

**Minutes of the Corporate Policy and Resources Committee  
28 November 2022**

**Present:**

Councillor J.R. Boughtflower (Chairman)

Councillors:

M.M. Attewell	T. Fidler	O. Rybinski
I.J. Beardsmore	S.C. Mooney	J.R. Sexton
M. Beecher	L. E. Nichols	
R.O. Barratt	R.J. Noble	

**In attendance**

Councillor S Buttar

**124/22 Apologies and Substitutes**

Apologies were received from Cllrs Doran, Dunn, Mitchell and Siva.

Cllr Barnard attended at Cllr Mitchell's substitute and Cllr Bateson attended as Cllr Dunn's substitute.

**125/22 Minutes**

The minutes of the meeting held on 10 October 2022 were agreed as a correct record.

**126/22 Disclosures of Interest**

There were none.

**127/22 Questions from members of the Public**

Two questions were raised by a member of the public in accordance with Standing Order 40. These were raised during the relevant agenda item.

**128/22 Ward Issues**

There were none.

**129/22 Urgent Actions**

There were none.

### **130/22 Knowle Green Estates Annual Report 2021/22**

The Committee considered a report from the Board of Directors from Knowle Green Estates Ltd (KGE) in respect of the 2021/22 Annual Report.

The Committee were asked to agree the re-appointment of Anne Fillis and Darren Levy as Non-Executive Directors for a further period of two years.

Concerns were expressed by the KGE Directors due to the delay in Council developments commencing as these would provide a significant amount of homes that could be let to key workers and those currently on the Housing Waiting List.

The Committee advised that they had received positive comments from new tenants, particularly those living in the Benwell and West Wing developments.

The Committee queried the number of Key Performance Indicators (KPIs) outlined in the report. The Committee were advised that additional KPIs were reported back at Board Meetings and these would be circulated before the Extraordinary Council Meeting on 26 January 2023.

The Committee **resolved** to note the 2021/22 Annual Report and agreed to extend Anne Fillis and Darren Levy's Non-Executive Directorship until after the Extraordinary Council Meeting to be held 26 January 2023.

### **131/22 Corporate Risk Management**

The Committee considered a report from the Internal Audit Manager that outlined the significant strategic risks and issues in delivering the Council priorities and objectives and the current control actions, current mitigating measures and planned future mitigations.

This report had been considered at the meeting of the Audit Committee on 24 November and they recommended that this should also be considered by the Corporate Policy & Resources Committee.

The Committee **resolved** to note the Corporate Risk Management Report.

### **132/22 Treasury Management Mid-Year Report**

The Committee considered a Treasury Management Half Yearly Report that outlined the Treasury Management activity for the six months to September 2022 at Spelthorne Borough Council.

The Committee **resolved** to note the report.

### **133/22 Outline Budget 2023/24**

This item was deferred to the meeting of the Corporate Policy & Resources Committee to be held on 16 January 2023.

### **134/22 Determination of 2023/24 Council Tax Base for tax setting**

This item was deferred to the meeting of the Corporate Policy & Resources Committee to be held on 16 January 2023.

### **135/22 Sinking Fund Policy**

The Committee considered a report from the Chief Accountant on the Sinking Fund Policy 2022/23 to 2071/72.

**Two questions had been received from a member of the public in relation to this item.**

**Question 1 from Kath Sanders:**

**“Given the value of some of the individual properties, and given that various financial tools are available to allocate funds and costs to individual properties within the portfolio and aggregate them and break them down, is it not vital to keep a view of the property-by-property risks, certainly for those which individually could pose a significant risk to any sinking fund model?”**

**Response from Cllr Boughtflower, Chair of Corporate & Policy Committee**

“The individual properties will continued to be monitored on a property by property basis, with regular updates to councillors on emerging issues at either the Assets Portfolio Working Group or Development Sub-Committee, however, the Sinking Fund reserves are exactly like an insurance ‘fund’ for all our properties and need to fulfil two key criteria:

1. To deal with short term unplanned operational issues, such as, lease breaks/ or non-renewal of leases resulting in voids, and then additional rent frees etc. The sinking funds exist to insulate the Revenue Budget and council taxpayers from the impacts of any unplanned dips in rental income.
2. To build sufficient cash backed reserves to provide the Council with future options, including refurbishments (net of dilapidations) development and or sale of the site when the lease comes to an end.

Therefore the focus will be on the ‘fund’ delivering its key objectives of supporting the council’s service delivery, affordable housing and regeneration programme, as well as, delivering £230m plus to develop the properties during and after each tenancy has come to an end, without having to borrow

further funds for the purpose or impacting on council taxpayers. It should be borne in mind that whilst performance on some individual assets may be challenging at the same time on other assets (for example BP) the level of income being generated is more than originally anticipated, so across the portfolio there are always likely to be pluses and minuses, a portfolio wide approach reflects this.”

**Question 2 from Kath Sanders:**

**“If we are to wait until January 2024 for a new "updated 50 year sinking fund model and risk analysis bench testing", what is being used in the meantime for monitoring and control purposes and where is the current risk model?”**

**Response from Cllr Boughtflower, Chair of Corporate & Policy Committee**

“The strategy has been to build up the sinking funds over the last 7 years, and is the prime reason why the Council has the highest ratio of earmarked reserves to net revenue budget of any district or borough council in England (source LG Improve). The sinking funds have been monitored for the last 7 years on an annual basis as part of the budget setting process, with fortnightly 10 year forward projections on both a worst case and estimate case basis, on both a worst case basis, on a five year rolling basis as a part of medium term planning on a property by property basis and a long term basis for modelling and risk management.

As part of the current review, Officers are looking to evolve the Council’s long term financial modelling and want to assess various options including developing further the Council’s own models or using external models and once this evaluation is carried out, Council will be presented with their feedback in January 2024.

In the meantime, the current robust processes that have delivered just under £34m of cash back reserves and brought the property portfolio through the worst economic downturn in 300 years will continue to support the risk management and decision making process at the Council.”

The Committee **resolved** that this item be deferred until the meeting of the Corporate Policy & Resources Committee on 16 January 2023 so that members of the Committee can feedback to the Chief Accountant on how they would like the Policy enhanced.

**136/22      Environmental, Social & Governance (ESG) Policy for Current and Future Medium-term Investments.**

The Committee considered a report on the Environmental, Social & Governance (ESG) Policy for Current and Future Medium-term Investments that sought agreement from the Committee to:

1. Instruct Arlingclose, the Council's investment advisors, to carry out a review of the Council's existing medium term investment portfolio and provide an orderly timeline for the diversification of our existing portfolio in order to meet the proposed new criteria that is to be presented to Council on 20 April 2023,
2. Confirm that all future medium term investments will be expected to follow the ESG Policy; and
3. Confirm that where a managed fund can show that 85% or more of the companies included in that fund comply with the Council's ESG Policy, then overall that fund will have been deemed to comply with the policy and no further action on diversification would be required.

The Committee were advised that Officers would require a steer from Members as to which type of company they would or would not want the Council to invest in. Officers would need to then look at the possible effect on the Council's finances, if a decision was taken to move money away from a company that it currently invested in, and report back to Members.

The Committee **resolved** to agree the recommendations as outlined in the report.

### **137/22    Review of the Community Lettings Policy**

The Committee considered a report from the Property Manager on a Review of Community Lettings Policy.

The Committee **resolved** to:

1. Approve the revised Community Lettings Policy; and
2. Approve the recommendation of the Community Lettings Policy Task Group in relation to the following two supplemental community lettings:
  - a) A new lease of the whole of the Long Lane Pavilion Stanwell to Stanwell Events; and
  - b) The supplemental letting of the changing rooms to Ashford Recreation Ground, Clockhouse Lane, Ashford to Dramatize.

### **138/22    Forward Plan**

This item was not discussed.

**139/22 Exclusion of Public & Press (Exempt Business)**

No exempt items were discussed at this meeting so the Committee were not required to enter into a closed session.

**140/22 Annual Commercial Property Report 2021/22**

This item was not discussed at this meeting.

**141/22 Oast House Listed Building**

This item was not discussed at this meeting.

**142/22 Temporary Adoption of the Staines Development Framework**

This item was deferred to the meeting of the Council on 08 December 2022.