourage people to make flexible choices about their housing options, rather than assuming that limited social rented housing is their only effective choice.

3.3 The strategy has been drafted to support the Council's current strategic priorities of:

- Enabling the delivery of more affordable homes
- Promoting independence and wellbeing
- Preventing homelessness and rough sleeping

## **4. The Strategy**

4.1 The Strategy sets out guidance to RPs and KGE for their own individual Tenancy Policies.

4.2 The following tenancy types are recognised as being permitted:

- Probationary Tenancies
- Flexible/Fixed Term Tenancies
- Secure/Assured Tenancies
- Licences – limited use

- Assured Shorthold Tenancies – limited use

4.3 This Strategy aims to define the types of tenancies and will apply to all RPs and KGE providing social and affordable rented properties in Spelthorne Borough. In addition, it also sets out standards expected of all RPs and KGE, who have been consulted during its development. All local RPs and KGE must give due regard to the guidelines set out in the strategy, upon completion of the review consultation.

4.4 RPs are required by Homes England and the Regulator of Social Housing, acting as their regulatory body, to let their homes in a fair, transparent and efficient way, which takes into account the housing needs and aspirations of tenants and potential tenants whom they serve. RPs and KGE are expected to demonstrate how their lettings:

- make the best use of available housing
- are compatible with the purpose of the housing
- contribute to the Local Authority's strategic housing function and sustainable communities.

4.5 RPs and KGE are also required to publish clear and accessible policies setting out the term of the tenancies, when they will be renewed and the approach to management, including interventions to sustain tenancies and to prevent unnecessary evictions and tackle tenancy fraud. The Council expects RPs and KGE to positively engage with counter-fraud initiatives to pro-actively manage any tenancy fraud.

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4.8 The legal status of the Tenancy Strategy is such that it does not override existing agreements regarding tenure.

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4.9 Probationary or Trial tenancies provide an effective housing management tool, to ensure that new tenants understand their obligations under their tenancy agreement and can sustain that tenancy.

4.10 Where a RP uses a Probationary Tenancy, they should normally be entered into for a 12-month period, which may be extended to a maximum of 18 months, where reasons for extending the probationary period have been given and where the tenant has had the opportunity to request a review.

4.11 New tenants may be offered a starter tenancy, known as 'probationary tenancy'. These usually last 12 months and are a 'trial' period. The tenant becomes a fixed term tenant after 12 months, unless the RP has either:

- Started an action to evict the tenant
- extended the starter tenancy

4.12 Probationary tenancies were created by the Housing Act 1996. They are intended to allow RPs to decide if a tenancy is granted to a suitable tenant. At the end of the starter tenancy, the tenant will be offered either:

- an assured tenancy - meaning the tenant can remain in the property for the rest of their life
- a fixed-term tenancy - usually lasting for at least 5 years (the RP will decide whether it's renewed based on individual circumstances)

4.13 Upon successful completion of the probationary period, tenants should graduate to the relevant tenancy as set out within the individual RPs tenancy policy.

### **Fixed Term Tenancies**

4.12 The Council considers that fixed-term tenancies provide opportunities to make best use of the limited stock available, as well as opportunities at tenancy renewal to review the existing housing need. Although these tenancies do not offer lifetime security of tenure, in other respects tenants will have similar tenancy rights to assured tenants.

4.13 It is desirable that all new affordable tenancies across the Borough are offered on similar fixed terms, rather than there being a range of terms, which may create confusion for those households relying upon the social housing sector to meet their housing need.

4.14 The Council expects a fixed-term tenancy of five years to be granted to new social housing tenants, after probationary period, with few exceptions. In the authority's view, five-year tenancies give adequate security to most households, as they provide a balance between residents having stability and feeling settled in an area, with the ability to help make tenancies work and be sustainable, as well as making the best use of housing stock retained by the landlord.

4.15 All such tenancies will be subject to review towards the end of the fixed term and, subject to the circumstances of the tenant at that time, a decision will be made as to whether to renew the tenancy for a further fixed-term period, not to renew or to offer an assured tenancy.



4.16 It is essential that RPs clearly communicate renewal terms to new tenants when they are offered fixed-term tenancies, so that they understand that in most circumstances tenancies will be renewed. This will help people, particularly those who are vulnerable, feel connected and settled and contribute to their local areas and to invest in their homes.

4.17 Social housing also comes with responsibilities and there should be a link between expected behaviour and tenancy renewal, which needs to be strongly communicated at the start of the tenancy.

### **Two-year flexible tenancies**

4.18 Although five-year flexible tenancies are recommended as the usual minimum term, two-year tenancies may be offered in certain circumstances. The Council considers that shorter fixed terms may be desirable in a number of exceptional circumstances, as follows:

- Where a short tenancy is being offered for a fixed period and there is no intention to renew
- An offer of accommodation to someone who has lived with a tenant who has died, but is not entitled to succeed to the tenancy, to provide them with some transitional protection<sup>2</sup> to overcome their bereavement where they are likely to be able to meet their own housing needs in the longer term.

4.19 Shorter tenancies may also be considered in certain circumstances, where an existing five-year tenancy is coming to an end and there is uncertainty about the future needs of the tenant, for example:

- a family where children have been taken into care, and where it is not known if those children will return home
- a family where there is a relationship breakdown and there are ongoing negotiations about residence arrangements for the

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<sup>2</sup> The period of transitional protection would be for two years.

children that could affect the household's future social housing requirements

- a family with adult children at university or living away from home where it is uncertain as to whether the adult children will return to live at home permanently.

4.20 In some instances, a further shorter tenancy may be more appropriate where a tenant has a history of not keeping to the terms of their tenancy agreement.

4.21 These examples do not necessarily cover all types of exceptional circumstance that might arise. Further advice will be available to RPs in the use of discretion for shorter tenancies, if required.

### **Assured tenancies**

4.22 Assured tenancies must be retained for those tenants who held them on the day that section 132 of the Localism Act 2011 came into force.

4.23 The Localism Act requires RPs to offer Secure or Assured tenancies to applicants that were already social tenants before the provisions were enacted, and this applies to mutual exchanges reciprocal moves or moves as a result of major works or regeneration.

4.24 The Council expects that existing Secure and Assured tenants will retain their security of tenure when they choose to move to another social rented home.

4.25 In transfers between tenants with different levels of security, Secure or Assured tenants keep their security of tenure if they swap with a Fixed-term tenant or an Affordable rent tenant. However, it is not guaranteed they will keep the same rent or other tenancy conditions.

4.26 Older people who have reached state retirement age and will occupy a general needs property will always be granted assured tenancies. The terms of sheltered housing and extra care tenancies will remain the same as they are and will be let as assured tenancies.

4.27 Assured tenancies can be used in circumstances where the tenant will require long term affordable housing. This can be due to long term physical or mental ill health.

4.28 Assured tenancies are designed to provide security of tenure and stability to the household in need.

4.29 Assured tenancies for new tenants should be used after a successful probationary tenancy period.

#### **Other tenancies and licences**

4.30 There are other types of tenancies and licences that may be used by RPs and KGE in appropriate circumstances. The Council supports the continued use of such tenancies, as set out here, below:

- **Non-Secure Tenancies/ licences** are used for households provided with accommodation under the Council's statutory homelessness duties. They do not offer security of tenure. They last until the Council has discharged its duty to provide temporary accommodation and may be used by the RPs if they provide temporary accommodation for this purpose at the request of the Council.

- **Assured Shorthold Tenancies (ASTs)** are generally used for private sector rented homes, but RPs and KGE may also use them in some circumstances. They are frequently used in supported housing schemes or in general needs accommodation, which is intended for short-term use, for example to help prevent immediate homelessness or where properties are leased for a fixed period

and the landlord needs to be able to offer up vacant possession at the end of the term.

## **Overview**

4.31 Tenants who were awarded their assured tenancy prior to the Localism Act 2011 introduction, will not be affected by any changes brought by the Act and will continue their tenancies under their existing terms and conditions, including the right to buy/right to acquire, succession rights and the right to exchange their tenancy with another assured tenant.

4.32 Where fixed-term tenancies are awarded they should be for at least 5 years and any 'probationary' tenancies should initially be for 12 months, with a possible 6-month extension.

4.33 The flexible tenancy supports the government's aim to move away from the 'tenancy for life' approach and, instead, provide social housing at a time of need and throughout the time of need, rather than permanently. This approach recognises that social housing tenancies are prioritised for those with the greatest current need, such as those who are overcrowded or those facing homelessness.

4.44 The Government's intention is to assist RPs to maximise effective use of their housing stock, and to help more people move on from affordable housing, should their circumstances change, and they become in a position to sustain alternative housing, such as home ownership or accessing the private rented sector.

## **5. Affordable rent**

5.1 Affordable Rented (AR) housing is a model of social housing that can be let at up to 80% of local market rents. This is in contrast to social rented housing, which has to be let at 'target rents' which are set by the

Government and are usually between 40 % and 50 % of market rents. Any increase in rent is to be used to fund new social housing development.

5.2 AR housing is not directly linked to tenancy – it can be offered as a lifetime tenancy or a flexible tenancy. It is important that tenants and prospective tenants understand the difference between AR and social rents. The Council expects RPs to set out their intentions to use ARs in their individual tenancy policies, which may relate household income to eligibility for AR housing.

5.3 The National Planning Policy Framework (NPPF) defines AR housing as: “rented housing let by registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is not subject to the national rent regime but is subject to other rent controls that require a rent of no more than 80 per cent of the local market rent (including service charges, where applicable).”

5.4 All RPs that have entered into development contracts with Homes England and receive grants are required to charge Affordable Rents. It also recommends that when setting rents, RPs take into account the local market context (including the relevant Local Housing Allowance) and wider Benefits’ policy.

5.5 Private rents are extremely high in the Borough. Therefore, the Council wants to ensure that affordable rent levels in Spelthorne remain affordable. The affordable rent model will enable affordable housing providers to set affordable rents for new build properties as well as re-let of existing properties at up to a maximum of 70% of the market rent for a comparable property within the same locality<sup>3</sup>. Spelthorne’s market rent levels vary between localities, these variations will be reflected in the affordable rents calculated for each locality. However, in no instance will the rents charged

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<sup>3</sup> Due to introduction of the Localism Bill 2011

for affordable rented properties, exceed the relevant Local Housing Allowance (LHA) rate that is applicable for that property size at the time of rent setting. This is to avoid excessively high affordable rents in high value areas.

5.6 The Council accepts that the AR model will help secure new housing supply. However, we expect developers, KGE and RPs to follow the guidance laid in the Supplementary Planning Document on S.106 sites. This indicates that we expect Affordable rents across the borough to be at a maximum of 70% of a market rent, or LHA rate, whichever is the lowest. Developments with planning permissions granted prior to the review of this Tenancy Strategy, where viability was assessed at up to 80% of market rent, will be permitted to offer AR tenancies up to 80% of market rent.

5.7 Although this guidance is for S.106 sites the Council expects RPs and KGE developing any site, or converting their rents, to abide by the principles set out in this guidance.

5.8 Given the importance of homes being affordable for tenants, the Council considers it essential that RPs and KGE develop approaches to financial inclusion and capability for tenants, ensuring that prospective tenants will be allocated a home they are able to afford in the longer term and financial issues will be addressed at an early stage. Likewise, tenants likely to be affected by welfare reform changes should be given appropriate advice and information.

5.9 Applicants who are officially ineligible for housing, for example foreign nationals who are subject to immigration control and other people from abroad excluded by statute or regulation and do not therefore, have recourse to public funds, will not be nominated for housing by the Council or local providers of affordable housing.

## **6. Succession**

6.1 In some circumstances and depending on the tenancy type, a spouse, partner or any other household member may be entitled to succeed the tenancy. The Localism Act has introduced only one statutory right of succession, to a spouse, partner, or any other household member. Any other successions will be entirely at the discretion of the affordable housing provider in consultation with the Council. All applications to succeed a tenancy will be assessed on a case-by-case basis by RPs.

6.2 All successions to a flexible tenancy will only be for the remainder of the life of that tenancy, and subject to a full review as set out below when the end of the tenancy is due.

## **7. Tenancy Reviews**

7.1 No less than six months before a flexible tenancy is due to end, it will be subject to a review using the criteria detailed below. If it is decided, as a result of the tenancy review, that a tenancy will not be renewed, written notice advising the tenant of such will be served. The notice must contain the reasons for the decision and also notify the tenant of their right to appeal. Should a tenant appeal and fail to have the decision overturned, the landlord will be able to seek possession of the property. The landlord's right of possession may then be challenged in the County Court only on the grounds that the landlord has made a legal error or a material error of fact.

## **8. Review Criteria**

8.1 The tenancy review criteria could include the continuing needs of tenants, any assets they might have accrued or inherited during the period of the tenancy, attitude to work/training opportunities that might have presented themselves during the period of the tenancy and pressures on social housing.

8.2 Tenancies will not normally be extended where one or more the following apply:

- The financial capacity of the tenant/s to secure alternative market accommodation or affordable tenures, under the financial criteria as set out in the Allocation Policy. However, any assessment of financial capacity must be managed in such a manner that ensures it does not act as a disincentive to work.
- The conduct of the tenant throughout the fixed term. This includes any anti-social behaviour issues, rent arrears, or property management issues. In instances that the affordable housing provider wants to refuse a further tenancy due to the conduct of the tenant, they will be expected to provide a detailed record of support and engagement with the tenant to assist them in maintaining their tenancy.
- The property is under-occupied by one bedroom or more.
- The property has been extensively adapted for someone with a disability who no longer lives with the tenant (this allows the property to be released for someone who will benefit from the adaptations).

8.3 The Council recognises that there may be circumstances in which it would be unreasonable to expect someone to move even if the above criteria applied, and would want a tenancy to continue if:

- The tenant is a care leaver and still receiving support from social services because of this.
- The tenant is participating in a family intervention programme or an equivalent programme.



- Other circumstances as deemed appropriate by the RP and KGE

## **9. Termination of a flexible/fixed term tenancy**

9.1 Once the tenancy review is completed, if it is decided that the tenancy will not be renewed, the RP and KGE must serve a written notice advising the tenant of their decision. The notice will contain the reasons for the decision and formally notify the tenant of their right to appeal and the appeal process. It is a legal requirement for the notice to be issued at least six months before the expiry of the tenancy so that the tenant has time to seek advice about their options.

9.2 The RPs have the statutory duty to provide housing advice/support to tenants in this situation. Before a tenancy being terminated, the RP will assist the tenant to explore their options for alternative housing. Such options could include home ownership, a privately rented home or a more suitable affordable rented home. The Council's Housing Options team will also offer housing advice to tenants in this situation if requested.

9.3 The housing officers in the Council Housing Options team will assist tenants with a wide range of advice to help them resolve the issues arising from the termination of their tenancies. This will include signposting to other Council departments where appropriate and to voluntary organisations that may help support people with resolving their housing issues.

9.4 RPs and KGE are asked to notify the Council without delay about tenancies that will not be renewed, subject to the consent of the tenant, as this will help any offer of further assistance if necessary.

9.5 If the tenant refuses to move when the notice period expires, the normal possession procedure will take effect.

## **10. Appeals**

10.1 If a tenant disagrees with the decision reached by their affordable housing provider to terminate their tenancy, they may use the appeal process as follows.

- All applicants have the right to request general information about their tenancy review, including the facts that have been taken into account and the reasons for terminating their tenancies.
- An applicant who is unhappy with a decision made under this policy should in the first instance contact their affordable housing provider, area housing officer to explain why they think that the decision is unreasonable.
- If an applicant wishes to pursue the matter further, they should obtain a copy of their affordable housing provider's appeal process and ensure that they submit an appeal within the stated time limit.
- Where an applicant wishes to appeal the termination of a tenancy and the notice period expires during the period of the appeal, the tenant will be permitted to stay in the property where this is not likely to lead to an unreasonable delay in the property being vacated.
- If the appeal review upholds the decision, the tenant then has recourse to the County Court.
- Should the County Court uphold the decision, the tenant will be obliged to leave the property.

## **11. Strategy review & monitoring**

11.1 The Tenancy Strategy has been developed and reviewed through consultation with RPs and KGE operating within the Borough.

11.2 This strategy may be updated from time-to-time to ensure that any information and links remain relevant and will be further reviewed as circumstances require at regular intervals of not less than every five years. Any material revision to the strategy will be considered in consultation with all relevant parties, who will be given a reasonable timescale to respond and comment as appropriate.

11.3 The responsibility for monitoring the implementation of this strategy is delegated to the Council's Strategic Housing Group (SHG), with periodic updates provided to the Community Wellbeing and Housing Committee. SHG exists to ensure that Spelthorne Borough Council has a focussed strategic approach on housing matters, in order that Spelthorne's housing need is identified and met.

## **12. Equalities and diversity**

12.1 The Tenancy Strategy will be subject to an Equality and Diversity Assessment and the Council expects RPs to carry out their own Equality and Diversity Assessment for their individual tenancy policies.

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# **SPELTHORNE TENANCY STRATEGY**

**July 2021**

## **1. Introduction and background**

1.1. The Localism Act 2011 (the Act) requires local authorities to publish a Tenancy Strategy setting out the matters which registered providers of social housing (RPS) should have regard to when formulating their policies or their own housing stock relating to: .

- (a) The types of tenancies they grant
- (b) The circumstances in which they will grant a particular type of tenancy
- (c) Where there are fixed term tenancies the length of the term granted
- (d) The circumstances in which they will or will not grant a further tenancy on the termination of an existing fixed tenancy

1.2. The Act introduced a number of new options for RPs including:

- (a) fixed term tenancies rather than secure or assured tenancies
- (b) flexible tenancies which can be for a minimum fixed term of two years
- (c) 'affordable rent' which permits rents to be set at up to 80% of market rent (inclusive of service charges). The introduction of affordable rent made building more new homes possible, allowing more people in housing need to have access to a good quality home at a reduced rent.

1.3. The Act required local authorities to keep the Tenancy Strategy under review. This strategy replaces the Council's Tenancy Strategy, published in 2012 and now includes and applies to Knowle Green Estates Limited (KGE), the Council's housing delivery company .

1.4. Knowle Green Estates Limited whilst not currently a registered provider has agreed to have regard to the Tenancy Strategy in formulating any of its policies relating to its affordable housing stock.

1.5. The strategy sets out all types of tenancies that all RPs operating in Spelthorne and KGE, must consider when they draw up their own individual policies on the types of tenancies, they will grant. The Council does not own its own housing stock and is reliant on its RP partners and

KGE for properties to allocate to households on the Council's Housing Register.

1.6. All RPs operating in Spelthorne and KGE must have regard to the Council's Tenancy Strategy, when meeting their duty to state clearly what types of tenancies they will grant and in which circumstances these different types of tenancies will be granted, also the length of any fixed-term tenancies they will grant and in what circumstances a new tenancy will be given should any fixed-term tenancy expire.

1.7. This strategy is the result of the review and consultation with RPs operating within Spelthorne Borough and KGE, their views have informed this strategy review. We will continue to work in partnership to ensure that this Tenancy Strategy and local RPs and KGE policies meet local housing needs.

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- an assured tenancy - meaning the tenant can remain in the property for the rest of their life
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4.13 Upon successful completion of the probationary period, tenants should graduate to the relevant tenancy as set out within the individual RPs tenancy policy.

### **Fixed Term Tenancies**

4.12 The Council considers that fixed-term tenancies provide opportunities to make best use of the limited stock available, as well as opportunities at tenancy renewal to review the existing housing need. Although these tenancies do not offer lifetime security of tenure, in other respects tenants will have similar tenancy rights to assured tenants.

4.13 It is desirable that all new affordable tenancies across the Borough are offered on similar fixed terms, rather than there being a range of terms, which may create confusion for those households relying upon the social housing sector to meet their housing need.

4.14 The Council expects a fixed-term tenancy of five years to be granted to new social housing tenants, after probationary period, with few exceptions. In the authority's view, five-year tenancies give adequate security to most households, as they provide a balance between residents having stability and feeling settled in an area, with the ability to help make tenancies work and be sustainable, as well as making the best use of housing stock retained by the landlord.

4.15 All such tenancies will be subject to review towards the end of the fixed term and, subject to the circumstances of the tenant at that time, a decision will be made as to whether to renew the tenancy for a further fixed-term period, not to renew or to offer an assured tenancy.

4.16 It is essential that RPs clearly communicate renewal terms to new tenants when they are offered fixed-term tenancies, so that they understand that in most circumstances tenancies will be renewed. This will help people, particularly those who are vulnerable, feel connected and settled and contribute to their local areas and to invest in their homes.

4.17 Social housing also comes with responsibilities and there should be a link between expected behaviour and tenancy renewal, which needs to be strongly communicated at the start of the tenancy.

### **Two-year flexible tenancies**

4.18 Although five-year flexible tenancies are recommended as the usual minimum term, two-year tenancies may be offered in certain circumstances. The Council considers that shorter fixed terms may be desirable in a number of exceptional circumstances, as follows:

- Where a short tenancy is being offered for a fixed period and there is no intention to renew
- An offer of accommodation to someone who has lived with a tenant who has died, but is not entitled to succeed to the tenancy, to provide them with some transitional protection<sup>2</sup> to overcome their bereavement where they are likely to be able to meet their own housing needs in the longer term.

4.19 Shorter tenancies may also be considered in certain circumstances, where an existing five-year tenancy is coming to an end and there is uncertainty about the future needs of the tenant, for example:

- a family where children have been taken into care, and where it is not known if those children will return home
- a family where there is a relationship breakdown and there are ongoing negotiations about residence arrangements for the

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<sup>2</sup> The period of transitional protection would be for two years.

children that could affect the household's future social housing requirements

- a family with adult children at university or living away from home where it is uncertain as to whether the adult children will return to live at home permanently.

4.20 In some instances, a further shorter tenancy may be more appropriate where a tenant has a history of not keeping to the terms of their tenancy agreement.

4.21 These examples do not necessarily cover all types of exceptional circumstance that might arise. Further advice will be available to RPs in the use of discretion for shorter tenancies, if required.

### **Assured tenancies**

4.22 Assured tenancies must be retained for those tenants who held them on the day that section 132 of the Localism Act 2011 came into force.

4.23 The Localism Act requires RPs to offer Secure or Assured tenancies to applicants that were already social tenants before the provisions were enacted, and this applies to mutual exchanges reciprocal moves or moves as a result of major works or regeneration.

4.24 The Council expects that existing Secure and Assured tenants will retain their security of tenure when they choose to move to another social rented home.

4.25 In transfers between tenants with different levels of security, Secure or Assured tenants keep their security of tenure if they swap with a Fixed-term tenant or an Affordable rent tenant. However, it is not guaranteed they will keep the same rent or other tenancy conditions.

- 4.26 Older people who have reached state retirement age and will occupy a general needs property will always be granted assured tenancies. The terms of sheltered housing and extra care tenancies will remain the same as they are and will be let as assured tenancies.
- 4.27 Assured tenancies can be used in circumstances where the tenant will require long term affordable housing. This can be due to long term physical or mental ill health.
- 4.28 Assured tenancies are designed to provide security of tenure and stability to the household in need.
- 4.29 Assured tenancies for new tenants should be used after a successful probationary tenancy period.

#### **Other tenancies and licences**

4.30 There are other types of tenancies and licences that may be used by RPs and KGE in appropriate circumstances. The Council supports the continued use of such tenancies, as set out here, below:

- **Non-Secure Tenancies/ licences** are used for households provided with accommodation under the Council's statutory homelessness duties. They do not offer security of tenure. They last until the Council has discharged its duty to provide temporary accommodation and may be used by the RPs if they provide temporary accommodation for this purpose at the request of the Council.

- **Assured Shorthold Tenancies (ASTs)** are generally used for private sector rented homes, but RPs and KGE may also use them in some circumstances. They are frequently used in supported housing schemes or in general needs accommodation, which is intended for short-term use, for example to help prevent immediate homelessness or where properties are leased for a fixed period

and the landlord needs to be able to offer up vacant possession at the end of the term.

## **Overview**

4.31 Tenants who were awarded their assured tenancy prior to the Localism Act 2011 introduction, will not be affected by any changes brought by the Act and will continue their tenancies under their existing terms and conditions, including the right to buy/right to acquire, succession rights and the right to exchange their tenancy with another assured tenant.

4.32 Where fixed-term tenancies are awarded they should be for at least 5 years and any 'probationary' tenancies should initially be for 12 months, with a possible 6-month extension.

4.33 The flexible tenancy supports the government's aim to move away from the 'tenancy for life' approach and, instead, provide social housing at a time of need and throughout the time of need, rather than permanently. This approach recognises that social housing tenancies are prioritised for those with the greatest current need, such as those who are overcrowded or those facing homelessness.

4.44 The Government's intention is to assist RPs to maximise effective use of their housing stock, and to help more people move on from affordable housing, should their circumstances change, and they become in a position to sustain alternative housing, such as home ownership or accessing the private rented sector.

## **5. Affordable rent**

5.1 Affordable Rented (AR) housing is a model of social housing that can be let at up to 80% of local market rents. This is in contrast to social rented housing, which has to be let at 'target rents' which are set by the



Government and are usually between 40 % and 50 % of market rents. Any increase in rent is to be used to fund new social housing development.

5.2 AR housing is not directly linked to tenancy – it can be offered as a lifetime tenancy or a flexible tenancy. It is important that tenants and prospective tenants understand the difference between AR and social rents. The Council expects RPs to set out their intentions to use ARs in their individual tenancy policies, which may relate household income to eligibility for AR housing.

5.3 The National Planning Policy Framework (NPPF) defines AR housing as: “rented housing let by registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is not subject to the national rent regime but is subject to other rent controls that require a rent of no more than 80 per cent of the local market rent (including service charges, where applicable).”

5.4 All RPs that have entered into development contracts with Homes England and receive grants are required to charge Affordable Rents. It also recommends that when setting rents, RPs take into account the local market context (including the relevant Local Housing Allowance) and wider Benefits’ policy.

5.5 Private rents are extremely high in the Borough. Therefore, the Council wants to ensure that affordable rent levels in Spelthorne remain affordable. The affordable rent model will enable affordable housing providers to set affordable rents for new build properties at up to a maximum of 70% of the market rent for a comparable property within the same locality<sup>3</sup>. Re-let of existing properties can continue to be offered to tenants at up to 80% of market rent. Spelthorne’s market rent levels vary between localities, these variations will be reflected in the affordable rents calculated for each

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<sup>3</sup> Due to introduction of the Localism Bill 2011

locality. However, in no instance will the rents charged for affordable rented properties, exceed the relevant Local Housing Allowance (LHA) rate that is applicable for that property size at the time of rent setting. This is to avoid excessively high affordable rents in high value areas.

5.6 The Council accepts that the AR model will help secure new housing supply. However, we expect developers, KGE and RPs to follow the guidance laid in the Supplementary Planning Document on S.106 sites. This indicates that we expect Affordable rents across the borough to be at a maximum of 70% of a market rent, or LHA rate, whichever is the lowest. Developments with planning permissions granted prior to the review of this Tenancy Strategy, where viability was assessed at up to 80% of market rent, will be permitted to offer AR tenancies up to 80% of market rent.

5.7 Although this guidance is for S.106 sites the Council expects RPs and KGE developing any site, or converting their rents, to abide by the principles set out in this guidance.

5.8 Given the importance of homes being affordable for tenants, the Council considers it essential that RPs and KGE develop approaches to financial inclusion and capability for tenants, ensuring that prospective tenants will be allocated a home they are able to afford in the longer term and financial issues will be addressed at an early stage. Likewise, tenants likely to be affected by welfare reform changes should be given appropriate advice and information.

5.9 Applicants who are officially ineligible for housing, for example foreign nationals who are subject to immigration control and other people from abroad excluded by statute or regulation and do not therefore, have recourse to public funds, will not be nominated for housing by the Council or local providers of affordable housing.

## **6. Succession**

6.1 In some circumstances and depending on the tenancy type, a spouse, partner or any other household member may be entitled to succeed the tenancy. The Localism Act has introduced only one statutory right of succession, to a spouse, partner, or any other household member. Any other successions will be entirely at the discretion of the affordable housing provider in consultation with the Council. All applications to succeed a tenancy will be assessed on a case-by-case basis by RPs.

6.2 All successions to a flexible tenancy will only be for the remainder of the life of that tenancy, and subject to a full review as set out below when the end of the tenancy is due.

## **7. Tenancy Reviews**

7.1 No less than six months before a flexible tenancy is due to end, it will be subject to a review using the criteria detailed below. If it is decided, as a result of the tenancy review, that a tenancy will not be renewed, written notice advising the tenant of such will be served. The notice must contain the reasons for the decision and also notify the tenant of their right to appeal. Should a tenant appeal and fail to have the decision overturned, the landlord will be able to seek possession of the property. The landlord's right of possession may then be challenged in the County Court only on the grounds that the landlord has made a legal error or a material error of fact.

## **8. Review Criteria**

8.1 The tenancy review criteria could include the continuing needs of tenants, any assets they might have accrued or inherited during the period of the tenancy, attitude to work/training opportunities that might have presented themselves during the period of the tenancy and pressures on social housing.

8.2 Tenancies will not normally be extended where one or more the following apply:

- The financial capacity of the tenant/s to secure alternative market accommodation or affordable tenures, under the financial criteria as set out in the Allocation Policy. However, any assessment of financial capacity must be managed in such a manner that ensures it does not act as a disincentive to work.
- The conduct of the tenant throughout the fixed term. This includes any anti-social behaviour issues, rent arrears, or property management issues. In instances that the affordable housing provider wants to refuse a further tenancy due to the conduct of the tenant, they will be expected to provide a detailed record of support and engagement with the tenant to assist them in maintaining their tenancy.
- The property is under-occupied by one bedroom or more.
- The property has been extensively adapted for someone with a disability who no longer lives with the tenant (this allows the property to be released for someone who will benefit from the adaptations).

8.3 The Council recognises that there may be circumstances in which it would be unreasonable to expect someone to move even if the above criteria applied, and would want a tenancy to continue if:

- The tenant is a care leaver and still receiving support from social services because of this.
- The tenant is participating in a family intervention programme or an equivalent programme.

- Other circumstances as deemed appropriate by the RP and KGE

## **9. Termination of a flexible/fixed term tenancy**

9.1 Once the tenancy review is completed, if it is decided that the tenancy will not be renewed, the RP and KGE must serve a written notice advising the tenant of their decision. The notice will contain the reasons for the decision and formally notify the tenant of their right to appeal and the appeal process. It is a legal requirement for the notice to be issued at least six months before the expiry of the tenancy so that the tenant has time to seek advice about their options.

9.2 The RPs have the statutory duty to provide housing advice/support to tenants in this situation. Before a tenancy being terminated, the RP will assist the tenant to explore their options for alternative housing. Such options could include home ownership, a privately rented home or a more suitable affordable rented home. The Council's Housing Options team will also offer housing advice to tenants in this situation if requested.

9.3 The housing officers in the Council Housing Options team will assist tenants with a wide range of advice to help them resolve the issues arising from the termination of their tenancies. This will include signposting to other Council departments where appropriate and to voluntary organisations that may help support people with resolving their housing issues.

9.4 RPs and KGE are asked to notify the Council without delay about tenancies that will not be renewed, subject to the consent of the tenant, as this will help any offer of further assistance if necessary.

9.5 If the tenant refuses to move when the notice period expires, the normal possession procedure will take effect.

## **10. Appeals**

10.1 If a tenant disagrees with the decision reached by their affordable housing provider to terminate their tenancy, they may use the appeal process as follows.

- All applicants have the right to request general information about their tenancy review, including the facts that have been taken into account and the reasons for terminating their tenancies.
- An applicant who is unhappy with a decision made under this policy should in the first instance contact their affordable housing provider, area housing officer to explain why they think that the decision is unreasonable.
- If an applicant wishes to pursue the matter further, they should obtain a copy of their affordable housing provider's appeal process and ensure that they submit an appeal within the stated time limit.
- Where an applicant wishes to appeal the termination of a tenancy and the notice period expires during the period of the appeal, the tenant will be permitted to stay in the property where this is not likely to lead to an unreasonable delay in the property being vacated.
- If the appeal review upholds the decision, the tenant then has recourse to the County Court.
- Should the County Court uphold the decision, the tenant will be obliged to leave the property.

## **11. Strategy review & monitoring**

11.1 The Tenancy Strategy has been developed and reviewed through consultation with RPs and KGE operating within the Borough.

11.2 This strategy may be updated from time-to-time to ensure that any information and links remain relevant and will be further reviewed as circumstances require at regular intervals of not less than every five years. Any material revision to the strategy will be considered in consultation with all relevant parties, who will be given a reasonable timescale to respond and comment as appropriate.

11.3 The responsibility for monitoring the implementation of this strategy is delegated to the Council's Strategic Housing Group (SHG), with periodic updates provided to the Community Wellbeing and Housing Committee. SHG exists to ensure that Spelthorne Borough Council has a focussed strategic approach on housing matters, in order that Spelthorne's housing need is identified and met.

## **12. Equalities and diversity**

12.1 The Tenancy Strategy will be subject to an Equality and Diversity Assessment and the Council expects RPs to carry out their own Equality and Diversity Assessment for their individual tenancy policies.

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# **SPELTHORNE TENANCY STRATEGY**

**December 2012**





# **SPELTHORNE TENANCY STRATEGY**

## **1. Introduction and background**

1.1 As part of its package of Localism, Welfare Reform and Austerity measures, the Government is introducing changes to the way in which affordable housing is provided in England. These include changes to the way that affordable housing is funded and also far reaching welfare benefit reforms. In addition as part of the new Localism Bill 2011, the Government is proposing a set of measures, which will allow local authorities and Registered Social Landlords (RSL's) increased flexibility in the way they allocate and provide tenancies. At the heart of this are two key changes.

- The provision of fixed term tenancies for tenants of social housing
- Local authorities/RSL's to have increased flexibility on how they allocate social housing

1.2 These tenancies will in most cases be for a minimum of five years. This is in recognition that currently RSL tenancies are granted to meet an immediate need, such as homelessness or overcrowding, which might change over time resulting in homes being under-occupied or occupied by tenants who could afford to buy a home or rent a home on the open market.

1.3 The Council and its RSL partners welcome the additional flexibility that fixed term tenancies will provide. Providers of affordable housing in the borough will give due regard to our policy when granting tenancies. It should be noted that the Council does not own its own housing stock and is reliant on its RSL partners for properties to allocate to households on the Housing Register.

## **2. Overview**

2.1 The Government change to legislation that allows providers of affordable housing to grant a fixed term tenancy is a change to the current situation, whereby affordable homes are let on what is known as an assured tenancy. An assured tenancy is effectively for life, subject to full payment of rent and compliance with all tenancy conditions.

2.2 Existing tenants who remain in their current affordable homes will not be affected by these changes and will continue their tenancies under their existing terms and conditions, including the right to buy/right to acquire, succession rights and the right to exchange their tenancy with another assured tenant.

2.3 As of 27<sup>th</sup> February 2012, there are 1,882 households on the Spelthorne Housing Register. Within these figures, 17 households are classified as being in emergency housing need (Band A), 162 households in urgent housing need (Band B) and 1199 households with an identified housing need (Band C).

### **3. Local Context**

- 3.1 Spelthorne is an attractive borough with excellent schools, attractive open spaces and good transport links. The borough benefits from scenic river walks along the banks of the River Thames and is in close proximity to Heathrow which offers good and varied employment opportunities for residents. As such, the demand for housing in the borough is high and like most boroughs in the South East, property prices are high. Levels of home ownership are high at about<sup>1</sup> 77%, 22% rent their home with 9% of these renting from the private sector.
- 3.2 Access to the private rented sector for those on low incomes and benefits has become more difficult due to the changes in housing benefits that were introduced in April 2011.
- 3.3 The supply of affordable rented homes is limited and it is important that the stock that is available is used to its full potential to provide homes for those in the highest housing need who require assistance from the Council.

### **4. Objectives**

- 4.1 The objective of Spelthorne's Tenancy Strategy and each respective RSLs Tenancy Policy is to ensure that the affordable housing stock is used as effectively as possible, to provide homes for Spelthorne residents in housing need who are unable to secure a home that meets their housing needs for themselves in the private sector. This can be achieved if more people can be assisted in moving on from affordable housing once they are in a position to sustain an alternative housing option, such as home ownership or the private rented sector.
- 4.2 The use of fixed term tenancies also provides an opportunity to help address under-occupation by giving the affordable housing providers more opportunity to move people to smaller accommodation when their current accommodation is larger than their actual housing need (i.e. occupying a three bedroom property when their need is only for a two bedroom property). This will release larger properties for those who need them, including overcrowded households. Currently an incentive scheme is in place and a financial reward can be offered to encourage those under occupying properties to move, however neither an RSL nor the Council has the power to require people to move to a smaller home. The RSL's will not be obliged to renew a fixed term tenancy at the end of the term and will support tenants who are under occupying an affordable property to find a more suitable alternative in this situation.
- 4.3 The affordable housing providers will prepare tenants for independence once their situation has improved by making it clear from the start of their tenancy that the arrangement is not necessarily a permanent one/assured lifetime

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<sup>1</sup> Figures from Housing Needs & Stock Condition survey undertaken in 2006

tenancy. The Council's Housing Options team will also be available to offer housing advice to tenants when appropriate. While our Tenancy Strategy deals with the granting of tenancies from affordable housing providers, it is important to understand that applicants for affordable housing may also be offered properties/tenancies within the private rented sector.

- 4.4 Currently the majority of affordable housing properties in Spelthorne are let under assured tenancies at target social rents (formerly council housing rents). However, a new type of rent setting regime for affordable housing, known as Affordable Rent was introduced by the Government in 2011, as a new type of tenancy, designed to help address the shortage of affordable homes in England and ensure those in the most need can be housed. Affordable Rents are calculated at up to 80% of the private market rent in the locality they are situated. Although they are more expensive than target social rents, they are more affordable than renting at the full market rent – hence the Government naming them Affordable Rents. An Affordable Rent is usually around 70-80% of the market rent. These will also be a fixed-term tenancy, which is usually a minimum of five years, but in some exceptional circumstances, can be two years. The rent for any property will not exceed the Local Housing Allowance (LHA) rate for the property type in any instance. The percentage of full market rent charged will vary, with the affordable rent for larger family homes (three, four and five bedrooms) likely to be discounted more than one and two bedroom properties to keep within the LHA rates. New affordable housing tenancies offered in Spelthorne will either be under the target social rent regime or the new affordable rent regime, and the rent regime applicable for the tenancy will be made clear to applicants on offer of the tenancy.

## **5. The Strategy**

- 5.1 The Council wants to ensure that affordable rent levels in Spelthorne remain affordable. The affordable rent model will enable affordable housing providers to set affordable rents at up to a maximum of 80% of the market rent for a comparable property within the same locality<sup>2</sup>. Spelthorne's market rent levels vary between localities, these variations will be reflected in the affordable rents calculated for each locality. However, in no instance will the rents charged for affordable rented properties, exceed the relevant Local Housing Allowance (LHA) rate that is applicable for that property size at the time of rent setting. This is to avoid excessively high affordable rents in high value areas.
- 5.2 The Government plans to introduce a universal credit system and benefit cap in April 2013 which will limit the amount of benefit available to families to £500 per week. When setting rents, affordable housing providers should also be mindful of the potential impact of the proposed benefit cap.

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<sup>2</sup> Due to introduction of the Localism Bill 2011

- 5.3 This section sets out the circumstances in which an Assured tenancy will be granted and those in which a fixed term tenancy will be used. This approach takes account of the objectives set out in this document and the continuing rights of existing Assured tenants.
- 5.4 The following will be granted assured tenancies:
- Assured tenants whose tenancy commenced before 1 April 2012 moving to another affordable/social rented property (already protected in law).
  - Older people who have reached state retirement age and will occupy a general needs property. The terms of sheltered housing and extra care tenancies will remain the same as they are and will be let as assured tenancies.
- 5.5 Fixed term tenancies should normally be offered for a minimum period of five years, including any probationary period. The Council is supportive of the use of Starter Tenancies by RSL's. The Council and its RSL partners are of the opinion that the minimum fixed term of two years should only be used in exceptional circumstances, as this is unlikely to encourage a household to invest in their home and community. The Council will require written justification in all instances of RSL's offering two-year tenancies. Two-year tenancies should only be issued where there is a short-term risk that the tenant might no longer require the property within a relatively short time of commencing occupancy, or the property has been identified as being part of a regeneration scheme or other development project. In all other circumstances a fixed term tenancy of five years will be granted for new affordable housing tenancies after April 2012.
- 5.6 Applicants who are officially ineligible for housing, for example foreign nationals who are subject to immigration control and other people from abroad excluded by statute or regulation and do not therefore, have recourse to public funds, will not be nominated for housing by the Council or local providers of affordable housing and will be obliged to seek their own accommodation.

## **6. Succession**

- 6.1 In some circumstances and depending on the tenancy type, a spouse, partner or any other household member may be entitled to succeed the tenancy. The Localism Act has introduced only one statutory right of succession, to a spouse, partner, or any other household member. Any other successions will be entirely at the discretion of the affordable housing provider in consultation with the Council. All applications to succeed a tenancy will be assessed on a case by case basis by the landlord.

6.2 All successions to a flexible tenancy will only be for the remainder of the life of that tenancy, and subject to a full review as set out below when the end of the tenancy is due.

## **7. Tenancy Reviews**

7.1 No less than six months before a flexible tenancy is due to end, it will be subject to a review using the criteria detailed below. If it is decided, as a result of the tenancy review, that a tenancy will not be renewed, written notice advising the tenant of such will be served. The notice must contain the reasons for the decision and also notify the tenant of their right to appeal. Should a tenant appeal and fail to have the decision overturned, the landlord will be able to seek possession of the property. The landlord's right of possession may then be challenged in the County Court only on the grounds that the landlord has made a legal error or a material error of fact.

## **8. Review Criteria**

8.1 The tenancy review criteria could include the continuing needs of tenants, any assets they might have accrued or inherited during the period of the tenancy, attitude to work/training opportunities that might have presented themselves during the period of the tenancy and pressures on social housing.

8.2 Tenancies will not normally be extended where one or more the following apply:

- The financial capacity of the tenant/s to secure alternative market accommodation or affordable tenures, financial criteria as set out in the Choice Based Lettings Partnership Allocation policy. However the Council and its RSL partners are keen to ensure that any assessment of financial capacity is managed in such a manner that ensures it does not act as a disincentive to work.
- The conduct of the tenant throughout the fixed term. This includes any anti-social behaviour issues, rent arrears, or property management issues. In instances that the affordable housing provider wants to refuse a further tenancy due to the conduct of the tenant, they will be expected to provide a detailed record of support and engagement with the tenant to assist them in maintaining their tenancy.
- The property is under-occupied by one bedroom or more.
- The property has been extensively adapted for someone with a disability who no longer lives with the tenant (this allows the property to be released for someone who will benefit from the adaptations).

8.3 The Council recognises that there may be circumstances in which it would be unreasonable to expect someone to move even if the above criteria applied, and would want a tenancy to continue if:

- The tenant is a care leaver and still receiving support from social services because of this.
- The tenant is participating in a family intervention programme or an equivalent programme.
- Other circumstances as deemed appropriate by the RSL/Council:

## **9. Termination of a flexible tenancy**

9.1 When flexible tenancies are coming to an end, it is essential that the tenant is given sufficient notice so that they can seek advice about their options. Accordingly, notice will be served six months before the tenancy is due to end. It is the statutory duty of the affordable housing provider to provide housing advice/support to tenants in this situation. Well in advance of a tenancy being terminated, the affordable housing provider will assist the tenant to explore their options for alternative housing. Such options, could include, home ownership, a privately rented home or a more suitable affordable rented home. The Council's Housing Options team will also offer housing advice to tenants in this situation if requested.

9.2 If the tenant refuses to move when the notice period expires, the normal eviction procedure will take effect.

## **10. Advice**

10.1 The housing officers in the Council Housing Options team will assist tenants with a wide range of advice to help them resolve the issues arising out of the termination of their tenancies. This will include signposting to other Council departments when appropriate and to voluntary organisations that help people with their housing issues. Housing information can also be accessed on Spelthorne Council's website, use the following webpage/link –

<http://www.spelthorne.gov.uk/article/684/Housing>

## **11. Appeals**

11.1 If a tenant disagrees with the decision reached by their affordable housing provider to terminate their tenancy, they may use the appeal process as follows.

- All applicants have the right to request general information about their tenancy review, including the facts that have been taken into account and the reasons for terminating their tenancies.



- An applicant who is unhappy with a decision made under this policy should in the first instance contact their affordable housing provider, area housing officer to explain why they think that the decision is unreasonable.
- If an applicant wishes to pursue the matter further, they should obtain a copy of their affordable housing provider's appeal process and ensure that they submit an appeal within the stated time limit. For reference the majority stock holding RSL in Spelthorne, state that an appeal must be put in writing within 21 days of receiving notice that the tenancy is not to be renewed. The same RSL states, in cases that a new tenant wishes to appeal against the type of tenancy offered to them or the length of the fixed term tenancy they have five working days to do so from the time they first receive the offer.
- Where an applicant wishes to appeal the termination of a tenancy and the notice period expires during the period of the appeal, the tenant will be permitted to stay in the property where this is not likely to lead to an unreasonable delay in the property being vacated.-
- If the appeal review upholds the decision, the tenant then has recourse to the County Court.
- Should the County Court uphold the decision, the tenant will be obliged to leave the property.

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## Equality Analysis

<b>Directorate:</b> Community Wellbeing <b>Service Area:</b> Housing Strategy & Policy	<b>Lead Officer:</b> Marta Imig <b>Date completed:</b> 02 July 2021
<b>Service / Function / Policy / Procedure to be assessed:</b>  Tenancy Strategy	
<b>Is this:</b> New / Proposed <input type="checkbox"/> Existing/Review <input checked="" type="checkbox"/> Changing <input type="checkbox"/>	<b>Review date:</b> The strategy will be comprehensively reviewed not later than every 5 years

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

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

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

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

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

Within the Housing Strategy, there is a specific action under priority 1 that proposes Spelthorne Borough Council will review the Council current tenancy strategy. The aim of this is to engage with Registered Providers in a more proactive way, encourage new providers to the area, and to ensure social landlords are offering tenures which meet local need.

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

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

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

## PART B: Full Equality Analysis

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

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<p><b>What outcomes are sought and for whom?</b></p>	<p>The main outcome of the strategy is to ensure that all registered providers operating in the borough of Spelthorne have due regard to the Council’s tenancy strategy, when meeting their duty to state what types of tenancies they will grant, in which circumstances these different types of tenancies will be granted, the length of any fixed-term tenancies they will grant, and in what a circumstances a new tenancy will be given should any fixed-term tenancy expire. Furthermore, the strategy aims to ensure that affordable housing is available and delivered in Spelthorne to meet local housing need.</p> <p>Affected groups will include (not exhaustive):</p> <ul style="list-style-type: none"> <li>• Partners involved in the delivery of affordable housing in Spelthorne, such as Registered Providers, property developers, health and social care providers;</li> <li>• Those who are unable to access the housing market locally due to high property prices and increasing rents;</li> <li>• Housing Options Staff at Spelthorne Borough Council.</li> </ul>
<p><b>Are there any associated policies, functions, services or procedures?</b></p>	<p>Housing Act 1996 (as amended by various)  Housing Strategy 2020-2025  Homelessness and Rough Sleeping Strategy 2020-2025  Corporate Plan  Capital Strategy  Local Plan  Economic Development Strategy  Asset Management Plan</p>
<p><b>If partners (including external partners) are involved in delivering the service, who are they?</b></p>	<p>Whilst partners have a role in delivering affordable housing in Spelthorne, the overall strategy and it’s implementation is the responsibility of Spelthorne Borough Council.</p>

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

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

### General Spelthorne context

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

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

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

### Gender / gender identity

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

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

*A White Paper published in December 2018 (Help shape our future: the 2021 Census of population and housing in England and Wales) sets out the Office for National Statistics' (ONS) recommendations for what the census should contain and how it should operate. The White Paper recommends that the census in 2021 includes a question about gender identity, asking respondents whether their gender is the same as the sex*

they were registered as at birth. The question will be separate from the question about sex (i.e., whether the respondent is male or female), which will be phrased in the same way as previous years. There is currently no official data about the size of the transgender population (the word 'transgender' is used here to describe people whose gender identity does not match the sex they were assigned at birth). The Government Equalities Office (GEO) has said that there may be 200,000 to 500,000 transgender people in the UK, but stresses that we don't know the true population because of the lack of robust data. The ONS has identified user need for official estimates in order to support policy-making and monitor equality duties.

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

### Age

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

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

### Ethnicity

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

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

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

### Disability

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

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

**Religion**

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

	Constituency		Region	UK
	Number	%	%	%
<b>Has religion</b>	<b>67,392</b>	<b>70.5%</b>	<b>65.0%</b>	<b>66.7%</b>
of which				
Christian	60,954	63.8%	59.8%	58.8%
Muslim	1,808	1.9%	2.3%	4.5%
Hindu	2,332	2.4%	1.1%	1.4%
Buddhist	420	0.4%	0.5%	0.4%
Jewish	206	0.2%	0.2%	0.4%
Sikh	1,325	1.4%	0.6%	0.7%
Other	347	0.4%	0.5%	0.4%
<b>No religion</b>	<b>21,511</b>	<b>22.5%</b>	<b>27.7%</b>	<b>26.1%</b>
<b>Not stated</b>	<b>6,695</b>	<b>7.0%</b>	<b>7.4%</b>	<b>7.2%</b>

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

**Sexual orientation**

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

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

**Marriage / Civil Partnership**

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

Marital Status	Spelthorne		England and Wales	
	Number	%	Number	%
All usual residents aged 16+	78,089		45,496,780	
Single (never married or never registered a same-sex civil partnership)	24,562	31%	15,730,275	35%
Married	38,984	50%	21,196,684	47%
In a registered same-sex civil partnership	153	0%	104,942	0%



Separated (but still legally married or still legally in a same-sex civil partnership)	2,042	3%	1,195,882	3%
Divorced or formerly in a same-sex civil partnership which is now legally dissolved	6,870	9%	4,099,330	9%
Widowed or surviving partner from a same-sex civil partnership	5,478	7%	3,169,667	7%

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

A consultation with Knowle Green Estates and all registered providers who currently operate in Spelthorne is to be held in July 2021.

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

None

### Step 3 – Identifying the negative impact.

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

**Barriers:**

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

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

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

**Solutions:**

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

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

Equality Themes	Barriers/Impacts identified	Solutions (ways in which you could mitigate the impact)
<b>Age</b> (including children, young people and older people)	Young people aged 16-17 cannot hold tenancies and so housing options are severely limited.  Older people may be less likely to access our	Young people aged 16-17 receive enhanced services via the Surrey Joint Protocol. They have access to specialist young peoples homelessness accommodation.  Older people have greater access to social housing

	<p>services when needed.</p> <p>Those aged 18-39 may have reduced access to social or affordable housing as a result of welfare policies as well as local landlord policies (age restrictions)</p>	<p>via age restrictions across the A2Dominion stock.</p> <p>Spelthorne Borough Council has a Discretionary Housing Payment pot which this group can access in case of hardship. Under the Spelthorne Borough Council Housing Strategy 2020-25, A2Dominion have agreed to a comprehensive review of age restrictions in Spelthorne.</p>
<b>Disability</b> (including carers)	<p>Anecdotally we know that physically disabled people accessing settled accommodation in Spelthorne have much more limited options available to them in relation to settled accommodation due to potential property adaption requirements.</p>	<p>See action 1.3 of the Homelessness and Rough Sleeping Strategy 2020-2025 – we will review the availability of accessible accommodation options for this affected group. Spelthorne Borough Council are also currently considering a disposal protocol which will help inform an acquisition delivery programme. If this policy is approved, it will ensure that the Council maximises opportunities to support physically disabled people into affordable settled adapted accommodation that meets their needs. Equally, those who may not have a physical disability but are instead impacted by severe anxiety, depression or poor mental health may have specific property requirements, such as, the need for homes on lower floor levels, sound proofing rooms or homes within a quieter part of the Borough. With a disposal protocol and property acquisition policy, the Council will be able to secure dispersed affordable homes that will potentially meet with some of these more specialised needs.</p>
<b>Gender</b> (men and women)	<p>No negative impacts have been identified.</p>	<p>n/a</p>
<b>Race</b> (including Gypsies & Travellers and Asylum Seekers)	<p>Accommodation for people seeking asylum is the responsibility of the Home Office.</p> <p>Provision for pitches for gypsies and travelling showpeople are dealt with under the Local Plan.</p>	<p>n/a</p>
<b>Religion or belief</b> (including people of no religion or belief)	<p>No negative impacts have been identified.</p>	<p>n/a</p>

<b>Gender Re-assignment</b> (those that are going through transition: male to female or female to male)	No negative impacts have been identified.	n/a
<b>Pregnancy and Maternity</b>	No negative impacts have been identified.	n/a
<b>Sexual orientation</b> (including gay, lesbian, bisexual and heterosexual)	No negative impacts have been identified.	n/a

### Step 4 – Changes or mitigating actions proposed or adopted

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

No changes required.

### Step 5 – Monitoring

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


The Housing Strategy 2020-25 including the action plan and tasks within it will be monitored by the Council’s Strategic Housing Group who meet monthly.

### Part C - Action Plan

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

n/a	n/a	n/a	n/a
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**Equality Analysis approved by:**

Group Head: 	Date: 28/07/2021
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Please send an electronic copy of the Equality Analysis to the Equality & Diversity Team and ensure the document is uploaded to the EA Register which will be available to the public:

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**The National Equality Analysis Support Service Ltd  
71 – 75 Shelton Street,  
Covent Garden  
London WC2H 9JQ**

**Office: 0203 500 0700**

**Email: [info@equalityanalysis.org.uk](mailto:info@equalityanalysis.org.uk)**

**Web: [www.equalityanalysis.org.uk](http://www.equalityanalysis.org.uk)**

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# **How affordable are Affordable Homes in Spelthorne?**

**June 2021**

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## **I. Introduction**

1.1 Affordable rent is a form of social housing, which was introduced in 2011 as the main type of affordable housing supply. Affordable rented homes are let by local authorities or registered providers, to households who are eligible for social housing. Affordable rent is subject to rent controls that require rent to be set at up to 80% of the local market rent (including service charges, where applicable).

1.2 In general terms, residents are eligible for affordable housing if they cannot afford to rent or buy housing supplied by the private sector. The provision of affordable housing is a key element of the Government's plan to end the housing crisis, tackle homelessness and provide aspiring homeowners with a step onto the housing ladder.

1.3 Spelthorne Borough Council transferred all its housing stock to A2Dominion Housing Group in 1996. This means that there is no 'Council housing' in Spelthorne. Affordable housing in Spelthorne is provided by housing associations - A2Dominion, Metropolitan Thames Valley Housing, Paragon Housing, Notting Hill Genesis, London & Quadrant, and by the Council owned housing company, Knowle Green Estates (KGE).

1.4 Affordable Housing can only be accessed by registering on the Council's Housing Register. There are a range of affordable housing for rent options, including: Social Rent, Affordable Rent, Key Worker housing, Sheltered Housing and Extra Care Housing.

1.5 Applications on the Housing Register are assessed and prioritised in accordance with the Housing Allocations Policy. The Council has rights to 'nominate' applicants for affordable housing vacancies with housing associations. However, at present the demand for affordable housing

significantly outstrips supply, so many applicants will not receive an offer of affordable housing.

1.6 The Applicants can also express interest in available properties through a 'bidding' process. This is known as 'choice-based lettings'. The Council has a choice-based lettings system called SEARCH Moves.

## **II. Affordable Housing Options in Spelthorne**

2.1 Affordable Housing is defined as housing for sale or rent, for those whose needs are not met by the market. At Spelthorne the offer of affordable housing falls within the following definitions:

- (a) Affordable housing for rent meets all of the following conditions:
  - (i) the rent is set in accordance with the Government's rent policy for Social Rent or Affordable Rent, or is at least 20% below local market rents (including service charges where applicable);
  - (ii) the landlord is a registered provider or voluntary affordable housing provider and;
  - (iii) it includes provisions to remain at an affordable price for future eligible households.
  
- (b) Affordable routes to home ownership: housing provided for sale that provides a route to ownership for those who could not achieve home ownership through the market. It includes shared ownership, relevant equity loans, other low-cost homes for sale (at a price equivalent to at least 20% below local market value) and rent to buy (which includes a period of intermediate rent).

2.3 This report focuses on affordable rent only.

## **III. Regional and national statistics.**

3.1 In the 2011 census, Spelthorne's population was 95,598 and is made up of approximately 51% females and 49% males. The average age of

people in Spelthorne is 40. Census 2021 data is not yet available, the initial findings will be published in March 2022 and final data release is planned for March 2023.

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

3.3 Spelthorne's rate of unemployment is at 3.7% of those economically active aged 16 to 64, compared to the UK (4.5%). Significantly, 21.5% of those in employment in Stanwell North are in low level employment compared to an average of 11.6% in Surrey. Average wages are slightly above regional averages at £630 per week for full-time employees. Heathrow Airport is a significant local employer, with 8.3% of Spelthorne's working population employed there. Due to the impact of COVID-19, passenger numbers at Heathrow Airport were reduced by 82% in October 2020 compared to the previous year. Consequently, companies operating at Heathrow Airport have furloughed a significant number of staff for 1 month each, between 1 December 2020 and 31 March 2021. This decision is likely to pave the way for more permanent job losses, as it is very unlikely that the 2019 level of demand for air travel will return for several years, if ever.

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

3.5 The average household income in Spelthorne, is £55,752 - which is in the lower end when compared to other boroughs in Surrey. But this is offset by the comparatively low average price for a similar size property in comparison to other areas of Surrey.

3.6 Surrey average salary:

The average salary ranges between £30.8k in Epsom and Ewell to £52.7k in Reigate and Banstead. In 2020, the UK average salary was £38.6k.

Area	Average salary in 2020 <sup>1 2</sup>
Epsom and Ewell	£30.8k
Waverley	£34.3k
Spelthorne	£37.3k
Tandridge	£38.0k
Guildford	£42.5k
Mole Valley	£43.1k
Elmbridge	£45.5k
Runnymede	£47.9k
Surrey Heath	£48.3
Woking	£51.6k
Reigate and Banstead	£52.7k
<b>United Kingdom</b>	<b>£38.6k</b>

3.7 Surrey unemployment comparison:

The unemployment rate ranges between 2.5% in Runnymede to 3.7% in Spelthorne. The UK unemployment rate is 4.5%

<sup>1</sup> Gross average salary is calculated for full-time employees. Employee has to be in the same job for over 12 months. The data collected is Tax Year Ending and was published in November 2020.

<sup>2</sup> Source: <https://www.plumplot.co.uk/Surrey-salary-and-unemployment.html>

Area	Unemployment rate in 2020 <sup>3</sup>
<b>United Kingdom</b>	<b>4.5%</b>
Spelthorne	3.7%
Woking	3.5%
Elmbridge	3.4%
Reigate and Banstead	3.4%
Surrey Heath	3.3%
Tandridge	3.1%
Waverley	3%
Guildford	3%
Mole Valley	3%
Epsom and Ewell	2.9%
Runnymede	2.5%

### 3.8 Spelthorne Education Statistics

These statistics are for the highest-level education obtained by the residents of Spelthorne and are from the UK Census of 2011.

QUALIFICATION	SPELTHORNE	SURREY	ENGLAND
No Qualifications	20.4%	15.9%	22.5%
GSCE	16.1%	12.2%	13.3%
A level	16.1%	15.3%	15.2%
Apprenticeship	3.9%	2.9%	3.6%
Undergraduate Degree	11.4%	12.3%	12.4%
Postgraduate Degree and above	25.9%	36.2%	27.4%
Other <sup>4</sup>	6.2%	5.1%	5.7%

<sup>3</sup> Source: <https://www.plumplot.co.uk/Surrey-salary-and-unemployment.html>

Whilst unemployment levels are very low in regional terms and there are high levels of economic activity in the local labour market, the skill levels and consequently incomes are well below average for the wider area.

### 3.9 Spelthorne Property Ownership & Rental Statistics

Spelthorne has a higher rate of home ownership, either outright or via a mortgage than the national average, which suggests that Spelthorne is a relatively affluent area<sup>5</sup>.

TENURE	SPELTHORNE	SURREY	ENGLAND
Owned	33.9%	34.8%	30.6%
Mortgage	38.6%	38.1%	32.8%
Shared Accommodation	1.4%	1%	0.8%
Social Rented (Council)	1.6% <sup>6</sup>	4.9%	9.4%
Social Rented (Housing Assoc)	10.8%	6.5%	8.3%
Private Rented	11.7%	12.2%	15.4%
Other	0.9%	1.3%	1.4%
Rent Free	1%	1.2%	1.3%

### 3.10 Spelthorne Benefits and Unemployment Statistics

After the introduction of Universal Credit, the government no longer publishes unemployment figures as a percentage of the working population and has no

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<sup>4</sup> includes vocational or work-related qualifications, and for foreign qualifications where an equivalent qualification was not indicated

<sup>5</sup> Source: UK Census of 2011

<sup>6</sup> Spelthorne Borough Council (SBC) has a low percentage of Council-owned socially rented housing in comparison to regional/national levels because SBC transferred its stock to A2 Dominion Group, which also explains the increase in social rented (housing assoc.) compared to regional/national levels. 1.6% of Social Rented (Council) is still a high percentage for a non-stock holding authority, but this may be explained by some confusion of the residents responding to the Census questions.

further plans to do so. The Government does publish the number of Universal Credit claimants in every local district council.

Universal Credit Statistics for Surrey as of February 2018 <sup>7</sup>

Area	Claimant count
Reigate and Banstead	785
Guildford	590
Spelthorne	590
Tandridge	555
Elmbridge	530
Runnymede	410
Epsom and Ewell	375
Surrey Heath	375
Mole Valley	305

#### IV. Local Housing Allowance and the Private Sector

4.1 Currently, 1.4 million private renting households in the UK claim housing benefit on its own, or as part of the Universal Credit housing element. The LHA 'rate' is the maximum amount of housing benefit that a private renter can claim to help pay their rent. In theory, LHA is designed so that a person can get enough housing benefit to cover the cost of renting a typical home in their area, that is large enough for their needs.

4.2 LHA was introduced in 2008 to bring the amount being spent on housing benefit for those renting privately in line with the benefit for those renting social housing. The Department for Work and Pensions (DWP) use Local Housing Allowance (LHA) rates to calculate Housing Benefit and Universal Credit for tenants renting from private landlords.

<sup>7</sup> Published by Office of National Statistics

4.3 The Valuation Office Agency (VOA) Rent Officers collect rental information from letting agents, landlords, tenants and other sources. LHA rates are based on private market rents being paid in the Broad Rental Market Areas (BRMA) which can differ from advertised rents. The LHA comprises a set of rates for several categories - Categories A to E which are: shared accommodation, 1-bedroom dwelling, 2-bedroom dwelling, 3-bedroom dwelling, 4-bedroom dwelling

4.4 The rules have been further tightened from 2011, single private renters aged 35 or under are only entitled to housing benefit for a shared room rate, thus they are capped at the LHA shared accommodation rate<sup>8</sup>. Larger families that previously qualified for the five-bedroom rate are now entitled to less housing benefit, capped at four-bedroom rate.

4.5 Research<sup>9</sup> conducted by Shelter (a registered charity that campaigns to end homelessness and bad housing in England and Scotland), found that with rents rising as much as 8% per year in some areas, the gap between local housing allowance rates and actual market rents is considerable. The rates of local housing allowance have also been frozen for four years, from April 2016 to April 2020: but the rents have continued to raise. Spelthorne is mentioned specifically in research published by Shelter in 2017, as at that time it was an authority with one of the top ten biggest shortfalls between LHA and market rents for both families needing two bedrooms, and single people or couples needing just one bedroom. The enduring gap between LHA levels and market rents mean that access to affordable private rented accommodation to prevent or relieve homelessness is a significant challenge.

4.6 For tenants hit by rent shortfalls, the only way to avoid falling into arrears is to either relocate to areas where the rent levels are lower, apply

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<sup>8</sup> There are exceptions to the rule - care leavers can claim the higher one-bedroom rate for longer, as the maximum age limit has been raised to 25, from 22. Also, anyone who has lived in a homeless hostel for 3 months or more, regardless of age, will now be able to claim the higher rate, as the age limited has been removed.

<sup>9</sup> [https://assets.ctfassets.net/6sxvmndnnpn0s/5OqhDJZkdKV7tHun755QvB/5c02a9431dddfcad91fad4dcc76e127/Final\\_LHA\\_analysis.pdf](https://assets.ctfassets.net/6sxvmndnnpn0s/5OqhDJZkdKV7tHun755QvB/5c02a9431dddfcad91fad4dcc76e127/Final_LHA_analysis.pdf)



for discretionary housing payments (DHP), a payment from the local authority for people who need extra help with housing costs, or to pay the extra rent from other earnings or benefits. For many, this is difficult: some areas are unaffordable under LHA, and discretionary housing payments are only a short-term solution that is never guaranteed. Many people hit by the bedroom tax, benefit cap and LHA shortfall rely on DHP payments.

4.7 Spelthorne Borough Council issued 451 DHP's in 2020/21. The annual budget for DHP is £400,000. There is no set limit on the amount of DHP a person can claim as it depends on individual circumstances, however restrictions must be exercised due to the demand for the payments, to ensure that the money goes to those who need it most.

4.8 On 20 March 2020, the Chancellor announced an increase to LHA rates to match 'the 30<sup>th</sup> percentile' of rents in each local area as an emergency response to the pandemic. Although LHA rates increased, the benefit cap rate was not increased which means a lot of people were further forced into the benefit cap with large shortfalls in rent. The government decided that rates will be frozen in cash terms from 2021-22 onwards. This means that LHA rates will fall back below the 30th percentile of local rents over time. Thus, LHA rates announced in 2021 and are the same as those that came into force on 1st April 2020.

4.9 LHA rates in Spelthorne for 2021-22 are as follows:

<b>From April 2021- March 2022</b>	<b>Week</b>	<b>Month</b>
Shared accommodation rate e.g., single person	£ 109.71	£ 476.72

under 35		
One-bedroom rate	£ 195.62	£ 850.02
Two-bedroom rate	£ 253.15	£1100.00
Three-bedroom rate	£ 310.68	£1349.98
Four-bedroom rate	£ 407.34	£1769.99

4.10 The Valuation Office Agency set an LHA rate for different sized accommodation. Housing Benefit and Universal Credit are then calculated using the rate for an appropriately sized property and (unless there is a change in family size), that rate continues to be used for the whole financial year (April to March).

In Spelthorne, each rate is capped to a weekly maximum of:

<b>Accommodation size</b>	<b>Rate cap</b>
1 bedroom	£250
2 bedrooms	£290
3 bedrooms	£340
4 bedrooms	£400

Although the LHA rate itself may be lower than these. Housing Benefit and Universal Credit is then calculated from the lowest of the rent amount, the actual LHA rate or the capped LHA rate.

The maximum LHA rate is limited to that of four-bedroom accommodation and the four-bedroom rate will be capped at a maximum of £400 per week. Therefore, Housing Benefit and Universal Credit is based upon the lowest of

the rent, the actual four-bedroom LHA rate or £400 per week - even if the household size requires more than four bedrooms.

## **V. Housing Association Homes**

5.1 Housing Association landlords can charge affordable rent of up to 80% of market rents as set out in Spelthorne Borough Council's Tenancy Strategy.

5.2 Tenants can usually claim one of the following benefits to help with rent payments if they are on low income: universal credit or housing benefit. Benefits may not cover the full rent and the tenant must pay any rent shortfall which is not covered by these benefits from other income.

5.3 The amount of housing benefit or Universal Credit housing element that is paid covers the eligible rent. It is the actual rent plus any service charges (such as for lift maintenance or a communal laundry) but not utility costs such as heating or water charges.

5.4 Housing benefit or Universal Credit housing element could cover the affordable rent in full if the tenant receives any of the following benefits:

- employment and support allowance (income-related)
- jobseeker's allowance (income-based)
- income support
- pension credit guarantee

5.5 However, the tenant will not receive the full housing benefit or Universal Credit housing element if they are affected by the benefit cap. In such case, the housing benefit is reduced to the level that falls within the cap. Benefit cap can apply when the tenant is of a working age and has an income from benefits which is above the cap.

At present the benefit cap amount look as follows:

	<b>Monthly amount</b>	<b>Weekly amount</b>
Families with children and couples - in London	£1,916.67	£442.31
Families with children and couples - outside London	£1,666.67	£384.62
Single people - in London	£1,284.17	£296.35
Single people - outside London	£1,116.67	£257.69

5.6 Housing Benefit or Universal Credit awards can also be reduced if the tenant has a spare bedroom in their home. The reduction looks as follows:

- 14% of the 'eligible rent' for 1 spare bedroom
- 25% of the 'eligible rent' for 2 or more spare bedrooms

## **VI. Executive Summary – how affordable is affordable rent?**

6.1 Historically, councils and housing associations used to build social housing – often called 'Council housing', where rents were based on a formula that combined local wages and local property values so that, for much of southern England, rents would be set at around 50% of local market rents – even lower in very expensive areas. Social housing rents allowed people to work without being dependent upon housing benefit.

6.2 Social rented housing has now been largely replaced by affordable housing. In practice it means that affordable rent is higher than before, set at up to 80% of the local market rent. Unfortunately, it means that for

a lot of people on low incomes in southern England, affordable rented properties, are not affordable.

## VII. Conclusion

7.1 Data on average market rents is collected by the Valuation Office Agency (recorded between 1 October 2019 to 30 September 2020) shows that if councils and housing associations were to charge 80% of market rates for a two-bedroom property in London, tenants would have to pay on average £1,160 a month. The highest London rents are in Kensington and Chelsea at 80% of market value on average for a two-bedroom property £2,224 a month and lowest in Newham for the same size accommodation at 80% of market value rent at £1,071.20 a month.

7.2 In Spelthorne, the average rent for a two-bedroom property at 80% of market value comes to £956 per month. To be 'affordable', it would require an income in the region of £38,000<sup>10</sup>. The property can be largely affordable for those who earn the average salary in Spelthorne (£37.3k), as outlined earlier, but for those on low-income, affordable rent is not affordable.

7.3 Families on a minimum or very low wage cannot afford to pay rents at 80% of market value, without relying on housing benefit or Universal Credit.

7.5 Consequently, housing benefit and Universal Credit takes the strain, thousands of families are benefit-dependent tenants, and the number of claimants continues to increase. In addition, where the rent cannot be fully covered by benefits, families rely on Discretionary Housing Payment, which creates another issue as those payments are not designed to provide a long-term solution.

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<sup>10</sup> Calculated at 40% of income. English Housing Survey states that spending more than 30% of household income on housing is thought to lead to housing stress, because if households pay much more than this for housing, they could struggle to pay for other bills and necessities. However private renters in receipt of HB spent 40% on rent so for the purposes of this report affordability is calculated at 40%

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/898397/2018-19\\_EHS\\_Housing\\_costs\\_and\\_affordability.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/898397/2018-19_EHS_Housing_costs_and_affordability.pdf)

7.6 The way to break the cycle, would be to set localised affordable rents level in Spelthorne at the level they were in the past – 50-60% of market value. This would enable low-income families to work, and cover rent from their earnings.

# Corporate Policy & Resource Committee



29 November 2021

<b>Title</b>	<b>Capital Monitoring Report 2021/22 – Q2 September 2021</b>
<b>Purpose of the report</b>	To note
<b>Report Author</b>	Paul Taylor Chief Accountant
<b>Ward(s) Affected</b>	All Wards
<b>Corporate Priority</b>	Financial Sustainability
<b>Recommendations</b>	<p><b>The Committee is asked to note the current level of overspend on capital expenditure against its Capital Programme provision as at 30 September 2021 for the Council and the Corporate Policy &amp; Resources Committee.</b></p> <p><b>(Please note that individual committees will receive the relevant section of this report at their next meeting, noting that some will receive it before and some after this committee formally meets).</b></p> <p><b>Also, it has not been possible to disaggregate the housing element of the Elmsleigh project for 91/92 High Street for this report., therefore, the whole scheme is shown under Corporate Policy &amp; Resources, previously Economic Development.</b></p>

## 1. Key issues

- 1.1 The Capital Monitoring report covers the cumulative actual expenditure to date, against the cumulative Council approved capital programme budget and compares this against the latest forecast outturn from Officers.
- 1.2 For the quarter ended 30 September 2021 our approved capital expenditure programme was £323,439k (June restated: £323,341k). The latest forecast outturn position is £324,725k (June restated: £323,153k), giving a projected aggregate overspend £1,286k (June: underspend of (£206k)) as per appendix A
- 1.3 The projected aggregate underspend by Committee as per Appendix B is as follows:
  - (a) Administrative – projected underspend (£8k) (June: overspend £2k)
  - (b) Community Wellbeing & Housing – projected overspend £1,211k (June: underspend (£291k)) with the significant movement being on Thameside House.

(c) Environment & Sustainability – projected overspend at 30 September 2021, unchanged from June, at £83k

- 1.4 In arriving at the cumulative expenditure to date, the Finance Team account for capitalised borrowing costs, salaries, and all costs of acquisition on each development project.
- 1.5 Since Council declared a moratorium in January 2021 and the delays in the Planning Committee process in approving the Council’s plans has had a significant impact on the Council’s finances, which officers have been monitoring closely, particularly in respect of capitalising borrowing costs, the table below shows by each development property.

Property	Cumulative actuals		Monthly spend	
	Revenue £000	Capital £000	Revenue £000	Capital £000
Ashford MCSP Residential Scheme	0.0	40.0	0.0	0.6
Benwell Land Phase II	115.4	10,700.0	0.0	4.5
White House Residential	0.0	400.0	0.0	1.5
Thameside House	1,616.4	1,300.0	16.0	2.8
Thameside House L & Build	0.0	9,700.0	0.0	20.2
Victory Place	0.0	1,400.0	0.0	1.8
Victory Place – L & Build	0	5,300.0	0.0	11.0
Oast House	23.8	21,300.0	14.1	33.3
<b>Total</b>	<b>1,755.6</b>	<b>50,140.0</b>	<b>30.1</b>	<b>75.7</b>

On a monthly basis since January 2021, it has cost the council £301k in revenue costs, and £757k in capital costs, to fund these developments during the moratorium and planning committee delays.

This is the equivalent of a £20 increase in the Council Tax charges for every taxpayer in the Borough.

- 1.6 **Capitalisation of borrowing costs**
- 1.7 Under normal circumstances, officers would capitalise the borrowing costs associated with these development properties based on the requirements of section 4 of the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting, however, the delays caused by the moratorium on high rise developments in the Staines-upon-Thames area and the Planning Committee process in approving the Council’s plans has had a significant impact on the Council’s finances.
- 1.8 If these delays continue officers will be shortly advising Council that these delays are impacting on our ability to comply with the Code of Practice and Council may have to approve a recharge over £1m of borrowing costs to the



revenue budget, which is the equivalent of running our grounds maintenance team for just under six months.

## **2. Variance analysis**

- 2.1 We report on any significant movement in forecast variance over £50k or 20% of budget, whichever is the highest, since last quarter by committee as follows:
- 2.2 Administrative – no significant changes in any variance to report from last quarter.
- 2.3 Community Wellbeing & Housing – projected net overspend £1,211k (June: underspend (£291k))
- (a) Community Centre Projects - £70k overspend on the Day Centre Extensions at two of our Day Centres to be funded from the planned maintenance budget at the end of the financial year.
  - (b) Ashford MSCP - £233k overspend, due to additional changes to the public realm and increased parking capacity requested by local councillors, no change from last quarter.
  - (c) Bugle - (£680k) underspend, no change from last quarter
  - (d) Benwell 1, no change to the reported underspend of (£2,700k) of last quarter. In response to a question raised at the last Corporate Policy and Resources Committee meeting, officers reviewed the Cabinet papers and whilst the design was changed, there was no recommendation by Cabinet to reduce the budget to reflect the revised project.
  - (e) Benwell land £623k overspend, no change to the financials since our last report.
  - (f) Whitehouse Land £299k overspend back in 2017 and no change to the figures reported last quarter.
  - (g) Thameside House £1,570k (June: £70k overspend) due to delay cause by the Council's moratorium on high rise developments in Staines-upon-Thames, which has resulted in 4% higher than anticipated material and labour costs and subsequent shortages of materials because of supply chain delays.
  - (h) Thameside House Land & Building (£160k) underspend and is unchanged since last quarter's report.
  - (i) West Wing the projected overspend is below the reporting limit and unchanged since last quarter.
  - (j) Whitehouse Hostel Phase A £356k overspend due to additional systems requested by the Planning Committee and unchanged since last quarter's report.
  - (k) Victory Place (Ashford Hospital) £1,470k projected overspend is due to enhanced energy efficiency initiatives requested by the Planning Committee and is unchanged from last quarter.

- 2.4 Environment & Sustainability – projected overspend £83k  
(a) Laleham Park Upgrade – no changes in the financial outturn or comments since we reported last quarter.

**3. Financial implications**

- 3.1 Once a project is completed, any underspend on the approved Capital Programme enables the Council to invest the monies to gain additional treasury management investment income or to fund additional schemes.
- 3.2 Working closely with our Treasury Management advisors, officers are currently saving the Council more than £1,300k per annum in interest charges, through prudent use of short-term interest rates to fund regeneration development projects.
- 3.3 Upon completion of each project, officers obtain fixed rate interest loans to significantly reduce the Council's exposure to risk of future interest rate rises over the next 50 years.

**4. Other considerations**

- 4.1 None.

**5. Equality and Diversity**

- 5.1 Not Applicable.

**6. Sustainability/Climate Change Implications**

- 6.1 Not Applicable.

**7. Timetable for implementation**

- 7.1 Not Applicable.

**Background papers: There are none.**

**Appendices:**

**Appendix A – Summary Capital Monitoring Report by Committee at 30 September 2021.**

**Appendix B – Detailed Capital Monitoring Report by Committee at 30 September 2021.**

### CAPITAL MONITORING REPORT AT 30 SEPTEMBER 2021

Committee	REVISED BUDGET	ACTUALS YTD	MANAGER'S PROJECTED OUTTURN	PROJECTED VARIANCE
Administration	1,234,200	110,808	1,226,001	(8,199)
Community Wellbeing & Housing- DFG	972,800	367,440	972,800	-
Community Wellbeing & Housing	301,998,600	52,640,951	303,209,750	1,211,150
Corporate Policy & Resources	18,055,600	383,207	18,055,600	-
Environment & Sustainability	1,177,800	500,514	1,260,722	82,922
	<b>323,439,000</b>	<b>54,002,920</b>	<b>324,724,873</b>	<b>1,285,873</b>

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## CAPITAL MONITORING REPORT AT 30 SEPTEMBER 2021

Portfolio / Service Head	Cost Centre	Description	Revised Cumulative Budget 2017-25	Actuals Cumulative 2017-22	Managers Projected Outturn at 30 Sept	Budget vs Outturn Variance	Comments
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### Housing Investment Programme

#### Community Wellbeing & Housing- DFG

Karen Sinclair & De	<a href="#">40203</a>	Disabled Facilities Mandatory	943,200	367,440	943,200	-	No change from Q1 reported financials
Karen Sinclair & De	<a href="#">40204</a>	Disabled Facilities Discretion	29,600	-	29,600	-	No change from Q1 reported financials
<b>Net Cost of Disabled Facilities Grants</b>			<b>972,800</b>	<b>367,440</b>	<b>972,800</b>	<b>-</b>	
<b>Total For HIP</b>			<b>972,800</b>	<b>367,440</b>	<b>972,800</b>	<b>-</b>	

### Other Capital Programme

#### Environment & Sustainability

Jackie Taylor	<a href="#">41502</a>	Refuse/Recycling Vehicles	129,000	123,639	123,700	(5,300)	Project completed, no change to Q1 reported financial
Jackie Taylor	<a href="#">41508</a>	Waste Vehicle	300,000	299,942	299,942	(58)	Project completed, reported figures now reflect £58 saving.
Jackie Taylor	<a href="#">41604</a>	Laleham Nursery - Solar PV	15,000	-	15,000	-	No change from Q1 reported financials
Terry Collier	<a href="#">41606</a>	County Transit Site	127,000	-	127,000	-	Contribution payment is expected to be made to Surrey County Council on receipt of an invoice.
Jackie Taylor	<a href="#">41608</a>	Laleham Park- Portacabins	116,000	-	116,000	-	No change from Q1 reported financials
Jackie Taylor	<a href="#">41609</a>	Replacement Spelride Bus	100,000	-	100,000	-	No change from Q1 reported financials
Jackie Taylor	<a href="#">41611</a>	Staines Park- Play Equip Upgrade	60,000	-	60,000	-	No change from Q1 reported financials
Jackie Taylor	<a href="#">41620</a>	Wheelie Bins	50,000	41,825	50,000	-	No change from Q1 reported financials
Jackie Taylor	<a href="#">42027</a>	Domestic Home Energy	8,000	3,504	8,000	-	No change from Q1 reported financials
<b>Total</b>			<b>905,000</b>	<b>468,910</b>	<b>899,642</b>	<b>(5,358)</b>	
Lee O'Neil	<a href="#">41314</a>	Air Quality	24,500	-	24,500	-	No change from Q1 reported financials
<b>Total</b>			<b>24,500</b>	<b>-</b>	<b>24,500</b>	<b>-</b>	
Heather Morgan	<a href="#">41026</a>	Laleham Park Upgrade	248,300	31,605	336,580	88,280	No change from Q1 reported financials
<b>Total</b>			<b>248,300</b>	<b>31,605</b>	<b>336,580</b>	<b>88,280</b>	
<b>Committee Total</b>			<b>1,177,800</b>	<b>500,514</b>	<b>1,260,722</b>	<b>82,922</b>	

## CAPITAL MONITORING REPORT AT 30 SEPTEMBER 2021

Portfolio / Service Head	Cost Centre	Description	Revised Cumulative Budget 2017-25	Actuals Cumulative 2017-22	Managers Projected Outturn at 30 Sept	Budget vs Outturn Variance	Comments
<b>Community Wellbeing &amp; Housing</b>							
Heather Morgan	<a href="#">41024</a>	SpelthorneLeisurCenDevelopment	40,420,000	2,197,670	40,420,000	-	No change from Q1 reported financials
Karen Sinclair & De	<a href="#">41622</a>	Affordable Housing Opportunity	1,000,000	-	1,000,000	-	No change from Q1 reported financials
Heather Morgan	<a href="#">42034</a>	Community Centre Projects	230,000	295,508	300,000	70,000	Overspend to be funded from Repairs & Maint budget at end of the financial year.
Heather Morgan	<a href="#">41328</a>	Ashford MSCP	15,267,000	40,005	15,500,000	233,000	No change from Q1 reported financials
Heather Morgan	<a href="#">42039</a>	Bugle	2,400,000	1,688,093	1,719,750	(680,250)	Project completed. Well controlled to bring in substantially under budget
Heather Morgan	<a href="#">42042</a>	Benwell House I	13,800,000	10,946,879	11,100,000	(2,700,000)	Project completed
		Benwell Land & Building cost Phase 1	10,123,100	-	10,746,000	622,900	Land acquired on 30/09/17.
	<a href="#">Memorandum Item</a>	Whitehouse Land Acquisition	1,501,500	-	1,800,000	298,500	No change from Q1 reported financials
		Whitehouse - Design Fees & Construction					
Heather Morgan	<a href="#">42052</a>	Phase B	2,990,000	378,578	2,990,000	-	No change from Q1 reported financials
							Planning application submitted in March 21. Planning decision in abeyance until mortatorium lifted. Demo in delay until planning approval. Demo and construction budgets at risk due to ongoing delays. Revised plans to reduce height to be considered by Dev Sub Committee on 18 Oct 21.
Heather Morgan	<a href="#">42054</a>	Thameside House	54,430,000	1,307,689	56,000,000	1,570,000	height to be considered by Dev Sub Committee on 18 Oct 21.
	<a href="#">Memorandum Item</a>	Thameside House Land & Building cost	9,860,000	-	9,700,000	(160,000)	No change from Q1 reported financials
Heather Morgan	<a href="#">42055</a>	West Wing	5,780,000	5,427,449	5,850,000	70,000	No change from Q1 reported financials
Heather Morgan	<a href="#">42056</a>	Whitehouse Hostel - Phase A	4,417,000	4,593,172	4,773,000	356,000	No change from Q1 reported financials
		Victory Place (Ashford Hospital car park site)	25,930,000	1,444,307	27,400,000	1,470,000	No change from Q1 reported financials
	<a href="#">Memorandum Item</a>	Victory Place - Land & Building Costs	5,260,000	-	5,260,000	-	No change from Q1 reported financials
Heather Morgan	<a href="#">42060</a>	Oast House	105,200,000	21,268,812	105,200,000	-	No change from Q1 reported financials
Heather Morgan	<a href="#">42062</a>	Harper House Redevelopment	3,390,000	3,052,789	3,451,000	61,000	No change from Q1 reported financials
		<b>Committee Total</b>	<b>301,998,600</b>	<b>52,640,951</b>	<b>303,209,750</b>	<b>1,211,150</b>	
<b>Corporate Policy &amp; Resources</b>							
Heather Morgan	<a href="#">41015</a>	Capitalised Planned Works (formerly Runnymede Estates)	55,600	-	55,600	-	No change from Q1 reported financials - this is a rolling budget
							For the regeneration of the Elmsleigh Centre, including Tothill car park & 91 to 93, The High Street, Staines Town Centre. Current forecast includes fee spend for designs and feasibility. Progressing mixed use scheme of 12 units for 91-93 High Street and design concept prepared for mixed use scheme comprising ad circa 290 residential units, retail and commercial uses. The progression of development plans linked with car parking expansion within the town centre.
Heather Morgan	<a href="#">42063</a>	Elmsleigh Centre	18,000,000	383,207	18,000,000	-	
		<b>Committee Total</b>	<b>18,055,600</b>	<b>383,207</b>	<b>18,055,600</b>	<b>-</b>	

## CAPITAL MONITORING REPORT AT 30 SEPTEMBER 2021

Portfolio / Service Head	Cost Centre	Description	Revised Cumulative Budget 2017-25	Actuals Cumulative 2017-22	Managers Projected Outturn at 30 Sept	Budget vs Outturn Variance	Comments
<b>Administration</b>							
Heather Morgan	<a href="#">42010</a>	KG Car Park Improvements	100,000	79,901	100,000	-	Further expenditure expected to come from Surveyor looking at Car Park and providing schedule of works to be undertaken (phase 2) and anticipate completing works by March 2022.
Jodie Hawkes	<a href="#">43601</a>	SCP Portal	15,000	16,801	16,801	1,801	Project complete - no change in reported variance
Jodie Hawkes	<a href="#">43602</a>	Centro Upgrade - Integra	30,000	-	30,000	-	No change from Q1 reported financials
Kamal Mehmood &	<a href="#">43604</a>	Leisure Board	15,000	-	15,000	-	Leisure Board linked to Staines Museum & Library relocation. Not likely to be spent until 22/23
Alistair Corkish	<a href="#">43506</a>	Scan Digital Rollout	20,000	-	20,000	-	No change from Q1 reported financials
Alistair Corkish	<a href="#">43607</a>	Recabling	200,000	-	200,000	-	No change from Q1 reported financials
Roy Tilbury	<a href="#">43625</a>	Customer Portal	8,000	-	8,000	-	This is based on the Granicus Portal that cost £20k we currently spend £12k with Capita which will be scrapped so a net cost of £8k overall. There are minimal annual costs with Granicus as ICT are heavily invested in the company for use of forms etc.
Roy Tilbury	<a href="#">43626</a>	Customer Services Contact Cent	40,000	5,538	30,000	(10,000)	This is for the development of web chat and AI development and fully integrated web chat likely to be under spent by £10k going on current costings of £27-30k
Roy Tilbury	<a href="#">43629</a>	SharePoint Upgrade	35,000	-	35,000	-	No change from Q1 reported financials
Alistair Corkish	<a href="#">43632</a>	General ICT Equipment	65,000	8,568	65,000	-	No change from Q1 reported financials
Alistair Corkish	<a href="#">43635</a>	Storage Area Network	250,000	-	250,000	-	Formally approved by Admin Committee 8 Oct. Procurement will now progress.
<b>Total</b>			<b>778,000</b>	<b>110,808</b>	<b>769,801</b>	<b>(8,199)</b>	
Sandy Muirhead	<a href="#">43501</a>	Forward Scanning	20,000	-	20,000	-	No change from Q1 reported financials
Sandy Muirhead	<a href="#">43502</a>	Digital Spelthorne	50,000	-	50,000	-	No change from Q1 reported financials
Sandy Muirhead	<a href="#">43512</a>	SharePoint redesign & Relaunch	155,000	-	155,000	-	No change from Q1 reported financials
Sandy Muirhead	<a href="#">43515</a>	Corporate EDMS Project	231,200	-	231,200	-	No change from Q1 reported financials
<b>Total</b>			<b>456,200</b>	<b>-</b>	<b>456,200</b>	<b>-</b>	
<b>Committee Total</b>			<b>1,234,200</b>	<b>110,808</b>	<b>1,226,001</b>	<b>(8,199)</b>	
<b>Total For Other</b>			<b>322,466,200</b>	<b>53,635,480</b>	<b>323,752,073</b>	<b>1,285,873</b>	
Total Expenditure			323,439,000	54,002,920	324,724,873	1,285,873	
Total Funding			-	-	-	-	
<b>GRAND TOTAL</b>			<b>323,439,000</b>	<b>54,002,920</b>	<b>324,724,873</b>	<b>1,285,873</b>	

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# Corporate Policy & Resources Committee

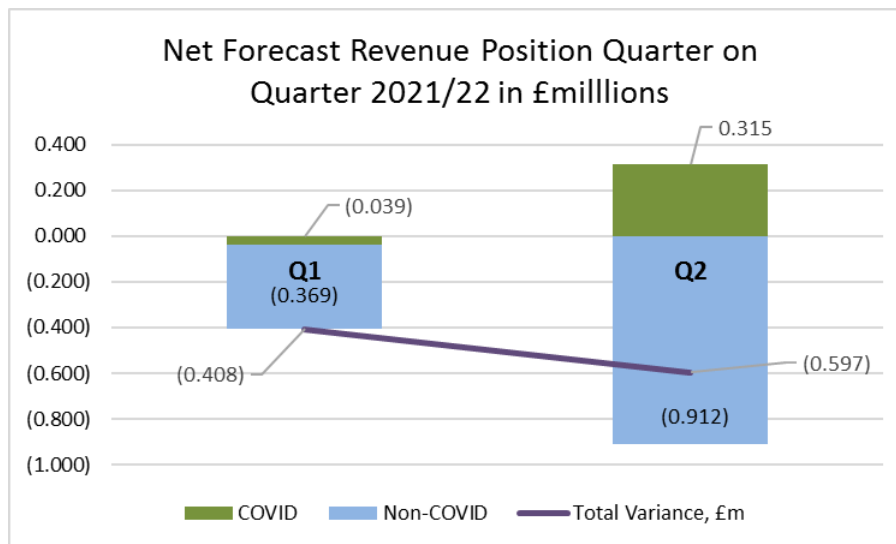


29 November 2021

<b>Title</b>	<b>Q2 Revenue Monitoring Report as at 30 September 2021</b>
<b>Purpose of the report</b>	To note
<b>Report Author</b>	Anna Russell, Deputy Chief Accountant
<b>Ward(s) Affected</b>	All Wards
<b>Exempt</b>	No
<b>Corporate Priority</b>	Financial Sustainability
<b>Recommendations</b>	<p><b>Committee is asked to note the forecast outturn for 2021/22 as at 30 September 2021 for the Council and review their own Committee's report at appendix C.</b></p> <p><b>The Committee is asked to recommend to Council approving a supplementary estimate of £200k to bring the Spelthorne Borough Council pay award for 2021/22 into line with the national local government employers' offer.</b></p> <p><b>(Please note that individual committees will receive the relevant section of this report at their next meeting, which for Q2 is before this committee formally meets).</b></p>
<b>Reason for Recommendation</b>	<b>Not applicable</b>

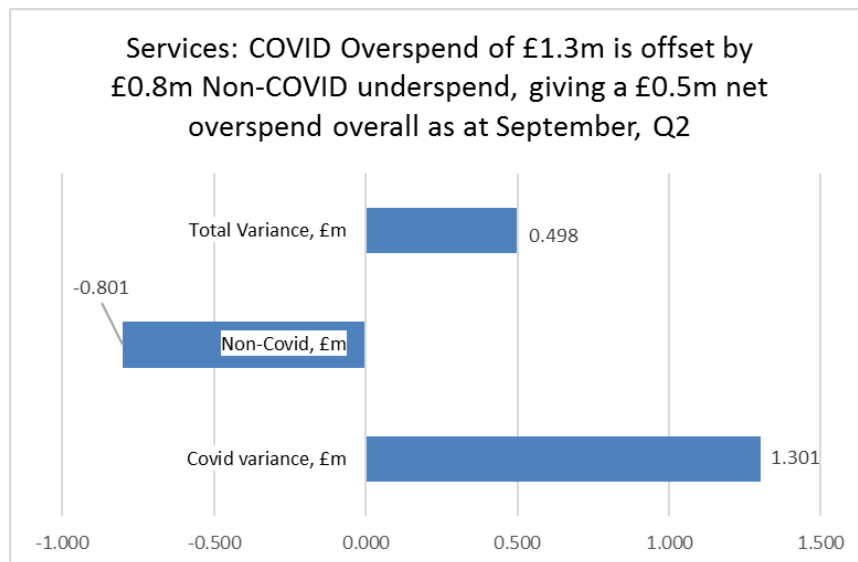
## 1. Key issues

- 1.1 This report provides a summary of the forecast outturn position for the financial year 2021/22 as at 30 September, which is showing a projected net underspend/ over-recovery of (£597k) or 0.92% (June: (£408k) underspend 0.63%) based on the planned gross expenditure of £64,817k (June: £64,988k). If the Committee supports the recommendation to increase the 2021/22 pay award for the majority of staff, this will reduce the projected net underspend by £200k to (£397k).
- 1.2 Charts, given at the end before the appendices, graphically present information in Appendices A, B and C2. The figures in the charts are in £millions. Note that these charts are subject to review.
- 1.3 Page 1 of the Charts are also included in this report as appropriate, with the chart given next comparing the overall net forecast position for Q1 and Q2.



- 1.4 This shows the Q1 and Q2 net positions, as well as what relates to COVID and non-COVID. The net (£597k) underspend (June: of (£408k)) is broken down as follows:
- (a) Cost of Services – a projected overspend of £498k (June: £843k) (see section 3 below)
  - (b) Net Asset Income – a projected underspend of (£169k) (June: breakeven) (see section 4 below)
  - (c) Other movements – projected underspend of (£925k) (June: (£1,251k)) (see section 5 below)
- 1.5 The net underspend of (£597k) is further broken down to show the impact of COVID-19 on the Council forecast outturn position, summarised as follows:
- (a) COVID-19 – a projected net under-recovery of £315k (June: (£39k) underspend). Note that the Q1 COVID variance included the (£140k) Green Waste over-recovery, which was actually non-COVID.
  - (b) Non COVID-19 – a projected net underspend of (£912k) (June: (£369k))

The following chart illustrates the impact of COVID-19 on services, showing that the non-COVID underspend of (£801k) (June: £318k), was offset by COVID-19 under-recovery of £1,301k (June: £1,161k), resulting in the net £498k (June: £843k) overspend.



The forecast outturn shows the projected impact of COVID-19 on Cost of Services is mainly an under-recovery of fees, charges, and income particularly with our Car Parks, Staines Town Centre Management and Community Centres, together with the ongoing support for our leisure centres (further details are shown in section 3 below).

Despite the continuing impact of COVID-19, the Council anticipates that the request for support from Government to offset lost fees and charges will not be extended beyond 30 June. Therefore, as shown in Appendix A, the Council is only forecasting (£252k) of support, which means that we anticipate having to use the (£1,000k) COVID-19 Contingency brought forward from last year.

## 2. Uncertainties

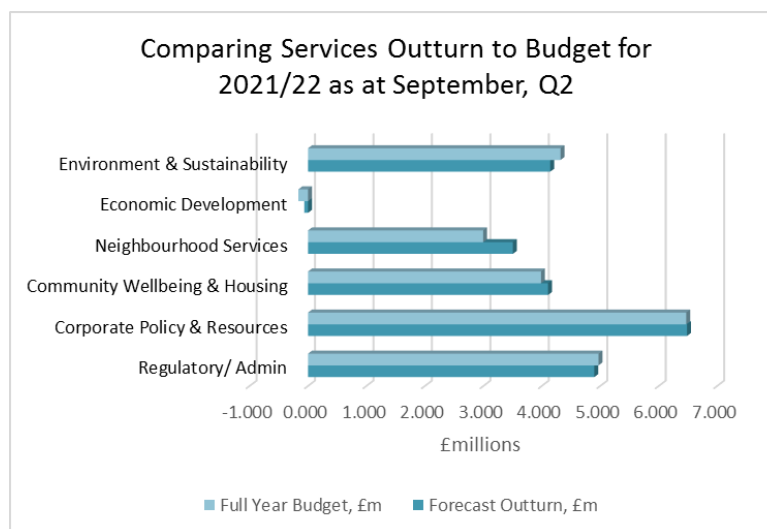
2.1 COVID-19 will continue to impact on the Council's finances over the coming months and years. Although officers have spent a great deal of time considering the impact on their Cost of Services and net budget position, there are still several major uncertainties that could dramatically change the forecast outturn position for 2021/22, including and not limited to the following main items:

- (a) When will our aggregate fees and charges return to pre-pandemic levels?
- (b) How much additional Government support will be received?
- (c) Will the Government continue to aid with the shortfall in the council's fees, charges, and invoices due to COVID-19. As mentioned, we do not anticipate receiving further funding in respect of our fees, charges and income that are projected to be significantly lower than budget based on the last lockdown period, which was not foreseen when the budget was agreed by Council in February 2021.
- (d) Moratoriums, as highlighted in 3.3(c) below: the Council is projected to incur an additional £531k in business rates and service charges because of the Council approved Moratorium which has delayed the start of both demolition and construction work at a few key development projects in the Borough.

- (e) 2021/22 National Pay Award: the Council agreed a 0.75% award; the Government has indicated a national offer of 1.75%, which if accepted could result in the Council reviewing its original offer.

### 3. Significant Forecast Budget (under)/Overspends at year end by Committee, to Cost of Service level.

- 3.1 The following chart shows the budget and outturn positions for the services as forecast at Q2.



- 3.2 The net projected overspend/under recovery of income is £498k (June: £843k) representing 0.8% (June: 1.3%) of gross budget expenditure. Shown below by Committee are variances of £20k and above, and where there has been a change in variance since Q1.

### 3.3 Regulatory & Administration Committee – a projected net underspend of (£73k) (June: (£128k)) and the significant net variances are as follows:

- (a) Committee Services – total projected overspend of £25k (June: £21k) for the overtime costs of covering vacant posts under the new Committee structure, and for hire costs of holding Council meetings at Spelthorne Leisure Centre due to COVID-19 restrictions
- (b) Corporate Management – a net projected overspend of £88k (June: £12k), made up of:
- i) A projected underspend of (£127k) (June: (£95k)) being unused budget available for retention allowance.
  - ii) A projected overspend of £240k (June: £107k):
    - £132k relating to: £55k legal advice on property-related governance; £47k consultancy on constitutional change and property issues; £30k on insurance claims handling fees.
    - £108k will be funded by: reserves (£52k River Thames Improvement Programme); Government grants (£37k High Street Recovery); and capital (£19k brokers fees)
  - iii) Additional staff recharges to KGE, a projected over recovery of income of (£25k) and adjusted from the Recharge of Central Support costs to KGE

- (c) Democratic Rep & Management – No change in the forecast (£41k) underspend reported last quarter.
- (d) ICT – a projected net underspend of (£30k) (June: (£20k) due to a vacant post, offset by additional overtime payments to existing staff who are maintaining the departments service levels.
- (e) Land Charges – a net over-recovery of (£72k) (June: £62k), consisting mainly of a projected over recovery of income of (£60k) following the transfer for Land Charges to HM Land Registry, for a one-off receipt which will be ring-fenced to this service.
- (f) Legal – a net underspend of (£26k) (June: (£12k)) mainly made up as follows:
  - i) A net underspend of (£50k) (June: (£25k)) due to vacant posts being partially covered by temporary staff.
  - ii) An increase in forecast expenditure of £36k (June: £13k) due to written off debtors following ongoing review of invoices

#### 3.4 **Corporate Policy & Resources Committee** (see also Charts page 2, at end)

– a projected net overspend of £15k (June: £116k) and the significant net variances are as follows:

- (a) Accountancy – a projected net overspend of £18k (June: £10k) due to additional staffing costs and overtime payments to address the external audit backlog.
- (b) Asset Management – No change in the net projected overspend of £40k reported last quarter
- (c) Customer Services Management & Support – a projected net overspend on the service to £9k overall (June: £nil) made up as follows:
  - i) a projected under-recovery of £28k (June: £nil) for Council tax collection income expected to be lower by £50k, offset by additional Business Rates Admin Grant of £22k
  - ii) offset by a projected (£19k) underspend (June: £nil) on staffing.
- (d) Development Properties – a net projected overspend of £427k (June: £531k) due to delays caused by the moratorium, in respect of business rates and services charges incurred on empty units awaiting demolition. This has been offset in the forecast by Empty Rate Relief applied at Thameside House.
- (e) General Property Expenses – a net projected underspend of (£27k) (June: (£63k)) made up as follows:
  - i) a net underspend of (£61k) (June: £63k) due to work being completed by in house members of the team, rather than contractors.
  - ii) net under-recovery of income of £34k (June: £nil) because of covid-relief applied to tenants, and due to tenant vacancies.
- (f) Facilities management – a net underspend of (£57k) (June: (£52k) due mainly to the following:
  - i) a projected underspend of (£15k) in business rates as we have moved out of the West Wing.

- ii) a projected underspend of (£25k) in printer leases rentals.
- (g) Planned Maintenance Programme – a projected net underspend of (£110k) (June: (£22k)) mainly made up as follows:
  - i) a projected underspend of (£28k) (June: (31k)) due to a staff vacancy being used to offset a new post in Asset Management.
  - ii) a projected underspend of (£82k) (June: (£70k)) due to underspend on computer software, noting that £70k is to be used to fund overspend on a Community Centres capital scheme.
- (h) Project Management – a projected underspend of £50k (June: (£45k)) due to unfilled staff vacancies.
- (i) Unapportioned Overheads – a projected net underspend of (£227k) (June: (£272k)) made up as follows:
  - i) ii) a projected (£269k) underspend (June: £272k) relating to lower than planned contributions to the Surrey County Pension fund.
  - ii) a projected overspend of £42k (June: £nil) due insurance security costs that are not allocated to services.

3.5 **Community Wellbeing & Housing Committee** – a projected net under recovery of income of £122k (June: £271k) and the significant net variances are as follows:

- (a) Community Care Administration – a projected net underspend of (£27k) (June: (£13k)) due to vacant posts, recruitment to which has been delayed by lockdown
- (b) Community Centres - a net projected overspend of £77k (June: (£40k) underspend), which was due to the following
  - i) (£261k) under recovery of income (June: (£279k)) due to the pandemic, offset by
  - ii) (£59k) underspend in costs (June: (£76k)) due to the pandemic and
  - iii) (£125k) underspend (June: (£87k)) due to unfilled vacancies, caused by the pandemic.
- (c) Community Development – an underspend of (£27k) which was due to an unfilled vacancy
- (d) Housing Benefit Admin – a net underspend and over recovery of income of (£100k) (June: (£121k)) mainly due to:
  - i) A projected underspend of (£59k) (June: (£81k)) which is being recruited to.
  - ii) No change in the forecast (£47k) over-recovery of income reported last quarter.
- (e) Housing Benefits Payments – a net underspend of (£37k) (June: (£nil)) due to a reduction in Housing Benefits caseload due to transfer of claims to Universal Credit.
- (f) Leisure Administration – a net underspend and under-recovery of £75k (June: (£44k) underspend) due to:

- i) A projected underspend of (£52k) (June: (£44k)) for unfilled vacancies and a new staffing structure being considered.
    - ii) A projected over-recovery of (£23k) (June: (£nil)) relating to Public Health funding of a COVID Outreach project.
  - (g) Spelthorne Leisure Centre – No change in the forecast net overspend of £297k reported last quarter.
- 3.6 **Neighbourhood Services Committee** – a forecast net overspend of £509k (June: £724k) and the significant net variances are as follows:
- (a) Car parks – a forecast under recovery of income of £642k (June: £740k) due to the reduction in shoppers and office workers requiring parking facilities.
  - (b) Building control – a forecast net overspend of £6k (June: £3k) due mainly to the following:
    - i) (£35k) underspend (June: (£20k) underspend) due to unfilled vacancies which are being recruited for.
    - ii) No change in the forecast £41k under recovery of income reported last quarter.
  - (c) Cemeteries – a forecast over recovery of income of £50k (June: (£49k) over recovery of income) due to higher deaths because of the pandemic.
  - (d) DS Management Support (Neighbourhood Services) – a forecast underspend of (£60k) (June: (£10K) underspend) due to vacant posts.
  - (e) Environmental Protection Act – no change to the forecast underspend of £25k reported last quarter.
  - (f) Environmental Health Administration – a forecast underspend (£25k) (June: (2.5k) underspend) due savings in consultants fees because of a delay in the Heathrow expansion scheme.
  - (g) Street Cleaning - A forecast underspend of (£29k) due mainly to (£30k) of unfilled vacancies.
  - (h) SAT – a net forecast under recovery of income of £28k (June: £50k under recovery of income) due to the following:
    - i) No change in the forecast 50k under recovery of income reported last quarter
    - ii) A forecast (£22k) underspend in transport costs due to fewer passengers using the service and therefore fewer journeys being made.
- 3.7 **Economic Development Committee** – a projected net overspend of £101k (June: £177k) relating to under recovery of Staines Market income because of the pandemic.
- 3.8 **Environment & Sustainability Committee** – a projected net underspend of (£176k) (June: £316k), with significant net variances as follows:
- (a) Emergency Planning – an underspend of (£49k) (June: £nil) relates to contribution, no longer required, for development of the Environment Agency’s River Thames Scheme.

- (b) Planning Development Control – a projected net overspend of £47k (June: (£114k) over-recovery) which is made up mainly as follows:
  - i) £154k overspend (June: (£84k) underspend) due to potential external legal costs on current developer planning appeals.
  - ii) Income (£94k) above budget (June: (£16k) over-recovery) for a Planning Performance Agreement, which is to be set aside to a reserve.
- (c) Planning Policy – a net underspend of (£103k) (June: (£95k)) which is made up mainly of (£109k) underspend (June: (£110k)) for the Local Plan which is now scheduled to complete in 2022/23.
- (d) Refuse Collection – a net over-recovery of income of (£90k) (June: (£122k)) which is made up as follows:
  - i) £30k overspend (June: £nil) for vacancies covered by higher costing agency staff.
  - ii) £20k over-recovery (June: £18k) of income for refuse and bulky waste bins due to less activity during the pandemic.
  - iii) No change in the forecast (£140k) over-recovery reported last quarter.

#### 4. Net Asset Income

- 4.1 The Council is forecasting a projected net underspend/ over-recovery of (£597k) (June: (£408k)) for the year ended 31 March 2022 (Appendix A). Commercial and Regeneration Assets will be used to fund our regeneration programme and contribute to our cost of services because of reduced government grants, and Surrey County Council Funding. The following table illustrates this, showing the Commercial and Regeneration Assets forecast net income position of (£9,293k) (June: (£9,295k)).

<b>Commercial and Regeneration Assets</b>	<b>Revised Budget £'000</b>	<b>Forecast Outturn £'000</b>	<b>Variance £'000</b>
Rental Income	(51,339)	(51,782)	(443)
Loan Interest Payable	24,669	24,500	(169)
Minimum Revenue Provision	12,327	12,327	0
Sinking Funds - net movement	4,189	4,632	443
Set Asides for specific revenue purposes	1,030	1,030	0
<b>Net Income (to fund Revenue budget)</b>	<b>(9,124)</b>	<b>(9,293)</b>	<b>(169)</b>

- 4.2 We forecast that our reserves will increase by an additional £443k, in accordance with the Council-approved policy, to ensure that we put sufficient funds aside to reduce the risk exposure to the council and provide additional funds to fund any future deficits.



- 4.3 With interest rates historically low on short-term to medium-term borrowing, the overall budget for borrowing is significantly underspent, by (£169k). It should be noted that investment income, mainly from pooled funds, is also lower than expected for the year to date, with forecast under-recovery for the year of £268k, resulting in a net under-recovery of £98k on interest receivable.
- 4.4 The uplift in rental payments from BP have been included in the above forecast and the additional funds have been paid into the sinking fund for future use.

## 5. Other Movements

- 5.1 The table below highlights the other movements amounting to £925k (June: (£1,251)) used to fund the items mention in section 3 from reserves and other grant income.

Details	£'000
Use of the COVID contingency	(1,000)
Government support for the loss of fees and charges	(252)
Less income from investments than budgeted	268
Use of the NNDR Business rates retention reserve	28
Use of recharge central support costs shown in cost of services to KGE - Finance and Corporate Management	31
<b>Total</b>	<b>(925)</b>

- 5.2 As mentioned in section 3, our fees, and charges, particularly in respect of car parks, Staines Town Centre Management and Community Centres have been adversely affected, and together with the additional support for our Leisure Centres, we anticipate having to utilise the COVID-19 contingency and the estimate government support totalling (£1,252k) as shown above.

## 6. Subsidiary companies

### 6.1 Knowle Green Estates

- (a) The budgeted surplus for the year is (£319k) (June: same) and the forecast outturn at 30 September is expected to be a £218k deficit.
- (b) This represents a projected net under-recovery of £537k (June: £159k), mainly due to under-recovery of rent £393k expected with the West Wing delay, and a net overspend of £145k due to security costs and loan interest costs. KGE is on target to achieve its contribution to central overheads.
- (c) The first phase of Benwell House was handed over in the first quarter of the year and the 33 units are now fully let (June: 31 out of 33 units).
- (d) The West Wing is expected to be fully handed over in January 2022.

### 6.2 Spelthorne Direct Services

- (a) The budgeted deficit for the year is £39k (June: (£143k) surplus), now including loan costs, with a forecast surplus of (£50k) (June: (£140k) surplus).
- (b) This represents a projected net underspend of (£89k) (June: £3k). SDS has not grown as much as anticipated due to COVID, and SDS therefore has not needed to purchase as many bins or pay for additional staff as originally planned. As a result, equipment and staffing are forecast to be underspent by (£104k) and income is forecast to be under-recovered by £16k.

## **7. Pay Award**

- 7.1 Officers have received a steer from councillors that there is a recognition that in order to protect the Council's ability to remain competitive in its pay rates for officers in order to effectively recruit and retain staff, there is support to increase the 2021/22 pay award so that all staff receive a 1.75% pay increase thereby matching the national employers' offer.
- 7.2 This will cost (including national insurance and superannuation) an additional £200k and will accordingly reduce the net overall underspend to (£397k). The additional cost is being built into the Outline Budget report base figures for 2022/23 and increases the underlying Budget gap to be closed for 2022/23 and future years.

## **8. Other considerations**

- 8.1 None.

## **9. Equality and Diversity**

- 9.1 Not applicable.

## **10. Sustainability/Climate Change Implications**

- 10.1 Not applicable.

## **11. Timetable for implementation**

- 11.1 Not applicable

**Background papers:** There are none.

### **Appendices:**

**Charts 1** – Overall Position and Services Q2

**Charts 2** – Variances CP&R Q2

**Appendix A** – Net Revenue Budget Monitoring Q2

**Appendix B** – Net Revenue Monitoring by Committee Q2

**Appendix C2** – CP&R Revenue Report Q2

## Net Revenue Budget Monitoring - 2021/22

As at end of 30 SEPTEMBER 2021

	2021/22 Budget Revised £	2021/22 Forecast Outturn £	2021/22 Variance Covid £	2021/22 Variance Non-Covid £	2021/22 Variance to Revised £
Gross Expenditure	64,816,800	57,890,130	620,337	(7,547,007)	(6,926,670)
Less Housing Benefit grant	(28,621,000)	(22,757,300)	-	5,863,700	5,863,700
Less Specific fees and charges income	(13,624,400)	(12,063,270)	679,400	881,730	1,561,130
<b>Net Expenditure - broken down as below</b>	<b>22,571,400</b>	<b>23,069,560</b>	<b>1,299,737</b>	<b>(801,577)</b>	<b>498,160</b>
Regulatory / Administrative Committees	4,969,700	4,896,800	(32,263)	(40,637)	(72,900)
Corporate Policy & Resources	6,468,500	6,483,940	80,779	(65,339)	15,440
Community Wellbeing & Housing	3,984,900	4,106,400	407,506	(286,006)	121,500
Neighbourhood Services	2,995,400	3,504,100	708,115	(199,415)	508,700
Economic Development	(165,700)	(64,670)	100,000	1,030	101,030
Environment & Sustainability	4,318,600	4,142,990	35,600	(211,210)	(175,610)
<b>NET EXPENDITURE AT SERVICE LEVEL</b>	<b>22,571,400</b>	<b>23,069,560</b>	<b>1,299,737</b>	<b>(801,577)</b>	<b>498,160</b>
Salary expenditure - Vacancy monitoring	(300,000)	(300,000)	-	-	-
2021/22 Pay Award Settlement	-	-	-	-	-
<b>NET EXPENDITURE</b>	<b>22,271,400</b>	<b>22,769,560</b>	<b>1,299,737</b>	<b>(801,577)</b>	<b>498,160</b>
<b>NET EXPENDITURE</b>	<b>22,271,400</b>	<b>22,769,560</b>	<b>1,299,737</b>	<b>(801,577)</b>	<b>498,160</b>
Asset Acquisition Income	(51,339,200)	(51,782,153)	-	(442,953)	(442,953)
Interest Payable	24,669,200	24,499,730	-	(169,470)	(169,470)
Minimum Revenue Provision	12,327,200	12,327,200	-	-	-
Refurbishments Reserve Contributions	6,814,000	7,647,333	-	833,333	833,333
Asset Supervision Costs	1,030,000	1,030,000	-	-	-
Capitalisation of Interest on Development Properties	(1,221,100)	(1,221,100)	-	-	-
Contingency Provision for Covid	1,000,000	-	(1,000,000)	-	(1,000,000)
Green Initiatives fund	250,000	250,000	-	-	-
Recharge of central support costs to KGE	(130,000)	(99,100)	-	30,900	30,900
Interest Receivable	(1,249,300)	(981,720)	267,580	-	267,580
Revenue Contributions to Capital Outlay	835,100	835,100	-	-	-
<b>BUDGET REQUIREMENT</b>	<b>15,257,300</b>	<b>15,274,850</b>	<b>567,317</b>	<b>(549,767)</b>	<b>17,550</b>
COVID-19 Sales Fees & Charges support	-	(252,000)	(252,000)	-	(252,000)
Baseline NNDR Funding	(1,929,000)	(1,929,000)	-	-	-
Non Ring-fenced Grants	(800,000)	(800,000)	-	-	-
Covid-19 Support Grant	(506,400)	(506,400)	-	-	-
New Homes Bonus	(252,000)	(252,000)	-	-	-
Release of funding from sinking funds	(2,625,200)	(3,015,580)	-	(390,380)	(390,380)
Lower Tier Services grant re core spending power	(82,100)	(82,100)	-	-	-
Business Rates - Economic Development Set Aside	(800,000)	(772,300)	-	27,700	27,700
Use of General Fund Reserves (Unused Covid Allocation)	73,700	73,700	-	-	-
<b>NET BUDGET REQUIREMENT</b>	<b>8,336,300</b>	<b>7,739,170</b>	<b>315,317</b>	<b>(912,447)</b>	<b>(597,130)</b>
2020/21 Revenue carry forward	(453,000)	(453,000)	-	-	-
General Fund Reserves- Supplementary Estimate	-	-	-	-	-
Collection Fund Surplus/(deficit)	117,000	117,000	-	-	-
Income from Council Tax	(8,000,300)	(8,000,300)	-	-	-
<b>Net Position</b>	<b>-</b>	<b>(597,130)</b>	<b>315,317</b>	<b>(912,447)</b>	<b>(597,130)</b>

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**Net Revenue Budget Monitoring by Committee - 2021/22**  
**Expenditure and Income Summary 30 SEPTEMBER 2021**

<b>Results to 30-Sep-21</b>	<b>Budget Revised £</b>	<b>Forecast Outturn £</b>	<b>COVID-19 Variance £</b>	<b>Non-COVID-19 Variance £</b>	<b>Total Variance to Revised £</b>
<b>Regulatory / Administrative Committees</b>					
Employees	3,108,600	2,899,130	6,240	(215,710)	(209,470)
Other Expenditure	2,509,600	2,763,570	17,398	236,572	253,970
Income	(648,500)	(765,900)	(55,900)	(61,500)	(117,400)
	<b>4,969,700</b>	<b>4,896,800</b>	<b>(32,263)</b>	<b>(40,637)</b>	<b>(72,900)</b>
<b>Corporate Policy &amp; Resources</b>					
Employees	5,174,200	4,828,850	2,598	(347,948)	(345,350)
Other Expenditure	2,524,200	2,663,240	16,531	122,509	139,040
Income	(1,229,900)	(1,008,150)	61,650	160,100	221,750
	<b>6,468,500</b>	<b>6,483,940</b>	<b>80,779</b>	<b>(65,339)</b>	<b>15,440</b>
<b>Community Wellbeing &amp; Housing</b>					
Employees	4,468,800	4,157,000	(177,505)	(134,295)	(311,800)
Other Expenditure	33,852,900	27,506,700	667,461	(7,013,661)	(6,346,200)
Housing Benefit grant income	(28,621,000)	(22,757,300)	0	5,863,700	5,863,700
Income	(5,715,800)	(4,800,000)	(82,450)	998,250	915,800
	<b>3,984,900</b>	<b>4,106,400</b>	<b>407,506</b>	<b>(286,006)</b>	<b>121,500</b>
<b>Neighbourhood Services</b>					
Employees	4,188,300	4,151,800	87,615	(124,115)	(36,500)
Other Expenditure	1,881,800	1,794,200	0	(87,600)	(87,600)
Income	(3,074,700)	(2,441,900)	620,500	12,300	632,800
	<b>2,995,400</b>	<b>3,504,100</b>	<b>708,115</b>	<b>(199,415)</b>	<b>508,700</b>
<b>Economic Development</b>					
Employees	215,000	212,240	0	(2,760)	(2,760)
Other Expenditure	171,300	175,090	0	3,790	3,790
Income	(552,000)	(452,000)	100,000	0	100,000
	<b>(165,700)</b>	<b>(64,670)</b>	<b>100,000</b>	<b>1,030</b>	<b>101,030</b>
<b>Environment &amp; Sustainability</b>					
Employees	4,185,800	4,203,100	0	17,300	17,300
Other Expenditure	2,536,300	2,535,210	0	(1,090)	(1,090)
Income	(2,403,500)	(2,595,320)	35,600	(227,420)	(191,820)
	<b>4,318,600</b>	<b>4,142,990</b>	<b>35,600</b>	<b>(211,210)</b>	<b>(175,610)</b>
<b>NET EXPENDITURE AT SERVICE LEVEL</b>	<b>22,571,400</b>	<b>23,069,560</b>	<b>1,299,737</b>	<b>(801,577)</b>	<b>498,160</b>
Total Employees	<b>21,340,700</b>	<b>20,452,120</b>	<b>(81,052)</b>	<b>(807,528)</b>	<b>(888,580)</b>
Total Other Expenditure	<b>43,476,100</b>	<b>37,438,010</b>	<b>701,390</b>	<b>(6,739,480)</b>	<b>(6,038,090)</b>
Housing Benefit grant income	<b>(28,621,000)</b>	<b>(22,757,300)</b>	<b>0</b>	<b>5,863,700</b>	<b>5,863,700</b>
Total Income	<b>(13,624,400)</b>	<b>(12,063,270)</b>	<b>679,400</b>	<b>881,730</b>	<b>1,561,130</b>
<b>NET EXPENDITURE</b>	<b>22,571,400</b>	<b>23,069,560</b>	<b>1,299,737</b>	<b>(801,577)</b>	<b>498,160</b>

<b>Total Expenditure</b>	<b>64,816,800</b>	<b>57,890,130</b>	<b>620,337</b>	<b>(7,547,007)</b>	<b>(6,926,670)</b>
<b>Total Income</b>	<b>(42,245,400)</b>	<b>(34,820,570)</b>	<b>679,400</b>	<b>6,745,430</b>	<b>7,424,830</b>
<b>Net</b>	<b>22,571,400</b>	<b>23,069,560</b>	<b>1,299,737</b>	<b>(801,577)</b>	<b>498,160</b>

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## Corporate Policy & Resources

<b>Results to 30-Sep-21</b>	<b>Budget Revised £</b>	<b>Forecast Outturn £</b>	<b>COVID-19 Variance £</b>	<b>Non-COVID-19 Variance £</b>	<b>Total Variance to Revised £</b>	<b>Comments</b>
Employees	680,600	704,300	0	23,700	23,700	Mainly additional staffing costs and overtime payments to cover resourcing addressing anticipated external audit backlog clearance
Other Expenditure	46,900	46,900	99	(99)	0	
Income	(69,000)	(74,700)	0	(5,700)	(5,700)	
<b>Accountancy</b>	<b>658,500</b>	<b>676,500</b>	<b>99</b>	<b>17,902</b>	<b>18,000</b>	
Employees	795,000	791,240	0	(3,760)	(3,760)	Strategic decision made to reduce payments to contractors.
Other Expenditure	450,900	329,030	5,559	(127,429)	(121,870)	
Income	(765,600)	(599,800)	0	165,800	165,800	Historic 'Landid' saving not removed from budget in 21-22
<b>Asset Mgn Administration</b>	<b>480,300</b>	<b>520,470</b>	<b>5,559</b>	<b>34,612</b>	<b>40,170</b>	
Employees	213,800	213,700	0	(100)	(100)	
Other Expenditure	8,400	1,200	0	(7,200)	(7,200)	
Income	0	0	0	0	0	
<b>Chief Executive</b>	<b>222,200</b>	<b>214,900</b>	<b>0</b>	<b>(7,300)</b>	<b>(7,300)</b>	
Employees	(300,000)	(300,000)	0	0	0	
Other Expenditure	(481,300)	(481,300)	0	0	0	
Income	0	0	0	0	0	
<b>Corporate Savings</b>	<b>(781,300)</b>	<b>(781,300)</b>	<b>0</b>	<b>0</b>	<b>0</b>	

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## Corporate Policy & Resources

<b>Results to 30-Sep-21</b>	<b>Budget Revised £</b>	<b>Forecast Outturn £</b>	<b>COVID-19 Variance £</b>	<b>Non-COVID-19 Variance £</b>	<b>Total Variance to Revised £</b>	<b>Comments</b>
Employees	1,003,300	984,300	0	(19,000)	(19,000)	Council tax collection income is expected to be lower by £50k, partially offset by additional Business Rates Admin Grant of £22k.
Other Expenditure	453,600	453,600	0	0	0	
Income	(311,500)	(283,800)	27,700	0	27,700	
<b>CServ Management &amp; Support</b>	<b>1,145,400</b>	<b>1,154,100</b>	<b>27,700</b>	<b>(19,000)</b>	<b>8,700</b>	
Employees	283,700	283,500	0	(200)	(200)	
Other Expenditure	2,400	1,000	0	(1,400)	(1,400)	
Income	0	0	0	0	0	
<b>Deputy Chief Executives</b>	<b>286,100</b>	<b>284,500</b>	<b>0</b>	<b>(1,600)</b>	<b>(1,600)</b>	
Employees	0	0	0	0	0	Forecast based on previous year actuals. Main variances relate to various vacant properties such as Thameside House, Oast House and Hanover House. Empty Rate Relief being exercised at Thameside House explaining the reduction from last quarter's forecast.
Other Expenditure	0	426,520	0	426,520	426,520	
Income	0	0	0	0	0	
<b>Development Properties</b>	<b>0</b>	<b>426,520</b>	<b>0</b>	<b>426,520</b>	<b>426,520</b>	
Employees	0	0	0	0	0	Underspends on Consultants, Surveyors and Valuers as more work undertaken by staff in-house. Covid Relief for some tenants. Some tenants have also now left. Budget to be reviewed for 2022-23.
Other Expenditure	82,400	21,900	0	(60,500)	(60,500)	
Income	(83,800)	(49,850)	33,950	0	33,950	
<b>General Property Expenses</b>	<b>(1,400)</b>	<b>(27,950)</b>	<b>33,950</b>	<b>(60,500)</b>	<b>(26,550)</b>	



## Corporate Policy & Resources

<b>Results to 30-Sep-21</b>	<b>Budget Revised £</b>	<b>Forecast Outturn £</b>	<b>COVID-19 Variance £</b>	<b>Non-COVID-19 Variance £</b>	<b>Total Variance to Revised £</b>	<b>Comments</b>
Employees	178,900	179,480	2,289	(1,709)	580	Business rates £15k below budget due to split of West Wing. Budget for £25k budget for printer leasing no longer needed as the printer is owned. Budget for office moves is unlikely to be used in year.
Other Expenditure	519,200	462,110	10,874	(67,964)	(57,090)	
Income	0	0	0	0	0	
<b>Facilities Management</b>	<b>698,100</b>	<b>641,590</b>	<b>13,163</b>	<b>(69,673)</b>	<b>(56,510)</b>	
Employees	93,500	94,300	309	491	800	
Other Expenditure	3,600	3,500	0	(100)	(100)	
Income	0	0	0	0	0	
<b>MaT Secretariat &amp; Support</b>	<b>97,100</b>	<b>97,800</b>	<b>309</b>	<b>391</b>	<b>700</b>	
Employees	187,400	159,030	0	(28,370)	(28,370)	Vacant post at 0.5 FTE being used to offset a new post in Asset Mgt. Corresponding budget is to be moved.  Projected underspend on computer software. £70k to fund overspend on Capital scheme for Day Centres.
Other Expenditure	1,335,000	1,253,480	0	(81,520)	(81,520)	
Income	0	0	0	0	0	
<b>Planned Maintenance Programme</b>	<b>1,522,400</b>	<b>1,412,510</b>	<b>0</b>	<b>(109,890)</b>	<b>(109,890)</b>	
Employees	561,000	511,000	0	(50,000)	(50,000)	Savings expected due to vacant posts. Vacancies have impacted service delivery but the service has recruited staff who will be in place by end October 2021
Other Expenditure	41,500	41,500	0	0	0	
Income	0	0	0	0	0	
<b>Project Management</b>	<b>602,500</b>	<b>552,500</b>	<b>0</b>	<b>(50,000)</b>	<b>(50,000)</b>	

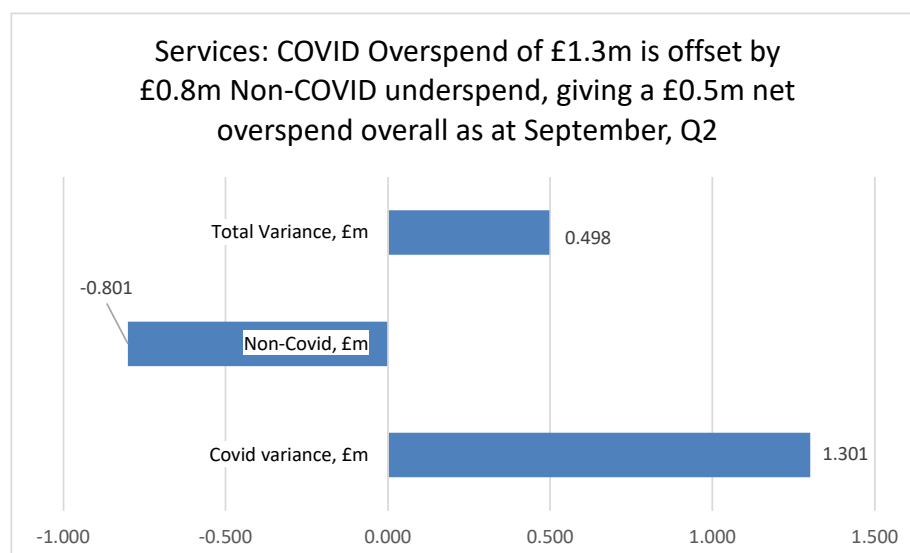
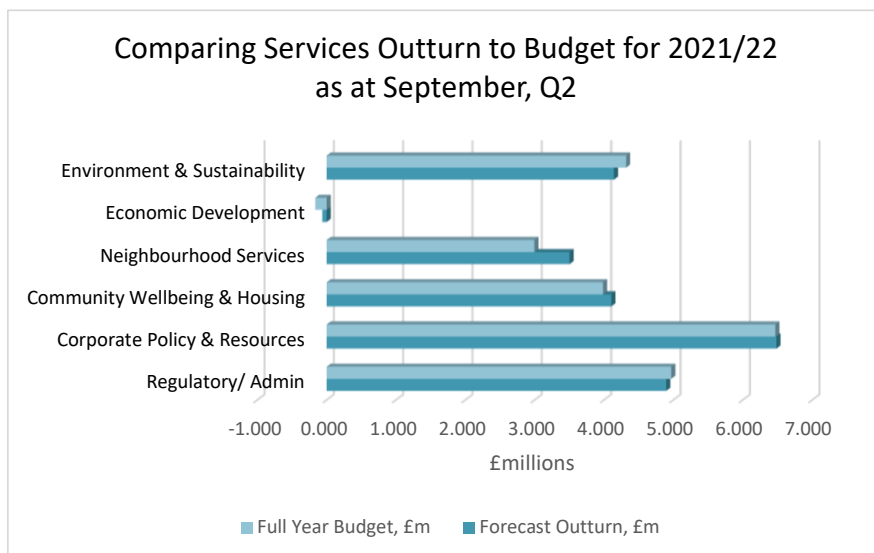
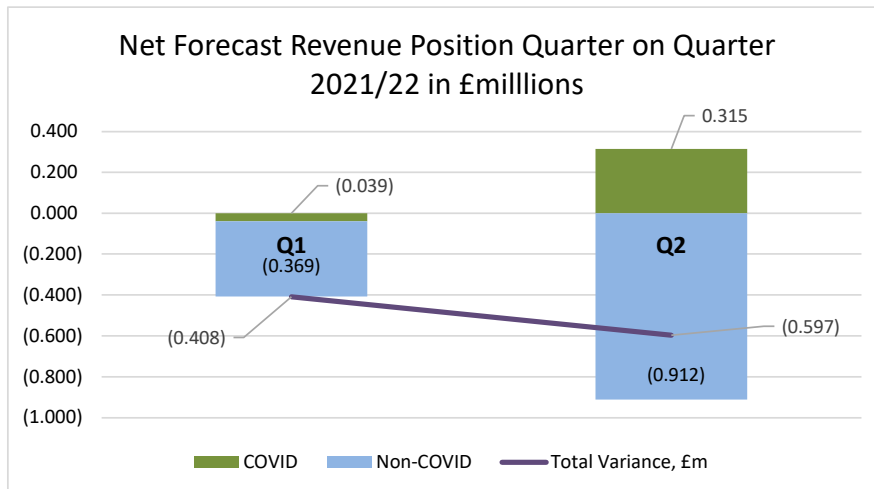
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## Corporate Policy & Resources

<b>Results to 30-Sep-21</b>	<b>Budget Revised £</b>	<b>Forecast Outturn £</b>	<b>COVID-19 Variance £</b>	<b>Non-COVID-19 Variance £</b>	<b>Total Variance to Revised £</b>	<b>Comments</b>
Employees	0	0	0	0	0	
Other Expenditure	0	300	0	300	300	
Income	0	0	0	0	0	
<b>Sea Cadets</b>	<b>0</b>	<b>300</b>	<b>0</b>	<b>300</b>	<b>300</b>	
Employees	1,477,000	1,208,000	0	(269,000)	(269,000)	Lower than planned contributions to Surrey County Pension fund Staff security costs are expected to be higher than budgeted
Other Expenditure	61,600	103,500	0	41,900	41,900	
Income	0	0	0	0	0	
<b>Unapportionable Central O/Heads</b>	<b>1,538,600</b>	<b>1,311,500</b>	<b>0</b>	<b>(227,100)</b>	<b>(227,100)</b>	
Total Employees	<b>5,174,200</b>	<b>4,828,850</b>	<b>2,598</b>	<b>(347,948)</b>	<b>(345,350)</b>	
Total Other Expenditure	<b>2,524,200</b>	<b>2,663,240</b>	<b>16,531</b>	<b>122,509</b>	<b>139,040</b>	
Total Income	<b>(1,229,900)</b>	<b>(1,008,150)</b>	<b>61,650</b>	<b>160,100</b>	<b>221,750</b>	
Net Total	<b>6,468,500</b>	<b>6,483,940</b>	<b>80,779</b>	<b>(65,339)</b>	<b>15,440</b>	

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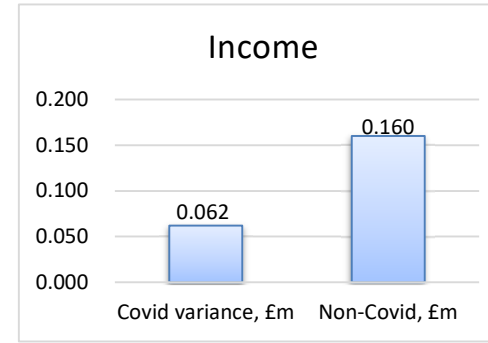
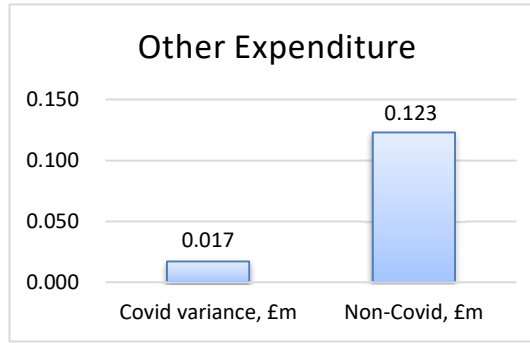
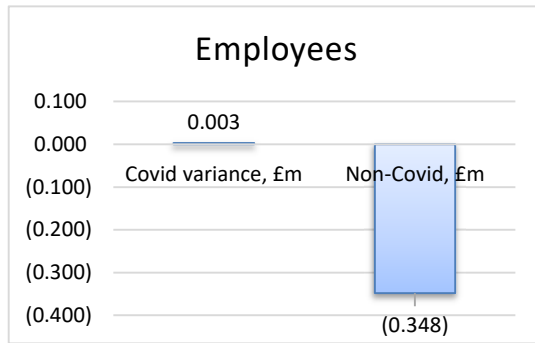
**Overall net position and Net service totals, £m**  
Based on Appendix A



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# Analysis of Variances - Corporate Policy & Resources, £m

Based on Appendix C2



## Key Variances Explained

### Employees Over/ (Under) spend, £m

Accountancy	0.024	Non-COVID	Additional staffing costs and overtime to address external audit backlog clearance.
Planned Maintenance Programme	(0.028)	Non-COVID	Vacancy at 0.5 FTE offsetting new post in Asset Management.
Project Management	(0.050)	Non-COVID	Vacancies which have impacted service delivery. New staff recruited for end October 2021.
Unapportionable CentralO/Heads	(0.269)	Non-COVID	Lower than planned contributions to Surrey County Pension fund.
<b>Total explained</b>	<b>(0.323)</b>		

### Other Expenditure Over/ (Under) spend, £m

Asset Mgn Administration	(0.127)	Non-COVID	Strategic decision made to reduce payments to contractors.
Development Properties	0.427	Non-COVID	Vacant properties: Thameside House, Oast House and Hanover House, offset by Empty Rate Relief on Thameside House.
General Property Expenses	(0.061)	Non-COVID	More work undertaken in-house reducing Consultants, Surveyors and Valuers costs.
Facilities Management	(0.068)	Non-COVID	Business rates £15k below budget due to split of West Wing. Budget for £25k budget for printer leasing no longer needed as the printer is owned. Budget for office moves is unlikely to be used in year.
Planned Maintenance Programme	(0.082)	Non-COVID	Projected computer software underspend. £70k to offset Day Centres capital scheme overspend.
Unapportionable CentralO/Heads	0.042	Non-COVID	Staff security costs are expected to be higher than budgeted.
<b>Total explained</b>	<b>0.131</b>		

### Income Under-recovery, £m

Asset Management Administration	0.166	Non-COVID	Historic issue: 'Landid' saving not removed from budget 2021/22.
Customer Services Mgt & Support	0.028	COVID	Council tax collection is expected to be £50k lower, offset by £22k Business Rates Admin Grant.
General Property Expenses	0.034	COVID	COVID Relief for some tenants. Some tenants have also now left.
<b>Total explained</b>	<b>0.228</b>		

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# Corporate Policy & Resources Committee



29 November 2021

<b>Title</b>	<b>Outline Budget Report 2022-23 to 2025-26</b>
<b>Purpose of the report</b>	To make a decision
<b>Report Author</b>	Paul Taylor Chief Accountant
<b>Ward(s) Affected</b>	All Wards
<b>Exempt</b>	No
<b>Corporate Priority</b>	Financial Sustainability
<b>Recommendations</b>	<p><b>Committee is asked to:</b></p> <p><b>Recommend to Council that the base budget for 2022-23 takes into account an additional 1% pay award for 2021-22 to bring Council staff up to the level of the national pay award increase.</b></p> <p><b>Recommend to Council that the Council applies the maximum empty property council tax premia for properties which are empty for a) up to 2 years, b) 5 to 10 years and c) more than 10 years</b></p> <p><b>That the Council seeks to protect its council tax base over the four-year outline budget period by increasing the council tax by the maximum allowed by the Government limits, whilst seeking to finding savings and efficiencies to close its budget gaps</b></p> <p><b>That the Committee supports the range of measures set out in the proposed Medium Term Financial Strategy (MTFS) within the report</b></p>
<b>Reason for Recommendation</b>	<p><b>The report sets out the parameters in which a detailed balanced Budget for 2022-23 can then be worked up and puts forward an updated Medium Term Financial Strategy for the period 2022-23 to 2025-26 designed to respond to the challenges of a post COVID-19 future around lost fees and charges, and how quickly these will recover, together with, increased inflationary pressures and a substantial pay award.</b></p>

## 1. Key issues

- 1.1 Spelthorne Borough Council is obliged by law to deliver a balanced budget for the year 2022/23. The Council needs to ensure that any actions, taken or not taken, are mindful of impact over the following three years from 2023/24 to 2025/26 on the Council's medium term financial position.
- 1.2 In this context, Council also needs to be mindful of the challenges and opportunities it is facing over the next four years through to 2025/26 and beyond, and develop a medium-term strategy that is robust, challenging and above all else achievable, to cover the forecast deficits below, based on the Appendix included in the Budget Briefing Presentation made to all councillors on 8 November 2021.

Noting that this is a starting point and agreed action by Council could significantly increase or decrease the forecast deficits. The table below sets out current potential Revenue Budget deficits based on a central set of assumptions (including maximising tax base under current Government limits) but before further mitigating actions are taken to close those gaps.

	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
(Surplus) or deficit	960	838	2,611	3,373

- 1.3 Choices will need to be made, some more difficult than others, as each Committee looks to ensure that its services are maintained, some new services are implemented, and some services are reduced.
- 1.4 As we come out of the COVID-19 pandemic and for all the reasons mentioned throughout this report it is important that the Council carefully reviews and refreshes its MTF and ensures it achieves a sensible balance between short- and longer-term measures and does not make knee jerk cuts which a more medium-term approach could be applied to manage down the gaps.
- 1.5 At the full Council meeting in February, Council will need to agree the final balanced budget for 2022/23 and set the Council Tax level.

## 2. The Context and the challenges

- 2.1 Emerging from the worst economic downturn in over 350 years, caused by COVID-19, the Council and the Borough will still feel the effects of the pandemic for several years to come and several issues from last eighteen months will remain unresolved for a few years to come.
- 2.2 Council must have regard to these issues and where possible implement sound policies to deal with these issues, including:
- (a) The extent to which services' income such as car parking charges return to pre-pandemic levels, considering that we are seeing changes to people's behaviour, for example, increased home working and online



shopping, have they permanently changed and impact on the time any recovery may take?

- (b) What will the impact be on our local economy in terms of jobs, particularly as furlough as we move past the furlough scheme coming to an end in September 2021 Are we going to have to provide more localised council tax support (this reduces the Council's tax base) for our residents struggling to pay council tax? Are we going to see a rise in numbers of residents presenting themselves seeking housing options support, particularly with the ending of the national moratorium on landlords' evictions.
- (c) The delays in developing our residential property schemes, following the Council agreed Staines high rise Moratorium in January, are incurring monthly costs of over £100k. Officers are constantly reviewing our policy of capitalising borrowing costs in the light of these delays and section 4.8 of the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in respect of borrowing costs, which could result in an additional £1m per annum capital costs being written off to revenue costs, which is the equivalent of running our day centres for almost two years.
- (d) What will happen when Heathrow Airport returns to pre pandemic levels of travel on the local jobs market and unemployment?
- (e) What is a realistic council tax collection rate for us to assume over the next few years? The Council Tax base report on the agenda is assuming a 3% non- collection rate for 2022-23.
- (f) Despite extensive lobbying, officers are not anticipating that the Council will receive any significant additional Government financial support in 2022-23 in recognition of the challenges faced with income recovery.
- (g) Refreshing the Council's annual Reserves Strategy and consideration some planned short term use of reserves as part of a longer-term strategy to balance our budget and maintain financial stability for the Council. At the end of 2020-21 the Council has £55m in cash backed reserves (excluding funds earmarked to be applied for COVID-19 funding purposes), and whilst a significant proportion of them are earmarked for specific purposes, some could be applied to offset the budget deficits.
- (h) The interrelationship between the Council's housing and regeneration Capital Programme and the Council's Revenue Budget in terms of returns the Council will receive from its housing delivery company Knowle Green Estates. This will be influenced by the proportion of the housing programme delivered as affordable housing.
- (i) **Pay Awards**
  - i) **2021/22**

Council approved a 0.75% for all staff above the lowest three pay scales and 1.0% for the three lowest pay scales. When Spelthorne Borough Council move to a local pay negotiation process it committed to aspiring to match the national award subject to affordability. Following a clear steer from Councillors it is

recommended that that a supplementary revenue estimate of an additional 1.0% for staff above the lowest three pay grade and 0.75% for the lowest pay grades is approved by Council and that this is then built into the base budget for 2022-23. This equates to an additional £200k approx.

### **2022/23**

The local Unison branch are formally asked for a 4% pay increase for staff but have stated that if the Council increases the 2021-22 award by 1%, they will moderate their request for 2022-23 to 3%. The Council will need to balance the business need of seeking to remain competitive with other councils to recruit and retain the talent it needs to deliver services for its residents against what is affordable within Budget constraints. Currently the central case Outline Budget projections model a 2% annual award for the years 2022-23 to 2024-25. Each 1% increase in pay award equates to approx. an additional £200k pressure on the revenue budget.

Account needs to be taken of the additional 1.25% increase in Employers National Insurance contributions taking effect from April 2022. This equates to approx. £200k and has been built into the Outline Budget projections. The Government has indicated that it is seeking to provide additional funding to public sector bodies to offset this. However, at this stage on the grounds of prudence we have not allowed for any offsetting funding as a) it is not clear how much funding we would receive nor how long term such funding might be

- (j) **Pensions** - Local Government pensions are subject to a triennial valuation every three years. The next one is due to reflect the position as at 31 March 2022 and would impact on employer pensions contributions for the period 2023-24 to 2025-26. The Outline Budget projections has assumed that this will result in an increase in employer contributions from 2023-24.
- (k) **New Spelthorne Leisure Centre** – once it is constructed is unlikely to fully cover its costs in 2024/25 and for the next few years. This has been reflected in the Outline Budget projections.
- (l) **Additional Statutory Duties** - we also need to be mindful of the potential for additional statutory duties and requirements being imposed on councils during the Outline Budget period, a potential example could be the proposed waste management changes such as universal green waste collection being proposed by DEFRA in a few years' time which could have a significant cost impact on our refuse collection arrangements
- (m) The above list is not exhaustive.

### 2.3 **Opportunities**

Not only will there be challenges, but there will also be opportunities including:

- 2.4 **Partnering** – Over the last few years, SBC have been partnering with other councils to ensure that the emphasis is on service delivery, rather than additional administration or supervision. These have included:

- (a) Counter Fraud – with Reigate & Banstead Council
- (b) Building repairs – with Runnymede Borough Council (brought in house from April 2021)
- (c) Family Support - with Elmbridge and Epsom and Ewell Borough Councils and Surrey County Council

These are just a few of the successful partnerships the council are involved with locally for the benefit of our taxpayers.

Officers are currently in discussion with Mole Valley District Council about combine the Finance Teams of the two Councils, to improve resilience, aid recruitment and deliver efficiencies, particularly around Integra.

Should the Council look to outsource some of its services to other Councils, alternatively, should Spelthorne Borough Council establish itself as an outsourcing shared service? In the context of the financial challenges all councils are facing and uncertainties around the future of local government in Surrey it is particularly timely to look at these opportunities. There is a separate paper on this Agenda set out a structured approach to considering such opportunities

- 2.5 **Knowle Green Estates (KGE)** - delivering Council's elements of the approved Housing Strategy for private renters and affordable housing in the Borough. with the ability to provide SBC with substantial long term annual funds to support regeneration and support services within the Borough, monies to support services or funding to our capital programme.
- 2.6 **Investment Properties** – there is an increase in the rental paid from one of our larger properties, which provides an opportunity to have some of this extra income fund services, whilst future proofing the next few years, by charging some to the sinking funds to use against unexpected defaults from tenants in subsequent years. At the same time, we need to continue to prudently model the need to set aside appropriate levels of sinking funds to ensure sufficient funds to cover future potential liabilities.
- 2.7 **Invest to save** – are there any opportunities for Committees and officers to invest in 2022/23 to deliver savings in subsequent years, for example, with the success of home working during the pandemic, is it time to replace the dummy terminals at the office and supply everyone with a laptop?
- 2.8 **Digital Transformation** - The Council has a digital transformation programme and has recently appointed a digital transformation programme manager. The Council and will explore opportunities to deliver services more efficiently using technology. However, it will ensure that services remain accessible to those who are less digitally literate. The Council will also explore opportunities to reduce the number of software applications it is paying for by seeking to better align and integrate applications.
- 2.9 **Knowle Green Offices** - Explore whether the Council still requires its current office footprint or whether there are opportunities to make its services more accessible and deliver significant ongoing revenue savings
- 2.10 **Procurement savings** – the Council spends approximately £19.25m on revenue services and currently has a capital programme where we anticipate spending more than £320m on vehicles, property and IT. The procurement team has been asked to identify opportunities to make procurement savings

- 2.11 **Green initiatives** – these are going to be at the forefront of everything we do over the next few years, what opportunities are there for the Council to exploit? Whilst there may be an initial upfront invest requirement initiatives which reduce the Councils spend on fuel or energy will deliver financial benefits as well as environmental benefits. An example is the Council’s investment in meeting the Pasivhaus standard in its new Leisure Centre
- 2.12 **New Corporate Plan** – once agreed by Council, what are we doing to ensure that all services are delivering against its objectives? The Plan can assist in ensuring that delivery is aligned with a clear set of priorities. Perhaps working with the Continuous Improvement Process team to establish what tasks need to keep being delivered, what needs to be stopped, particularly as it does not fit with the Corporate Plan.
- 2.13 **Centros** – our current Enterprise Resource Planning financial system Integra, will shortly no longer be supported by Capita, who have developed a new system called Centros, which is an evolution from Integra and is fully supported. Centros provides the Council with several opportunities to drive efficiencies, including:
- (a) Business intelligence dashboards – is an information management tool that analyses information and displays it graphically.
  - (b) Application Programme Interface – enabling us to open our data for the development of apps for our services.
  - (c) Standardising reports – getting the system to produce the report so you don’t have to data dump into excel and manipulate the data.
- 2.14 **Empty property premia** – opportunity to increase revenue for the Council, but we must also take advantage of Surrey County Council (SCC) offer to spend their share of this income of related project in our Borough. Following a clear steer from Councillors it is recommended that the Council applies the maximum additional premia applicable for a) properties which are empty up to 2 years, b) empty for 5 to 10 years and c) empty for more than 10 years.
- At the same time, it is recommended that the Council engages with Surrey County Council to accept its offer of allocating its share of the additional council tax raised to support projects which align with County projects/priorities.
- 2.15 **Current initiatives**
- 2.16 Officers have several initiatives that they have been working on to drive efficiency, reduce costs or increase income, some have been mentioned separately in this report, particularly around partnering, and also including:
- 2.17 **Continual Improvement Process** – we have had several successful projects including:
- (a) **Replacing Capita payment options by e-forms:** Phase 1 of this project has been completed and 5 e-forms have been developed and implemented. These e-forms have helped simplify the payment process on Spelthorne website and improved customer journey to make payments (approx. time savings of £21,000 per annum).
  - (b) Website changes on payment portal have helped improve customer experience by providing a seamless transition from Spelthorne website to the payment portal (approx. time savings of £9,000 per annum).

2.18 **2.5% and 5% savings** – Group Heads have been asked to come up with their ideas for achieving these two levels of savings, which will be circulated to all the Committees shortly to feed into Committee’s consideration of their budgets during the January 2022 committee cycle.

2.19 **Medium Term Financial Strategy (MTFS)**

Continuing to refresh our medium-term financial strategy (MTFS) will help bring together all known factors affecting the Council’s financial position and its financial sustainability into one place. This should be as wide ranging as possible and include all the assets and liabilities on an organisation’s balance sheet. This is particularly important, and challenging, in the context of the significant additional uncertainties generated by the financial impacts of COVID-19 some of which have yet to be fully felt. It allows the finance team to balance the financial implications of objectives and policies against constraints in resources. This should in turn form the basis for decision making.

A good MTFS should provide a clear and concise view of future sustainability and the decisions that need to be made to address any gaps in long-term financing. It forms the pivotal link to translate the organisation’s ambitions and constraints into deliverable options for the future.

2.20 The above approaches set out in the opportunities and current initiatives sections will underpin the Council’s medium term financial strategy.

2.21 It should be recognised that several the options outlined such as reconfiguring office accommodation or digital transformation or integrating ICT infrastructure will take a number of years to implement and that there may be a case to make some short-term specific use of reserves to allow the Council time to deliver savings to fully close the Budget gaps over the Outline Budget period.

**3. Financial announcements and implications**

3.1 **Council Tax** – As a lower tier authority the Council under the current Government rules, it can increase its share of Council tax by the higher of 2% or £5 on Band D. For Spelthorne £5 on Band D equates to 2.4% for 2022-23.

3.2 In comparison upper tier councils such as Surrey County Council can increase their Council tax by 2% for general services plus an additional 1% for Adult Social Care Levy.

3.3 **Provisional Local Government Finance Settlement (PLGFS)** – this is expected to be announced in December.

3.4 **Business Rate** – The business multiplier has been frozen for another year. Whilst it has not yet been formally confirmed it is anticipated that the Business Rates Retention scheme is going to remain unchanged at 50% (this does not mean councils retain 50% of business rates but above a baseline they gain 50%) and that the associated baseline levels will not be reset for councils. There are some indications that the focus on Levelling Up by the Government may cause Government to reflect further on whether it wishes to move to a 75% Business Rates retention scheme. When the business rates baseline is reset, there is a risk for the Surrey councils as when the baseline was set in 2013-14 for the 50% retention system the Surrey Councils did relatively well. Business properties will be revalued every three years from April 2023.

The Government has announced 50% discount on business rates for retail, leisure, and hospitality sectors for 2022/23. This is effectively continuing the business rates support providing since the first pandemic lockdown (2020-21 was 100% relief) for these sectors but on a reduced basis.

The Government has also 100% discount for improvements to business properties. We do not yet have details as to how this will be applied.

Compensation is expected to be made to councils to offset the loss of income arising from business rates reliefs.

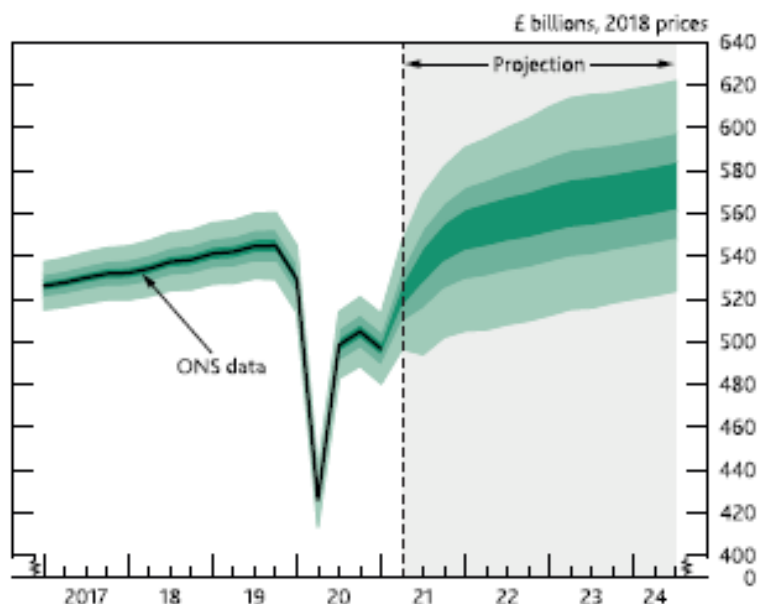
- 3.5 **New Homes Bonus Grant** – The PLGFS will announce figures and confirm whether the scheme is being extended
- 3.6 **Spending Review** - In the Spending Review the bulk of additional funding for local government was focused on Adult Social Care Funding. Despite the fact Spelthorne provides day centres, meals on wheels and community alarms we will not benefit from any of this additional fund
- 3.7 **Homelessness and rough sleeping** – funding to be increased nationally by £639m in 2024/25
- 3.8 **Heritage & Cultural infrastructure** – an additional £850m is being made available nationally.

#### 4. Other considerations

##### 4.1 Bank of England

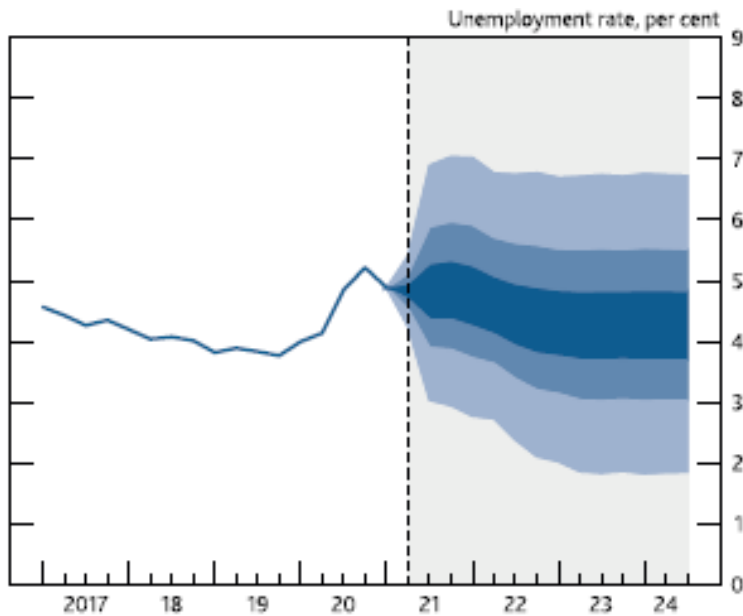
4.2 The Bank of England produces regular updates and forecasts and shown below are

##### 4.3 UK GDP



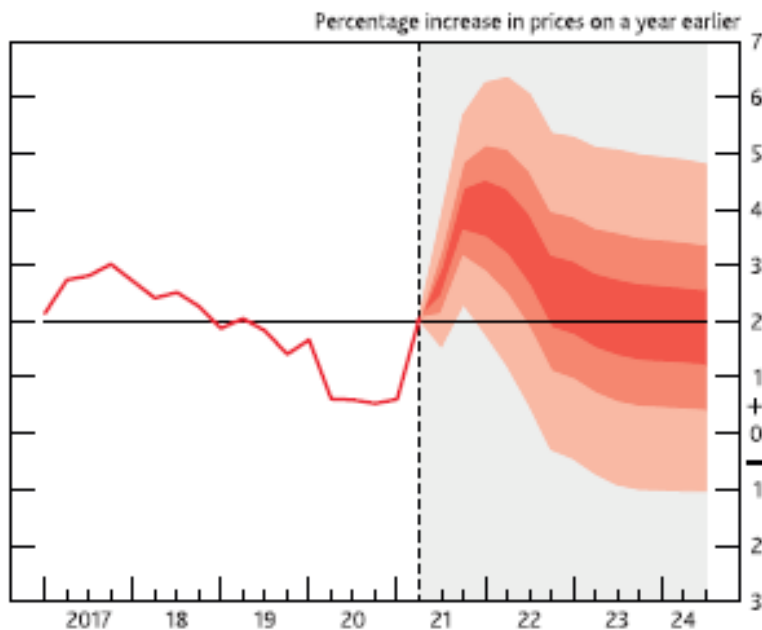
4.4 UK Growth continues to grow as the economy recovers from the severe recession caused by COVID-19, and the forecast is for further growth in GDP over the next four years, with the expected outcomes, shown by the dark green banding.

##### 4.5 Unemployment



4.6 The Bank of England believe the next four years show a decline in unemployment (following the rise caused by the pandemic), (dark blue banding showing a downward trend) and the extension of the employment support scheme (furlough) is going to significantly limit any near term rise in the unemployment rate.

#### 4.7 Inflation



4.8 We are seeing the impact of inflation for a variety of reasons, energy, and petrol, when combined with material and labour shortage in the construction industry, the Bank of England are forecasting an inflation figure of over 4%, in mid-2022, reducing to around 2% in 2024. Rising inflationary pressures are a significant pressure on the Council's budget particularly with respect to fuel and energy costs

#### 4.9 Interest Rates

4.10 **Gilts** – the Public Works Loan Board (PWLB) is the Council's banker, and, unlike personal mortgages which are linked to the Bank of England base, the

PWLB interest rate is linked to the 20-year gilt market, which is less volatile than the base rate.

- 4.11 Our advisers, Arlingclose are predicting two small increases in the 20-year gilt rate over the next two years of approximately 40 basis points and because we work on minimising our interest rate risk on completion of each project, we will fix our loans for the next 50 years and therefore, there is no material impact on the revenue budget for this item.

## **5. Equality and Diversity**

- 5.1 Any service amendments proposed as part of the detailed budget process will be subject to equality impact assessments.

## **6. Sustainability/Climate Change Implications**

- 6.1 The Council has made a significant investment into the Green Initiatives Fund and the relevant Councillors and Committees are looking at their cost of services to establish where they can utilise these funds to support green initiatives.

## **7. Timetable for implementation**

### **7.1 Growth & Savings bids**

- 7.2 January 2022 – all Committees review and consider their growth and savings bids and submit list of bids to the Corporate Policy & Resources Committee for final short listing to feed into the final Detailed Budget for 2022-23.

- 7.3 24 February 2022 – Council approve growth and savings bids as part of the 2022/23 annual budget debate.

**Background papers:** Budget Briefing Presentation 8 November 2021 including

**Appendices:** Appendix A – MTFS 2022-23 to 2025-26



## Medium Term Financial Strategy

05/11/2021

	2022-23	2023-24	2024-25	2025-26	Assumptions
	£000's	£000's	£000's	£000's	
<b>Funding</b>					
Council Tax	-8,513	-8,814	-9,125	-9,447	1.50% increase in band D properties - subject to planning and valuations 2.00% Council Tax to be agreed by Council
Business Rates	-1,929	-1,929	-1,929	-1,929	No change for 2021/22
Business Rates - Economic set aside	0	0	0	0	None based on 2021/22
COVID funding	0	0	0	0	None from 1 April 2022 onwards
S31 Grants	-800	-800	-800	-800	No change for 2021/22
Lower Tier Service Grant	0	0	0	0	None from 1 April 2022 onwards
New Homes Bonus	-265	-121	-121	0	New scheme being implemented
Empty property premia					
1-5 years	-44	-44	-44	-44	Claiming maximin
5-10 year	-46	-46	-46	-46	Claiming maximin
Over 10 years	-17	-17	-17	-17	Claiming maximin
KGE - interest margin income	-134	-258	-255	-252	To be confirmed - subject to size of properties
Property income	-10,000	-10,000	-10,000	-10,000	Do we take £1m of BP uplift to revenue?
Investment Income	-1,249	-1,249	-1,249	-1,249	Estimates ranging from £1.18m+ to £1.3m+ sticking with current estimate
	<b>-22,997</b>	<b>-23,278</b>	<b>-23,586</b>	<b>-23,784</b>	
<b>Spending</b>					
Previous years budget	21,695	22,940	24,415	26,217	Includes management recharges to subsidiary companies
Lapsed Growth and Savings Bids	212	100	0	0	TC & PT to review - the larger projects
In year net growth & savings bids	400	400	400	400	Currently 850k!
Triennial pensions impact	0	333	0	0	to be Reverse in 2067/27
Leisure Centre	0	0	750	0	Estimated support to leisure centre in first year TBC by council
Increase in Employers NI to fund Health Care	181	181	181	181	As notified by Government
Inflation					See Inflation worksheet minor implications of lapsed net growth/savings bids
Fees and Charges	-216	-221	-225	-230	2.00% to be agreed by Council as part of budget setting process
Pay	413	421	430	438	2.00% to be agreed by Council and subject to national settlement award
Suppliers	256	261	266	271	2.00% will be subject to current CPI figures
<b>Revised base budget</b>	<b>22,940</b>	<b>24,415</b>	<b>26,217</b>	<b>27,277</b>	
COVID contingency	0	0	0	0	
Green initiatives	0	0	0	0	Subject to budget setting process and input from council
Collection fund deficit	117	100	180	180	Subject to update on Collection statistics later in the year
Key issues					
CT arrears					Subject to update on Collection statistics later in the year
NNDR arrears					Subject to update on Collection statistics later in the year
Short fall in income - COVID	600	-100	-200	-300	First estimate - full or partial recovery in next 4 years?
SLM	300	-300	0	0	Council approved support
	<b>23,957</b>	<b>24,115</b>	<b>26,197</b>	<b>27,157</b>	
Initial (positive)/negative imbalance before action	960	838	2,611	3,373	Subject to change

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# Corporate Policy & Resources



29 November 2021

<b>Title</b>	<b>Determination of the 2022/23 Council Tax base for tax setting</b>
<b>Purpose of the report</b>	To make a decision and a recommendation to Council
<b>Report Author</b>	Paul Taylor Chief Accountant
<b>Ward(s) Affected</b>	All Wards
<b>Exempt</b>	No
<b>Corporate Priority</b>	Financial Sustainability
<b>Recommendations</b>	<p><b>That in accordance with its delegated powers the Corporate Policy &amp; Resources Committee resolves that the following recommendation is made to Council for approval:</b></p> <p>A. the gross Council Tax Base for 2022/23 is determined at 40,867 (2021/22: 40,223) after taking account of the Council's agreed Council Tax Support Scheme, and</p> <p>B. the net Council Tax Base for 2022/23 calculated as Band D equivalents, is determined at 39,233 (2021/22: 39,016.3) after adjustment by 3% to allow for; irrecoverable amounts, appeals and property base changes.</p>
<b>Reason for Recommendation</b>	Not applicable.

## 1. Statutory Powers

- 1.1 Section 67 of the Local Government Finance Act 1992 requires the Council to determine and approve its Council Tax Base for the following financial year before 31st January each year.
- 1.2 The Council is required to calculate the Council Tax Base for its area and has a statutory obligation to notify the figure to the major precepting authorities (Surrey County Council and the Surrey Police Authority) with the Council tax base no later than 31st January 2022. This explains the main criteria upon which the decision is to be based.

## 2. Options analysis and proposal

- 2.1 The Council Tax Base is one of the key elements of the calculation concerned with setting the Council Tax under the Local Authorities (Calculation of Council Tax Base) (England) Regulation 2012.

- 2.2 All domestic properties within the Borough are banded by the Valuation Officer in one of eight bands. The tax base calculation includes the estimated number of chargeable dwellings, which after allowing for discounts and exemptions, appeals and voids for each parish for the period to 31st March 2022 results in the number of chargeable properties. Chargeable properties are converted to a Band D equivalent by applying the prescribed formula and an allowance for losses on collection.
- 2.3 This report sets out the various factors which have to be taken into account and provides the calculations to arrive at the tax base for 2022/23.
- 2.4 The 2022/23 Council Tax base is set out in Appendix A.

### **3. Financial implications**

- 3.1 The Local Government Finance Act 2012 (LGFA 2012) includes a number of amendments to the LGFA 1992 which affects the calculation of the Council of the council tax base. These amendments gave powers to determine discounts and set premiums in certain circumstances.
- 3.2 Section 10 of the Local Government Finance Act 2012 imposes an obligation on Billing Authorities to set up a Council Tax Reduction Scheme to replace Council Tax Benefit from 1 April 2013. The Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 specify that the tax base must be adjusted to take account of the amount to be paid in accordance with the reduction scheme. Explain the key financial headlines linked to appropriate data in appendices (if required).
- 3.3 In arriving at a net base, allowance must be made for irrecoverable amounts, movements as a result of appeals and property base changes (new properties). For this purpose, an allowance of 3% is proposed.
- 3.4 The Council Tax Base for 2022/23 has been calculated in accordance with the prescribed guidelines

### **4. Legal Implications**

- 4.1 The Council Tax Base is a key element of the statutory calculation of the Council Tax.

### **5. Equality and Diversity**

- 5.1 None.

### **6. Sustainability/Climate Change Implications**

- 6.1 None.

### **7. Timetable for implementation**

- 7.1 Must be resolved by 31 January 2022

**Background papers:** None

**Appendices:** Appendix A – Council Tax Base for 2022/23

Appendix A - Council Tax Base for 2022/23  
10/11/21

Band	A(DR*)	A	B	C	D	E	F	G	H	O	Total
Total dwellings	1.00	416.00	1,708.00	9,540.00	14,767.00	9,895.00	4,561.00	2,122.00	110.00	-	43,120.00
Number of dwellings after applying discounts and premiums	1.00	355.25	1,449.75	8,386.75	13,674.00	9,286.75	4,309.50	2,022.75	107.00	-	39,592.75
Less adjustment for Council Tax Support	-	47.41	287.80	1,221.46	1,041.18	273.80	62.53	11.93	-	-	2,946.11
Chargeable dwellings	1.00	307.84	1,161.95	7,165.29	12,632.82	9,012.95	4,246.97	2,010.82	107.00	-	36,646.64
Ratio to Band D	5/9	2/3	7/9	8/9	1	1 2/9	1 4/9	1 2/3	2	-	
2022/23 Band D equivalent	0.56	205.23	903.74	6,369.15	12,632.82	11,015.83	6,134.51	3,351.37	214.00	40.00	40,867.19
Less adjustment for losses in collection 3%											- 1,634.69
Net Tax Base											<u>39,232.51</u>
2021/22 Band D equivalent	1.00	211.4	852.3	6090.6	12414.7	10953.9	6110.3	3345.8	203.00	40.00	40,223.00
Less adjustment for losses in collection 3%											- 1,206.70
Net Tax Base											<u>39,016.30</u>

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# Corporate Policy and Resources Committee



29 November 2021

<b>Title</b>	Treasury Management Half Yearly Report
<b>Purpose of the report</b>	To note
<b>Report Author</b>	Anna Russell, Deputy Chief Accountant
<b>Ward(s) Affected</b>	All Wards
<b>Exempt</b>	No
<b>Corporate Priority</b>	Financial Sustainability
<b>Recommendations</b>	<b>Committee is asked to:</b> Note the treasury position achieved during the first six months of 2021/22.
<b>Reason for Recommendation</b>	Not applicable

## 1. Summary

- 1.1 Treasury Management has performed within and near Prudential Indicators for the half year to the end of September 2021 as outlined in the next section and detailed at **Appendix A**. Performance compared to expectations is shown by a RAG (Red Amber Green) system in this report. Investments held by the Council have also performed very favourably compared to other councils in England, as shown at **Appendix B**.
- 1.2 The Council takes a prudent approach to Treasury Management, both in how its debt is structured and repaid, and in its strategic investment of funds. This is important in the context of financial risks including the potential loss of invested funds and the revenue effect of changing interest rates.
- 1.3 This report covers treasury activity and the monitoring and control of associated risks. Context and economic background to this report is provided at **Appendix C**.

## 2. Treasury management report information

### Summary position

- 2.1 Prudential indicators (PIs) are listed at Table 1 and are flagged up in this report with, for example, figures highlighted green and with a 'G' where within the PI level. PIs as at 30 September 2021 are summarised in the next section, as well as at Appendix A with comments and a key to the RAG indicators.

**Table 1: Treasury Management Prudential Indicators as at 30 September 2021**

Indicator	PI Level	30/09/2021	RAG Indicator
	£m	£m	
<b>Capital Financing Requirement</b>			
- CFR as at 30/09/2021	1,149	1,126	G
- as at 31/03/2022 forecast		1,149	G
Total outstanding debt	1,144	1,089	G
Debt below CFR		Yes	G
<b>Liquidity: cash availability</b>	20	19	A
<b>Affordable borrowing</b>			
Authorised limit	1,300		
Operational boundary	1,400		
Outstanding borrowing		1,089	G
<b>Maturity Structure of Borrowing</b>			
	<b>Upper limit</b>	<b>£m</b>	<b>Of total</b>
Under 12 Months	10%	(11)	1%
1 – 2 Years	15%	(25)	2%
>2 – 5 Years	20%	(43)	4%
>5 – 10 Years	25%	(79)	8%
>10 – 20 Years	50%	(187)	18%
>20 – 30 Years	75%	(232)	22%
>30 – 40 Years	90%	(289)	28%
>40 – 50 Years	100%	(179)	17%
	<b>Total</b>	<b>(1,045)</b>	<b>100%</b>
<b>Other</b>			
Price Risk Indicator	£70m	£46m	G
Standalone financial derivatives	Limited	None	G
<b>KEY</b>			
Exceed PI significantly			R
Near but not within PI			A
Within or at PI level			G

- 2.2 The Council has significant levels of long-term borrowing of £1,045m (Table 3), secured to fund historic property acquisitions and to fund completed residential and regeneration schemes. The Council's current strategy for funding capital developments is to fix at relatively low long-term borrowing rates, in the context of current interest rate risk issues, while maintaining the investment portfolio that has been built up.
- 2.3 The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. These are summarised at Tables 2 and 3 below.



**Table 2: CFR Summary as at 30 September 2021 and forecast to 31 March 2022**

	2020/21 End Mar21 £m	2021/22 Mid-year £m	2021/22 End Mar22 £m
<b>Opening Capital Financing Requirement</b>	<b>1,116.1</b>	<b>1,128.5</b>	<b>1,128.5</b>
<i>Capital investment</i>			
Property, Plant and Equipment	27.7	2.9	36.0
Investment Properties	0.0	0.0	0.0
Intangible Assets	0.1		0.1
Revenue Spend Funded from Capital under Statute	0.8		0.8
<b>Total Capital Investment</b>	<b>28.6</b>	<b>2.9</b>	<b>36.9</b>
<i>Sources of Finance</i>			
Capital Receipts	(0.4)		(0.4)
Government Grants and Contributions	(1.0)		(1.0)
Revenue contributions	(2.9)		(2.9)
Repayment of debt	(11.9)	(5.0)	(12.0)
<b>Total Sources of Finance</b>	<b>(16.2)</b>	<b>(5.0)</b>	<b>(16.3)</b>
<b>Closing Capital Financing Requirement</b>	<b>1,128.5</b>	<b>1,126.4</b>	<b>1,149.1</b>

**G**

**G**

- 2.4 The CFR represents the cost of capital expenditure that remains to be financed, after applying sources of finance. This therefore is the underlying need to borrowing. This year's opening CFR (1 April 2021) of £1,128.5m is forecast to be increased by £36.9m capital expenditure during 2021/22 and decreased by £16.3m of funds applied, leaving a closing CFR of £1,149.1m. The mid-year position reflects the delays in capital projects, which, if these continue to be delayed, may result in a decrease in CFR by year end.

**Table 3: Treasury Management Summary**

	Balance 31/03/2021 £m	Movement £m	Balance 30/09/2021 £m	Rate 31/09/2021 %
Long-term borrowing	(1,061)	16	(1,045)	2.29%
Short-term borrowing	(71)	27	(44)	0.43%
<b>Total borrowing</b>	<b>(1,132)</b>	<b>43</b>	<b>(1,089)</b>	<b>G</b>
Long-term investments	34	2	36	2.51%
Short-term investments	54	(24)	30	0.35%
Cash and cash equivalents	12	7	19	0.01%
<b>Total investments</b>	<b>100</b>	<b>(15)</b>	<b>85</b>	
<b>Net borrowing</b>	<b>(1,032)</b>	<b>28</b>	<b>(1,004)</b>	

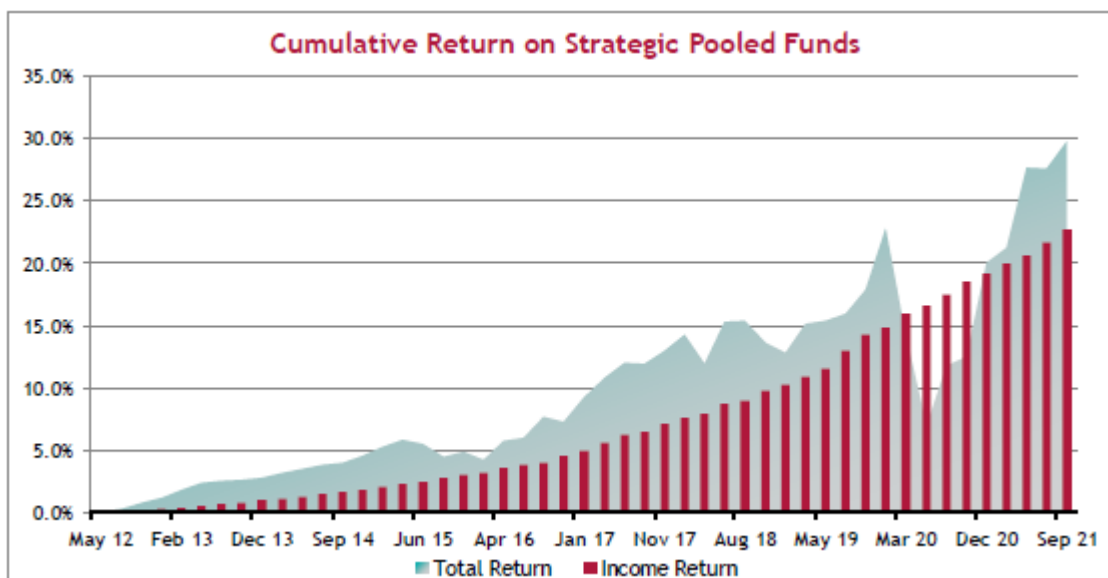
- 2.5 For the year to 30 September 2021, the Council had net borrowing of £1,004m arising from its revenue and capital income and expenditure. This represents a projected reduction of £28m in net borrowing. Borrowing is lower than expected because of delays in the Capital Programme, including by moratoria, and has also reduced because borrowing by the Council is structured prudently so that loans are repaid over the useful life of assets.

- 2.6 Council funds are being kept sufficiently liquid to ensure that funding is readily available for development project costs expected over the coming months as capital projects start again, as well as for expected cash flow requirements.
- 2.7 The Council held £1,089m of loans as at 30 September 2021, a decrease of £43m from 31 March 2021. Outstanding loans are summarised in Table 4 next.

**Table 4: Borrowing Position**

	Balance 31/03/2021 £m	Movemen t £m	Balance 30/09/2021 £m	Rate 30/09/2021 %	Maturity (wtd average years)
Public Works Loan Board	1,051	(6)	1,045	2.29%	47
Local authorities - long-term	10	(10)	-	-	
Local authorities - short-term	71	(27)	44	0.43%	<1
<b>Total Borrowing</b>	<b>1,132</b>	<b>(43)</b>	<b>1,089 G</b>		

- 2.8 The Council's chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Council's long-term funding and asset management plans change.
- 2.9 The Council's investment portfolio totalled £85.0m as at 30 September 2021, with £18.9m of this being short-term and cash funds. A breakdown of investments is given in **Appendix D**.
- 2.10 As at 30 September 2021, funds totalling £35.5m of the Council's investments are held in externally managed strategic 'pooled' funds (bond, equity, multi-asset and property), where short-term security and liquidity are lesser considerations, and the objectives instead are regular revenue income and long-term price stability, as exemplified in the graph below, showing long run cumulative returns, and demonstrating that the dip in capital values caused by the Pandemic has been more than reversed. These funds generated a return of £0.4m to end September 2021 (annualised 2.51%). A full list of these and their current performance is detailed in **Appendix E**.



- 2.11 The effectiveness of the Council’s portfolio is further exemplified by benchmarking carried out by Arlingclose using data from their clients (Appendix B), Spelthorne consistently ranks highly in terms of return on investments.
- 2.12 During 2021/22, the Council expects to receive significantly lower income from its cash and short-dated money market investments and from its externally managed funds than it did in pre-COVID 2019/20 and earlier years. Dividends and income paid will ultimately depend on many factors including but not limited to the duration of COVID-19 and the extent of its economic impact. Next year’s budget for income from investments is being reviewed in this context.
- 2.13 Council continues to review its approach to ethical and sustainable investment with advice through the Arlingclose ESG and Responsible Investment service for local authorities. (ESG = Environmental, Social and Governance.)
- 2.14 The Council held non-treasury investments in directly owned property valued at £939.7m at the end of March 2021, as well as shareholding in Knowle Green Estates Limited, with investment property of £4.6m, and in Spelthorne Direct Services Limited which delivers commercial waste services.
- 2.15 These investments are expected to generate £50.0m of rental investment income for the Council, representing a rate of return of 5.3%. This return helps towards supporting the cost of council’s services even after accounting for sinking funds set aside to address future property costs.
- 2.16 The Chief Finance Officer reports that treasury management activities undertaken during the first half year complied with the CIPFA Code of Practice and the Authority’s approved Treasury Management Strategy, although noting that limits on the bank account were exceeded on four occasions, two of which were due to system failures of third parties, and two of which were due to conflicting team commitments. Measures have been put in place to tighten up on processes and checks. Cover for the roles and monitoring of the function also being strengthened through training and review for example of the effectiveness of process changes

### **3. Financial implications**

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

### **4. Other considerations**

- 4.1 The Council fully complies with best practice as set out in CIPFA's 2019 Treasury Management and Prudential Codes and in the Government's Guidance on Investments effective from April 2018. As issues arise, as when limits were breached as noted 2.15, measures are taken to address the underlying reasons.
- 4.2 Nothing in the Council's current strategy is intended to preclude or inhibit capital investment in local projects deemed beneficial to the local community and which have been approved by the Council.

### **5. Equality and Diversity**

- 5.1 No impact.

### **6. Sustainability/Climate Change Implications**

- 6.1 The Council discusses ESG (Environmental, Social and Governance) issues with its advisers on a regular basis and has asked them to assist the Council to manage a transition over time towards a more environmentally sustainable portfolio.

### **7. Timetable for implementation**

- 7.1 Not applicable.

**Background papers:** There are none.

#### **Appendices:**

- Appendix A – TM Prudential Indicators
- Appendix B – Benchmarking
- Appendix C – Context and Background
- Appendix D – Details of Investments
- Appendix E – Strategic Pooled Funds

## Treasury Management Prudential Indicators as at 30 September 2021

Performance Indicator	PI Level	30/09/2021	RAG Indicator	Comment
	£m	£m		
<b>Capital Financing Requirement</b>				
- CFR as at 30/09/2021	1,149	1,126	G	Less than forecast for year
- CFR as at 31/03/2022 forecast		1,149	G	Note that continued delays in planned capital projects are likely to bring the year end CFR to below target.
Total outstanding debt	1,144	1,089	G	Less than CFR
Debt below CFR	CFR below	Yes	G	'Internal' borrowing
<b>Liquidity risk indicator</b>				
- cash availability	20	19	A	Money market funds are used to ensure instant access availability of up to £50m, with cash balances monitored with particular reference to 3- and 6-month projections.
<b>Affordable borrowing</b>				
Authorised limit	1,300			
Operational boundary	1,400			
Outstanding borrowing		1,089	G	Less than the borrowing limits.
<b>Maturity Structure of Borrowing</b>				
	Upper limit	£m	Proportion	
Under 12 Months	10%	(11)	1%	G
1 – 2 Years	15%	(25)	2%	G
>2 – 5 Years	20%	(43)	4%	G
>5 – 10 Years	25%	(79)	8%	G
>10 – 20 Years	50%	(187)	18%	G
>20 – 30 Years	75%	(232)	22%	G
>30 – 40 Years	90%	(289)	28%	G
>40 – 50 Years	100%	(179)	17%	G
	<b>Total</b>	<b>(1,045)</b>	<b>100%</b>	
<b>Other</b>				
Price Risk Indicator	£70m	£46m	G	Limit on principal invested beyond year end.
Standalone financial derivatives	Limited	None	G	Only used where demonstrated to reduce the overall level of the financial risks.
	£m	£m		
'Net Revenue Stream'	12.0	15.8		The amount to be met from gov grants and local taxpayers.
Financing costs	35.6	35.6		Debt-related costs
Financing as % of net revenue	297%	225%	G	
Investment properties - income	(51.3)	(51.8)		
- Net of financing costs	(15.7)	(16.2)		

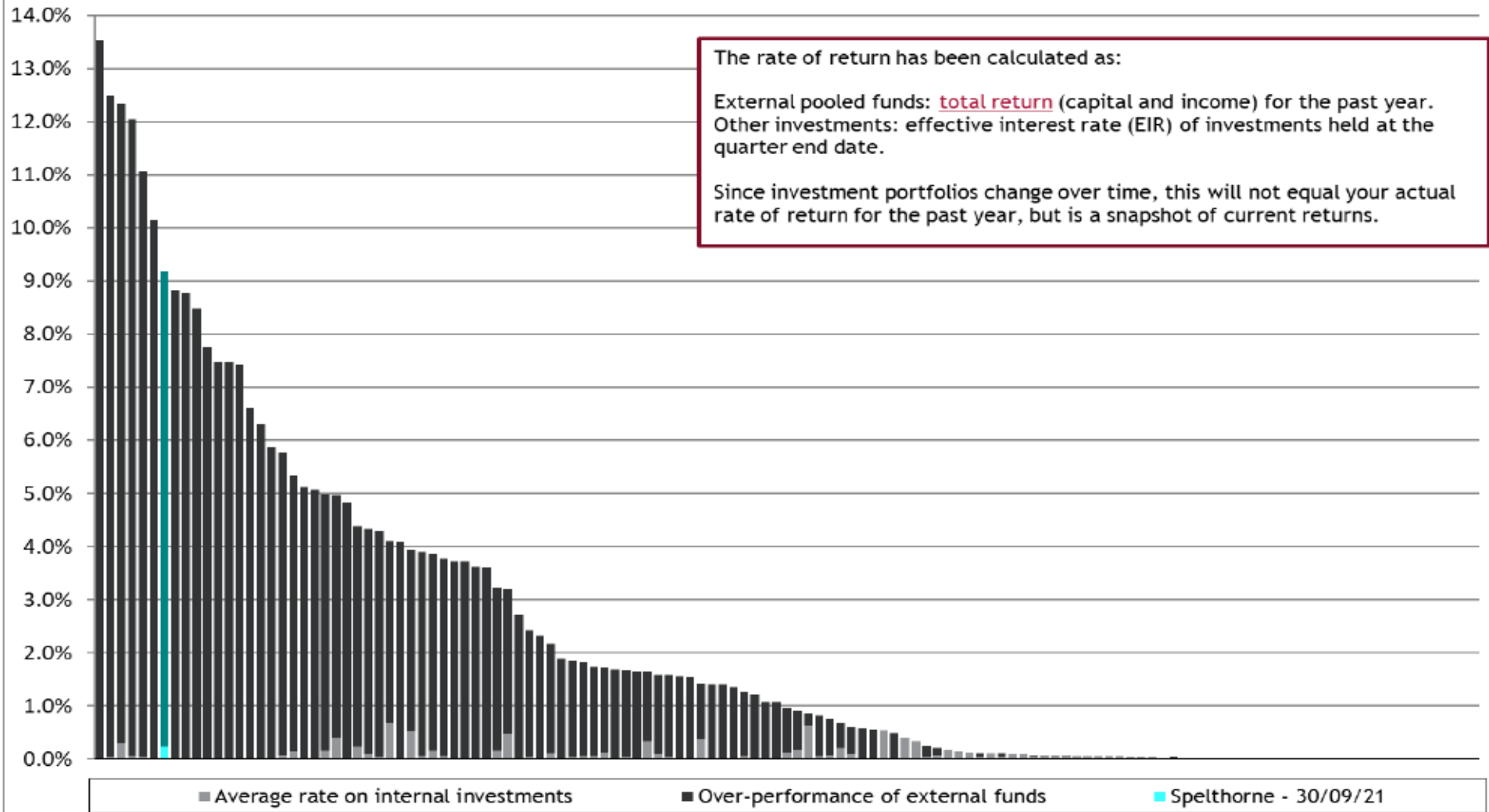
KEY		
Exceed PI significantly	R	Not within target
Near but not within PI	A	Near target
Within or at PI level	G	At or below target

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# Benchmarking carried out by Arlingclose using data from their clients

- Spelthorne shown as blue bar (ranked 7th from top)

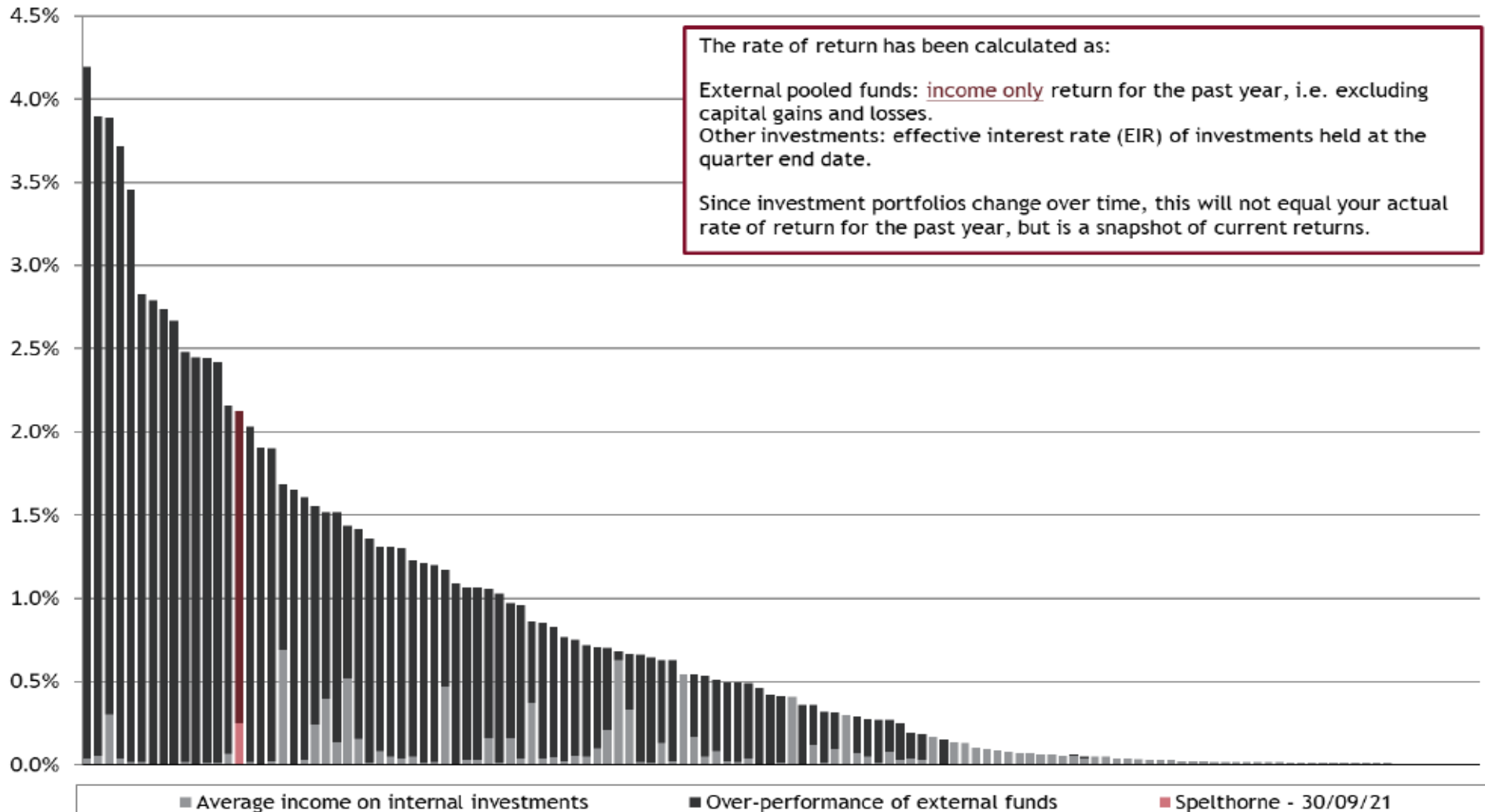
## Total Return on Total Investment Portfolio (Internal plus External Funds)



# Benchmarking carried out by Arlingclose using data from their clients

- Spelthorne shown as red bar (ranked 15th from top)

## Income Only Return on Total Investments (Internal plus External Funds)





## Background for TM report as at 30 September 2021

### 1. Spelthorne Borough Council's Context

- 1.1. Treasury Management is the management of the Council's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.
- 1.2. The Council adopted the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (the CIPFA Code), which requires the Council to report on performance of the treasury management function at least twice yearly (mid-year and at year end).
- 1.3. The Council's Treasury Management Strategy for 2021/22 was reviewed and approved by Cabinet on 27 January 2021, and approved by Council on 25 February 2021, and has been consistently applied since the beginning of the financial year.
- 1.4. The 2017 Prudential Code includes a requirement for local authorities to provide a Capital Strategy, a summary document approved by full Council covering capital expenditure and financing, treasury management and non-treasury investments. The Council's Capital Strategy, complying with CIPFA's requirement, was approved by Council on 25 February 2021 and will be refreshed in February 2022 for financial year 2022-23.
- 1.5. The following sections are based on advice from Spelthorne's treasury adviser Arlingclose.

### 2. External Context

- 2.1. **Economic background:** The economic recovery from coronavirus pandemic continued to dominate the first half of the financial year. By the end of the period over 48 million people in the UK had received their first dose of a COVID-19 vaccine and almost 45 million their second dose.
- 2.2. The Bank of England (BoE) held Bank Rate at 0.1% throughout the period (six months from April to September 2021) and maintained its Quantitative Easing programme at £895 billion, unchanged since the November 2020 meeting. In its September 2021 policy announcement, the BoE noted it now expected the UK economy to grow at a slower pace than was predicted in August, as the pace of the global recovery had shown signs of slowing and there were concerns inflationary pressures may be more persistent. Within the announcement, Bank expectations for Gross Domestic Product (GDP) growth for the third (calendar) quarter were revised down to 2.1% (from 2.9%), in part reflecting tighter supply conditions. The Bank of England now expects Consume Prices Index (CPI) inflation to rise slightly above 4% in the last three months of 2021, due to higher energy prices and core goods inflation. While the Monetary Policy Committee meeting ended with policy rates unchanged, the tone was more hawkish.
- 2.3. Government initiatives continued to support the economy over the quarter but came to an end on 30th September 2021, with businesses required to either take back the 1.6 million workers on the furlough scheme or make them redundant.

- 2.4. The latest labour market data showed that in the three months to July 2021 the unemployment rate fell to 4.6%. The employment rate increased, and economic activity rates decreased, suggesting an improving labour market picture. Latest data showed growth in average total pay (including bonuses) and regular pay (excluding bonuses) among employees was 8.3% and 6.3% respectively over the period. However, part of the robust growth figures is due to a base effect from a decline in average pay in the spring of last year associated with the furlough scheme.
- 2.5. Annual CPI inflation rose to 3.2% in August, exceeding expectations for 2.9%, with the largest upward contribution coming from restaurants and hotels. As noted at 1.2 above, inflation is expected to exceed 4% by the end of the calendar year. The Office of National Statistics' (ONS') preferred measure of CPIH which includes owner-occupied housing was 3.0% year/year, marginally higher than expectations for 2.7%.
- 2.6. The easing of COVID-19 restrictions boosted activity in the second quarter of calendar year, helping push GDP up by 5.5% q/q (final estimate vs 4.8% q/q initial estimate). Household consumption was the largest contributor. Within the sector breakdown production contributed 1.0% q/q, construction 3.8% q/q and services 6.5% q/q, taking all of these close to their pre-pandemic levels. ('q/q' = quarter on quarter)
- 2.7. The US economy grew by 6.3% in Q1 2021 (Jan-Mar) and then by an even stronger 6.6% in Q2 as the recovery continued. The Federal Reserve maintained its main interest rate at between 0% and 0.25% over the period but in its most recent meeting made suggestion that monetary policy may start to be tightened soon.
- 2.8. The European Central Bank maintained its base rate at 0%, deposit rate at -0.5%, and asset purchase scheme at €1.85 trillion.
- 2.9. **Financial markets:** Monetary and fiscal stimulus together with rising economic growth and the ongoing vaccine rollout programmes continued to support equity markets over most of the period, albeit with a bumpy ride towards the end. The Dow Jones hit another record high while the UK-focused FTSE 250 index continued making gains over pre-pandemic levels. The more internationally focused FTSE 100 saw more modest gains over the period and remains below its pre-crisis peak.
- 2.10. Inflation worries continued during the period. Declines in bond yields in the first quarter of the financial year suggested bond markets were expecting any general price increases to be less severe, or more transitory, than was previously thought. However, an increase in gas prices in the UK and EU, supply shortages and a dearth of HGV and lorry drivers with companies willing to pay more to secure their services, has caused problems for a range of industries and, in some instances, led to higher prices.
- 2.11. The 5-year UK benchmark gilt yield began the financial year at 0.36% before declining to 0.33% by the end of June 2021 and then climbing to 0.64% on 30th September. Over the same period the 10-year gilt yield fell from 0.80% to 0.71% before rising to 1.03% and the 20-year yield declined from 1.31% to 1.21% and then increased to 1.37%.
- 2.12. The Sterling Overnight Rate (SONIA) averaged 0.05% over the quarter.

- 2.13. **Credit review:** Credit default swap spreads were flat over most of period and are broadly in line with their pre-pandemic levels. In late September spreads rose by a few basis points due to concerns around Chinese property developer Evergrande defaulting but are now falling back. The gap in spreads between UK ringfenced and non-ringfenced entities continued to narrow, but Santander UK remained an outlier compared to the other ringfenced/retail banks. At the end of the period Santander UK was trading the highest at 53bps and Lloyds Banks Plc the lowest at 32bps. The other ringfenced banks were trading between 37-39bps and Nationwide Building Society was 39bps.
- 2.14. Over the period Fitch and Moody's upwardly revised to stable the outlook on a number of UK banks and building societies on our counterparty list, recognising their improved capital positions compared to last year and better economic growth prospects in the UK.
- 2.15. Fitch also revised the outlooks for Nordea, Svenska Handelsbanken and Handelsbanken plc to stable from negative. The rating agency considered the improved economic prospects in the Nordic region to have reduced the baseline downside risks it previously assigned to the lenders.
- 2.16. The successful vaccine rollout programme is credit positive for the financial services sector in general and the improved economic outlook has meant some institutions have been able to reduce provisions for bad loans. While there is still uncertainty around the full extent of the losses banks and building societies will suffer due to the pandemic-related economic slowdown, the sector is in a generally better position now compared to earlier this year and 2020.
- 2.17. At the end of the period Arlingclose had completed its full review of its credit advice on unsecured deposits. The outcome of this review included the addition of NatWest Markets plc to the counterparty list together with the removal of the suspension of Handelsbanken plc. In addition, the maximum duration for all recommended counterparties was extended to 100 days.
- 2.18. As ever, the institutions and durations on the Authority's counterparty list recommended by treasury management advisors Arlingclose remain under constant review.

### 3. Revised PWLB Guidance

- 3.1. HM Treasury published further guidance on PWLB borrowing in August 2021 providing additional detail and clarifications predominantly around the definition of an 'investment asset primarily for yield'. The principal aspects of the new guidance are:
- 3.2. Capital expenditure incurred or committed to before 26th November 2020 is allowable even for an 'investment asset primarily for yield'.
- 3.3. Capital plans should be submitted by local authorities via a DELTA return. These open for the new financial year on 1st March and remain open all year. Returns must be updated if there is a change of more than 10%.
- 3.4. An asset held primarily to generate yield that serves no direct policy purpose should not be categorised as service delivery.
- 3.5. Further detail on how local authorities purchasing investment assets primarily for yield can access the PWLB for the purposes of refinancing existing loans or externalising internal borrowing.
- 3.6. Additional detail on the sanctions which can be imposed for inappropriate use of the PWLB loan. These can include a request to cancel projects, restrictions to accessing the PLWB and requests for information on further plans.

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

#### **4. Changes to PWLB Terms and Conditions from 8 September 2021**

- 4.1. The settlement time for a PWLB loan has been extended from two working days (T+2) to five working days (T+5). In a move to protect the PWLB against negative interest rates, the minimum interest rate for PWLB loans has also been set at 0.01% and the interest charged on late repayments will be the higher of Bank of England Base Rate or 0.1%.
- 4.2. Municipal Bonds Agency (MBA): The MBA is working to deliver a new short-term loan solution, available in the first instance to principal local authorities in England, allowing them access to short-dated, low rate, flexible debt. The minimum loan size is expected to be £25 million. Importantly, local authorities will borrow in their own name and will not cross guarantee any other authorities.
- 4.3. If the Authority intends future borrowing through the MBA, it will first ensure that it has thoroughly scrutinised the legal terms and conditions of the arrangement and is satisfied with them.
- 4.4. UK Infrastructure Bank: £4bn has been earmarked for of lending to local authorities by the UK Infrastructure Bank which is wholly owned and backed by HM Treasury. The availability of this lending to local authorities, for which there will be a bidding process, is yet to commence. Loans will be available for qualifying projects at gilt yields plus 0.6%, which is 0.2% lower than the PWLB certainty rate.
- 4.5. Both the CIPFA Code and government guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

#### **5. Treasury Investment**

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

#### **6. Revisions to CIPFA Codes**

- 6.1. In February 2021 CIPFA launched two consultations on changes to its Prudential Code and Treasury Management Code of Practice. These followed the Public Accounts Committee's recommendation that the prudential framework should be further tightened following continued borrowing by some authorities for investment purposes. In June, CIPFA provided feedback from this consultation.
- 6.2. In September CIPFA issued the revised Codes and Guidance Notes in draft form and opened the latest consultation process on their proposed changes. The changes include:

- 6.3. Clarification that (a) local authorities must not borrow to invest primarily for financial return (b) it is not prudent for authorities to make any investment or spending decision that will increase the Capital Financing Requirement, and so may lead to new borrowing, unless directly and primarily related to the functions of the authority.
- 6.4. Categorising investments as those (a) for treasury management purposes, (b) for service purposes and (c) for commercial purposes.
- 6.5. Defining acceptable reasons to borrow money: (i) financing capital expenditure primarily related to delivering a local authority's functions, (ii) temporary management of cash flow within the context of a balanced budget, (iii) securing affordability by removing exposure to future interest rate rises and (iv) refinancing current borrowing, including replacing internal borrowing.
- 6.6. For service and commercial investments, in addition to assessments of affordability and prudence, an assessment of proportionality in respect of the authority's overall financial capacity (i.e. whether plausible losses could be absorbed in budgets or reserves without unmanageable detriment to local services).
- 6.7. **Prudential Indicators:** New indicator for net income from commercial and service investments to the budgeted net revenue stream.
- 6.8. Inclusion of the liability benchmark as a mandatory treasury management prudential indicator. CIPFA recommends this is presented as a chart of four balances – existing loan debt outstanding; loans CFR, net loans requirement, liability benchmark – over at least 10 years and ideally cover the authority's full debt maturity profile.
- 6.9. Excluding investment income from the definition of financing costs.
- 6.10. Incorporating ESG issues as a consideration within TMP 1 Risk Management.
- 6.11. Additional focus on the knowledge and skills of officers and elected members involved in decision making

## 7. DLUHC Improvements to the Capital Finance Framework

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

## 8. Arlingclose's Economic Outlook for the remainder of 2021/22 (based on the interest rate forecast as at October 2021 )

	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24
<b>Official Bank Rate</b>													
<b>Upside risk</b>	0.00	0.15	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
<b>Arlingclose Central Case</b>	0.10	0.10	0.25	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
<b>Downside risk</b>	0.00	0.00	0.15	0.15	0.15	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40

- 8.1. Arlingclose expects Bank Rate to rise in Q2 2022. We believe this is driven as much by the Bank of England's desire to move from emergency levels as by fears of inflationary pressure.
- 8.2. Investors have priced in multiple rises in Bank Rate to 1% by 2024. While Arlingclose believes Bank Rate will rise, it is by a lesser extent than expected by markets.
- 8.3. The global economy continues to recover from the pandemic but has entered a more challenging phase. The resurgence of demand has led to the expected rise in inflationary pressure, but disrupted factors of supply are amplifying the effects, increasing the likelihood of lower growth rates ahead. This is particularly apparent in the UK due to the impact of Brexit.
- 8.4. While Q2 UK GDP expanded more quickly than initially thought, the 'pingdemic' and more latterly supply disruption will leave Q3 GDP broadly stagnant. The outlook also appears weaker. Household spending, the driver of the recovery to date, is under pressure from a combination of retail energy price rises, the end of government support programmes and soon, tax rises. Government spending, the other driver of recovery, will slow considerably as the economy is taken off life support.
- 8.5. Inflation rose to 3.2% in August. A combination of factors will drive this to over 4% in the near term. While the transitory factors affecting inflation, including the low base effect of 2020, are expected to unwind over time, the MPC has recently communicated fears that these transitory factors will feed longer-term inflation expectations that require tighter monetary policy to control. This has driven interest rate expectations substantially higher.
- 8.6. The supply imbalances are apparent in the labour market. While wage growth is currently elevated due to compositional and base factors, stories abound of higher wages for certain sectors, driving inflation expectations. It is uncertain whether a broad-based increased in wages is possible given the pressures on businesses.
- 8.7. Government bond yields increased sharply following the September FOMC and MPC minutes, in which both central banks communicated a lower tolerance for higher inflation than previously thought. The MPC in particular has doubled down on these signals in spite of softer economic data. Bond investors expect higher near-term interest rates but are also clearly uncertain about central bank policy.
- 8.8. The MPC appears to be playing both sides, but has made clear its intentions to tighten policy, possibly driven by a desire to move away from emergency levels. While the economic outlook will be challenging, the signals from policymakers suggest Bank Rate will rise unless data indicates a more severe slowdown.

## Details of investments held as at 30 September 2021

Investment Type	Valuation £m	Yield %	Start Date	Maturity Date
<b><u>Pooled Investment Funds</u></b> <i>(see Appendix B for details)</i>				
WS Charteris Premium Income Fund	0.8	0.00%	11-May-12	N/A
Schroders UK Corporate Bond Fund	2.0	2.24%	11-May-12	N/A
Schroders Income Maximiser Fund	5.6	3.94%	01-Jun-21	N/A
M&G Global Dividend Fund	2.1	1.74%	27-Jun-12	N/A
M&G Global Dividend Fund	3.6	1.74%	20-Feb-19	N/A
M&G Optimal Income Sterling	1.7	0.00%	13-Apr-15	N/A
M&G UK Income Distribution Sterling	1.9	2.84%	15-Aug-16	N/A
Investec Diversified Income	2.9	2.17%	25-Aug-16	N/A
Investec Diversified Income	1.5	2.17%	20-Feb-19	N/A
Threadneedle Inv Services - UK Equity	2.2	2.14%	08-Sep-16	N/A
Threadneedle Inv Services - UK Equity	1.7	2.14%	21-Feb-19	N/A
Threadneedle Global Equity Fund	1.8	2.68%	21-Feb-19	N/A
CCLA - The LAs Property Fund	2.1	2.22%	31-Mar-13	N/A
CCLA - The LAs Property Fund	1.2	2.22%	30-Apr-14	N/A
UBS Multi- Asset Income Fund	1.5	2.48%	22-Feb-19	N/A
Kames Diversified Monthly Income Fund	3.1	4.21%	21-Feb-19	N/A
<b>Total - Core Inv. Portfolio</b>	<b>35.7</b>	<b>2.51%</b>	<b>Average</b>	
<b><u>Cash Flow Investments (ICD Portal)</u></b>				
Aberdeen Liquidity Fund	0.0	0.01%	N/A	Instant Access
Aviva	3.9	0.01%	N/A	Instant Access
BNP Paribas	5.0	0.01%	N/A	Instant Access
CCLA	5.0	0.02%	N/A	Instant Access
Federated - Class 4	0.0	0.01%	N/A	Instant Access
Fidelity	0.0	0.01%	N/A	Instant Access
Goldman SLR	0.0	0.00%	N/A	Instant Access
Insight	0.0	0.00%	N/A	Instant Access
Invesco	0.0	0.01%	N/A	Instant Access
JP Morgan	0.0	0.00%	N/A	Instant Access
LGIM - Class 4	5.0	0.03%	N/A	Instant Access
<b>Total</b>	<b>18.9</b>	<b>0.01%</b>		
<b>Local Authorities</b>	20.0	0.33%	N/A	Short term
<b>Bank Deposits</b>	5.0	0.03%	N/A	Short term
<b>Close Brothers</b>	5.0	0.70%	N/A	17-Dec-21
<b><u>Funding Circle</u></b>				
Loans to small businesses	0.4		N/A	N/A
<b>Total Investments at 30/09/2021</b>	<b>85.0</b>	<b>1.08%</b>	<b>Overall Av.</b>	

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

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## Pooled (Strategic Investment) Funds as at 30 September 2021

Fund	Date of Purchase	Initial Investment £	Value as at 30/03/2021 £	Value as at 30/09/2021 £	Dividends Received to 30/09/2021 £	Annualised Dividend Yield %	Capital Gain(+)/ Loss(-) as at 30/09/2021 £	Total Return as at 30/09/2021 £	Total Return %
WS Charteris Premium Income Fund	11/05/12	800,120	814,019	814,019	-	0.00%	+13,898	+13,898	1.7%
Schroders UK Corporate Bond Fund	11/05/12	1,500,000	2,004,225	2,004,225	16,818	2.24%	+504,225	+521,044	34.7%
Schroders Income Maximiser Fund	01/06/21	5,093,141	5,570,623	5,570,623	100,356	3.94%	+477,482	+577,838	11.3%
M&G Global Dividend Fund	27/06/12	1,000,000	2,052,431	2,052,431	12,540	1.74%	+1,052,431	+1,064,972	106.5%
M&G Global Dividend Fund	20/02/19	3,000,000	3,636,872	3,636,872	22,221	1.74%	+636,872	+659,093	22.0%
M&G Optimal Income Sterling	13/04/15	1,690,636	1,748,074	1,748,074	-	0.00%	+57,438	+57,438	3.4%
M&G UK Income Distribution Sterling	15/08/16	2,000,000	1,944,217	1,944,217	28,397	2.84%	-55,783	-27,386	-1.4%
Ninety One Diversified Income	25/08/16	3,000,000	2,850,823	2,850,823	32,105	2.17%	-149,177	-117,072	-3.9%
Ninety One Diversified Income	20/02/19	1,500,000	1,483,746	1,483,746	16,710	2.17%	-16,254	+456	0.0%
Threadneedle Inv Services - UK Equity	08/09/16	2,000,000	2,231,231	2,231,231	21,510	2.14%	+231,231	+252,742	12.6%
Threadneedle Inv Services - UK Equity	21/02/19	1,500,000	1,651,661	1,651,661	15,923	2.14%	+151,661	+167,584	11.2%
Threadneedle Global Equity Fund	21/02/19	1,500,000	1,752,204	1,752,204	20,092	2.68%	+252,204	+272,296	18.2%
CCLA - The LAs Property Fund	31/03/13	1,500,000	2,053,204	2,053,204	17,685	2.22%	+553,204	+570,889	38.1%
CCLA - The LAs Property Fund	30/04/14	1,000,000	1,172,346	1,172,346	10,098	2.22%	+172,346	+182,445	18.2%
UBS Multi- Asset Income Fund	22/02/19	1,500,000	1,493,171	1,493,171	18,626	2.48%	-6,829	+11,796	0.8%
Aegon Diversified Monthly Income Fund	21/02/19	3,000,000	3,066,784	3,066,784	63,091	4.21%	+66,784	+129,875	4.3%
<b>Value at 30/09/2021</b>		<b>31,583,898</b>	<b>35,525,632</b>	<b>35,525,632</b>	<b>396,172</b>	<b>2.51%</b>	<b>+3,941,735</b>	<b>+4,337,907</b>	<b>13.7%</b>

## Strategic Fund Performance as at 30 September 2021

Capital appreciation of these investments was 12.5% as at 30/09/21. However, capital gains and losses may fluctuate throughout the period the investments are held. Any gains would only be realised when the funds are sold and losses would impact on the General Fund. Dividends are received at various times during the year, generally month, quarterly or half yearly.

The income yield for 2021/22 as at 30/09/21 is 1.3% and the estimated annualised income yield on these funds is expected to be in the region of 2.5%.

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# Corporate Policy and Resources Committee

Date of Meeting: 29 November 2021



<b>Title</b>	<b>Procurement of Fire Alarm Systems Maintenance Services (for Planned and Responsive Maintenance)</b>
<b>Purpose of the report</b>	To make a decision
<b>Report Author</b>	Alfred Osawe; Senior Building Manager
<b>Ward(s) Affected</b>	All Wards
<b>Exempt</b>	No
<b>Exemption Reason</b>	N/A
<b>Corporate Priority</b>	<p><b>Community</b> – refers to the repair and maintenance of municipal properties.</p> <p><b>Affordable Housing</b> – refers to the repair and maintenance of residential properties</p> <p><b>Recovery</b> – requires social value benefits to be delivered via the new contracts</p> <p><b>Environmental</b> – requires consideration of reduced environmental impact into the repairs and maintenance contracts</p>
<b>Recommendations</b>	<p>The Committee is recommended to:</p> <ol style="list-style-type: none"> <li>i. Note and approve the procurement process for the letting of a contract for maintenance services of fire alarm systems and emergency lighting installations in Council's municipal and residential properties.</li> <li>ii. Agree contract commencement date of 01 April 2022 for an initial contract term of three (3) years, with the option to extend annually for a further two (2) 12-month periods, at the Council's sole discretion, taking into account the contractor's performance on the contract</li> <li>iii. Delegate the appointment of the contractor to the Group Head of Regeneration and Growth in consultation with the Chair and Vice Chair of the Corporate Policy and Resources Committee</li> <li>iv. Authorise the Head of Corporate Governance to enter into any legal documentation necessary to implement the new contract.</li> </ol>
<b>Reason for Recommendation</b>	<p>These recommendations are</p> <ol style="list-style-type: none"> <li>i. to ensure the Council meets its responsibility under the Regulatory Reform (Fire Safety) Order 2005 to continuously maintain fire alarm and emergency lighting</li> </ol>

	<p>installations on all Council municipal and residential properties. The works to be carried out under this contract will discharge the Council's duties under this aspect of the regulations.</p> <p>ii. to advise that the procurement processes will follow a Public Contracts Regulations (PCR) 2015-compliant Restricted (two-stage) procurement procedure commencing with advertising the contracts on Find a Tender Services (FTS), shortlisting of tenders expressing an interest via a Selection Questionnaire, and the invitation to tender of shortlisted providers</p>
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## 1. Key issues

- 1.1 Maintenance of fire alarm systems and emergency lighting installations within the Council's municipal and residential properties is currently carried out under a single combined contract with Element Fire Systems & Solutions Ltd. This contract will be six years on 31 March 2022 (expiry date) having been renegotiated on its previous terms and conditions for further 12 months to allow sufficient time to retender. The proposed new contract will commence on 01 April 2022 to ensure that all the Council's municipal and residential properties are consistently operated in accordance with Regulatory Reform (Fire Safety) Order 2005.
- 1.2 The current contractual arrangements have worked well with no need for any changes to be made to the respective work specifications.
- 1.3 It is considered that the Council could achieve better value for money, reduced risk of contractor underperformance and increased social value and community benefits if new contract is let through a competitive tendering exercise by 31 March 2022.
- 1.4 The scope of the contract consists of inspection, testing and maintenance of fire alarm systems and emergency lighting installations including day to day reactive breakdown repairs to the systems and installations within the respective buildings in compliance with BS 5839 and BS 5266 respectively.
- 1.5 The contract includes bi-annual inspection, testing and maintenance of fire alarm systems along with the monthly (functional) and annually (full rated duration) tests for emergency lighting installations.
- 1.6 The properties included in this contract are the municipal buildings and the communal areas of residential buildings fitted with fire alarm systems and emergency lightings.
- 1.7 The Building Services Team (BST) manages the service contract for all the Council's municipal and residential properties. Some of the residential properties are listed under Knowle Green Estate (KGE) Ltd.'s portfolio while others remain under the Council's direct management.
- 1.8 The KGE residential property portfolio includes The Bugle, Benwell House, Knowle Green West Wing, 4A – 4C Churchill Way, 82 Cranford Avenue and

42 Kingston Road. Other Council's residential properties are Harper House, White House Hostel, Long Lane Park pavilion, and Staines Park pavilion.

- 1.9 Construction of Benwell House and White House Hostel were completed in April and September 2021 respectively. Other new builds, Knowle Green West Wing and Harper House are expected to be handed over by December 2021. These properties are included in the contract and maintenance activities for fire alarm systems and emergency lighting installations will increase over the course of the contract as warranties on the properties' installations will expire in 2022.
- 1.10 Given that the potential value of this contract is above UK procurement (sterling) threshold, the letting of the contract falls within the Public Contracts Regulations 2015 and, therefore procurement will commence with advertising the contracts on Find a Tender Services (FTS), seeking expression of interest via Selection Questionnaires (SQ). The procurement process will follow the restricted procedure, which includes the selection of a tender list and subsequent invitation of selected organisations to submit tenders
- 1.11 The Restricted (two-stage) Procurement procedure will give opportunity to local and other contractors of all sizes to submit Selection Questionnaires (SQ) [1<sup>st</sup> stage of the procurement process]. Contractors will be selected based on SQ scores and those selected will subsequently be invited to submit tenders. This process will thereby fostering effective competition, value for money, social benefits and also has the advantage of allowing local contractors to try to secure work.
- 1.12 The contract term of five (05) years (based on a contract term of an initial period of three (03) years + two (02) extension periods of 12 months each) is the normal contract period for this type of service. It is sufficiently long to allow contractors to deliver the contract deliverables but not too long that the Council cannot be sure of achieving value for money by further competitive market testing. The Council can also achieve further efficiencies with the contractor as part of the contract extension negotiations.
- 1.13 The price element of the tender will comprise of 60% of the total tender score, with weighting of quality at 40% to represent health and safety risk inherent in the contract. The specification will include highly detailed health and safety requirements.
- 1.14 The scoring of the quality element will be based on Method Statements submitted by each contractor. The contract will be predominantly based on reactive works in terms of frequency of attendance. In that context, the 60/40 price/quality proportion is intended to deliver the right balance between quality and price.
- 1.15 Where TUPE may apply, this will be at the secondary level (i.e., contractor to contractor) and the project manager will ascertain from the incumbent contractors whether they believe that any employees within the existing contract fall under the TUPE liabilities and include such information in the tender documents to allow bidders to cost their tender responses accordingly.

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

- 2.1 There are three main options that need to be considered in relation to this procurement:

- i) **Option 1** – negotiate existing contract to run beyond 31/03/2022 up to a further one year, then undertake a full PCR 2015 compliant tender exercise or procurement via a Framework Agreement. This option will delay the delivery of further contractual benefits which is against our corporate priorities.
- ii) **Option 2** - undertake a mini-competition using either the Council's Framework Agreements (which may not have all of the required specialisms) or another suitable framework open to the Council to use for a contract start date of 01 April 2022. This approach would help to mitigate the risk of procuring the contract in time for April 01, 2022 but would not necessarily open the opportunity to local contractors.
- iii) **Option 3** - (preferred option) to tender the contract by carrying out a full PCR 2015 compliant tender, advertising the contract with contract start dates of 01 April 2022, to ensure the participation of local and sufficient suitably qualified contractors. This will allow us to fully test the market, using a detailed Specification of Requirements, tailored towards obtaining contract deliverables which align to our Corporate Priorities, specifically Recovery and Environment

### 3. Financial implications

- 3.1 Based on average expenditure of past three years, estimated annual contract value is £4,200 (KGE properties) and £32,800 for other properties making a total of £37,000 per annum. Applying 2% inflation cumulatively, the total contract estimate over the five-year period is £192,550. (£113,235 for first 3 years plus £79,315 for 2-year extension). The contract value is above UK procurement (sterling) threshold for service contracts.
- 3.2 It is anticipated that more KGE residential properties will come on stream during the contract period. Fire alarm systems and emergency lighting installations maintenance service estimate is £2,100 per annum for the prospective properties which will be added to the contract as and when they become available based on tendered rates submitted by the successful contractor. Full budget / contract implications will be evaluated once any property is added to the contract and budget variations sought if required.
- 3.3 The contract provides for rates which relate to the programmed inspections, tests and servicing of fire alarm systems and emergency lighting installations. The contract also includes rates for time spent on site (on an hourly basis) together with a percentage adjustment against materials and sub-contractors.
- 3.4 In the current financial year, there is a total budget of £1,111,900 for the maintenance of the municipal properties. There is an additional budget of £85,000 for other Council's residential properties (Harper House and White House Hostel). There is a separate budget for KGE owned residential properties. The fire alarm systems maintenance service contract which is £37,000 for the first year is within the maintenance budgets along with other maintenance service contracts. It is anticipated that there will be sufficient budget for the full contract term.

- 3.5 Maintenance services carried out on KGE properties are paid from KGE budget while maintenance services carried out on other properties are paid from Asset Maintenance budget
- 3.6 The new contract will allow for annual fluctuations (price increase) based on the Consumer Price Index (CPI). With effect from the second year of the contract, CPI uplift shall be applied cumulatively on an annual basis until the end of the Contract Period.

#### 4. Other considerations

- 4.1 BST will work with Corporate Procurement throughout the contract duration to ensure that contract deliverables are achieved.
- 4.2 BST has consulted with managers responsible for maintenance budgets of Council's municipal and residential property portfolios. The new contracts will be drafted in such a way as to improve the service standards to ensure Spelthorne Borough Council staff, tenants and residents continue to receive high quality service standards

#### 5. Equality and Diversity

- 5.1 The procurement process will be carried out in accordance with the Council's Contract Standing Orders, and the selected contractors will be required to comply with relevant Equality and Diversity laws, accessibility standards and Health and Safety regulations. The Specification and Method Statement questions will detail a requirement for social value benefits to be delivered.

#### 6. Sustainability/Climate Change Implications

- 6.1 As part of the procurement selection criteria, contractors will be required to demonstrate processes and the use of materials which minimise the environmental impact of their services.

#### 7. Timetable for implementation

- 7.1 Indicative timetable for procurement of the contract is as follows:

<b>Event</b>	<b>Date</b>
Publication of ITT	06 December 2021
Period for Expression of Interest (SQ Responses)	06 December 2021 – 14 January 2022
<b>SQ Submission Deadline</b>	<b>12 noon on 14 January 2022</b>
Evaluation of SQ	17-21 January 2022
<b>Notification of outcome of SQ Evaluation and Bidders Invited to Tender (Tenderers)</b>	<b>24 January 2022</b>
Site Visits	25 January – 07 February 2022
Deadline for Receipt of Clarifications	12 noon on 14 February 2022
<b>Deadline for Receipt of Tenders</b>	<b>12 noon on 21 February 2022</b>

Evaluation of Tenders	22 February – 07 March 2022
Preferred Bidder(s) Identified	07 March 2022
<b>Internal Approval Process</b>	<b>07 – 14 March 2022</b>
Notification to Bidders of Contract Award Decision	14 March 2022
“Standstill” Period	14 – 25 March 2022
Confirm Contract Award	28 March 2022
Mobilization Period	March
Contract Commencement Date	01 April 2022



# Corporate Policy and Resources Committee



29 November 2021

<b>Title</b>	Corporate Plan 2021-23
<b>Purpose of the report</b>	To make a recommendation to Council
<b>Report Author</b>	Lee O'Neil, Deputy Chief Executive
<b>Ward(s) Affected</b>	All Wards
<b>Exempt</b>	No
<b>Exemption Reason</b>	
<b>Corporate Priority</b>	This report outlines the proposed new priorities for the Council
<b>Recommendations</b>	<b>Committee is asked to:</b> Recommend that Council adopts the proposed Corporate Plan for 2021-23 as appended to this report.
<b>Reason for Recommendation</b>	The Corporate Plan is a key policy document which outlines the proposed strategic priorities for the Council for the period of the Plan, and the values the Council will abide by in conducting its activities.

## 1. Key issues

- 1.1 The purpose of this report is for the Committee to agree the content of Spelthorne's proposed Corporate Plan for 2021-23 and to recommend its adoption by Council.
- 1.2 Spelthorne's previous Corporate Plan covered the period 2016-2019. Work on the development and implementation of a new Plan had to be put on hold whilst the Council focused on the enormous task of responding to the COVID-19 pandemic.
- 1.3 Earlier this year, the previous administration and Management Team undertook some work with IESE to help firm up on some ideas for a new set of priorities for the Council, which became known as the 'CARE' priorities. This work also included developing a new set of Corporate Values for the Council, which were based around the acronym PROVIDE.
- 1.4 On 5 July 2021, the Committee received an update on progress around the development of a new Corporate Plan ('the Plan'). At that meeting, the Committee agreed the broad direction of the Plan's development but suggested that an additional priority around service provision should be

added to the proposed priorities. The Committee also agreed that having a common set of values to work with was helpful and needed to be communicated to all Councillors as soon as possible.

1.5 Following this meeting, further extensive work has been undertaken developing the Plan. The proposed Plan outlined in **Appendix 1** of this report specifies five priorities; areas where the Council will target some of its resources during the term of the Plan. These are:

- **Community**
- **Affordable housing**
- **Recovery**
- **Environment**
- **Service delivery**

1.6 The Plan outlines the key aims for each priority, what the Council wants to deliver under each priority area (based on a number of key themes), and the support we will provide to deliver our objectives.

1.7 A separate Action Plan will be developed for each priority area, outlining a list of key projects and other actions which will be undertaken during the term of the Plan. This will build on the Recovery Action Plan relating to the 'Recovery' priority, which has already been developed and was presented to the Committee on 5 July 2021.

1.8 It is recognised that the priorities and associated Action Plans may need to change from time to time to take account of the changing environment and economic circumstances in which the Council operates, and the changing needs of Spelthorne's communities. The COVID-19 pandemic demonstrated the need for the Council to rapidly adapt to the challenges this has presented, and in light of the continuing uncertainties the pandemic presents, we must remain willing to adapt our plans accordingly.

1.9 The Plan also proposes a new set of values, which outline to our staff, Councillors and external stakeholders how the Council intends to undertake its functions and activities. These are:

- **Pride in our Council, communities and Borough**
- **Responsive and flexible**
- **Open and accountable**
- **Value for money**
- **Integrity**
- **Dependable**
- **Empowering communities**

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

2.1 It is proposed that the Committee agree the content of the Corporate Plan as appended to this report and recommend its adoption by Council (**Preferred Option**).

2.2 The Committee could, however, recommend that changes be made to the Plan. Should this be the case, the adoption of the Plan by Council would need to be deferred until the new year to enable these changes to be made.

### **3. Financial implications**

3.1 The Corporate Plan outlines the priority areas where some of Spelthorne's resources will be targeted to achieve the key actions listed. These priorities will therefore be closely linked to the Council's future budget planning process.

### **4. Other considerations**

4.1 The Council's new priorities will be used to inform the individual and team objectives for staff through the appraisal and service planning process, and the values outline the desired behaviours for officers and Councillors in undertaking their roles.

### **5. Equality and Diversity**

5.1 The proposed Plan outlines how the Council will ensure that we continue to deliver services that cater for all sections of our communities, how we will ensure that individuals and sections of the community are not excluded, and how we will support those most in need.

### **6. Sustainability/Climate Change Implications**

6.1 One of the priorities outlined in the Plan is 'Environment'. This outlines how Spelthorne will aim to work with communities and partners to minimise the Council's impact on the environment, play our part in tackling climate change and maintain a clean, green and attractive Borough.

### **7. Timetable for implementation**

7.1 If agreed by Committee, the Plan will be presented to Full Council on 9 December 2021 for adoption.

7.2 If adopted by Council, the Plan will take immediate effect and a communication plan will be implemented to ensure that all relevant stakeholders are aware of Spelthorne's new priorities and values.

7.3 Action Plans for the priority areas will then be developed for implementation, and progress on these will be reported back to the Committee at regular intervals.

### **Background papers:**

There are none.

### **Appendices:**

### **Appendix 1 – Proposed Corporate Plan for 2021-23**

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# Spelthorne Borough Council Corporate Plan 2021-2023



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www.spelthorne.gov.uk

Reviewed: October 2021

# Foreword



Welcome to Spelthorne Borough Council's Corporate Plan for the period 2021 to 2023. We want our Borough to be somewhere we can all be proud of, a great place to live and work and where our communities flourish.

The plan sets out our five overarching 'CARES' priorities and the 15 more specific themes which we want to focus on. At the same time, we want to ensure that our values, ethos and ways of working inform and underpin everything that we do.

The coronavirus pandemic has had far reaching effects on our communities and the Council has had a pivotal role in responding to the crisis. The management and staff in the Council have gone the extra mile to provide practical assistance to the most vulnerable residents and financial support to businesses in the Borough.

It is still uncertain what the long-term impacts of the pandemic will be, and therefore the priorities in this plan provide a framework for our response – on communities, affordable housing, recovery, the environment and service delivery. We believe these are the right and necessary priorities to make real improvements to the lives of Spelthorne residents, whilst demonstrating the aspirations this Council has for the future of the Borough.

This plan sets out our priorities so that they are clear and understandable to everyone. In tandem we have published a more specific recovery action plan which shows how the priorities and objectives have been adapted to deal with the consequences of the pandemic.

This Corporate Plan provides the framework for delivering our core vision and aspirations. We believe that we are building on a very strong base, and we will work hard to ensure the organisation and its people continue to have the leadership and resources needed to deliver for residents.

Cllr Lawrence Nichols, Leader of Spelthorne Borough Council

Daniel Charles Mouawad, Chief Executive



@spelthornebc



@spelthornebc



@spelthorneboroughcouncil

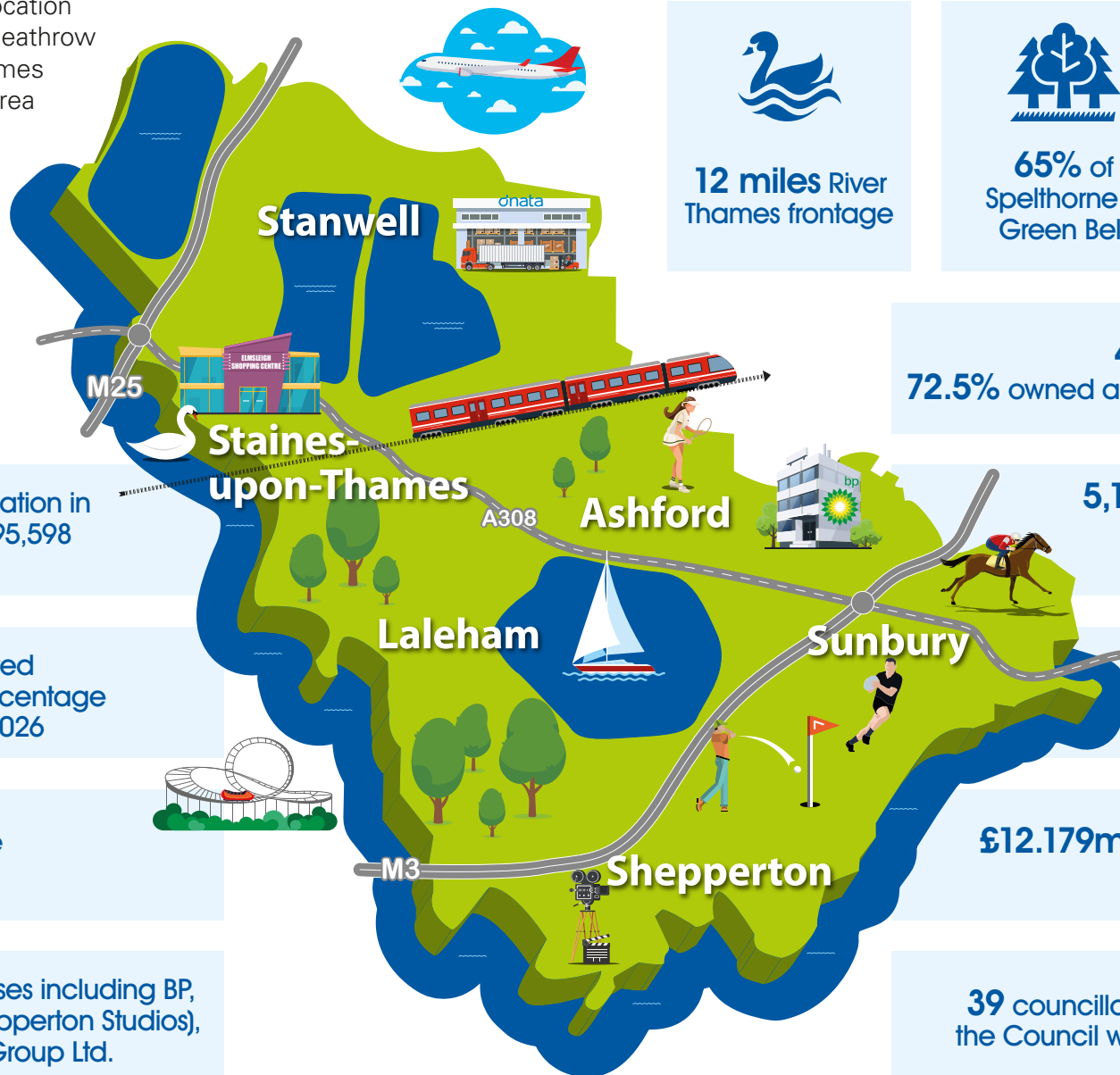


www.spelthorne.gov.uk




# Spelthorne in numbers

Spelthorne has an excellent location immediately to the south of Heathrow and adjacent to the River Thames in the economically buoyant area to the west of London. The Borough has exceptional communication links, supporting a strong economy and many successful international businesses.




**12 miles** River Thames frontage



**65%** of Spelthorne is Green Belt




**17%** of the Borough is water


**42,870** homes,  
**72.5%** owned and **26%** rented





**99,800** population in 2021, up from 95,598 in 2011



**20.1%** expected population percentage of over 65s in 2026



**20** parks in the Borough




**7,627** businesses including BP, Pinewood (Shepperton Studios), dnata, Wood Group Ltd.

**5,127** new homes built from 2000 - 2021



**£348,769** average property price (2019-20)



**£12.179m** net budget set by the Council



**39** councillors represents the Council with **435** staff



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# Services

 Recycling	 Community centres	 Leisure services	 Community grants	 Rough sleepers	 Verge and grass cutting
 Business grants	 Allotments	 Customer services	 Street naming	 Electric Vehicle charging points	 Community transport
 Food parcels	 Community safety	 Public toilets	 Staines market	 Support4Spelthorne	 Legal enforcement powers
 Playgrounds and parks	 High street recovery	 Independent Living	 Street cleaning	 Environmental health	 Moorings
 Affordable housing	 Planning	 Waste collection	 Volunteering	 Business support	 Building control
 Memorials	 Swimming pools and sports grounds	 Communications	 Resident forums	 Licensing	 Community helpline
 Local jobs	 Tackling fly tipping	 Local democracy	 supplement street light provision	 Meals on wheels	 Town Centre management



# Our Priorities



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To put our communities at the heart of everything we do, building strong relationships with our residents and businesses, and helping to forge links within those communities, so that they feel empowered, included, supported, safe and healthy.

To deliver housing which meets the needs of all sections of our communities, building new homes, helping people to stay in their existing accommodation and ensuring that none of our residents are homeless.

To provide support and guidance to our residential and business communities to enable them to recover from the significant effects of the COVID-19 pandemic.

To work with our communities and partners to minimise our effects on the environment, play our part in tackling the threat of climate change and to maintain a clean, green and attractive Borough, which recognises and protects biodiversity.

To deliver efficient and effective services which meet the changing needs of our communities, adapting to meet new challenges, new ways of working and different ways of interacting with our communities.

# C A R E S

# Our Values

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# PROVIDE

# Community

**Key aim:** To put our communities at the heart of everything we do, building strong relationships with our residents and businesses, and helping to forge links within those communities, so that they feel empowered, included, supported, safe and healthy. We will deliver this through four key themes.

**Themes:** strong communities, safe communities, healthy communities and developing community infrastructure.



## Strong communities

### We want:

To work with our partners to deliver more services for all the communities in Spelthorne, and ensure that people are included in the decisions we make.

### We will support this by:

- Engaging with residents' associations and other community groups so that they are better informed and can input into local initiatives.
- Seeking residents' views on the Council's plans.
- Ensuring individuals and sections of the community are not excluded and supporting those most in need.
- Supporting local businesses, signposting them to support networks/funding and working with key partners, such as the Staines Business Improvement District.

## Safe communities

### We want:

Safe places to live, visit and do business, with safe streets and open spaces and for residents to feel secure in their own homes.

### We will support this by:

- Further developing the strong partnership working between our Community Safety/Joint Enforcement Teams and Surrey Police, supporting the police in tackling issues such as anti-social behaviour, gang-culture and serious organised crime.
- Working with Surrey County Council to make our roads safer for pedestrians and cyclists, with new cycle lanes/walkways and reduced speed limits where needed.



# Community

## Healthy communities

### We want:

Communities to stay healthy for longer.

### We will support this by:

- Working with our healthcare, voluntary and community partners to improve residents' health and wellbeing, promoting active and healthy lifestyles and tackling health inequalities.
- Ensuring the most vulnerable have access to the support they need and assisting people to make new connections/friends.
- Providing a range of leisure facilities to enable people to stay fit and healthy, including parks, community gym equipment and leisure centres.

## Developing community infrastructure

### Working with partners we will:

Provide the right infrastructure to meet our communities' changing needs and the demands of a growing population, working with partners to help deliver the necessary health, educational, leisure and cultural infrastructure to meet local needs using the Local Plan process and Community Infrastructure Levy.

Our new 'state of the art' Spelthorne Leisure Centre, which is due for completion in early 2024, is designed to provide facilities to meet current and future needs in a healthier internal environment, with low-chemical pools and a dementia friendly design.



# Affordable Housing

**Key aim:** To deliver housing which meets the needs of all sections of our communities, building new homes, helping people to stay in their existing accommodation and reducing homelessness.

**Themes:** Delivering new homes, helping people to stay in their own homes and tackling homelessness.

## Delivering new homes

### We want:

To provide real solutions to the Borough's housing challenges to meet the growing demands and needs of our residents.

### We will support this by:

- Continuing to build our own housing to assist those most in need, focusing on affordable units and key worker accommodation.
- Acting as a model landlord, managing our residential properties through Knowle Green Estates Ltd.
- Working with Registered Providers and private sector partners to promote the development of housing that meets the needs of all our communities.
- Using the development of our new Local Plan to set a deliverable target for new housing in the Borough, protecting the Green Belt wherever we can.

## Helping people to stay in their own homes

### We want:

To help vulnerable people live full lives.

### We will support this by:

- Assisting those with disabilities to adapt their properties through our in-house home improvement agency and handyman services.
- Working with partners to develop an efficient hospital discharge programme.
- Ensuring that landlords keep their properties in a safe condition.





# Affordable Housing

## Tackling homelessness

### We want:

All our residents to have a safe and secure home.

### We will support this by:

- Providing early interventions to help prevent evictions.
- Working with partners to tackle homelessness, helping residents find a suitable and safe home. Our newly constructed White House single person homeless facility and Harper House temporary accommodation units will help people get back on their feet.

The White House Hostel in Ashford, will provide specialist accommodation for single homeless people with multiple or complex needs.



# Recovery

**Key aim:** To provide support and guidance to residents and businesses to help them to recover from the economic impact of the COVID-19 pandemic.

**Themes:** Borough recovery and Council recovery.







## Borough recovery

### We want:

To deliver the actions set out in our detailed Recovery Plan to address the impacts of the COVID-19 pandemic.

### We will support this by:

 <p><b>1. Supporting community recovery</b></p>	<ul style="list-style-type: none"> <li>• Providing leadership within our communities</li> <li>• Supporting vulnerable people to help them stay safe and healthy</li> <li>• Preventing debt/financial hardship, preventing homelessness and rough-sleeping</li> <li>• Promoting and increasing leisure activities</li> </ul>
 <p><b>2. Supporting economic recovery</b></p>	<ul style="list-style-type: none"> <li>• Minimising unemployment</li> <li>• Developing skills and getting people back in work</li> <li>• Assisting future business growth and adaptation</li> <li>• Placemaking, regeneration and developing infrastructure</li> <li>• Attracting visitors to the Borough</li> </ul>
 <p><b>3. Supporting a green recovery</b></p>	<ul style="list-style-type: none"> <li>• Climate change policy</li> <li>• Reduce the carbon footprint of Council operations</li> <li>• Increase use of clean energy</li> <li>• Encourage greater use of cycling and walking</li> <li>• Improve and increase provision of public open spaces and enhancement of biodiversity</li> <li>• Improve energy efficiency of housing stock</li> </ul>
 <p><b>4. Keeping people informed</b></p>	<ul style="list-style-type: none"> <li>• Communicate regular updates using a range of different media</li> </ul>

A detailed Action Plan has been developed which outlines the measures the Council will be taking under each of these areas. Full details of this plan can be found at: [www.spelthorne.gov.uk/recoveryplan](http://www.spelthorne.gov.uk/recoveryplan)

## Council recovery

### We want:

To ensure that the Council can continue to support the wider Borough recovery from the COVID-19 pandemic.

### We will support this by:

- Managing our commercial investments and assets in the most efficient and effective way possible to provide a consistent income stream which will support Council services on a sustainable basis.
- Stimulating a robust economic recovery (through our Economic Recovery Plan) to help build back other key income streams, such as Business Rates, Council Tax and income from car parking.
- Refreshing our medium-term financial projections and strategy to address projected budget gaps.
- Continuing to delivery key services by:
  - Building more resilience
  - Workforce development
  - Protecting staff and clients
  - Maintaining mobile and flexible working
  - Offering new ways to access services





# Environment

**Key aim:** To work with communities and partners to minimise our impact on the environment, play our part in tackling climate change and maintain a clean, green and attractive Borough.

**Themes:** Responding to the climate emergency, sustainable Council and sustainable communities.



## Responding to the climate change emergency:

### We want:

To recognise the effects that climate change is having on our planet and how this could affect our Borough. Having declared a climate emergency, we recognise the need to lead by example and work with residents and businesses to achieve cleaner and greener lifestyles.

### We will support this by:

- Developing a Climate Change Strategy to deliver carbon neutrality for the Council and lower the Borough's carbon emissions.
- Working with the Environment Agency and other partners to deliver the River Thames (Flood Relief) Scheme and other flood mitigation initiatives.
- Considering opportunities to create and support carbon sink initiatives within the Borough, including landscaping and more tree planting.
- Conserving our urban open spaces and green infrastructure which are a contributor to managing surface water run-off and holding floodwaters.





# Environment

## Sustainable Council:

### We want:

Safe places to live, visit and do business, with safe streets and open spaces and for residents to feel secure in their own homes.

### We will support this by:

Sustainable buildings	<ul style="list-style-type: none"> <li>• Incorporating sustainable building design and infrastructure for new developments, e.g. our new Spelthorne Leisure Centre will be the first of its kind in the UK to fully meet the ultra-low energy efficient Passivhaus standard.</li> <li>• Incorporating energy efficiency measures (e.g. solar panels) into conversions and refurbishments of Council buildings and on housing developments.</li> </ul>
Minimising the Council's carbon emissions	<ul style="list-style-type: none"> <li>• Using clean energy and increased use of electric vehicles.</li> <li>• Reducing the need for unnecessary travel by some of our staff through hybrid-working.</li> <li>• Sustainable procurement of goods and services.</li> <li>• Delivering the Climate Change Strategy (training our staff to 'think green').</li> <li>• Developing a future financial treasury management strategy that considers the environment, social governance and responsible investments.</li> <li>• Making budget provision to accelerate green initiatives.</li> </ul>

Electric vehicles and bicycles have been introduced as part of Spelthorne Borough Council's plan to improve air quality and reduce carbon emissions.





# CLEANER GREENER SPELTHORNE

## Sustainable communities:

### We want:

Sustainable communities – which manage their social, environmental, and financial resources to meet current needs, while ensuring that adequate resources are available for future generations.

### We will support this by:

Clean and attractive Borough	<ul style="list-style-type: none"> <li>• Improving the urban environment, keeping our Borough clean and litter free.</li> <li>• Enhancing the environmental and social value of our parks, providing clean, accessible, outdoor spaces with access to nature for education and well-being purposes.</li> <li>• Reducing pollution, improving local air quality where possible and reducing the Borough’s indirect greenhouse gas emissions.</li> </ul>
Supporting biodiversity:	<ul style="list-style-type: none"> <li>• Restoring and protecting nature, managing our land to provide greater biodiversity to encourage wildlife and insect populations.</li> <li>• Developing Local Plan policies to encourage new developments to have a positive biodiversity impact.</li> </ul>
Sustainable living:	<ul style="list-style-type: none"> <li>• Encouraging waste prevention and recycling. Increase facilities and services for participation in domestic and business recycling, composting and reduction and re-use schemes.</li> <li>• Promoting sustainable travel, including actively supporting improvements to public transport access to Heathrow.</li> <li>• Promoting and supporting reduction in energy use in the Borough, assisting residents and business with access to relevant funding and information.</li> <li>• Increasing opportunities for exercise through walking and cycling and improving air quality by reducing car dependency, working with the relevant highways authorities.</li> </ul>
Sustainable development	<ul style="list-style-type: none"> <li>• Promoting residential development that is sustainably located with access to existing services and transport hubs.</li> <li>• Encourage sustainable design and construction.</li> <li>• Promoting energy efficiency for new buildings and refurbishments.</li> </ul>



# Service Delivery

**Key aim:** To deliver the full range of services that our communities need as efficiently and effectively as possible.

**Themes:** Accessible services, financially sustainable services and well-trained, motivated workforce.

## Accessible services

### We want:

To continue to deliver services that cater for all sections of our communities.

### We will support this by:

- Ensuring that residents receive a consistent level of service.
- Introducing a Customer Charter to outline what residents should expect when dealing with the Council.
- Where appropriate, introducing innovative, cost-effective service delivery models to ensure the best possible service.
- Monitoring the performance of key services and making sure that we maintain the expected standards.
- Increasing the range of services people can access remotely.
- Continuing to offer residents the option to visit the Council offices.
- Ensuring that working arrangements with our partners in the public, private and voluntary sectors are coordinated and effective. Ensuring that our staff have the systems and equipment to enable them to do their jobs efficiently.
- Looking for opportunities for partnership working/shared service provision with other local authorities which would benefit residents.
- Resisting any change in local authority structure which would erode the quality of service available to communities.





## Service Delivery

Vehicles from Spelthorne Borough Council's Neighbourhood Service's fleet.

### Financially sustainable services

#### We want:

To continue to provide the essential services that our residents and businesses rely on.

#### We will support this by:

- Closely monitoring the Council's finances and ensuring services can be provided in the long-term.
- Delivering efficient services and providing value for money.
- Managing our assets to generate a long-term sustainable income to fund key services.

### Well trained and motivated workforce

#### We want:

To retain and recruit suitably qualified officers and support staff as we recognise they are core to the functioning of every aspect of the Council's work.

#### We will support this by:

- Continuing to invest in training and developing our staff, including training our own professional staff, where appropriate, to address the shortage of qualified officers coming into local government.
- Ensuring that we understand and address staff pressures and needs.
- Providing the tools to enable staff to undertake their roles effectively.
- Upholding the core behavioural values we expect as an organisation.



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Knowle Green Estates Ltd

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## Spelthorne Borough Council Services Committees Forward Plan and Key Decisions

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

A **Key Decision** is a decision to be taken by the Service Committee, 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.

Please direct any enquiries about this Plan to [CommitteeServices@spelthorne.gov.uk](mailto:CommitteeServices@spelthorne.gov.uk).



## Spelthorne Borough Council

### Service Committees Forward Plan and Key Decisions for 1 December 2021 to 31 March 2022

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
Corporate Policy and Resources Committee 07 02 2022	Corporate Health and Safety Policy To adopt a Corporate Health and Safety Policy	Non-Key Decision	Public	Stuart Mann, Health & Safety Officer
Corporate Policy and Resources Committee 07 02 2022	Update on proposed Transactional Financial Service Partnership	Non-Key Decision	Public	Paul Taylor, Chief Accountant
Corporate Policy and Resources Committee 07 02 2022	Draft Capital Strategy 2022-2027	Non-Key Decision	Public	Nick Cummings, Property and Development Manager
Corporate Policy and Resources Committee 07 02 2022	Recovery Action Plan To receive an update on the COVID-19 Recovery Action Plan	Non-Key Decision	Public	Sandy Muirhead, Group Head - Commissioning and Transformation, Lee O'Neil, Deputy Chief Executive
Corporate Policy and Resources Committee 07 02 2022	Property Management Re-tender Outcome To receive an update on the retendering process for the property management and to approve the awarding of a contract.	Key Decision It is likely to result in the Council incurring expenditure above or making savings of up to £250,000	Public	Melanie Ager, Property Manager, Hilary Gillies, Interim Corporate Procurement Manager
Corporate Policy and Resources Committee 07 02 2022	Recovery Action Plan To receive an update on the COVID-19 Recovery Action Plan	Non-Key Decision	Public	Sandy Muirhead, Group Head - Commissioning and Transformation, Lee O'Neil, Deputy Chief Executive

Date of decision and decision maker	Matter for consideration	Key or non-Key Decision	Decision to be taken in Public or Private	Lead Officer
Corporate Policy and Resources Committee 07 02 2022 Council 24 02 2022	Capital Programme 2022/23 To consider the Capital Programme and Prudential Indicators for 2022/23 and make a recommendation to Council.	Non-Key Decision	Public	Terry Collier, Deputy Chief Executive, Heather Morgan, Group Head - Regeneration and Growth
Corporate Policy and Resources Committee 07 02 2022 Council 24 02 2022	Capital Strategy 2022 to 2027 Committee is asked to recommend to Council that the Capital Strategy for 2022 to 2027 be approved.	Non-Key Decision	Public	Paul Taylor, Chief Accountant  Terry Collier, Deputy Chief Executive, Heather Morgan, Group Head - Regeneration and Growth
Corporate Policy and Resources Committee 07 02 2022 Council 24 02 2022	Detailed Revenue Budget 2022/23 To consider the detailed Revenue Budget for 2022/23 and make recommendations to Council.	Key Decision It is significant in terms of its effect on communities living or working in an area comprising two or more wards	Public	Terry Collier, Deputy Chief Executive, Paul Taylor, Chief Accountant
Corporate Policy and Resources Committee 07 02 2022	Fees and Charges To consider the Fees and Charges for 2022/23.	Non-Key Decision	Public	Terry Collier, Deputy Chief Executive, Paul Taylor, Chief Accountant
Corporate Policy and Resources Committee 07 02 2022 Council 24 02 2022	Members Allowances Scheme 2022-23 To consider the Members Allowances Scheme for 2022-23.	Non-Key Decision	Public	Victoria Statham, Group Head of Corporate Governance

Date of decision and decision maker	Matter for consideration	Key or non-Key Decision	Decision to be taken in Public or Private	Lead Officer
Corporate Policy and Resources Committee 07 02 2022 Council 24 02 2022	Pay Award 2022-23 To consider the Pay Award for 2022-23 and make a recommendation to Council.	Non-Key Decision	Public	Sandy Muirhead, Group Head - Commissioning and Transformation, Debbie O'Sullivan, HR Manager, Angela Tooth, Human Resources Officer
Corporate Policy and Resources Committee 07 02 2022 Council 24 02 2022	Pay Policy Statement 2022/23 To consider the proposed Pay Policy Statement and make a recommendation to Council.	Non-Key Decision	Public	Sandy Muirhead, Group Head - Commissioning and Transformation, Debbie O'Sullivan, HR Manager, Angela Tooth, Human Resources Officer
Corporate Policy and Resources Committee 07 02 2022	Recovery Action Plan To receive an update on the COVID-19 Recovery Action Plan	Non-Key Decision	Public	Sandy Muirhead, Group Head - Commissioning and Transformation, Lee O'Neil, Deputy Chief Executive
Corporate Policy and Resources Committee 07 02 2022	Reserves Policy To consider the Reserves Policy.	Non-Key Decision	Public	Terry Collier, Deputy Chief Executive, Paul Taylor, Chief Accountant
Corporate Policy and Resources Committee 07 02 2022	Treasury Management Outturn report To consider the Treasury Management Outturn report.	Non-Key Decision	Public	Paul Taylor, Chief Accountant
Corporate Policy and Resources Committee 07 02 2022	Treasury Management Strategy Statement To consider the Treasury Management Strategy for 2022/23 and make a recommendation to Council.	Non-Key Decision	Public	Anna Russell, Deputy Chief Accountant

Date of decision and decision maker	Matter for consideration	Key or non-Key Decision	Decision to be taken in Public or Private	Lead Officer
Corporate Policy and Resources Committee 07 02 2022	Proposed Extension and Retendering of Property Management Contracts	Non-Key Decision	Public	Melanie Ager, Property Manager
Corporate Policy and Resources Committee 07 02 2022  Council 24 02 2022	Calendar of Meetings 2022-2023 To agree the calendar of meetings for the Municipal year 2022-2023.	Non-Key Decision	Public	Gary Lelliott, Principal Committee Manager
Corporate Policy and Resources Committee 14 03 2022	Capital Monitoring Report Q3 (Oct-Dec 2021)	Non-Key Decision	Public	Paul Taylor, Chief Accountant
Corporate Policy and Resources Committee 14 03 2022	Revenue Monitoring Report Q3 (Oct-Dec 2021)	Non-Key Decision	Public	Anna Russell, Deputy Chief Accountant
Corporate Policy and Resources Committee 19 04 2022	Annual Review of Community Lettings Policy	Non-Key Decision	Public	Deborah Ashman, (Joint) Group Head - Community Wellbeing, Nick Cummings, Property and Development Manager
Corporate Policy and Resources Committee 19 04 2022	Recovery Action Plan To receive an update on the COVID-19 Recovery Action Plan	Non-Key Decision	Public	Sandy Muirhead, Group Head - Commissioning and Transformation, Lee O'Neil, Deputy Chief Executive



## Urgent actions

### Corporate Policy and Resources 29 November 2021

These are the urgent actions which have been taken since the agenda for the ordinary Corporate Policy and Resources Committee on 4 October 2021 was published.

The following urgent actions were agreed by the Chief Executive in consultation with the Leader, on the following dates and for the reasons stated.

<b>DATE</b>	<b>ACTION</b>	<b>REASON FOR URGENCY</b>
<b>17 November 2021</b>	Extension of lease to Samsung Electronics, ground to third floors, Communications House	To secure the lease and limit the risk of business relocation and the associated loss of income.
<b>14 October 2021</b>	Renewal of Lease to Argos Ltd at Unit 1-2 Friends Walk	To obtain the maximum rental income and limit the risk of the tenant withdrawing from the agreement.
<b>5 October 2021</b>	Updated letting to Intellian Ltd, 4 <sup>th</sup> Floor, Charter Building	To enable the signing of a standard form of construction contract.
<b>30 September 2021</b>	Lease to Bravich Ltd, 35/36 East Mall	To enable tenant to begin fit-out with a view to opening store in time for 'Black Friday'.

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