



Please reply to:

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Date: 28 June 2024

Notice of meeting

Corporate Policy and Resources Committee

Date: Monday, 8 July 2024

Time: 7.00 pm

Place: Council Chamber, Council Offices, Knowle Green, Staines-upon-Thames TW18 1XB

To the members of the Corporate Policy and Resources Committee

Councillors:

J.R. Sexton (Chair)

C. Bateson (Vice-Chair)

J.R. Boughtflower

M.J. Lee

O. Rybinski

N. Islam

K. Howkins

M. Bing Dong

L. E. Nichols

K.M. Grant

M. Beecher

H.R.D. Williams

J. Button

R.V. Geach

S.M. Doran

Substitute Members: Councillors M.M. Attewell, D.C. Clarke, S.A. Dunn, M. Gibson, A. Gale, S.N. Beatty and J.T.F. Doran

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

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Agenda

Page nos.

1. Apologies and Substitutes

To receive apologies for absence and notification of substitutions.

2. Minutes

7 - 24

To confirm the minutes of the meeting held on 03 June 2024 as a correct record of proceedings.

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 their 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 were received.

5. Minutes of Development Sub-Committee

25 - 40

To confirm the minutes of the Development Sub-Committee meeting held on 20 May 2024 as a correct record.

6. Treasury Management Annual Outturn Report 2023/24

41 - 62

Committee is asked to note the Treasury Management outturn position for 2023/24.

7. Local Plan - Resumption of Examination

To Follow

Report to follow.

8. Productivity Plan

63 - 78

Committee is asked to agree the submission of the Productivity Plan to DLUHC.

9. Implementation of Solar Canopies Over the 'Eclipse' Leisure Centre Car Park

79 - 146

Committee is asked to:

1. Support progressing a solar canopies scheme,

2. Confirm whether the preference is for a steel or glulam structure,
3. Authorise proceeding with the procurement of a solar canopy scheme and to authorise the Group Head of Assets to carry out the procurement in accordance with Contract Standing Orders,
4. Recommend to Council that the expenditure be funded by one of the options and if a capital expenditure option is preferred that a supplementary capital estimate of £1.4m to £1.8m (depending on option) be approved by Council,
5. Depending on No. 4 (above) to authorise officers to progress application for Community Infrastructure Levy (CIL) funding and explore other potential funding routes, for example Capital borrowing or through a Power Purchase Agreement (PPA) as specified in Section 4 of the report,
6. Authorise the Group Head of Assets to apply for planning permission in accordance with Regulation 3 of the Town and Country Planning General Regulations 1992; and
7. Authorise the Group Head of Corporate Governance to enter into any necessary documentation in connection with the project.

Appendices A-C of this report are exempt as they contain 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)

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|------------|---|------------------|
| 10. | Sunbury Leisure Centre - Swimming Pool Grant | To Follow |
| | Report to follow. | |
| 11. | Waterfront Site | 147 - 220 |

Committee is asked to recommend to Council:

1. Approval of the Heads of Terms for the Council to enter into an Agreement for Lease with the proposed tenant for the Waterfront Site, Bridge Street, Staines-upon-Thames to facilitate the delivery of a new hotel led regeneration on this prime riverside site.
2. Delegate authority to the Chief Finance Officer in consultation with the Leader to agree any minor variations to the Heads of Terms and the final terms of the Agreement for Lease subject to valuation advice received.
3. Delegate authority to the Group Head of Corporate Governance in consultation with the Leader to finalise and enter into the

Agreement for Lease and any other documentation in connection with the grant of the Lease to Arora.

- Note the Local Government Act S.123 'best value' valuation undertaken by Cushman & Wakefield in respect of the proposed terms of this transaction. This is included in Part 2 of the report.

Appendices 1-3 and 6 of this report are exempt as they contain 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)

12. Customer Services - Service Plan 221 - 238

Committee is asked to note the Customer Services Service Plan for 2024-25.

13. Forward Plan 239 - 244

To consider the Forward Plan for committee business.

14. Urgent Actions

To note those urgent actions which have been taken by the Chief Executive in consultation with the Leader since the last Corporate Policy and Resources meeting on 03 June 2024.

15. Exclusion of Public & Press (Exempt Business)

To move the exclusion of the Press/Public for the following 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. New Spelthorne Leisure Centre - Phase 2 Contractor Appointment 245 - 266

To consider the appointment of a contractor to undertake works associated with providing a new and extended car park for the new Spelthorne Leisure Centre.

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 contract or other type of negotiation with the proposed contractor who could then know the position of the Council.

17. Annual Commercial Property Report for Financial Year 2023/2024 To Follow

This report is to be considered at the Commercial Assets Sub-Committee on 01 July 2024. Report is therefore to follow.

18. Corporate Policy and Resources Chair's Updates Verbal Report

To receive any updates from the Chair of the Committee.

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**Minutes of the Corporate Policy and Resources Committee
3 June 2024**

Present:

Councillor J.R. Sexton (Chair)
Councillor C. Bateson (Vice-Chair)

Councillors:

M. Beecher	R.V. Geach	N. Islam
M. Bing Dong	M. Gibson	L. E. Nichols
J. Button	K.M. Grant	O. Rybinski
S.M. Doran	K. Howkins	H.R.D. Williams

Apologies: Councillors J.R. Boughtflower and M.J. Lee

57/24 Apologies and Substitutes

Apologies were received from Councillors Boughtflower and Lee.

58/24 Minutes

The minutes of the meeting held on 15 April 2024 and continued on 23 April 2024 were agreed as a correct record.

59/24 Disclosures of Interest

Councillor Sexton advised that she was also a Surrey County Councillor.

Councillor Nichols advised that he was a Director on the Knowle Green Estates Board.

60/24 Questions from members of the Public

There were no questions from members of the public.

61/24 Terms of Reference

The Committee considered their updated Terms of Reference following a change to the structure of Committees agreed by Council in April 2024.

The Committee **resolved** to note the updated Terms of Reference.

62/24 Minutes of Former Committees

The minutes of the Administrative Committee meeting held on 8 February 2024 were agreed as a correct record.

The minutes of the Economic Development Committee meeting held on 11 January 2024 were agreed as a correct record.

The minutes of the Neighbourhood Services and Enforcement Committee held on 21 March 2024 were agreed as a correct record.

Councillor Gibson raised concerns about the accuracy of the information provided in the minutes for the Development Sub-Committee meeting held on 20 May 2024. Approval of the minutes would be deferred to the next meeting of the Corporate Policy and Resources Committee while the points raised were investigated by the Monitoring Officer.

63/24 Spelthorne's Corporate Health and Safety Policy (2024-2026)

The Committee considered a revision of the Health and Safety Policy from the Principal Health, Safety and Insurance Officer. The Policy was reviewed biennially and had been re-formatted and updated to reflect changes in how health and safety practices were monitored and delivered by the Council.

The Committee noted the number of Unison representatives who were also health and safety representatives and encouraged the Principal Health, Safety, and Insurance Officer to recruit further Unison members to become representatives. The Committee confirmed that the policy covered members of the public who attended the Council offices, though tenants in Council owned properties were covered under a separate policy.

The Committee **resolved** to

1. Adopt the Corporate Health and Safety Policy, and
2. Authorise the Chief Executive to agree minor variations to the adopted Health and Safety Policy.

64/24 2023-24 Revenue carry forward to 2024-25

The Committee considered a report from the Chief Accountant regarding two requests to carry forward revenue expenditures from 2023-24 to 2024-25.

The Committee queried if there were other ways the monies could be used, but it was confirmed the carry forwards requests would need to be fully spent by the end of June. If the Committee were to refuse the carry forward requests, the monies would go into a general fund for future use by the Committee.

The Committee **resolved** to approve the requests for £30,983 of 2023-24 revenue expenditure to be carried forward to 2024-25.

65/24 Revenue Outturn Report 2023-2024

The Committee considered a report from the Chief Accountant on the quarter four revenue outturn as at 31 March, including an addendum. The Chief Accountant recommended the underspend be allocated to reserves ahead of the predicted future budget deficit. The addendum had been provided as after agenda publication, it was identified that there was a reduced surplus due to a coding issue.

The Committee noted that it appeared a significant portion of the underspend related to staff vacancies, and queried if services had been affected. The Chief Accountant confirmed that temporary staff were being used to fill vacancies so that there was minimal, if any, impact on services. Further information was provided to the Committee on recruitment incentives and measures being considered to address staff vacancies. The Chief Accountant confirmed that if the Committee approved the transfer to reserves, the funds were not earmarked for specific projects, but the expectation was the funds would be used to cover future deficits.

The Committee **resolved** to

1. Note a reduction in the surplus at outturn from £10,875k to £10,604k, a difference of £271k for the year to 31 March 2024,
2. Approve a reduction of £271k in the transfer to the Sinking Fund Reserves
3. Approve the following transfers to reserves
 - a. £3,000k to Business Rates (National Non-Domestic Rates) Equalisation Reserves
 - b. £6,604k to the Sinking Fund Earmarked Reserve
 - c. £1,000k to the General Fund Reserve
 - d. £1,400k S106/Community Infrastructure Levy (CIL) income received to reserves
 - e. £1,600k to Earmarked Revenue Reserves in respect of the unspent Afghans support grants

66/24 Capital Outturn Report 2023-2024

The Committee considered a report on the 2023-24 Capital Outturn from the Chief Accountant. The Chief Accountant highlighted projected underspend due to projects reaching completion, and two projects had been deferred and would be subject to future reports to the Committee. Other projects would be removed completely.

The Committee noted that a number of projects on the Capital Programme flagged for removal were historic. If the projects were to be revived, they would need approval by the relevant committee to proceed. Other projects were on hold while the Community Lettings Policy was reviewed.

The Chief Accountant acknowledged the underspend in the report relating to Benwell Phase One had been queried by a member of the Committee and those points raised relating to approved budgets and initial proposals for the project were currently being investigated.

The Committee **resolved** to

1. Note the £1,608k projected underspend against its Estimated Capital Programme for 2023-24, as at 31 March 2024, and
2. Recommend to Council that the Capital Projects totalling £2,990k are removed from the 2024-25 Estimate Capital Programme.

67/24 Appointments to Outside Bodies 2024-25

The Committee considered nominations from political group leaders to outside bodies. The Council makes appointments to a number of organisations that are independent from the Council but have an impact on its service areas, and the appointments to these organisations help the Council maintain an effective partnership with them.

Councillor Nichols requested that his name be removed from consideration for the Surrey Environment Partnership.

Two nominations had been received for Ashford and St Peters Hospitals NHS Foundation Trust: Councillor Sue Doran, and Councillor Paul Woodward. A vote was taken, and the Committee **resolved** to appoint Councillor Sue Doran as the representative to Ashford and St Peters Hospitals NHS Foundation Trust.

Two nominations had been received for the Heathrow Community Engagement Board: Councillor Sean Beatty, and Councillor Suraj Gyawali. A vote was taken, and the Committee **resolved** to appoint Councillor Sean Beatty as the representative to Heathrow Community Engagement Board.

Two nominations had been received for the Strategic Aviation Special Interest Group: Councillor Sean Beatty, and Councillor Paul Woodward. A vote was taken, and the Committee **resolved** to appoint Councillor Sean Beatty as the representative to the Strategic Aviation Special Interest Group.

Two nominations had been received for the Surrey Environment Partnership: Councillor Tony Burrell, and Councillor Lisa Brennan. A vote was taken, and the Committee **resolved** to appoint Councillor Tony Burrell to the Surrey Environment Partnership.

Two nominations had been received for the Surrey Traveller Community Relations Forum: Councillor Karen Howkins, and Councillor Denise Saliagopoulos. A vote was taken, and the Committee **resolved** to appoint Councillor Karen Howkins to the Surrey Traveller Community Relations Forum.

The Committee **resolved** to approve the remaining representative appointments to Outside Bodies for the 2024-25 municipal year, as proposed by group leaders.

68/24 Membership of the Commercial Assets Sub-Committee

The Committee received the nominations from political group leaders for members to sit on the Commercial Assets Sub-Committee.

The Committee **resolved** to agree the membership of the Commercial Assets Sub-Committee.

69/24 Financial Reporting Working Group

The Committee considered a report from the Deputy Chief Executive to re-establish the member working group focused on financial reporting. The working group would work with finance officers to help them identify how reports could be made easier to understand for councillors, and ensure key points were effectively summarised. It was suggested that at least three members be appointed as part of the working group.

A member of the committee noted the working group met during the day which made it difficult for those councillors who worked to attend.

The Committee nominated Lawrence Nichols, Howard Williams, Michele Gibson, John Doran, and Sean Beatty to be members of the working group focused on financial reporting.

The Committee **resolved** to

1. Approve the re-establishment of a Member Working Group focused on Financial Reporting
2. Agree the Terms of Reference for the Working Group
3. Agree to appoint Councillors Lawrence Nichols, Howard Williams, Michele Gibson, John Doran, and Sean Beatty to sit on the working group.

70/24 Forward Plan

The Committee **resolved** to note the forward plan for future committee business.

71/24 Exclusion of Public & Press (Exempt Business)

It was proposed by Councillor Beecher, seconded by Councillor Bateson and **resolved** to exclude the public and press for the discussion of this agenda item, in accordance with paragraph 3 of part 1 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 finalizing acceptable contract terms.

Meeting adjourned at 21:00.

Councillor Rybinski left the meeting at 21:03.

Meeting reconvened at 21:07.

72/24 Annual Investment Strategy 2024/25

The Committee received the Asset Investment Strategy which set out the priorities and key focuses for proactive management of the Council's Investment and Regeneration Portfolio during 2024/25. The Asset Management Consultant presented the strategy which included the business plans for each asset and focused on the approaches taken for each asset to meet strategic objectives.

The Committee requested further commentary on specific tenants and plans for sites which was provided.

The Committee **resolved** to note the content of the Asset Investment Strategy which sets out the priorities and key focuses for proactive management of the Council's Investment and Regeneration Portfolio during 2024/25.

73/24 Local Authority Housing Fund Acquisitions

The Committee considered a recommendation from the Development Sub-Committee on the acquisition of properties through the Local Authority Housing Fund.

The Committee expressed their support and thanks to the team involved in the acquisitions through the fund.

The Committee **resolved** to make a recommendation to Council for the approval of acquisitions funded with the assistance of the Local Authority Housing Fund.

74/24 Council Medium Term Financial Support of Knowle Green Estates (KGE)

Due to the presence of external attendees, the Chair used their discretion for the Committee to hear this item before item 7 on the agenda.

It was proposed by Councillor Bateson, seconded by Councillor Williams and **resolved** to exclude the public and press for the discussion of this agenda

item, in accordance with paragraph 3 of part 1 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 finalizing acceptable contract terms.

The Committee received a presentation from the non-executive directors of Knowle Green Estates and considered the information set out in the report and the addendum.

The Committee **resolved** by majority to

1. Note the corrected figures and clarifications in the addendum to the report.
2. Make recommendations to Council as set out in the report.

In accordance with Standing Order 21.6, Councillor Nichols requested his abstention be recorded.

75/24 Urgent Actions

The Committee received those urgent actions which had been taken by the Chief Executive in consultation with the Leader since the last Corporate Policy and Resources Committee meeting on 15 April 2024.

The Committee **resolved** to note the Urgent Actions.

76/24 Corporate Policy and Resources Chair's Updates

There were none.

Meeting ended 21:42

77/24 Actions Arising from Meeting

The following actions arose from the meeting:

- The Committee would be provided with further information about recruitment of Health and Safety Officers who were also Unison members
- The Committee would be provided with further information regarding the portacabins mentioned in the Capital Programme
- The Committee would be provided with further information related to Communications House, the Summit Centre, and the Elmsleigh Centre.
- The Committee would be provided with a list of properties acquired through the Local Authorities Housing Fund to date

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**Minutes of the Development Sub-Committee
20 May 2024**

Present:

Councillor H.R.D. Williams (Chair)
Councillor S.N. Beatty (Vice-Chair)

Councillors:

M. Beecher	D.C. Clarke	L. E. Nichols
M. Bing Dong	M. Gibson	J.R. Sexton
T. Burrell	K. Howkins	P.N. Woodward

Apologies: Councillor R. Chandler

In Attendance: Councillor C. Bateson

46/24 Apologies for absence & Substitutions

Apologies were received from Councillor Chandler.

47/24 Minutes

The minutes of the meeting held on 22 April 2024 were agreed as a correct record.

48/24 Disclosures of Interest

Councillors Beatty, Beecher, Burrell, Chandler, Gibson, Nichols and Williams advised the Committee that they were members of the Planning Committee and therefore would not be making comment on any applications due to come before the Planning Committee.

Councillors Sexton advised that she was a Surrey County Councillor.

Councillor Nichols advised that he was a member of Knowle Green Estates Board.

49/24 Questions from members of the Public

There were none.

50/24 Urgent Actions

There were none.

51/24 Forward Plan

The Sub-Committee **resolved** to note the Forward Plan.

52/24 Update Report - Development Delivery Strategy

The Sub-Committee considered a report on the updated Development Delivery Strategy which outlined the various delivery options for Council owned sites and the criteria by which they could be assessed. A further Member workshop would be held and a site prioritisation list would be presented to the Business, Infrastructure & Growth Committee in September 2024.

The Sub-Committee queried whether the strategic priorities set out in the appendix to the report would be guaranteed even when delivering sites through partnership with external developers. The Sub-Committee further asked how the Council would ensure the Corporate Plan Objectives would be achieved when partnering with external organisations. The Group Head Assets advised that the strategic objectives would serve as a starting point, where it would not be possible to achieve certain goals it would be outlined in the individual site report. The Chair added that the purpose of the strategy was to allow flexibility so that the Council could take bespoke decisions on each site.

The Sub-Committee queried the make up of the working party that would be considering the site prioritisation list and was advised that it would consist of ward councillors and administration group leaders.

The Sub-Committee **resolved** to recommend to Corporate Policy and Resources Committee to:

1. Approve the introduction of a Development Delivery Strategy.
2. Approve the form and content of the draft Development Delivery Strategy attached to this report.
3. Approve a Councillor led working party to produce a development site prioritisation list to be considered at the September Business, Infrastructure and Growth Committee meeting for approval, and
4. Refer the Development Delivery Strategy to Full Council for adoption.

53/24 Neighbour Consultations - Benwell House Phase 2 (BHP2) & White House Phase 2 (WHP2) Residential Sites

The Sub-Committee considered a report on the outcome of neighbour consultations for Benwell House Phase 2 and White House Phase 2 Residential sites. The Development Management Consultant summarised the issues that had been raised in relation to BHP2, stating that residents primary concerns related to loss of light, privacy, TPO trees and height and massing. With regards to WHP2 concerns were focussed on traffic, flooding, infrastructure matter and the principle of housing on the site was questioned by some.

The Sub-Committee commented that the previous planning application for BHP2 had received over 200 objections and queried how many residents had been spoken to in the recent consultations. The Group Head Assets advised that this was a very focussed consultation with ward councillors and adjacent local residents that would be most affected. The Chair added that this should be considered the first step in a longer process.

The Sub-Committee requested that at future consultations notes are taken and circulated to all councillors.

The Sub-Committee queried where the funding would come from for the architectural drawings and was advised that for WHP2 there was a surplus which would be accessed, while for BHP2 this would be funded from the revenue budget.

Councillor Gibson abstained from the vote.

The Sub-Committee **resolved** to:

1. Note the feedback from residents
2. Approve the engagement of an architect to undertake feasibility drawings that articulate forms of viable development that align as closely as possible with residents' feedback
3. Approve a budget for the architect of £1,000 for each project.

54/24 Presentation on the Waterfront Scheme

The Sub-Committee received a presentation on the proposed Waterfront scheme. The Development Management Consultant highlighted the benefits of the scheme which included; local employment economic regeneration; and increased industry confidence. The presentation highlighted how proposals for the site had changed across the years and compared the new scheme to other local schemes in respect of height and massing. The Development Management Consultant explained that the demise envelope would cap the new scheme at a height of 30 metres.

The Sub-Committee queried what 'suitable mitigation' against flooding could look like and were advised the EA would likely want to be satisfied about mitigation against the impact of flooding but to also provide betterment. The Chair added that Arora's architect for the scheme had experience of dealing with flood risk mitigation in similar locations.

The Sub-Committee queried whether there would be public mooring for boats and were advised that the actual river front was outside of the schemes demise envelope. The Group Head Assets stated that at this stage there would be a lot of questions that could not be answered, many of the details would be worked out as part of the developer's public consultation and planning process. The Group Head Assets reminded the Sub-Committee that the Council would not be involved in the design.

The Sub-Committee stated that they hoped the developer would engage with the design codes and were advised that if it were a statutory, material planning document at the time then they would have to work with it. It was explained that the Council other than as LPA could not direct any part of the development, but any planning policies etc would have to be adhere to as with any application.

The Sub-Committee asked how long it would be before meaningful income was received from the project. It was advised that as the answer would likely disclose confidential information the meeting would need to enter closed session.

It was proposed by Councillor Howkins, seconded by Councillor Clarke and **resolved** to exclude the public and press be excluded for the following agenda items, in accordance with paragraph 3 of part 1 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 finalizing acceptable contract terms.

The meeting returned to open session.

The Sub-Committee **resolved** to note the presentation.

55/24 Ashford Victory Place – extinguishment of Spelthorne Borough Council and Knowle Green Estates contractual obligations

The Sub-Committee considered a report on which sought approval to terminate the conditional contract to transfer Ashford Victory Place to Knowle Green Estates Limited. The Development Management Consultant advised that the signed Section 106 agreement would run with the land, which would mean whoever brought it would have to fulfil those obligations. The Sub-Committee were advised that the contract with KGE would expire in March 2025 and even if we were to try and develop the site we would not complete in time. The Deputy Chief Executive advised that the KGE Board were happy with the proposal.

The Sub-Committee **resolved** to:

1. Approve the request to formally terminate the Conditional Contract dated 3rd March 2022 between the Council (1) and Knowle Green Estates Limited (2) for the sale and purchase of Land at Ashford Hospital, London Road, Ashford (Ashford Victory Place Contract), and
2. Authorise the Group Head of Corporate Governance to enter into any legal documentation to terminate the Ashford Victory Place Contract.

56/24 Exclusion of Public and Press (Exempt Business)

It was proposed by Councillor Sexton, seconded by Councillor Beecher and **resolved** to exclude the public and press be excluded for the following agenda items, in accordance with paragraph 3 of part 1 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 finalizing acceptable contract terms.

57/24 Local Authority Housing Fund Acquisitions

The Sub-Committee considered a report on the possible acquisition of multiple properties as part of the Local Authority Housing Fund (LAHF) Acquisitions. The Chair reminded the Sub-Committee that they were not being asked to authorise the purchases but to make a recommendation to CPRC and Council.

The Sub-Committee **resolved** to agree to the recommendations as set out in the report.

58/24 Year End Valuations 31/3/2024

The Sub-Committee received a presentation on the independent valuations of the Investment & Regeneration portfolios as of 31 March 2024, conducted by Carter Jonas and based on formal "Red-Book" values.

The Sub-Committee **resolved** to note the presentation.

The meeting finished at 21:34

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

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Corporate Policy and Resources Committee



07/06/2024

Title	Treasury Management Annual Outturn Report 2023/24
Purpose of the report	To note
Report Author	Prithiva Janaka Treasury Management and Capital Accountant
Ward(s) Affected	All Wards
Exempt	No
Corporate Priority	Community Addressing Housing Need Resilience Environment Service delivery
Recommendations	Committee is asked to: Note the Treasury Management outturn position for 2023/24.
Reason for Recommendation	Not applicable

What is the situation	Why we want to do something
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<ul style="list-style-type: none"> • Treasury Management has the statutory duty to present the Annual Treasury management outturn report to the Committee and the council to show the performance of Treasury activities during the financial year. • The Council has both a significant debt portfolio (most of which is at fixed rates) of £1,087m (£1054m Long term and £33m of short term) and investment funds of £33m and cash balances currently averaging £10m. • This scale of activity creates risks which need to be proactively managed. • Officers review its liquidity and cashflow on a weekly basis. • The Council needs to seek to minimise financing costs whilst maximising returns on surplus funds whilst managing risk 	<ul style="list-style-type: none"> • Treasury Management is crucial to the Council’s cash flow, investment and borrowing to mitigate the risk we should plan a head on • Operational Limit • Authority limit • Diversify investment. • Borrowing • To fund capital projects of higher value and invest excess cash to earn income through interest
<p>This is what we want to do about it</p>	<p>These are the next steps</p>
<ul style="list-style-type: none"> • Mitigate risk by diversify Investment and borrowing. • Continuing to seek professional advice from our advisers 	<ul style="list-style-type: none"> • To closely monitor and manage the treasury function in the new financial year 2024/25 • To note this report

1. Summary

- 1.1 The Council’s Treasury Management function has performed within and near to Prudential Indicators for the year to the end of March 2024 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. Performance compared to other councils in England is 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

Prudential Indicators (PIs) are listed in 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 31 March 2024 are summarised in the next section, as well as at Appendix A with comments and a key to the RAG indicators.

Treasury Management Prudential Indicators as at 31 March 2024

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

Performance Indicator	PI Level	31/03/2023	RAG Indicator	Comment
	£m	£m		
Capital Financing Requirement				
CFR as at 31/03/2024	1,281	1,157	G	Less than forecast for year Delays in planned capital pro
Total outstanding debt	1,098	1,087	G	Less than CFR
Debt below CFR	CFR below	Yes	G	'Internal' borrowing
Liquidity risk indicator				
- cash availability	20	10	G	Money market funds are used ensure instant access available to £50m.
Affordable borrowing				
Authorised limit	1,170			
Operational boundary	1,270			
Outstanding borrowing		1,087	G	Less than the borrowing limit
Maturity Structure of Borrowing				
	Upper limit	£m	Proportion	
Under 12 Months	10%	(23)	2%	G
1 – 2 Years	15%	(30)	3%	G
>2 – 5 Years	20%	(45)	4%	G
>5 – 10 Years	25%	(82)	8%	G
>10 – 20 Years	50%	(194)	18%	G
>20 – 30 Years	75%	(241)	22%	G
>30 – 40 Years	90%	(294)	27%	G
>40 – 50 Years	100%	(178)	16%	G
	Total	(1,087)	100%	
Other				
Price Risk Indicator	£70m	£35.151m	G	Limit on principal invested beyond year end.
Standalone financial derivatives	Limited	None	G	Only used where demonstrated to reduce the overall level of financial risks.
	£m	£m		
'Net Revenue Stream'	8.7	8.7		The amount to be met from gov grants and local taxpayers
Financing costs	(4.1)	34.4		Debt-related costs
Financing as % of net revenue	-47%	395%	G	
Investment properties - income	11.6	(46.4)		
- Net of financing costs	7.5	(12.0)		

- 2.1 The Council has significant levels of long-term borrowing of £1,054m as at 31st March 2024 (Table 3) which is a £14m reduction from previous year. Long term borrowing has been secured to part fund purchase of properties for

resettlement of refugee families and Temporary Accommodation (Local authority housing fund (LAHF) is provided to offset some of the (about 40% to 50%) cost of purchase, spend on the new Spelthorne Leisure Centre, past regeneration schemes as well as some of the development and to fund in the past the acquisition of the investment properties portfolio. The Council's current strategy for funding capital developments is to borrow, when necessary, as possible given in the context of current interest rate risk issues, while maintaining the investment portfolio that has been built up. Moving forwards the Council's Capital Programme will be significantly reduced beyond 2024-25 which reduce the need for future long term additional borrowing.

- 2.2 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 in Tables 2 and 3 below.

Table 2: CFR Summary

	2022/23 Movement £m	2023/24 Year end £m
Opening Capital Financing Requirement	1,128.5	1,134.8
<i>Capital investment</i>		
Property, Plant and Equipment	19.8	39.7
Revenue Spend Funded from Capital under Statute	1.0	1.2
Total Capital Investment	21.0	41.1
<i>Sources of Finance</i>		
Capital Receipts	(0.3)	0.0
Government Grants and Contributions	(1.3)	(4.5)
Revenue contributions	(1.0)	(1.6)
Repayment of debt	(12.1)	(12.4)
Total Sources of Finance	(14.7)	(18.5)
Closing Capital Financing Requirement	1,134.8	1,157.4
		G

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 2023) of £1,134.8m increased by £20.1m capital expenditure during 2023/24 and increase in £3.8m funds used for the projects, leaving a closing CFR of £1,157.4m. The increase in capital expenditure reflects the increase in capital projects started in 2023/24 specifically purchase of LAHF properties as mentioned above and spend on the new leisure centre.

Table 3: Treasury Management Summary

- 2.3 For the year to 31 March 2024, the Council had net borrowing of £1,042m arising from its revenue and capital income and expenditure. This represents a projected increase of £36m in net borrowing. This is predominantly due to

the start of various projects (LAHF properties) within the Capital Programme and ongoing Leisure Centre project.

Table 3: Treasury Management Summary

	Balance 31/03/2023 £m	Movement £m	Balance 31/03/2024 £m	Rate 31/03/2024 %
Long-term borrowing	(1,069)	15	(1,054)	2.27%
Short-term borrowing	(30)	(3)	(33)	1.09%
Total borrowing	(1,099)	12	(1,087)	G
Long-term investments	34	1	35	3.54%
Short-term investments	15	(15)	0	3.49%
Cash and cash equivalents	44	(34)	10	G
Total investments	93	(48)	45	
Net borrowing	(1,006)	(36)	(1,042)	

Council's funds are being kept sufficiently liquid to ensure that funding is readily available for development project costs expected over the coming months to retain flexibility for financing LAHF properties and completing the financing of the leisure centre, as well as for expected cash flow requirements. The Council held £1,084 m of long- and short-term loans as at 31 March 2024, a decrease of £11m from 31 March 2023. Outstanding loans are summarised in Table 4.

Table 4: Borrowing Position

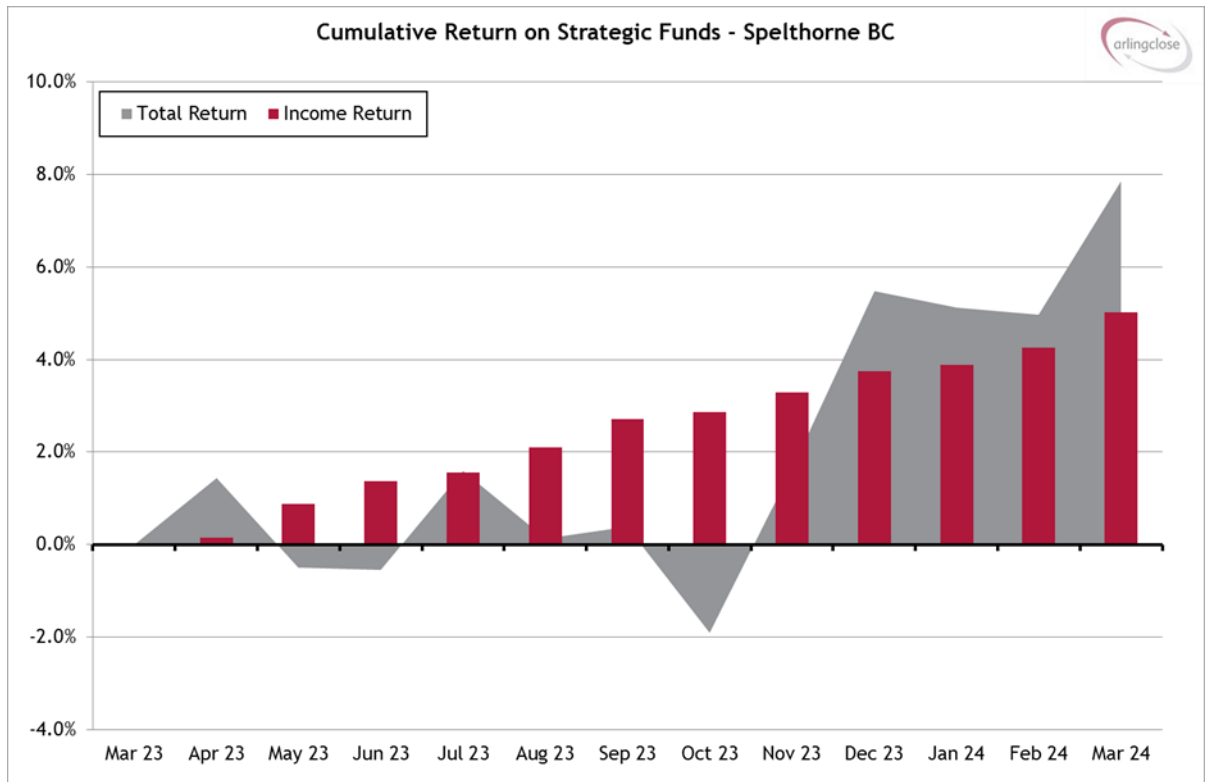
	Balance 31/03/2023 £m	Net Movement £m	Balance 31/03/2024 £m	Rate 31/03/2024 %	Maturity (wtd average years)
Public Works Loan Board	1,082	(14)	1,068	2.27%	45
Local authorities - long-term				-	
Local authorities - short-term	13	3	16	1.09%	<1
Total Borrowing	1,095	(11)	1,084	G	

The Council's main 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.

- 2.7 The Council's investment portfolio totalled £ 41m as at 31 March 2024, with £1.5m of this being short-term and cash funds. A breakdown of investments is given in **Appendix D**.

As at 31 March 2024, funds totalling £35.3m 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. These funds generated a return of 4.09% to end March 2024. A full list of these and their current performance is detailed in

Appendix E Strategic Pool fund which are long term investments managed my Arling close



The performance of the Council’s portfolio is illustrated by benchmarking carried out by Arlingclose using data from their clients (Appendix B). Arlingclose figures, which are different from the Council’s equivalent figures, are produced before the Council’s, which includes end of year adjustments. The Investment Benchmarking (Appendix B page 1) shows that Spelthorne has:

- Below average levels of investments (£40.5 m compared to the other LAs averages is £62.8m)
- with good security (A+ average credit rating, and 23% bail-in exposure risk compared to 61% average) as Spelthorne’s risk is low due to lower % of bail in exposure. ‘Bail-in’ refers to when a bank fails, and its shareholders and creditors lose shares and claims in order to restore the bank’s viability.
- Liquidity (4% available within 7 days compared to 50% average).
- A fair yield of 4.95% on strategic funds and 5.07% on total investments compared to averages of 5.24% and 5.10% respectively.

2.8 The 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.)

2.9 The Council held non-treasury investments in directly owned property valued at £602.33m at the end of March 2024, as well as shareholding in Knowle Green Estates Limited, with residential property of £4.52m, and in Spelthorne Direct Services Limited which delivers commercial waste services. These investment properties generated a net rental investment income £40.5m for the Council. The gross income was £50.7m and the costs were (Land and

other running costs) £10.2m. These investment properties generated a gross *return* of 5.3% per year. This return helps towards supporting the cost of Council's services even after accounting for sinking funds set aside to address future property costs.

- 2.10 The Chief Finance Officer reports that treasury management activities undertaken during the 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 4 occasions during 2023/24, two of which were due to oversight and 2 occasions where the ICD and Lloyds weren't approved on time. 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 by giving all the accountants training and access to approve ICD and Lloyds.

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. Risk considerations.

- 4.1 There are no risk implications arising from the report, which is for noting.

5. Legal considerations

- 5.1 There are no legal implications arising from the report, which is for noting.

6. Other considerations

- 6.1 The Council fully complies with best practice as set out in CIPFA's 2023 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 2.17, measures are taken to address the underlying reasons.
- 6.2 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.

7. Equality, Diversity and Inclusion

7.1 Equality, diversity, and inclusion (EDI) are central to everything that we do and are woven throughout our Strategic Plans.

8. Sustainability/Climate Change Implications

8.1 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.

9. Timetable for implementation.

9.1 Not applicable.

Background papers: There are none.

Appendices:

- Appendix A – TM Prudential Indicators
- Appendix B – Benchmarking v2
- Appendix C – Context and Background v4
- Appendix D – Details of Investments
- Appendix E – Strategic Pooled Funds

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Treasury Management Prudential Indicators as at 31 March 2024

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

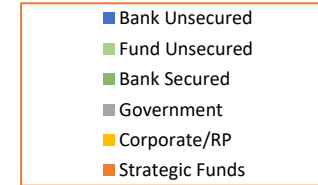
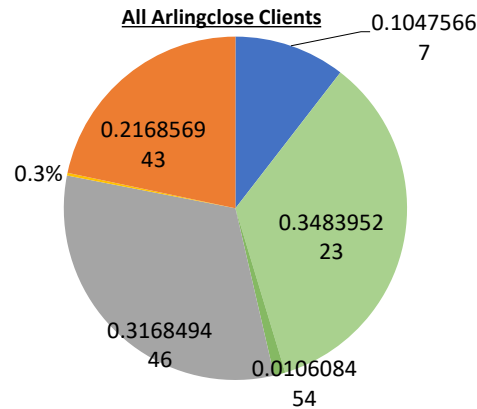
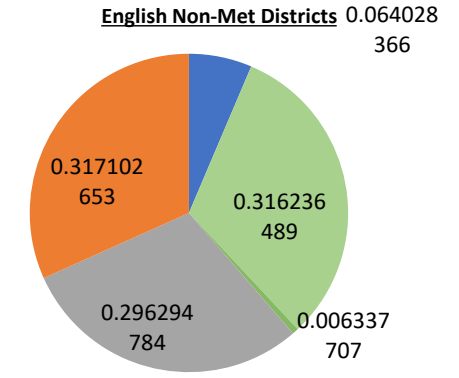
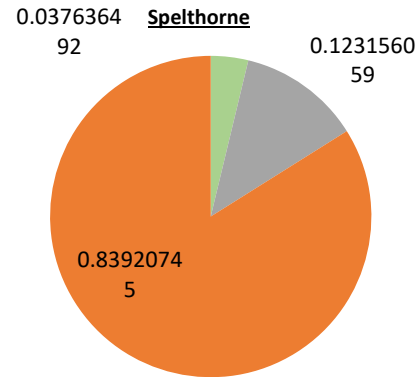
Performance Indicator	PI Level	31/03/2023	RAG Indicator	Comment
	£m	£m		
Capital Financing Requirement				
CFR as at 31/03/2024	1,281	1,157	G	Less than forecast for year Delays in planned capital projects
Total outstanding debt	1,098	1,087	G	Less than CFR
Debt below CFR	CFR below	Yes	G	'Internal' borrowing
Liquidity risk indicator				
- cash availability	20	10	G	Money market funds are used to ensure instant access availability of up to £50m.
Affordable borrowing				
Authorised limit	1,170			
Operational boundary	1,270			
Outstanding borrowing		1,087	G	Less than the borrowing limits.
Maturity Structure of Borrowing				
	Upper limit	£m	Proportion	
Under 12 Months	10%	(23)	2%	G
1 – 2 Years	15%	(30)	3%	G
>2 – 5 Years	20%	(45)	4%	G
>5 – 10 Years	25%	(82)	8%	G
>10 – 20 Years	50%	(194)	18%	G
>20 – 30 Years	75%	(241)	22%	G
>30 – 40 Years	90%	(294)	27%	G
>40 – 50 Years	100%	(178)	16%	G
	Total	(1,087)	100%	
Other				
Price Risk Indicator	£70m	£35.151m	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'	8.7	8.7		The amount to be met from gov grants and local taxpayers.
Financing costs	(4.1)	34.4		Debt-related costs
Financing as % of net revenue	-47%	395%	G	
Investment properties - income	11.6	(46.4)		
- Net of financing costs	7.5	(12.0)		

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Investment Benchmarking
31 March 2024

	Spelthorne	#VALUE!	125 LAs Average
Internal Investments	£6.5m	£23.9m	£51.1m
Cash Plus & Short Bond Funds	£0.0m	£0.8m	£0.5m
Strategic Pooled Funds	£34.1m	£12.5m	£11.2m
TOTAL INVESTMENTS	£40.6m	£37.2m	£62.8m
Security			
Average Credit Score	5.36	4.90	4.82
Average Credit Rating	A+	A+	A+
Average Credit Score (time-weighted)	5.41	4.70	4.70
Average Credit Rating (time-weighted)	A+	A+	A+
Number of Counterparties / Funds	14	12	11
Proportion Exposed to Bail-in	23%	61%	61%
Liquidity			
Proportion Available within 7 days	4%	38%	50%
Proportion Available within 100 days	16%	56%	66%
Average Days to Maturity	19	50	9
Market Risks			
Average Days to Next Rate Reset	30	72	44
Strategic Fund Volatility	7.2%	2.7%	3.3%
Yield			
Internal Investment Return	6.79%	5.20%	5.17%
Cash Plus Funds - Income Return	-	4.19%	4.23%
Strategic Funds - Income Return	4.95%	5.05%	5.07%
Total Investments - Income Return	5.24%	5.07%	5.10%
Cash Plus Funds - Capital Gain/Loss	-	1.41%	1.40%
Strategic Funds - Capital Gain/Loss	2.84%	-0.66%	-1.27%
Total Investments - Total Return	7.62%	5.20%	5.03%



Notes

- Unless otherwise stated, all measures relate to internally managed investments only, i.e. excluding external pooled funds.
- Averages within a portfolio are weighted by size of investment, but averages across authorities are not weighted.
- Pooled fund returns are 1-year to the end of the quarter.
- Credit scores are calculated as AAA = 1, AA+ = 2, etc.
- Volatility is the standard deviation of weekly total returns, annualised.

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Introduction

Background for TM report as at 31 March 2024

Spelthorne Borough Council's Context

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.

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).

In 2023/24 the Authority 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 Authority to approve, as a minimum, treasury management semi-annual and annual outturn reports.

This report includes the requirement in the 2021 Code, mandatory from 1st April 2023, of reporting of the treasury management prudential indicators. The non-treasury prudential indicators are incorporated in the Authority's Monthly revenue and capital monitoring report.

The Council's Treasury Management Strategy for 2023/24 was reviewed and approved by CPRC on the 20th of February 2023, and approved by Council on 23 February 2023, and has been consistently applied since the beginning of the financial year.

The 2023 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 for 2023/24, complying with CIPFA's requirement, was approved by Council on 24 February 2023.

The following sections are based on advice from Spelthorne's treasury adviser Arlingclose

External Context

Economic background: UK inflation continued to decline from the 8.7% rate seen at the start of 2023/24. By the last quarter of the financial year headline consumer price inflation (CPI) had fallen to 3.4% in February but was still above the Bank of England's 2% target at the end of the period. The core measure of CPI, i.e. excluding food and energy, also slowed in February to 4.5% from 5.1% in January, a rate that had stubbornly persisted for three consecutive months.

The UK economy entered a technical recession in the second half of 2023, as growth rates of -0.1% and -0.3% respectively were recorded for Q3 and Q4. Over the 2023 calendar year GDP growth only expanded by 0.1% compared to 2022. Of the recent monthly data, the Office for National Statistics reported a rebound in activity with economy expanding 0.2% in January 2024. While the economy may somewhat recover in Q1 2024, the data suggests that prior increases in interest rates and higher price levels are depressing growth, which will continue to bear down on inflation throughout 2024.

Labour market data provided a mixed message for policymakers. Employment and vacancies declined, and unemployment rose to 4.3% (3mth/year) in July 2023. The same month saw the highest annual growth rate of 8.5% for total pay (i.e. including bonuses) and 7.8% for regular pay growth (i.e. excluding bonuses). Thereafter, unemployment began to decline, falling to 3.9% (3mth/year) in January and pay growth also edged lower to 5.6% for total pay and 6.1% for regular pay, but remained above the Bank of England's forecast.

Having begun the financial year at 4.25%, the Bank of England's Monetary Policy Committee (MPC) increased Bank Rate to 5.25% in August 2023 with a 3-way split in the Committee's voting as the UK economy appeared resilient in the face of the dual headwinds of higher inflation and interest rates. Bank Rate was maintained at 5.25% through to March 2024. The vote at the March was 8-1 in favour of maintaining rates at this level, with the single dissenter preferring to cut rates immediately by 0.25%. Although financial markets shifted their interest rate expectations downwards with expectations of a cut in June, the MPC's focus remained on assessing how long interest rates would need to be restrictive in order to control inflation over the medium term.

In the Bank's quarterly Monetary Policy Report (MPR) released in August 2023 the near-term projection for services price inflation was revised upwards, goods price inflation widespread across products, indicating stronger domestic inflationary pressure with second-round effects in domestic prices and wages likely taking longer to unwind than they did to emerge. In the February 2024 MPR the Bank's expectations for the UK economy were positive for the first half of 2024, with a recovery from the mild recession in calendar H2 2023 being gradual. Headline CPI was forecast to dip below the 2% target quicker than previously thought due to declining energy prices, these effects would hold inflation slightly above target for much of the forecast horizon.

Following this MPC meeting, Arlingclose, the authority's treasury adviser, maintained its central view that 5.25% remains the peak in Bank Rate and that interest rates will most likely start to be cut later in H2 2024. The risks in the short-term are deemed to be to the downside as a rate cut may come sooner than expected, but then more broadly balanced over the medium term.

The US Federal Reserve also pushed up rates over the period, reaching a peak range of between 5.25-5.50% in August 2023, where it has stayed since. US policymakers have maintained the relatively dovish stance from the December FOMC meeting and at the meeting in March, economic projections pointed to interest rates being cut by a total of 0.75% in 2024.

Following a similarly sharp upward trajectory, the European Central Bank hiked rates to historically high levels over period, pushing its main refinancing rate to 4.5% in September 2023, where it has remained. Economic growth in the region remains weak, with a potential recession on the cards, but inflation remains sticky and above the ECB's target, putting pressure on policymakers on how to balance these factors.

Financial markets: Sentiment in financial markets remained uncertain and bond yields continued to be volatile over the year. During the first half of the year, yields rose as interest rates continued to be pushed up in response to rising inflation. From October they started declining again before falling sharply in December as falling inflation and dovish central bank attitudes caused financial markets to expect cuts in interest rates in 2024. When it emerged in January that inflation was stickier than expected and the BoE and the Federal Reserve were data dependent and not inclined to cut rates soon, yields rose once again, ending the period some 50+ bps higher than when it started.

Over the financial year, the 10-year UK benchmark gilt yield rose from 3.44% to peak at 4.75% in August, before then dropping to 3.44% in late December 2023 and rising again to 3.92% (28th March 2024). The Sterling Overnight Rate (SONIA) averaged 4.96% over the period to 31st March.

Credit review: In response to an improving outlook for credit markets, in January 2024 Arlingclose moved away from its previous temporary stance of a 35-day maximum duration and increased its advised recommended maximum unsecured duration limit on all banks on its counterparty list to 100 days.

Earlier in the period, S&P revised the UK sovereign outlook to stable and upgraded Barclays Bank to A+. Moody's also revised the UK outlook to stable, Handelsbanken's outlook to negative, downgraded five local authorities, and affirmed HSBC's outlook at stable while upgrading its Baseline Credit Assessment. Fitch revised UOB's and BMO's outlooks to stable.

In the final quarter of the financial year, Fitch revised the outlook on the UK sovereign rating to stable from negative based on their assessment that the risks to the UK's public finances had decreased since its previous review in October 2022, the time of the mini-budget.

Moody's, meanwhile, upgraded the long-term ratings of German lenders Helaba, Bayern LB and LBBW on better solvency and capital positions, despite challenges from a slowing German economy and exposure to the commercial real estate sector. Moody's also upgraded or placed on review for an upgrade, Australian banks including ANZ, CBA NAB and Westpac on the back of the introduction of a new bank resolution regime.

Credit default swap prices began the financial year at elevated levels following the fallout from Silicon Valley Bank and collapse/takeover of other lenders. From then the general trend was one of falling prices and UK lenders' CDS ended the period at similar levels to those seen in early 2023. Earlier in the year some Canadian lenders saw their CDS prices rise due to concerns over a slowing domestic economy and housing market, while some German lenders were impacted by similar economic concerns and exposure to commercial real estate towards the end of the period, with LBBW remaining the most elevated.

Heightened market volatility is expected to remain a feature, at least in the near term and, credit default swap levels will be monitored for signs of ongoing credit stress. As ever, the institutions and durations on the Authority's counterparty list recommended by Arlingclose remain under constant review.

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Details of investments held as at 31 March 24

Investment Type	Valuation £m	Yield %	Start Date	Maturity Date (N/A as no end date)
<u>Pooled Investment Funds</u> <i>(see Appendix B for details)</i>				
WS Charteris Premium Income Fund	0.7	1.02%	11-May-12	N/A
Schroders UK Corporate Bond Fund	1.6	10.43%	11-May-12	N/A
Schroders Income Maximiser Fund	5.2	5.64%	01-Jun-21	N/A
M&G Global Dividend Fund	6.5	3.15%	14-Jan-22	N/A
M&G Optimal Income Sterling	1.6	2.35%	14-Jan-22	N/A
M&G UK Income Distribution Sterling	1.8	1.74%	15-Aug-16	N/A
Ninety One Diversified Income	3.9	3.57%	19-Oct-21	N/A
Threadneedle Inv Services - UK Equity	4.0	3.12%	29-Oct-21	N/A
Threadneedle Global Equity Fund	1.7	2.65%	29-Mar-22	N/A
CCLA - The LAs Property Fund	1.8	4.78%	31-Mar-13	N/A
CCLA - The LAs Property Fund	1.0	4.09%	30-Apr-14	N/A
UBS Multi- Asset Income Fund	1.2	5.31%	22-Feb-19	N/A
Aegon Diversified Monthly Income Fund	2.8	5.32%	21-Feb-19	N/A
Total - Core Inv. Portfolio	33.8	4.09%	Average	
<u>Cash Flow Investments (ICD Portal)</u>				
Federated - Class 4 (ICD Portal)	1.5	3.47%	N/A	Instant Access
Total	1.5	3.47%		
Local Authorities	5.0	7.25%	N/A	Short term
Bank Deposits	0.0	0.00%	N/A	Short term
Other Investments-Knowle green	0.9	3.21%	N/A	17-Dec-21
<u>Funding Circle</u>				
Loans to small businesses	0.0	0.00%	N/A	N/A
Total Investments at 31/03/2024	41	3.12%	Overall Av.	

Average Int

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

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Pooled (Strategic Investment) Funds as at 31 March 2024

Fund	Date of Purchase	Initial Investment		Value as at		Dividends Due to		Capital Gain(+)/		Total Return as at	Total Return
		No of Shares	Intital Investment £	31/03/2023	Value as at 31/03/2024 £	31/03/2024 £	Annualised Dividend Yield %	Loss(-) as at 31/03/23 £	31/03/23 £		
WS Charteris Premium Income Fund	11/05/12	688,039	1,200,000	715,560.00	730,147	41,976	1.02%	-469,853	-427,877	-62.2%	
Schroders UK Corporate Bond Fund	11/05/12	1,408,451	1,500,000	1,501,408.00	1,574,648	52,471	10.43%	+74,648	+127,119	9.0%	
Schroders Income Maximiser Fund	01/06/21	12,732,853	5,093,141	5,188,637.00	5,215,376	178,160	5.64%	+122,235	+300,395	2.4%	
M&G Global Dividend Fund	14/01/22	4,783,490	5,881,779	6,132,913.00	6,307,032	205,747	3.15%	+425,252	+630,999	13.2%	
M&G Optimal Income Sterling	14/01/22	1,722,011	1,767,644	1,578,223.00	1,652,614	61,833	2.35%	-115,030	-53,197	-3.1%	
M&G UK Income Distribution Sterling	15/08/16	158,204	2,000,000	1,820,059.00	1,789,636	69,961	1.74%	-210,364	-140,403	-88.7%	
Ninety One Diversified Income	19/10/21	4,304,368	4,226,459	3,950,867.00	3,919,988	147,843	3.57%	-306,471	-158,628	-3.7%	
Threadneedle Inv Services - UK Equity	29/10/21	1,981,457	3,811,333	3,845,323.00	3,982,729	133,322	3.12%	+171,396	+304,718	15.4%	
Threadneedle Global Equity Fund	29/03/22	1,712,947	1,824,632	1,815,724.00	3,305,646	63,826	2.65%	+1,481,014	+1,544,840	90.2%	
CCLA - The LAs Property Fund	31/03/13	671,201	1,500,000	1,925,609.00	1,834,282	52,471	4.78%	+334,282	+386,753	57.6%	
CCLA - The LAs Property Fund	30/04/14	383,245	1,000,001	1,099,492.00	1,047,346	34,980	4.09%	+47,345	+82,325	21.5%	
UBS Multi- Asset Income Fund	22/02/19	3,104,305	1,500,000	1,159,147.00	1,174,979	52,471	5.31%	-325,021	-272,550	-8.8%	
Aegon Diversified Monthly Income Fund	21/02/19	2,771,107	3,000,000	2,649,732.00	2,791,059	104,941	5.32%	-208,941	-104,000	-3.8%	
Mar'24 - Est Value and Income		36,421,676.61	34,304,988.79	33,382,694.00	35,325,480.82	1,200,002.00	4.09%	1,020,492.00	2,220,494.00	6.10%	

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Corporate Policy and Resources Committee



Date of meeting Monday 8 July 2024

Title	<i>Productivity Plan</i>
Purpose of the report	To make a decision
Report Author	<i>Sandy Muirhead Group Head Commissioning and Transformation Lee O'Neil Deputy Chief Executive</i>
Ward(s) Affected	All Wards
Exempt	No
Exemption Reason	N/A
Corporate Priority	Services
Recommendations	Committee is asked to: Agree to submission of the Productivity Plan (Appendix B) to DLUHC
Reason for Recommendation	<i>The Government has asked all local authorities to submit by Productivity plans by 19 July as outlined in the Local Government Finance Settlement 24/25.</i>

1. Summary of the report

What is the situation	Why we want to do something
<ul style="list-style-type: none"> All local Government as outlined in a letter from the Minister for local Government on 16 April 2024 (Appendix A) have been requested to produce productivity plans as part of the Government's review of productivity in public services 	<ul style="list-style-type: none"> This is a government request but also provides Spelthorne with an opportunity to demonstrate our own productivity and forward thinking actions.
This is what we want to do about it	These are the next steps
<ul style="list-style-type: none"> To comply with the Government request Spelthorne needs to produce its own productivity plan. in line with Government guidance 	<ul style="list-style-type: none"> To agree the productivity plan for submission to Department of Levelling Up, Housing & Communities (DLUHC) by 19 July 2024

- 1.1 This report seeks agreement by the Committee to the Spelthorne productivity plan as provided in Appendix B which endeavours to address all the points of a plan as listed in the Minister for Local Government's letter of 16 April 2024 (Appendix A).
- 2. Key issues**
- 2.1 On 24 January 2024 to accompany additional funding measures for the Local Government Finance Settlement for 2024/25, the Government announced a new efficiency drive for local government as part of the effort to 'return the sector to (financial) sustainability in the future'. Local authorities have been asked to produce 'Productivity Plans' setting out 'how they will improve service performance and reduce wasteful expenditure'.
- 2.2 The plan's scope is all Council activity. DLHUC is encouraging local authorities to take a wide view of productivity including service delivery.
- 2.3 The plans are to be submitted to DLHUC by 19 July 2024 and will then be published on the Spelthorne Borough Council website.
- 2.4 The plans will be reviewed by an expert panel, to be established by the DLUHC, which will include the Office for Local Government (OFLOG) and the Local Government Association (LGA). The exact composition of the review panel is currently unknown and with a general election it maybe sometime before such a panel is convened. The reviewed plans will be monitored, and future funding settlements will be informed by performance against these plans. This panel will also consider emerging themes and issues from the plans and advise the government and the sector on future national policy design.
- 2.5 On 16 April 2024 DLUHC provided full guidance. This guidance set a three/four-page expected length for the plan and contained twenty-four prompting questions to inform content. To fulfil the content requirements in 4 pages is very difficult without losing meaning and depth of what we have achieved and our future plans.
- 2.6 DLUHC expect the plans to cover four main areas:
- Theme 1 - Transformation of services to make better use of resources.
 - Theme 2 – Opportunities to take advantage of advances in technology and make better use of data to inform decision making and service design.
 - Theme 3 - Ways to reduce wasteful spend within systems, including specific consideration of expenditure on consultants and discredited staff Equality, Diversity and Inclusion (EDI) programmes.
 - Theme 4 - Barriers preventing activity that Government can help to reduce or remove.
- 2.7 The guidance stressed that councils should update the published plans and report on progress on a regular basis. This will involve including relevant metrics and key performance indicators. This requirement is to effectively monitor whether the transformation projects stated in the plans are being carried out and the anticipated benefits realised. Regular monitoring will be provided going forward.

- 3. Options analysis and proposal**
 - 3.1 **Preferred option** to agree the proposed productivity plan to meet the Government's criteria and timelines.
 - 3.2 Not to submit the plan and fail to meet Government requirements.
- 4. Financial management comments**
 - 4.1 The report itself does not have financial consequences but delivery is covered by various projects and services accounted for separately.
- 5. Risk management comments.**
 - 5.1 Risk in this case relates to possible comments from DLUHC and future use by Government of the plans (currently unknown).
- 6. Procurement comments**
 - 6.1 Not applicable.
- 7. Legal comments**
 - 7.1 None at this stage
- 8. Other considerations**
 - 8.1 N/A
- 9. Equality and Diversity**
 - 9.1 Individual activities within the plan will take into account equality and diversity issues.
- 10. Sustainability/Climate Change Implications**
 - 10.1 Activities within the plan will take account of any sustainability and climate change implications.
- 11. Timetable for implementation.**
 - 11.1 Submission of plan to DLUHC by 19 July 2024
- 12. Contact**
 - 12.1 Sandy Muirhead Group Head Commissioning and Transformation 01784 446318
 - 12.2 Lee O'Neil Deputy Chief Executive 01784 446377.

Background papers: There are none.

Appendices:

Appendix A, DLUHC letter of 16 April 2024

Appendix B Productivity Plan.

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Department for Levelling Up,
Housing & Communities

Simon Hoare MP
Minister for Local Government
2 Marsham Street
London
SW1P 4DF

16 April 2024

Dear Chief Executive

Productivity in Local Government

As you know, the Government is reviewing productivity across all public services and local government is, of course, part of that exercise. The recent [Local Government Finance Settlement](#) announced that councils would be asked to produce productivity plans. This letter formally begins that process.

May I first thank you for your very helpful engagement with my officials. Your views and thoughts have been valuable in shaping this approach to make it as useful as possible for all of us.

Local government has already done a huge amount in recent years to improve productivity and efficiency. However, lockdown and post-lockdown has proved challenging, and you are looking for new ways to go further. These new plans will help us understand what is already working well across the whole country, what the common themes are, whether there are any gaps and what more we need to do to unlock future opportunities. We will share these important lessons across the sector.

Productivity is not one-dimensional, and I would encourage you to consider the various facets that encompass the drive for greater productivity. When developing your plans, please think broadly and include reference to not only how you run your organisation, but also how you run the public services you provide and how you provide place leadership. It is with this wide view that we can ensure we are providing value for money for residents.

I am not looking to impose excessive burdens. I am not issuing you with a formal template or a detailed list of criteria to meet. I expect your plans to be three to four pages in length, and to set out what you have done in recent years, alongside your current plans, to transform your organisation and services. I do not want to specify a list of metrics you must report, but I do want to understand how you will monitor and assess your plans to assure yourselves and your residents that they will be delivered.

The plans should consider the below themes and where appropriate, should reference the work your council undertakes alongside other public services, such as the NHS and police.

1. How you have transformed the way you design and deliver services to make better use of resources.

Questions to consider:

- how has the organisation changed in recent years to become more productive? You may wish to consider what you have done around staffing, structures, operating models etc;
- how do you measure productivity in your organisation?
- what changes have you made to improve services, and what effects have those had?
- what are your current plans for transformation over the next two years and how will you measure the effects of those changes?

- looking ahead, which service has greatest potential for savings if further productivity gains can be found? What do you estimate these savings to be?
- what role could capital spending play in transforming existing services or unlocking new opportunities? If you have already used capital spending to boost growth or improve services, we would be interested in learning more;
- what preventative approaches you have undertaken and can the value of these be quantified?
- are there wider locally-led reforms that could help deliver high quality public services and improve the sustainability and resilience of your authority?

2. How you plan to take advantage of technology and make better use of data to improve decision making, service design and use of resources.

Questions to consider:

- what are your existing plans to improve the quality of the data you collect; how do you use it and how do you make it available to residents?
- are there particular barriers from legacy systems?
- how often do you share data with other organisations, and do you find this useful?
- Are there opportunities to use new technology to improve workflows and systems, such as predictive analytics and AI?

3. Your plans to reduce wasteful spend within your organisation and systems.

I know we will share the aim to reduce waste wherever we can and, while you have all made huge strides in recent years, no organisation is ever 100% efficient. You should set out your plans to reduce wasteful or “gold-plated” spend.

Questions to consider:

- how do you approach identifying and reducing waste in the organisation? How do you monitor progress?
- where have you followed invest to save and what was the result?
- how much time and money do you spend on staff EDI training (internal and external), networks, and other programmes? How many EDI Champions do you have as an organisation? How do you log and report the time and money spent on EDI related activity? How do you assess the effectiveness of that training?
- what percentage of total staff budget is spent on a) agency and b) consultants? How do you assess value for money on agency & consultancy spend and what are your plans to reduce use / costs? How many of those consultants or agency staff have been in place for over a year?
- what governance structures do you use to ensure accountability of spend?
- do you share office functions with other councils and if so, how useful do you find this?
- if you share external training costs with neighbouring councils, how do you factor out duplications of service between your council and your upper-tier council (if you have one)?

- if you have one, what is your assessment and experience of working with an elected mayor, combined authority, or devolution deal?
- what proportion of your paybill is spent on trade union facility time?

4. The barriers preventing progress that the Government can help to reduce or remove.

There will be barriers preventing you from going as far or as fast as you would like to. I would like your plans to set those out, so that we can understand how government, or the market, can help you overcome these barriers to go even further.

Questions to consider:

- what are the barriers preventing you from improving productivity further within your organisation?
- what are the barriers preventing you from improving services further?
- are these barriers consistent across multiple services?
- what would you need to remove those barriers? What do you need from government, the market or elsewhere?

Your plans must be returned by 19 July 2024, by email to productivityplans@levellingup.gov.uk.

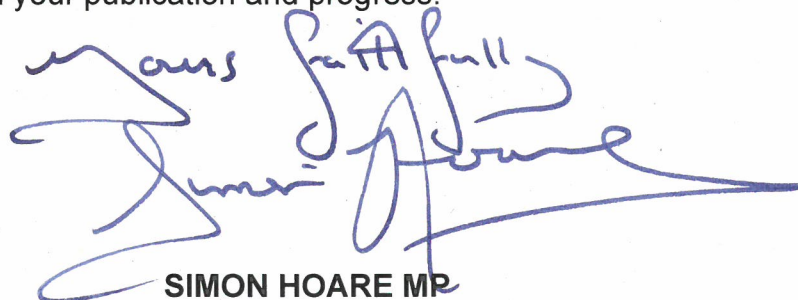
You must ensure that there is member oversight and endorsement of the plan before it is submitted, and the plan must also be uploaded to your website so that residents can see it. You should consider how you will update the plans and report on progress on a regular basis. The plans should also contain relevant metrics and key performance indicators to allow you and your residents to monitor progress.

Once received, we will review the plans to identify common themes and issues across the sector. We are keen to highlight best practice that others can learn from.

Individual plans will not be rated or scored, and we will not produce any kind of league tables. We are interested in understanding what is happening across the sector.

We are setting up a panel to consider the themes and evidence that comes from the plans. I will chair the panel and bring together experts from the sector and beyond, including Oflog and the LGA. They will consider the issues emerging from the plans, the implications for future national policy design, the role of government in supporting further change and the role of the sector in going further. The panel will advise national government and local government, and I believe this collaborative approach will ensure the most effective outcomes.

I look forward to updates on your publication and progress.



SIMON HOARE MP
Minister for Local Government

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Spelthorne Borough Council's Productivity Plan

Introduction

Spelthorne Borough Council has consistently driven greater productivity within the authority whilst ensuring we deliver high quality services, including community based discretionary services. Ongoing financial management is critical to us to ensure we can deliver good quality public services focusing on our residents and business needs. The volume of work achieved and our future plans, have been set out in answering the questions outlined in the letter from the Minister. We have provided real evidence of what we have achieved and our future plans in line with the themes suggested by DLHUC. The document has been endorsed by members and will be published on our website after 19 July 2024.

1. HOW SPELTHORNE HAS TRANSFORMED THE WAY WE HAVE DESIGNED AND DELIVERED SERVICES

Service design and delivery: Spelthorne has continually sought to transform and improve the way we deliver services, using efficient operating models to maximise productivity and make better use of resources. This has included:

- A **'Root and Branch' review**, to identify areas of organisational strength and weakness, uncover inefficiencies, and recommend improvements. This delivered 307 improvements which equated to about £140,000 in staff time savings. Following this, an ongoing **Continuous Improvement Programme (CIP)** was implemented, developing the organisational culture to drive improvements, foster innovation, and facilitate the adoption of new ways of working. To date this programme has made further cumulative savings of £310,000, both cashable and non-cashable.
- **Reducing space:** We reduced our operational footprint in our Knowle Green Civic Offices by 42%, releasing part of the building for delivery of 25 affordable rental homes for those that were most in need on our housing register.
- A **Digital transformation strategy** will be rolled out over the next 2-years with one of our key objectives to match the needs of our citizens across multichannel communications. In just 8 months we have seen 6,500 sign-ups to a new portal which allows customers to access Council information personal to them at any time, a figure we are looking to increase by 15% annually. The implementation of our civic engagement platform has enabled us to save £69,869 of annual software licences. We also continually look for opportunities where existing software systems can be used/adapted to replace bespoke software licences, e.g. using Office 365 automation tools and apps, to make software ongoing savings of £7,000 p.a.

Continual review of service and staffing structures:

- In 2023, the Council commissioned South-East Employers to undertake an independent **Corporate Establishment Review** which concluded Spelthorne was 'fit for purpose', with no areas that would benefit from further realignment within the senior management structure, demonstrable management control over vacancy administration and a focus on achieving efficiencies in costs and management of resources.
- We continue to adapt service structures where appropriate, e.g. a recent review of our Customer Services team, which has improved delivery on their customer service and council tax functions, using links to our digital transformation programme to deliver ongoing savings of £50,000 p.a through reduced FTEs recruited.

Procurement/review of contracts:

- The Council has a procurement savings target of £175,000 built into our budget for the next 4 years. Recent examples of procurement savings include:
 - £33,856 over 5 years for a recently tendered cleaning contract.
 - An in-year saving of £25,000 with ongoing savings of £9,000 p.a following a review of a contract with Royal Mail.

- Purchasing utilities through LASER (Kent County Council), which results in reduced energy costs.

Income generation:

The Council has:

- Been generating around £50m p.a. of income from the Council's commercial investments, £10m p.a (net) of which is used to support service delivery across the borough, including a range of discretionary services, e.g. community centres, Meals on Wheels.
- Expanded income generation from other areas, e.g. increased garden waste service income by £400,000 through more efficient in-service management since its set up.
- Successfully obtained over £11m of grants for projects in various services.
- Generated £300,000 of income over the last 4 years through Planning Performance Agreements with developers, which also ensured quality planning submissions and timely decision making.
- Formed a commercial waste company (SDS LTD) which is successfully delivering services to our business customers and creating an income stream for the Council.

Sharing functions with other Councils and other collaboration opportunities:

- We continually explore opportunities for collaborative working with other Councils plus public and private sector partners. Examples of some of our current/developing partnerships include:
- Partnerships with Mole Valley District Council to:
 - Create a joint Finance team, built on a common financial platform, drive automation, strengthening resilience, improving recruitment and retention and delivering cashable savings. A Joint Finance Manager is already in place with an April 2025 target date for full partnership.
 - Run our community alarm network, delivering improved resilience of a critical service for vulnerable residents.
- A partnership with the London Borough of Sutton to deliver all our insurance functions – providing greater resilience, plus a saving of £60,000 p.a (£300,000 over the life of the contract to March 2028).
- Collaboration with health partners and Social Services to provide a co-ordinated hospital discharge for over 3,000 residents approach signposting to Council services, and step-down properties for those not ready to return home on leaving hospital.
- Joining the Southern Internal Audit Partnership from 1 April 2024, giving us access to a large pool of internal audit expertise and greater service resilience.
- Using specialist fraud expertise provided by Reigate and Banstead Borough Council.
- We are leading on working with Surrey County Council on place shaping opportunities for some of our main town centres (e.g. library/museum/community hub).
- We are developing a design code, in line with the national model design code and the Office for Place, which will assist in ensuring appropriate designs for residential and business properties are brought forward to planning in the future and abiding by the code will ensure development is locally sustainable and acceptable. We are consulting with residents and businesses to ensure their input is considered.
- Sharing external training costs via Surrey Learn.
- We have harnessed the power of a diverse voluntary sector in supporting community initiatives e.g Spelthorne Litter Pickers, Incredible Edibles.

Use of capital spending to transform services/unlock opportunities:

- In response to the escalating costs of housing families in temporary accommodation (around £20,000 per year per household) the Council has successfully applied for Local Authority Housing Fund support of £10million. 60 properties are being purchased which our wholly owned housing company, Knowle Green Estates Ltd., will then manage. This will help to reduce our temporary accommodation costs.

- We have used capital to invest in new systems at less cost e.g. our Academy system, which will save the Council once fully implemented £40,000 p.a.
- We have used a capital loan to our commercial waste company (SDS Ltd) for buying bins and a vehicle to give the company a better start in the marketplace.
- We have invested in electric neighbourhood services vehicles (including pool cars and bicycles) to help reduce our carbon footprint.
- We have invested in solar panels on municipal buildings to reduce energy bills.

Preventative approaches taken:

A. Managing risk:

- We use health checks to provide a preventative approach to minimise risk. We actively manage and record operational staff actions and assets to help minimise the risk of danger, harm and cost.
- We mitigate risk via a detailed Corporate Risk Register (reported to our Audit/Corporate Policy & Resources Committees), linked to individual service/team risk registers.
- We undertake due diligence through detailed procurement exercises in implementing new applications and new systems.

B. Demand management:

- Our teams work together to deliver earlier interventions upstream, taking a preventative approach where possible to minimise the need for future enforcement and legal/court costs, e.g. our Family Support Team working with families, and our Economic Development Team working with businesses alongside environmental health and planning.
- We use data to work with partners to reduce the demand on services such as police and social care, to deliver outcomes that are measurable in terms of prevention and ensuring the most appropriate agency takes the lead to minimise duplication of effort.
- We use effective communications to keep customers informed of service updates/changes, e.g. any changes to bank holiday services.
- We effectively manage the Council's commercial property assets to maximise payment of rents by tenants - always achieving rent collection rates of more than 99%.
- We increasingly intervene earlier in debt management to avoid default on payments, preventing unnecessary legal costs, and reducing stress for the customer/residential tenants.
- We continue, despite the cost of living increases, to achieve good collection rates for Council tax and business rates (Council tax - 97.5% in 23/24 compared to 22/23 which was 97.6% Business rates – 99.07% in 23/24 compared to 22/23 which was 96.8%)

Measuring performance/productivity:

- Our Continuous Performance Management (CPM) system is used for managing performance – with clear targets given to staff which align to our Corporate Plan and key performance indicators.
- An Action Tracker is used to monitor progress with key actions under our Corporate Plan.
- Systems are used within services to monitor caseloads and performance, operating as an early warning system to highlight any cases at risk of exceeding target response times, and measuring productivity.
- Our Customer Services contact centre uses monthly phone and work-tray statistics to measure productivity.
- Through monitoring customer feedback, including 'report it' e-forms, we gain insights into customer requirements, which are used to further improve services.
- Complaints about services are monitored, with a low level of complaints upheld by the Ombudsman (none in 2022/23 and only 1 per year in preceding two years).
- We regularly undertake communications with residents to gain their feedback, including via consultations e.g. supplementary planning guidance, public space protection orders.

Future Transformation Plans:

Service design and delivery:

Over the next 2 years we plan to:

- Further progress our Digital Transformation Strategy to achieve savings of £1m p.a by 2028/29 through automation and system improvements.
- Continue to explore options for savings and service resilience through collaboration opportunities with other Councils.
- Reduce reliance on external agents for property activities, bringing key functions in-house where feasible, i.e. rent collection and service charges.
- Complete construction of the UK's first Passivhaus Leisure centre with a full range of wet and dry facilities, significantly reducing energy costs and emissions.
- Introduce more electric charging points in our car parks to generate income and a solar canopy on one of our leisure centre car parks to further reduce utility costs.
- Utilise the Granicus suite of applications to save £20,000 p.a. by replacing our existing Health & Safety system, whilst simultaneously improving functionality and processes.
- Continue to use data from 'report-it' forms and customer feedback to adapt service delivery.
- Seek further opportunities to procure via collective/partnership framework/contracts.

Future collaboration opportunities currently being explored include:

- Options for collaborative working to improve resilience and ensure we deliver a sustainable building control service.
- Discussions with Surrey County Council to potentially deliver a skills academy within the borough and working jointly on inward investment opportunities (Business Surrey).
- Exploring collaboration on back-office functions for off-street parking.

Future use of KPIs:

- We will continue to evaluate and adapt our KPIs to ensure they link back to corporate plan actions. We publish an Annual Report each year covering performance against key KPIs and benchmark a number with other Surrey authorities on a quarterly basis.

Service area with greatest potential for savings:

- Although there are opportunities for a range of service specific savings, it is the continued digital transformation of services across the Council which presents the biggest potential saving for local authorities, particularly if coupled with development and implementation of Artificial Intelligence systems, although we must ensure that we continue to cater for customers who will not be able to access services in that way.

Locally-led reforms that could help deliver high quality services/improve sustainability & resilience:

- Where possible, the principle of subsidiarity should be applied to ensure the most effective delivery of services that meet local needs, including the allocation of funding streams directly to the authority providing the service, rather than grants having to be passported through upper tier authorities.
- There is a need to ensure collaboration to maximise effectiveness when it comes to disposal/repurposing of assets in the public estate.
- Collaboration on net zero measures under Surrey County Council's Greener Futures Partnership could ensure more efficient delivery and funding appropriately targeted to meet climate change objectives.

2. USE OF TECHNOLOGY AND MAKING BETTER USE OF DATA TO IMPROVE DECISION MAKING, SERVICE DESIGN AND USE OF RESOURCES

Using technology and data to reduce costs:

- Electronic Committee and Council reports have been embraced by our Councillors and officers, using tablets for meetings and information, greatly reducing paper usage and delivering significant cost savings.

- Our end goal is to go paperless with eventually 93% of our outgoing correspondence being through e-billing and notification methods, and frontline officers using electronic systems for communication, correspondence and record keeping. Primary avenues will be through the automation of revenues, removal of software licences, hybrid mail services and e-Billing.
- We are digitising cemetery records, which will over time allow customers to self-serve 24/7, saving officer time and potentially generating future income from online searches.
- We are investing in computer software where it can deliver tangible improvements, for example with Assets our bespoke property management system means we have moved away from spreadsheets, so reporting is less resource intensive.
- Our services (e.g. Planning) use digital functionality to deal with applications and enforcement issues, ensuring efficient and effective service delivery.
- We have secured £100,000 of government funding for full digitalisation of planning development management-trees and enforcement.
- We are using a 3-year programme to maximise benefits of a new financial platform, mapping grant returns, making processes more efficient, with dashboard reporting.
- Through our use of the waste re-routing programme (Bartec) we provide customers with the opportunity to self-serve 24/7 via the customer portal, reducing officer time answering calls/dealing with queries.
- We were one of the first local authorities to move the Land Charges system over to digital Land Registry, with this undertaken during COVID.
- We were one of first local authorities to use tablets at polling stations for elections.

Sharing data with other organisations/ improving data quality and use:

- We share data through Surrey-i and Surrey Policy Officers Group, with quarterly meetings to share insights, discuss cross-service policy, data collection and benchmarking issues and identify areas for improvement.
- Data sharing was critical during COVID when we provided practical support through food and emergency provisions to 17,000 Clinically Extremely Vulnerable residents of the borough. Similarly, data sharing with other agencies around vulnerable residents has been essential during fire/flood emergencies.
- Our upcoming transformation work in 2024/25+ and key service areas will monitor outcomes for residents including via customer satisfaction measures. Outcomes will be communicated to residents.

The effect of legacy systems on technology/data improvements:

- There are increasing costs for technical improvements e.g. increased licence costs where these are tied into systems with no alternative such as Microsoft.
- Change of IT systems from one supplier to another can be very costly, e.g. from an outdated customer relationship management system to a new system which is more efficient and has reduced revenue costs.
- Digital skills gaps mean that it can take longer to implement new technology within services.

Opportunities for new technology (e.g. predictive analytics/AI) to improve workflows and systems:

- Opportunities for effective data use have increased through using AI webchat and Microsoft 365 applications e.g. Co-pilot, Power PBI thus enabling us to deliver more efficient services in a timely manner.
- With Microsoft 365 modules and other systems, e.g Granicus, there are increased opportunities for collaboration within and between systems enabling sharing of information including with outside organisations, thus increasing opportunities for collaboration.
- Increasing use of AI does raise potential data protection issues so to minimise impact we are developing an AI policy to manage its effective use.

3. REDUCING WASTEFUL SPEND

Identifying, reducing, monitoring waste:

- The Council has an ongoing continuous improvement programme across all services.

- We will continue to rollout our transformation work programme across services during 2024/25 and will be applying zero based budgeting principles to our 2025-26 budget process.
- A move to third party printing has already saved £10,000 per annum in printing costs and we will continue to reduce paper use/costs.

Use of invest to save:

- We have invested in a number of technical systems, e.g Granicus, to improve efficiency, reducing the cost of legacy systems and maximising use of resources.
- This has been supported by investment in an internal project team to ensure delivery on savings identified.

EDI (Equality, Diversity, and Inclusion) training/time/assessing effectiveness:

- Spelthorne has limited spend on this, sufficient to meet our legal obligations. We have no dedicated EDI staff, but ensure staff undertake annual EDI training online and adhere to legislative requirements.

% of total staff budget spent on (a) agency and (b) consultants:

- Our main consultancy and agency spend has been in areas where it is difficult to recruit skilled staff, especially in certain professions e.g. legal, assets, environmental health, and procurement. In 2023/24, our agency and consultant staff costs were £1,586,031, which equates to 8.2% of Spelthorne's total salary bill.
- We are creating apprentice posts to grow our own talent – e.g. 2 such posts in our Finance Team and Customer Services and one within our Community Safety Team.
- As the focus of our investment portfolio has moved from acquisition to proactive asset management (keeping tenant churn to a minimum and income maximised) we have increased in-house capacity to build strong relationships with our tenants via direct interaction and responsibility for day-to-day management, reducing reliance on external consultants/interims, which is also more cost effective.

Governance structures used to ensure accountability of spend:

- We have governance structures in place for accountability of spend via our Management Team and Committee governance system. There are clear levels of spend for different organisational tiers with the relevant committee signing off all larger spend, and full Council for sums above £1M as well as being able to review spend through quarterly financial monitoring reports.
- Our Member Financial Reporting Group is focused on helping to make financial reports clearer and easier to understand for councillors.
- We have ensured we are accounting for spend and income on our commercial property with regular reports to Committee but also a major JLL review of our commercial portfolio confirmed the efficiency and effectiveness of our management model (e.g. void rates less than half the industry average for the south-east market).

Assessment and experience of working with devolution deal:

- The Devolution Deal for Surrey has only been in place from April 2024, so it is still bedding in.
- There is a need for effective and honest communications between County and Districts and Boroughs throughout the process of implementing the new County Deal.

Trade Union facility time:

- Trade Union facility time spent is calculated as a percentage of the total pay bill spent on facility time, which equates to 0.05% of total pay in SBC.

4. BARRIERS PREVENTING PROGRESS THAT GOVERNMENT CAN HELP TO REDUCE OR REMOVE

- There is no medium-term certainty of funding streams, currently compounded by the General Election.
- The issues related to the sector's external audit arrangements has resulted in a national backlog of external audits not being completed, thus undermining stakeholder/public assurance. The timing of the General Election has potentially further delayed the resolution of this ongoing issue.

- There is a significant shortage of key professional officers in the market, such as Building Control, Environmental Health and Planning Officers, plus legal and ICT professionals. Salaries for some of these posts are increasing significantly, with Councils in competition for the limited numbers of qualified staff. The cost of agency staff to cover vacant posts is also increasing sharply with such officers able to command high salaries and able to leave at relatively short notice. The Government need to support and promote the training of a range of professional staff for the public sector to help reduce risk of loss of staff.
- Council staff are also impacted by cost-of-living increases and financial constraints. Consequently, pay demands are increasing whilst Councils face keeping pace with other ongoing budget challenges.
- High 'business as usual' service demands can present a key barrier to productivity growth within organisations, limiting capacity to prioritise transformation improvements and improve digital skills.
- The Government need to give Councils adequate time to successfully implement new legislative changes affecting services and those rolling out these changes need to listen more to staff in the profession e.g. the new building control regime required staff to become re-qualified in an unacceptably short time frame.
- The Government should link up with key suppliers early enough before legislation is in place so stakeholders can develop systems appropriately, e.g. Uniform, National Non-Domestic Rates and Capita to ensure timely delivery in changes to Government requirements. It would assist efficient delivery if key statutory stakeholders (e.g. Environment Agency and National Highways) had sufficient resources so they can respond quickly and effectively on Local Plan consultations and planning applications.
- Examples of some recent key barriers to preventing progress from outside the organisation include:
 - Funding from NHS England for a Cavell centre in our Borough was pulled when already well into design.
 - The Home Office's lack of engagement with local authorities, leading to, with minimal notice, closing of a bridging hotel resulting in Spelthorne having to find accommodation for 26 large families at a cost to the authority.
- Due to proximity to London we have to compete with London Boroughs, and other public sector agencies, such as Home Office agent Clearsprings and probation, for accommodation within Spelthorne leading to difficulties in finding temporary accommodation for residents of our Borough who are homeless.
- Waste collection authorities would appreciate it if the 'new burdens' funding from the Government's Resources and Waste Strategy approach is directed at the waste collection authorities and not the disposal authorities. It is the waste collection authorities who suffer from a government 'burden' with cost implications as they collect the waste whilst the County is only responsible for disposal.

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Corporate Policy and Resources Committee



8th of July 2024

Title	Implementation of a Solar Canopies over the 'Eclipse' Leisure Centre Carpark
Purpose of the report	To make a decision
Report Author	Timothy Snook, Sustainability and Flood Risk Officer
Ward(s) Affected	Staines
Exempt	Report and Appendix D – No Appendices A-C - Yes
Exemption Reason	<i>Appendices A-C contain exempt information within the meaning of Part 1 of Schedule 12A to the Local Government Act 1972, as amended by the Local Government (Access to Information) Act 1985 and by the Local Government (Access to Information) (Variation) Order 2006 Paragraph 3 – Information relating to the financial or business affairs of any particular person (including the authority holding that information)</i>
Corporate Priority	Resilience Environment Services
Recommendations	<p>Committee is asked to:</p> <ol style="list-style-type: none"> 1. To support progressing a solar canopies scheme 2. To confirm whether the preference is for steel or glulam structure. 3. To authorise proceeding with the procurement of a solar canopy scheme and to authorise the Group Head of assets to carry out the procurement in accordance with Contract Standing Orders. 4. To recommend to Council that the expenditure be funded by one of the options and if a capital expenditure option is preferred that a supplementary capital estimate of £1.4m to £1.8m (depending on option) be approved by Council. 5. Depending on 4 above authorise officers to progress application for Community Infrastructure Levy (CIL) funding and explore other potential funding routes, for example Capital borrowing or through a PPA as specified in section 4. 6. To authorise the Group Head of Assets to apply for planning permission in accordance with Regulation 3 of the Town and Country Planning General regulations 1992.

	7. To authorise the Group Head of Corporate Governance to enter into any necessary documentation in connection with the project.
Reason for Recommendation	The Solar Canopy will realise a potential carbon saving of 137 tCO2e/annum (tonnes of CO2 equivalent) and through either financing option selected will represent a considerable cost saving to the operation of the 'Eclipse' Leisure Centre over its lifetime. Additionally, it could form an avenue of revenue generation through the selling of electricity generated to the leisure centre operator.

1. Summary of the report

What is the situation	Why we want to do something
<ul style="list-style-type: none"> The current leisure centre plans include a carpark of around 300 spaces. There is the potential to construct an array of solar panels above this carpark, without losing spaces. There is opportunity to create a complementary project to the Passivhaus leisure centre, that supports the sustainability credentials. 	<ul style="list-style-type: none"> This will enable the generation of clean, renewable, local energy to power the 'Eclipse' centre. This will represent an electricity cost an annual saving of an estimated £5,520,000 over its lifetime and a carbon saving of 137 tonnes/annum. It will be in keeping with the Council's commitment to tackling the climate emergency and would neatly complement the standards set by the Passivhaus development.
This is what we want to do about it	These are the next steps
<ul style="list-style-type: none"> This is a high-level report detailing options on both design and finances that we are seeking committee approval to move to tender which will enable full detailed proposals to be provided. To instruct an installer to develop a solar canopy over the proposed carpark to power the 'Eclipse' Leisure Centre, and potentially the Knowle Green Council offices. The first priority is to fund this with strategic CIL (Community infrastructure levy) 	<ul style="list-style-type: none"> Initiate the project, seek funding and update committee in September on progress and with detailed timeline of implementation. Procure a contractor to develop and install the Solar Canopy into the 'Eclipse' Leisure Centre carpark, within development Phase 2 timeline.

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- 1.1 Below is a QR code that will link you to a video of a very similar project located in 5 rivers leisure centre, Salisbury operated by Wiltshire Council.



- 1.2 This report seeks a decision from Committee on the initiation of the project, progression, and tender for the installation of a solar carpark, fitted upon a canopy that will cover a large section of the proposed 'Eclipse' leisure centre carpark, seen in **Appendix A**. The solar canopy will produce renewable electricity to power the Leisure Centre and any associated electric vehicle charge points within the car park. This project will comply with all legal and regulatory requirements, including seeking planning permission. The Committee is asked to make three recommendations to Council, first on the project, the second on the variation of the Capital budget and the third on the funding of the project. The report and its figures are based upon those provided by the company 3ti, this is due to their proposal being the most comprehensive of the 3 indicative quotes received, and that they are representative of a middle ground option in terms of scope and cost.
- 1.3 Below is an image of a mock-up design of the solar canopy at the leisure centre.



2. Key issues

- 2.1 The current proposed designs for the 'Eclipse' car park do not include a solar canopy covering the carpark. Additionally, the proposed electricity supply for the 'Eclipse' Leisure Centre is to approach the electricity market and contract a supplier in the conventional manner.
- 2.2 The current plan to rely on the electricity market therefore leaves the Council at risk to external factors that may impact the market electricity price, such as that seen after the Russian invasion of Ukraine.
- 2.3 Development of a solar canopy will enable the generation of clean, zero carbon energy for the 'Eclipse' Leisure Centre. This acts in accordance with the climate emergency, declared by the Council in 2020 and will provide electricity at a reduced cost to the market. This project fits well with the ethos of the Passivhaus leisure centre.

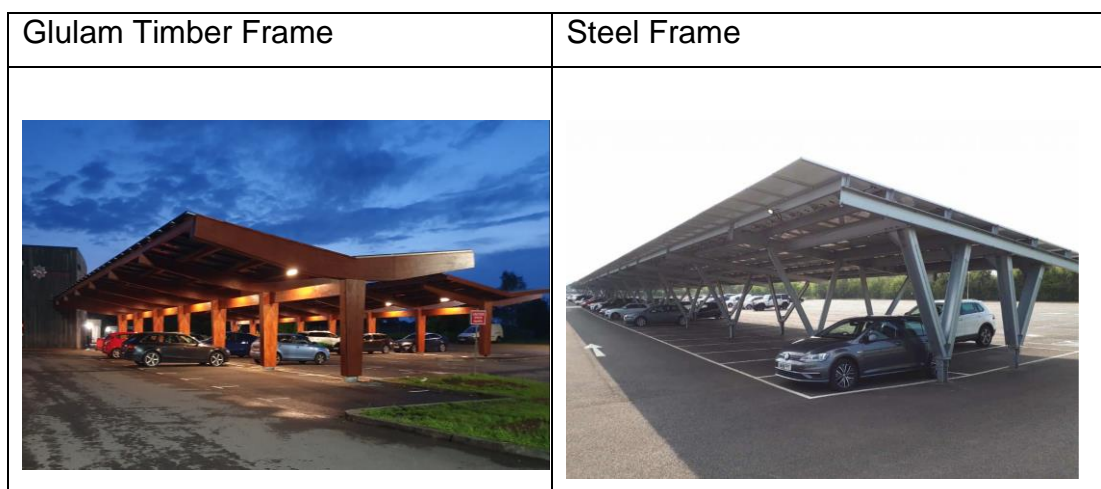
3. Options analysis and proposal

- 3.1 Solar car park specialist installer, 3ti, were approached for an initial proposal and design assessment of the 'Eclipse' Leisure Centre site to provide ideas on feasibility and cost. Following this, a 36-page presentation and proposal was presented to officers on the 4th of April 2024 which has informed this report. This proposal can be read in full in **Appendix A**. In addition, two other suppliers were contacted and they provided initial proposals and costs that were in line with 3ti and therefore gave officers confidence that the 3ti proposal was in line with the industry average.
- 3.2 The solar canopies would be connected to the new electrical infrastructure, installed as part of the Eclipse development. In addition, the electricity generated by the solar canopies would be utilised by the Eclipse Leisure Centre, and potentially Knowle Green civic offices.
- 3.3 The solar car park would reduce the electricity costs associated with running the Eclipse Leisure Centre, whilst ensuring the electricity is sourced through locally generated renewable energy. The solar carpark will produce around 668,000 kWh per annum. The 'Eclipse' Leisure centre will use an estimated

1,200,362 kWh per annum. Therefore, the solar canopy will account for 55.64% of the required electricity.

3.4 The design of the frame which suspends the solar canopies can be made from a glulam timber frame (Wood) construction technique or a steel frame. The glulam timber frame is a more sustainable construction material with a lower embodied carbon value than steel. The development of the solar canopy using the glulam timber frame would further complement the Passivhaus design of the 'Eclipse' Leisure Centre and support the Council's commitment to addressing the climate emergency. However, this option includes a 30% increase in the capital cost of the project. This is the option that Officers believe to be the best value in terms of design, carbon saving and cost saving of the project.

3.5 Below is an image comparison between the two frame designs:



3.6 3ti offer a standard warranty of 25 years on the structures to align with terms of projects (PPA). However, this is dependent on the projects impacts via external factors (such as saltwater proximity etc). A maintenance schedule for any required sanding and protective wood finish treatment from 5-10 years will be included in Glulam projects as required for the lifetime of the contract under PPA. For Capex, this is estimated to be £9,000 per year in addition to cleaning the panels which is conducted typically once or twice a year costing around £5,000 per annum. Glulam wooden structures can have a lifespan of 50 plus years with the correct maintenance schedule. These warranties are estimated to be inline with industry standards.

3.7 Officers met with the Technical Lead Major Energy Projects at Wiltshire Council, as Wiltshire Council are finalising the installation of their own leisure centre solar carpark with 3ti. This can be seen through the QR code in paragraph 1.1. They spoke of their project and experience with high regard and recommended that this is a good way to power a leisure centre sustainably.

3.8 **Option 1:** Agree to progress with the process of the installation of a solar canopy through going out to tender. It is proposed that the Council seeks strategic Community Infrastructure (CIL) funding. The annual bidding deadline

is 30th June, so an initial application has been progressed, ahead of this committee. However, if the Committee is not supportive of the proposal the CIL bid can be withdrawn.

If not funded through CIL, what is the preferential funding option:

- A. Funded through capital borrowing- Committee is reminded that the Council is seeking to minimise and reduce borrowing going forwards
- B. Funded through utilising a Power Purchase Agreement (PPA)

What is the preferential design option:

- A. Glulam Timber design (preferred)
- B. Steel frame design

3.9 **Option 2:** Do nothing

4. Financial management comments

- 4.1 Below is a high-level breakdown, providing indicative financial information on the four options to seek the Committee’s approval to move on to the tender stage. The complete high-level financial analysis and breakdown has been produced; this is available as an excel document in **Appendix C**.
- 4.2 This project will be considered as a strategic CIL (Community infrastructure levy) fund application. Therefore, there is the potential for the project to be funded in part or as a whole through the CIL. If this is successful, then the project will present no financial risk to the Council. The CIL funding balance is high enough to cover the cost of the Glulam recommended option.
- 4.3 The options available to the Council around funding if the CIL application is not successful include that of capital borrowing and the use of a power purchase agreement (PPA).
- 4.4 Under capital borrowing, the project will represent a pure saving of £5,520,000 revenue over 27 years. This is not inclusive of any profit that can be made through the contractual arrangement with the new ‘Eclipse’ leisure centre operator, rather just a representative saving against that of a corporate tariff of the ‘do nothing option’ as detailed in the table below.
- 4.5 Under a PPA, the council will not have any upfront costs, and instead will be within a contract with the owner of the solar canopy to purchase the electricity generated at a fixed rate for the PPA term, in the example this was 27 years. This represented a saving of £3,840,000 against that of a corporate tariff of the ‘do nothing option’ as detailed in the table below.
- 4.6 The highlighted figures can be broken down by the 3 options over a period of 27 years, these figures are based on rounded indicative costings provided by 3ti, these figures are indicative and could change as a result of the outcome of the proposed procurement exercise:

Options	Initial Capital Cost	Undiscounted Cashflow	Discounted Cashflow *
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Do nothing	0	-£13,648,320	-£6,887,305
Capital Project	-£1,357,181	£5,520,056	£2,113,255
PPA route	0	£3,838,211	£1,936,863
Capital Project (Wooden)	-£1,764,335	£5,112,902	£1,706,101

(*) The discounted cashflow accounts for assumptions around the cost of financing. A 5% discount factor has been used.

- 4.7 A 10% contingency has been included in the high-level financial evaluations of each option to account for potential maintenance, warranty and cleaning agreements.
- 4.8 Solar panels have a minimum lifespan of 25 years and will comfortably work for 35 years. The structures on design either option are designed to be retained when panels need replacing. Glulam Timber can last for over 50 years with proper treatment, as can steel. Warranties from manufacturers such as 3ti have been quoted at 25 or 30 years initially which will increase expenditure, which has been captured within the 10% contingency. These can be negotiated through contracts and tenders to be extended. A rough estimate places this cost at around £9,000/annum.
- 4.9 If the project is to be funded through capital borrowing, the Council will need to consider a supplementary estimate for the Capital Programme for 2024/25 of £1.4m to £1.8m (depending on whether the preference is for steel or wooden structure). All other options will not require additional variations.

5. Risk management comments.

- 5.1 There are a number of potential risk scenarios associated with the development and management of a solar car park. The risks are centred around the themes of legal, procurement, technological, financial, accessibility, anti-social behaviour and weather. These are addressed and mitigated, seen in **Appendix D**.

6. Procurement comments

- 6.1 The solar panel installation has a good supply base. The variety and maturity of the supplier market will stir competition and ensure the council, through a competitive tender appoint a provider that will offer best value. Given recent progress in technologies, it is suggested any procurement design- service takes into consideration the whole life costing, from design, installation, maintenance and the cost of decommissioning the service. Additionally, due consideration should be given to the ability of the preferred supplier to adapt their technology as we evolve, to ensure the installation can be flexi and adaptable to meet future needs. This will ensure that the installation is not dispute before its lifespan.
- 6.2 Procurement will work with the service area to identify associated risk and use the appropriate procurement route to let the contract. As such, this report is supported and recommended for approval.
- 6.3 The Council is under a statutory duty to deliver best value pursuant to the Local Government Act 1999. The Council's Contract Standing Orders require

the Council to competitively tender the procurement from a minimum of 3 providers (paragraph 22 of part 4(e) of the Constitution).

7. Legal comments

- 7.1 Part of the Eclipse leisure Centre car park falls within title number MX433568. The land is held by SBC for the purposes of the Public Health Act 1875 and the Physical Training and Recreation Act 1937. Middlesex County Council ('MCC') contributed one-third of the expense of acquiring land in this title in 1961. Surrey County Council ('SCC') is MCC's statutory successor. There is a Contribution Agreement dated 8 December 1961 which affects land within this title number and places restrictions on how the land may be used.
- 7.2 Contribution Agreement the Council covenanted with MCC (now SCC) can be found in **Appendix D**.
- 1.1 On the 10th of May 2024, the Council received correspondence from the Principal Estates Surveyor at SCC, which stated that SCC has indicated that it would provide consent to the solar development on the condition that SCC's surveyor and legal fees were paid for by Spelthorne Borough Council to address the historic Middlesex agreement.
- 7.3 The Legal Services (g.legal@spelthorne.gov.uk) will provide advice and assistance on the negotiation of the contractual documentation and will obtain specialist external advice where necessary.

8. Other considerations

- 8.1 There are none.

9. Equality and Diversity

- 9.1 The provision of disabled parking spaces will be included and enforced within the design. Implementing green technologies encourages job creation within the green economy. By provisioning locally sourced renewable power we can ensure greater security for the local area, at a reduced cost.

10. Sustainability/Climate Change Implications

- 10.1 The Council declared a climate change emergency in 2020 and adopted a subsequent climate change strategy in 2022. This project aligns with the commitments made in the strategy, to deliver clean, renewable energy on Council sites where viable.
- 10.2 This project would create CO2 savings of 137 tCO2e/annum thus contributing to the Council's net zero target of 2030. This is equivalent to 11.47% of the Council's entire scope 1 and 2 carbon footprint (2019). The scope 1 carbon footprint refers to all combustion related activities that occur onsite, whilst scope 2 refers only to carbon emissions associated with grid electricity generation for electricity used onsite.
- 10.3 This project supports the Council's EV infrastructure strategy adopted in 2023, by creating EV charging facilities on site at the car park, also powered by solar generation.

11. Timetable for implementation.

- 11.1 Upon decision, a planning application will be conducted concurrently with the procurement process so as to award the tender to a supplier before January 2025. From here, it will be possible to slot the development of the solar

canopy in line with the proposed works of the demolition of the old leisure centre and construction of the new carpark. Further indicative timetables can be found in **Appendix A**. An initial estimate could be that the solar carpark could be operational by July 2025.

- 11.2 A CIL application has been made for the strategic CIL funding round which ended at the end of June 2024. If the committee decides to go ahead with the project, this application will continue and will be determined by December 2024 by the Environment and Sustainability Committee. If the committee decides not to go ahead, this application will be withdrawn.

12. Contact

12.1 Tim Snook, Sustainability and Flood Risk Officer

12.2 T.snook@spelthorne.gov.uk

Background papers: There are none.

Appendices:

Appendix A (Part 2) – Presentation and Proposal by 3ti on solar canopy installation and financial breakdown of the capex model, provided by 3ti.

Appendix B (Part 2) – Quotes from other suppliers of solar canopy installation.

Appendix C (Part 2) – Financial breakdown and analysis of both models by SBC finance team

Appendix D – Additional Information

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of the Local Government Act 1972.

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Appendix D: Additional Information

This document provides additional information on elements of the proposed development of a solar carpark on the 'eclipse' leisure center. This is broken down by Design, Logistics, Legal and Project Risks. All elements of the proposal listed here can be addressed within the project process.

Design:

Below are design considerations to be addressed in the implementation of a solar carpark:

- 1.1 This provision of supply to the leisure centre would need to be negotiated with the leisure centre operator, as the operator is able to negotiate its own electricity contracts for the Eclipse Leisure Centre. Importantly, the current financing proposal would indicate that the solar car park would financially undercut the costs of any traditional electricity contract.
- 1.2 The glulam timber frame does come at a premium of 30% additional cost over the default option of a steel frame.
- 1.3 In progressing the project, the financial appraisals evaluating the different options as outlined in Option 1 and in section 4 of this report will be important.
- 1.4 High level considerations of the proposed design by 3ti are as follows:
 - 250 parking spaces covered. The proposed 295 current car park number space design will be retained. The remaining 45 car spaces will not be covered due to their location at the perimeter of the site and shading constraints.
 - 750 kWp installed DC capacity.
 - 668 MWh annual generation.
 - 137 tonnes CO₂e savings per annum.
- 1.2 The proposed design will include a battery installation that will complement the solar array, allowing the installation to continuously provide power even at night and times of "low sunlight".

Logistics:

Due to the complexity of the ongoing works around the leisure center development, we must consider timeline of implementation and logistical factors.

- 1.5 Following a decision to develop a solar carpark, the next steps would be to procure a suitable developer by January 2025 to align with the next steps of the demolition of the current leisure centre and construction of the new carpark. As part of this, the groundworks contract that is already out to tender will be amended to include provision for the earthworks and foundations required for a solar canopy. Therefore, the works must be completed in collaboration with the yet to be procured solar carpark developer. After these works, the solar canopy can be installed around Q1 of financial year 2025/2026.

Legal:

Below are the comprehensive legal considerations that will be addressed throughout the project:

- 1.6 Within the Contribution Agreement the Council covenanted with MCC (now SCC) as follows:
 - not to sell, lease or appropriate any part of the land without the consent of SCC. Such consent may be given subject to SBC paying SCC one-third of the proceeds of sale, rent or appropriation value. (For clarity there is no sale proceeds or rental income that will be generated from the solar canopy proposals).
 - not to use the land for any purpose other than as public open space, a public park, public walk, pleasure ground (part of the land can be used as a municipal golf course or for swimming baths with the prior consent of SCC, such consent not to be unreasonably withheld)
 - any buildings to be erected on the land which are not ancillary to the purposes mentioned above, require the written consent of SCC.
 - not to allow any service media (cables, wires, sewers, pipes) or allow any easement in under or over the land in this title without the consent of SCC.
 - not to cut down any trees (except those which have decayed or are a danger) without the consent of SCC.
 - to give SCC notice of any exercise of powers over the land by a statutory authority or undertaker
- 1.7 The Council has no right to do anything to the land demised to SLM and cannot grant a lease of this land or grant any rights over it without SLM's consent, whilst SLM's lease still subsists. The Council has a contractual right to break SLM's lease on six months prior written notice. This has to be done in conjunction with terminating SLM's service contract, all of which must line up with the contract with Places Leisure, the new leisure operator.
- 1.8 The children's nursery located next to the old leisure centre also has the right to use 10 designated spaces in the car park during nursery opening hours until its current lease ends on 7 June 2025. The nursery also has a right of way over the car park in order to access such spaces. These spaces had to be re-allocated when Willmott Dixon erected its site office and any further relocation of their parking must be carried out in agreement with the nursery.
- 1.9 It is understood that the Eclipse leisure centre car park is designated for planning purposes as 'urban public space'. Before any disposal of land held as open public space by way of sale or lease can take place, a public consultation procedure must be carried out in accordance with s123 LGQ 1972, by way of a public notice in a local newspaper and any objections to it must be considered.
- 1.10 The new leisure centre operator, Places Leisure, is not going to be demised the leisure centre car park under the current proposals but will have a right to

use car parking spaces for its service users on a first come first served basis. Places Leisure is expecting use of 282 car parking spaces (30 of which have to be EV charging). Places will need to be informed and in agreement with this project before it proceeds.

- 1.11 The practical impact of the proposed installation on service users to the new leisure centre, servicing of the new leisure centre and access by the fire brigade/other emergency vehicles as well as vehicles servicing the new leisure centre and waste disposal vehicles.
- 1.12 The lease of the new electricity substation contains rights for the supplier which protect the substation building and its associated cabling which mainly runs underneath the access road leading from Knowle Green to the Eclipse leisure centre car park. The route of any new cabling required for the Solar canopy installation must not disturb the substation or its cabling.
- 1.13 Willmott Dixon currently has a site office and designated storage areas in the Eclipse leisure centre car park. It will need space to carry out the build of the new centre and the demolition of the existing leisure centre, as well as any works required in compliance with the conditions to the planning consent obtained by the Council for the build of the new leisure centre; including inter alia the installation of acoustic fencing around the boundary of the Eclipse leisure centre car park. The construction of the canopy must take into account Willmott Dixon's requirements as well as the various construction which is to be undertaken to the Eclipse leisure centre car park as part of the build of the new leisure centre and its planning conditions.

Project Risk Management:

The solar carpark project risks scenarios that are considered and mitigated below.

- 1.14 The risk of variable solar intensity levels, caused by bad weather could lessen the efficiency of the installation. Therefore, this may affect the ROI of the asset given it needs to produce electricity. This risk can be managed through using a battery to offset the lower light times with peak demand, therefore lessening the impact of bad weather.
- 1.15 With any technological solution, there is a risk of the technology becoming outdated. For example, modern solar installations already provide the high efficiency rating of 22%. In 2019, this average was 19%. This risk is managed in this instance through the high return on investment, meaning that after the payback period the Council will be free to upgrade any infrastructure and not constrained by contracts.
- 1.16 Through a Council owned and operated model, maintenance and cleaning responsibilities would fall to the council. Therefore, to ensure that the asset remains at peak operation, a comprehensive contract for maintenance and cleaning must be in place to mitigate the risk.
- 1.17 A risk highlighted around the financials of the project is that the usage of electricity from the solar car park will need to be negotiated with the leisure centre operator. The operator is free to negotiate its own electricity contracts,

and will already have national contracts in place, therefore there is a risk that the Council's solar car park is not awarded this contract. The risk is minimised through the fact that the solar carpark will greatly undercut any competitive electricity contract in terms of price. Additionally, we have alternative sites which can use the electricity generated (Knowle Green, schools).

- 1.18 Through the PPA route, as the Council would not own the asset, there is a risk that the asset will be left to the Council to decommission after its usable lifetime. These risks can be mitigated through amending the contracts with any potential supplier to ensure they are covered.
- 1.19 A physical risk of the solar canopy is that it may have carpark logistical implications. Such as that drivers collide with the structure, and it could restrict vehicles over a certain height. This can be mitigated with abundant signage and route optimisation for tall vehicles (such as coaches).
- 1.20 Timeline considerations with the current planned works on the development of the new carpark and demolition and removal of the old leisure centre are a risk. If works are not scheduled simultaneously to account for this, the solar canopy project could risk delaying the overall leisure centre development carpark completion. This can be mitigated through appointing a supplier as soon as possible and including the ground works for the canopy within the carpark development contract.
- 1.21 A planning application will be required for a development of this size. This is a risk as the development will need the permission granted. This can be mitigated through starting the planning application process at the soonest possible time.
- 1.22 If the Council goes down the upfront capital expenditure route that assumes in the future the Council will have sufficient borrowing approval headroom from Department of Levelling Up, Housing and Communities.
- 1.23 The G99 application to the DNO (district network operator) may represent a risk of the DNO not approving a generation project such as the solar canopies. Therefore the risk is that the project may need to be scaled back or is made unviable. This risk is mitigated through the fact that experts have submitted the application on behalf of the Council and believe that applications under 1 GW have very high rates of success.

Corporate Policy & Resources Committee



8 July 2024

Title	<i>Waterfront Site</i>
Purpose of the report	To make a decision. To seek authorisation to agree the transaction and enter an Agreement to Lease.
Report Author	<i>Richard Mortimer – Development Advisor</i>
Ward(s) Affected	Staines
Exempt	Report and Appendices 4 & 5 – No Appendices 1 through 3 and 6 - Yes
Exemption Reason	Appendices 1 through 3 and 6 contain exempt information within the meaning of Part 1 of Schedule 12A to the Local Government Act 1972, as amended by the Local Government (Access to Information) Act 1985 and by the Local Government (Access to information) (Variation) Order 2006 Paragraph 3 – Information relating to the financial or business affairs of any particular person (including the authority holding that information) and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information because, disclosure to the public would prejudice the financial position of the authority in any contract or other type of negotiation with the proposed contractor who could then know the position of the Council.
Corporate Priority	Resilience (economic)
Recommendations	<p>Committee is asked to recommend to Council:</p> <ol style="list-style-type: none"> 1. Approval of the Heads of Terms for the Council to enter into an Agreement for Lease with the proposed tenant for the Waterfront Site, Bridge Street, Staines-upon-Thames to facilitate the delivery of a new hotel led regeneration on this prime riverside site. 2. Delegate authority to the Chief Finance Officer in consultation with the Leader to agree any minor variations to the Heads of Terms and the final terms of the Agreement for Lease subject to valuation advice received. 3. Delegate authority to the Group Head of Corporate Governance in consultation with the Leader to finalise and enter into the Agreement for Lease and any other documentation in connection with the grant of the Lease to Arora. 4. Note the Local Government Act S.123 'best value' valuation undertaken by Cushman & Wakefield in respect

	of the proposed terms of this transaction. This is included in Part 2 of this report.
Reason for Recommendation	<p>This prime riverside site forms an important gateway into Staines-upon-Thames. Its development as a much-needed high quality hotel led facility for a gateway site will help kick-start and set the tone for wider town centre regeneration. Currently, there are no other upscale +4* hotels in the borough which leads to a loss of spend and employment to other adjoining and competing boroughs. Furthermore, it will act as a catalyst for further commercial and tourist led economic activity in the borough. It will also provide important facilities for the Borough's existing businesses including international companies.</p> <p>The proposed Heads of terms reflect the usual Landlord & Tenant controls around the demise and user clause whilst providing a stable income for the Council on a long-term basis.</p>

1. Summary of the report

What is the situation	Why we want to do something
<ul style="list-style-type: none"> • This prime riverside site has a chequered history of developer interest without any progress being made for over a decade. • Hanover House is vacant and currently incurs significant monthly holding costs. The car park is also under-utilised with other vacant parts such as the former Sea Cadets building. • Options are limited for the site given emerging local plan aspirations and potential flooding concerns. 	<ul style="list-style-type: none"> • The site is run down, under-utilised and offers negative townscape impacts for a prime riverside site that acts as a gateway into Staines-upon-Thames. • The proposed tenant's proposal will not only pump-prime town centre regeneration but also provide high quality facilities that are not currently available within the Borough. This will benefit local businesses/residents/the tourist economy.
This is what we want to do about it	These are the next steps
<ul style="list-style-type: none"> • Maximise benefits to local residents and businesses by delivering a high-quality gateway development that will set the tone for future development in Staines. Approve the Heads of Terms so an Agreement to Lease can be 	<ul style="list-style-type: none"> • Enter into a legal agreement with the proposed tenant. This will provide the certainty to allow them to undertake public consultation, develop their designs and submit a planning application. Agree the Heads of Terms.

<p>entered with the proposed tenant.</p> <ul style="list-style-type: none"> • Subject to planning, the revised proposals allow for sympathetic regeneration of the site providing a high quality upscale 4* hotel led landmark regeneration at the entrance to the town. 	<ul style="list-style-type: none"> • Finalise an Agreement for Lease and obtain an external view on the site's value. • Whilst not anticipated, should there be any material variations, such as increasing the heights, these would be referred back to the Committee for approval. • Once the Agreement is signed, the proposed tenant will undertake wide stakeholder consultation and submit a planning application within 12 months for a scheme that sits within a demise envelope that limits height/massing.
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1.1 This report sets out the current status of the site as well as the options and rationale for progressing the transaction with the proposed tenant.

2. Key issues

History

2.1 The Council have enjoyed long term ownership of the site on a freehold basis and operated it as a car park. In 2018, the adjacent Hanover House was acquired to help facilitate a wider more comprehensive regeneration. However, for over a decade, the Council has sought a suitable development partner without success. Previously, Bellway Homes pulled out of a controversial scheme to build a 12-storey scheme comprising 205 apartments. The most recent tender was held in 2019 for a hotel led mixed regeneration scheme. Arora were awarded the contract in 2020 to deliver a high density hotel led regeneration scheme. However, due to the pandemic, the Moratorium and other local challenges at that time, the scheme did not progress. The Development Agreement expired on 31 December 2023.

Current position

2.2 Due to the lack of interest to progress a development on the site, it is considered appropriate to progress redevelopment of the site with the single interested party and obtain an independent S.123 'Best Value' valuation to demonstrate the transaction represents a good level of market return for the Council. Heads of Terms have now been agreed with a third-party hotel developer/operator to progress a redevelopment of the site into a hotel led scheme, which will retain some ancillary uses consistent with a hotel business. The Heads of Terms will not permit any residential use on the site.

- 2.3 Initially an agreement for lease will be entered into which will contain agreed terms that the proposed tenant must adhere to and discharge, prior to a long-term lease being entered into. For example, obtaining planning approval of a building that is contained within a specified building envelope and for use as a hotel (Use Class C1). As part of the planning process, the proposed tenant will be required to undertake public consultation in accordance with the Local Planning Authority's own policies.
- 2.4 The proposed tenant for the new Agreement for Lease has confirmed they are committed to delivering a lower density hotel led scheme (with heights within agreed parameters, which will not exceed 6 storeys or a total building height of 30 metres. The current scheme proposals are estimated at 28.4m. They have spent significant sums in respect of design fees and are fully invested and committed to delivering a high-quality scheme that is financially viable and complies with local plan and emerging local plan aspirations including proposed Design Codes. The proposed tenant has provided assurances they wish to work closely with Spelthorne Borough Council to progress this important regeneration scheme, albeit via a different form of arrangement than the previous 'works' contract, under the proposed Landlord and Tenant lease arrangement.
- 2.5 The market for new higher end hotel development remains limited with most developers remaining highly cautious and selective. The proposed tenant is one of the most dominant investor/operators in the local and Heathrow markets and brings the certainty and financial resources to deliver a high-quality proposition. For these primary reasons, there are no benefits in remarketing the site. An external valuation in Part 2 of this paper justifies this from a S123 Best Value perspective.
- 2.6 The demise envelope will restrict new development within a defined footprint and vertically up to 6 storeys and no higher than 30 metres. This means that if the proposed building design breaches this envelope, then the proposed tenant will be unable to commence construction works due to being unable to enter the long-term lease until this is rectified. Also, any requested increases, however minor in height would need to be referred to this Committee for approval. The proposed scheme also includes a landscaped area adjacent the riverside footpath that will not only be for hotel residents but for the public to enjoy too and the lease will contain rights of access to this area for the local community.
- 2.7 The agreement for lease will contain strict provisions to ensure the scheme is progressed in a timely manner i.e. the proposed tenant will need to obtain an implementable planning permission within 24 months of entering the Agreement for Lease. As well as ensuring a scheme is brought forward in a timely manner, from the grant of the lease the tenant will be fully responsible for all running costs of the site.

Next Steps

- 2.8 The Council's Development Sub Committee have already approved referral of this report to this Committee (CPRC). An independent valuation has been obtained to confirm that the proposed transaction demonstrates best value for the Council.

- 2.9 The report will also be referred to Full Council (due to the overall value of the transaction) for final approval. Assuming these are approved, then officers would proceed to enter into an Agreement to Lease subject to the proposed tenant obtaining planning consent for their scheme.
- 2.10 The proposed tenant have indicated their commitment to extensive public and stakeholder consultation as part of their planning application to help inform their scheme proposals. As a minimum, they will need to comply with the Local Planning Authority's own requirements for major planning applications. They have also committed to submitting their planning application within 12 months of signing this Agreement for Lease but they will not be contractually obliged to do so.

3. Options analysis and proposal

- 3.1 **Proceed With Agreement For Lease To Proposed Tenant – Recommended Option.** Through continued discussions, the proposed tenant has demonstrated their commitment to develop the site and work closely with the Council. They have also indicated their commitment to fully engage in wider pre-application public consultation. This will ensure the design significantly improves the site and sympathetically responds to its riverside setting whilst enhancing and preserving the Conservation Area in which the site is situated. It will also act as a catalyst to create linkages between the riverfront and town centre which will support future plans to strengthen the economic offer within Staines.

The proposed demise envelope also ensures that not only is the footprint limited but the height of any future scheme is also constrained to a maximum of 6 storeys and capped at 30 metres. Their financial offer for the hotel is commercially confidential and is set out in the confidential Part 2 paper of this report.

The completed scheme will not only offer high quality facilities that will benefit the Borough's existing residents and businesses, but also help increase local tourism and employment.

- 3.2 **Do Nothing - Not recommended.** This prominent gateway site has been under-utilised for over 10 years. Furthermore, Hanover House was acquired in 2018 as part of a site assembly to facilitate a more comprehensive regeneration. Doing nothing and leaving the site to deteriorate will adversely impact Staines townscape rather than acting as a stimulus for further investment and regeneration in the town centre.
- 3.3 If the site continues to remain vacant and underutilised, this places increased financial pressures on the Council's revenue budget and could mean further costs on the site would need to accrue to the Revenue Budget. The Council would also be responsible for all holding costs.
- 3.4 **Remarket The Site For Alternative 4*+ Hotel Led Uses – Not Recommended.** There is a general lack of funding in the market for new quality hotel development due to current market conditions. Therefore, there is limited competition for new build opportunities if the site were marketed and is likely to result in any interest being for lower quality budget hotels of which there is currently a sufficient supply of within the Town and wider Borough. Having been to market in 2019/20 when the market was a more buoyant environment, a limited number of bids were made. The market has declined

since then. The proposed tenant is one of the most dominant brands in the surrounding area and Heathrow markets.

- 3.5 **Remarket For Alternative Uses** – not recommended. Due to more stringent and recent EA flood modelling that indicates circa 50% of the site is functional floodplain, mitigation measures for a residential development would be more onerous than a hotel led scheme. It is anticipated there would not be a viable planning approved scheme that would be acceptable for any form of residential development. Other uses such as offices are unlikely to be viable due to lack of identifiable demand and highly selective speculative funding. Retail warehousing would compete with the town centre, may also be unacceptable in planning terms and would provide an uninspiring visual gateway to the town centre. It would also have a negative impact on activating the river frontage for increased public use/benefit.

4. **Financial Terms**

- 4.1 Please refer to the confidential Part 2 paper (Appendix 1).

5. **Risk Management**

- 5.1 **Rental Forecasts** - the external independent S.123 valuation provides the Council with comfort around the cashflow forecasts and the value of its interest in the proposed hotel post practical completion.
- 5.2 **Planning** – the Agreement for Lease will be subject to the proposed tenant obtaining planning consent for their scheme. They will be responsible for all costs and risks associated with obtaining this consent. Furthermore, the proposed tenant will need to comply with any consultation requirements of the Local Planning Authority and will need to obtain an implementable planning permission within 24 months of entering into the Agreement to Lease. This application will need to demonstrate its compliance with relevant national and local planning policies.
- 5.3 **Design Codes** - The Council is aiming to have a Design Code in place by the end of 2024. This planning document will be a material planning consideration for any planning application on the 'Waterfront' scheme which has not been determined by planning committee by the time the Design Code comes into effect.
- 5.4 **Building Heights/Massing** – if the tenant's completed building exceeds the lease demise then enforcement can be actioned not only via planning but also contractually through the lease terms. Therefore, they have a strong incentive to minimise these risks and build within the proposed demise envelope which limits both footprint and height. The tenant, their funders and advisors will be highly cognisant of the need to manage and mitigate this risk.

6. **Procurement comments**

- 6.1 The Council's internal Procurement team and specialist external solicitors have been consulted and are satisfied that the agreed Heads of Terms are fully compliant with Public Contracts Regulations 2015 and the Council's Contract Standing Orders.

7. **Legal comments**

- 7.1 Further to sections 120-123 of the Local Government Act 1972, the Council has the powers to acquire and dispose of land for the purpose of any of its

functions. Any disposal will need to satisfy the valuation requirements of S123 of this Act.

- 7.2 Legal Services have worked in collaboration with external legal advisors to ensure the Heads of Terms are legally robust and adequate to inform the Agreement for Lease.
- 7.3 Legal Services and their external advisors will continue to provide professional advice and assistance in drafting the Agreement to Lease and the long lease that will ultimately be entered into.

8. **Other considerations**

None at this stage.

9. **Equality and Diversity**

- 9.1 The proposed tenant will be required to be fully compliant with all planning requirements to ensure the needs of a wide range of visitors are met. It is expected that they will meet equality and diversity requirements in due course with all the staff they employ when the hotel is built.

Sustainability/Climate Change Implications

- 9.2 The proposed tenant will be required to comply with both local and national planning policy requirements and Building Regulations compliance. In addition, they have indicated that their scheme will include mature landscape in order to enhance biodiversity features. They will also need to achieve the 10% Biodiversity Net Gain on site.

10. **Timetable for Implementation**

- 10.1 Once all the Council's internal approvals are in place, the Agreement for Lease will be progressed to its completion. The proposed tenant would then have 24 months from the date of the Agreement for Lease to obtain an implementable planning consent; if the tenant submits their planning application within 12 months as they have indicated this could be in Quarter 3/2025 (calendar year).

11. **Contact**

- 11.1 Richard Mortimer (Assets Team)
Email: r.mortimer@spelthorne.gov.uk

Background Papers

- Appendix 1 – Confidential Part 2 information
- Appendix 2 – Confidential Part 2 Information
- Appendix 3 – Confidential Part 2 Information

Appendix 4 – Proposed Publicly Accessible Landscaped Areas (Part 1 Information)

Appendix 5 – Development Sub Committee Latest CGI Hotel Schematic
Presentation

Appendix 6 – Further Information Note for Committee (Confidential)

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

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PROPOSED PLANS & USES



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Waterfront Site

Page 205

**Proposed Arora Hotel
Development, Bridge Street,
Staines**



Arora's Scheme Proposals

Accommodation -

Upscale +4* star quality hotel.

Hotel Rooms - approximately 250 beds.

Aparthotel Suites - 29 units.

Facilities may include - restaurants, bars, ancillary retail kiosks, café, fitness/spa, meeting rooms, lounge.

What Benefits Does The Development Bring To Spelthorne?

Economic Regeneration - of both day and night-time economy. Increased tourism and visitation to the borough and increased spend amongst local businesses. Enhanced profile for Staines.

Local Employment.

Vibrancy, Vitality & Connectivity - brought to a neglected prime corner of the riverside.

Prominent Gateway Location - sets the tone for future development in Staines.

Spend - increased spend in the local economy rather than existing residents/businesses going to competing adjacent boroughs for similar facilities.

Physical Regeneration - significant inward investment. Pump-primes confidence amongst developers/investors in bringing forwards ambitious proposals in Staines Town Centre.

Arora Proposals - Riverside Image From Runnymede



Elevations



Relationship To Adjacent Dwellings



Adjacent houses

Site

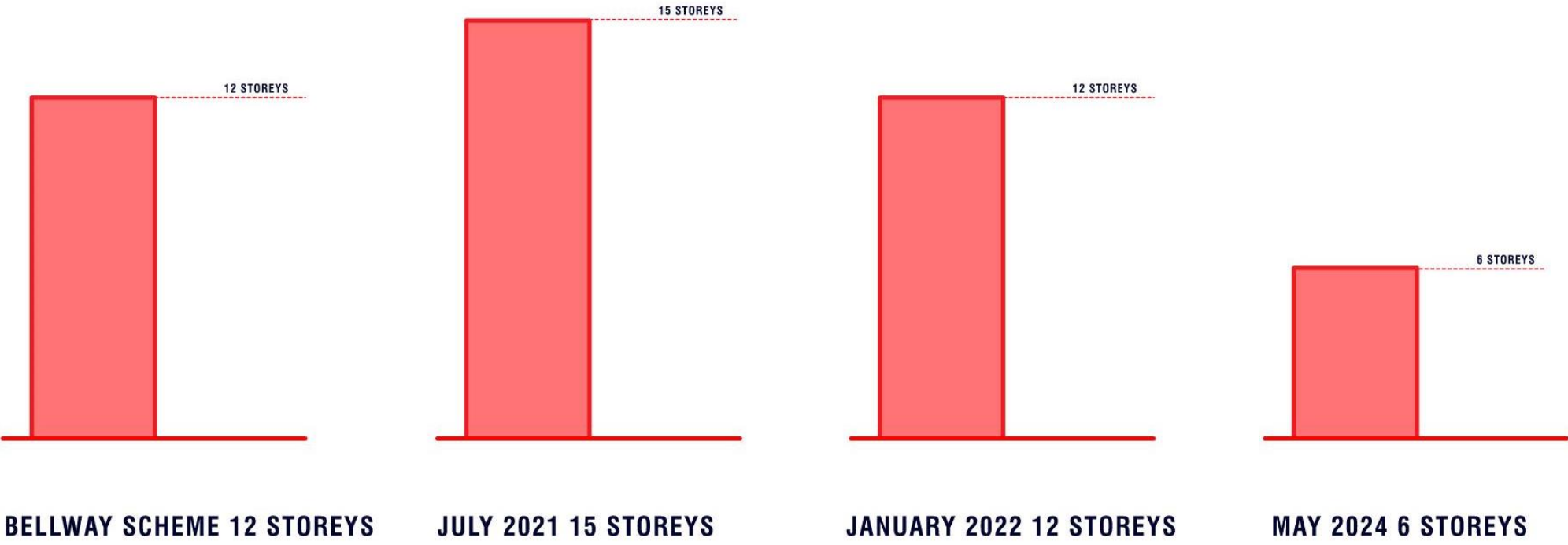
Bridge street

Proposed Heights

The Council is considering granting a lease with a demise envelope that restricts the maximum height to 30 metres. Based on early feasibility work, Arora's architects anticipate the approximate floor heights to be -

- Total height of 26.4metres excluding any allowance for EA floodwater storage below ground floor level. Depth below ground floor slab may vary hence 30m max height.
- Ground Floor to 1st floor- 6.4m, floors 1-5 inclusive: 3.2m per floor, 4m lift overrun/plant at rooftop. This allows up to 3.6m for below ground floodwater storage.
- Note these will be refined through design development but will not exceed 30 metres.

Changes in Height Over Last 10 Years



Height Compared To Local Schemes

CONSENTED SCHEMES - LONDON SQUARE



Proposed



London Square

Height Compared to Elmsleigh Road



Height Compared To Eden Grove



How Does The Council Control Heights?

- A demise envelope will be incorporated into the lease. This sets out the site footprint and the maximum height for the development. This imposes a contractual obligation upon the developer and his funding partners to construct within this zone. Landlord & Tenant remedies will be available for any breaches.
- Any future proposed alterations to the building will be subject to the tenant obtaining prior landlord's consent.

Public Consultation & Planning

Public Consultation - once the Agreement for Lease is signed, Arora have confirmed they will undertake meaningful and extensive community and stakeholder consultations prior to submitting their planning application. This feedback will be used to help refine and shape their scheme.

Flood Risks - as part of the planning application, Arora will be required to consult with the Environment Agency and agree suitable mitigation to address all flood risks.

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of the Local Government Act 1972.

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Corporate Policy and Resources Committee



8th of July 2024

Title	Customer Service Plan
Purpose of the report	To note
Report Author	Sandy Muirhead Group Head of Commissioning and Transformation
Ward(s) Affected	All
Exempt	No
Exemption Reason	N/A
Corporate Priority	Services
Recommendations	Committee is asked to: 1. To note the Customer Services Plan
Reason for Recommendation	As a result of final structural changes within the service this service plan did not join others in February 2024 taken to Committee so is being brought to Committee to complete the process.

1. Summary of the report

What is the situation	Why we want to do something
<ul style="list-style-type: none"> Service plans support and outline the work of a service during the year 	<p>This service plan needs to be noted by the Committee to formalise its status as occurred with other service plans in February 2024.</p>
This is what we want to do about it	These are the next steps
<ul style="list-style-type: none"> To note the service plan 	<ul style="list-style-type: none"> Service plan to be implemented over 24/25.

- 1.1 Service plans provide a description of the service and its activities.
- 1.2 Most 24/25 service plans were submitted to Committee for final sign off in February 2024 but as customer services was still undergoing a final restructure it was not submitted to Committee.

2. Key issues

- 2.1 Service plans provide a useful tool for ensuring there is focus within the service on delivery and anticipated issues and risks or requirements for assistance from other services.
- 2.2 As customer services was undergoing a final restructure and recruitment into key posts the service plan was not incorporated in the mainstream of service plans going to Committee in February 2024. Therefore it is being submitted to this Committee to provide “sign off” as occurred for all other service plans now the service is moving forward after being restructured.
- 3. Options analysis and proposal**
 - 3.1 **Option 1:** Preferred option:- To note the service plan for Customer Services outlining key activities for 24/25.
Option 2: Not to agree to the service plan.

- 4. Financial management comments**
 - 4.1 The service plan outlines the costs of the services and key growth items which will result in improved customer service and accessibility of the service.
- 5. Risk management comments.**
 - 5.1 This is a front facing service utilising IT systems so to mitigate risk staff are trained in customer service and use of systems so they can operate effectively.
- 6. Procurement comments**
 - 6.1 There are none.
- 7. Legal comments**
 - 7.1 The Legal Services (g.legal@spelthorne.gov.uk) will provide advice and assistance where appropriate on service contracts.
- 8. Other considerations**
 - 8.1 There are none.
- 9. Equality and Diversity**
 - 9.1 Processes are in place ensure the service is equitable and accessible to all.
- 10. Sustainability/Climate Change Implications**
 - 10.1 The Council declared a climate change emergency in 2020 and adopted a subsequent climate change strategy in 2022. The service is looking to deliver digitally wherever possible and thus reduce paper use.
- 11. Timetable for implementation.**
 - 11.1 Financial Year 24/25
- 12. Contact**
 - 12.1 Sandy Muirhead Group Head Commissioning and Transformation.
 - 12.2 s.muirhead@spelthorne.gov.uk

Background papers: *(These are unpublished papers upon which you have relied in preparing this report).* If none state, **There are none.**

Appendices:

Appendix A Customer Services Service Plan

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CUSTOMER SERVICES SERVICE PLAN 2024/25

1. SERVICE OVERVIEW

INSERT BRIEF OVERVIEW OF TEAM

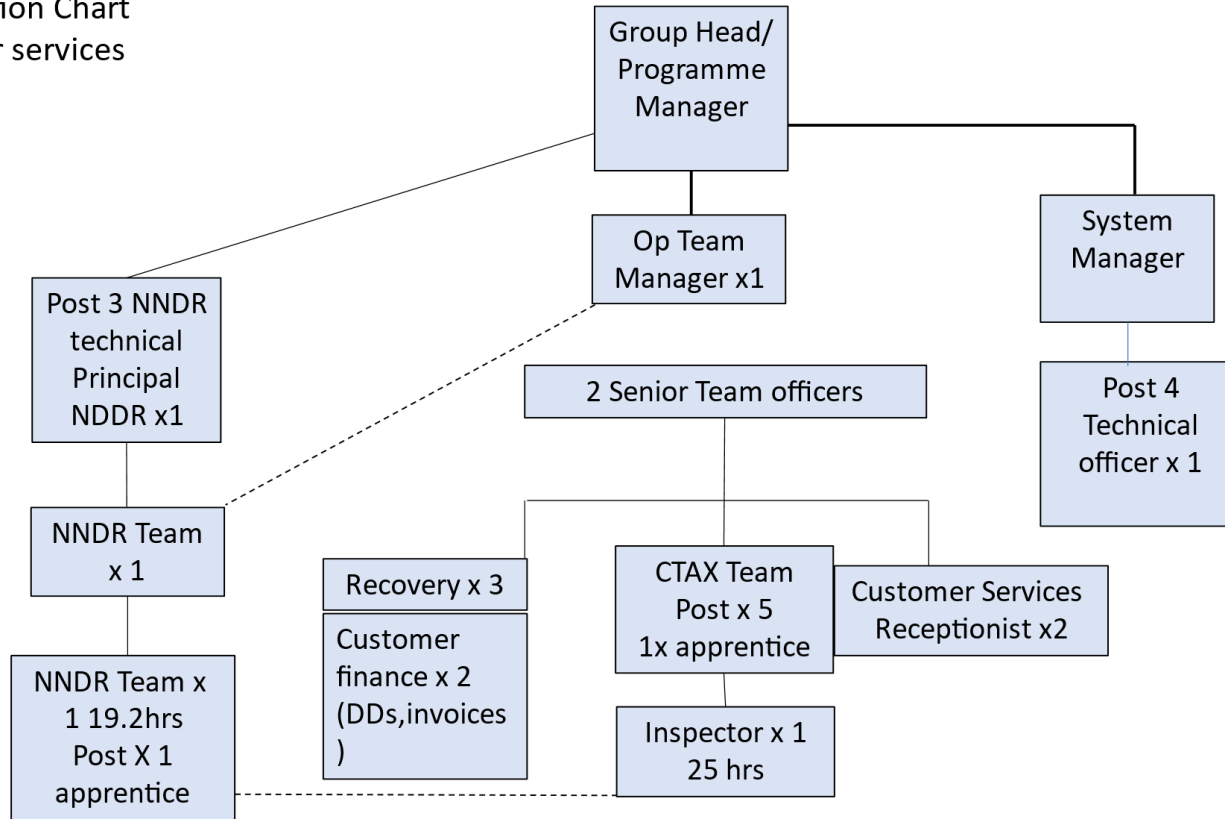
The Customer Services Team deliver on a number of areas including Council Tax, Business rates, Business Improvement District collections, recovery of debt, ptax, allotment bookings, street parties as well as providing a frontline service to the customer via the phones and a reception desk .

The purpose of Customer Services is to provide key customer facing and support functions to the Council. The identified functions of the services are those of Customer Services including provision of a Contact Centre, dealing with customer interactions across a range of channels, including telephony, face to face, and via email and social media.

WHO WE ARE

Team structure agreed and implemented by March/April 2024 after transitional phase.

Organisation Chart
Customer services



. WHAT WE DO: Service Purpose and Core Business Functions

The service covers the requirements of the customer charter and the corporate priority of services.. It also has an important role in the Council’s finance and legal requirements in terms of council tax and business rate collections together with collections for the Business Improvement District. The services also recovers sundry debt and operates a contact centre and reception.

. KEY ACTIVITIES/PROJECTS FOR 2024/25 – *Significant one-off activities and projects to be undertaken in 24/25 (Projects need to have a business case, PID report before any revenue or capital growth bid is included in the tables below, before you prepare a report for MAT.*

*Insert the relevant ‘enabling actions’ actions your Team intends to undertake in the coming year to help maximise your resources to achieve service priorities and contribute towards the Corporate Plan priorities and objectives. These will include specific actions that contribute to your team’s work and include any significant ICT projects, specific areas of development in terms of assets, major capital projects and any actions to mitigate against identified service risks. **Ensure fully cover budgetary issues and address climate change impacts** (i.e. does scheme contribute to reducing carbon emissions or meet other social and environmental criteria)*

KEY ACTIVITIES DELIVERING THE COUNCIL’S CORPORATE PLAN And other key statutory and service elements						
What is our corporate priority (CARES) ? Is the function statutory	Provide clear outline of what the service wants to achieve including projects and outcomes/deliverables	How will we measure the difference made?	Is a business case required? and when do you hope to action the achieve	Who is the lead officer?	Which Committee sign off?	Other service resources e.g. procurement and budget required mention if also potential growth bids

KEY ACTIVITIES DELIVERING THE COUNCIL'S CORPORATE PLAN And other key statutory and service elements						
or non-statutory			this by? Or is this just a growth bid?			
Non-statutory but key to Services ambitions	We will provide a choice of channels Our website will be available 24 hours a day all year round Our face-to-face services will be available for those who need it Our trained staff will be available on phone lines for when you need to talk to us We will make social media channels available for you to interact with us We will make sure everybody has equal access to services	<i>KPIs will be achieved. In the medium term 25/26 onwards savings will be achieved through improved efficiencies</i>	Detailed business case produced for 23/24 which is being built on	Sandy Muirhead/Dan Dredge/Hiren Bhatt.	CPRC	In order to move forward on digital transformation and improve the customer experience there is a requirement to update and improve technology to meet customer expectations. This has to be purchased but in the medium to long term will result in savings to the Council over 4 years of nearly £1M
Non-statutory Services	Via the digital transformation programme a Granicus system will be introduced in 24/25 which will automate incoming revenues forms.	Automate as much as 80% of all incoming revenues forms.	Ongoing	Daniel Dredge		
Statutory	Council tax and business rates	Maintain collection rates	Ongoing	Katie Frampton Operational Manager	CPRC	Some concerns regarding cost of living increase and impact on collection rates
Services	Undertake as now and improve across the Council collection of sundry debt	Improve recovery rates	Ongoing	Katie Frampton		

KEY ACTIVITIES DELIVERING THE COUNCIL'S CORPORATE PLAN And other key statutory and service elements						
Services	Maintain allotment bookings and other service bookings such as halls and street parties		Ongoing	Katie Frampton		In 24/25 improve booking system and automate bookings where feasible need ICT assistance.

RESOURCES 2023/24 IDENTIFY FOR EACH SERVICE AREA – THIS SHOULD BE YOUR APPROVED FIGURES FOR 2023/24 (ASK YOUR SERVICE ACCOUNTANT FOR ASSISTANCE AS REQUIRED).

Service Area	Revenue Expenditure Budget £	Capital Budget £	Projected Income £	Staff (Full time equivalents)	Key risks for budget
Customer Services	1,615,700	71,000	311,500	23.5	
Total	1,615,700	71,000	311,500	23.5	

Growth bids 24/25, 25/26 and 26/27. Given the medium term financial strategy is extremely tight please consider likely impact of each items beyond 24/25 where feasible or where savings may emerge, it is essential that you enter figures for 25/26, 26/27 and 27/28, if you don't believe there will be any figures for a year enter n/a (not applicable).

Details of bid (1)	Reason for Bid and confirm which priority in the new corporate plan this relates to CARES (Community, Addressing Housing Need, Resilience, Environment & Services) include consideration of future years items. (2)	Cost Centre code details (3)	Start Date MM/YY (4)	Gross Funding rec'd Separate line. If none enter n/a £ (5)	Gross (Revenue or Saving) or Cost £ (6)	Total bid Req'd. (7)	End Date MM/YY (8)	PID Req'd Y or N If no, why not? (9)	Procurement involved. Y or N If no, why not? (10)	24/25 £ (11)	25/26 £ (12)	26/27 £ (13)	27/28 £ (14)
Cost – Revenue Note savings are realised in CS but projects team implement so in projects service plan too	webCAPTURE (GovTech) API for integration with Capita – This is required for our Granicus, Engagement HQ and Capita platforms to integrate and facilitate up to 80% complete automation of revenues activity. ROI calculations indicate this is the equivalent of saving 3,238 staff hours a year which can be repurposed to higher value work and generate efficiencies		1.4.24		10,400	10,400	Ongoing	Y	Y	10,400	10,400	10,400	10,400
Cost – Revenue As above	WebCAPTURE Annual Service Fees and P2P VPN charge		1.4.24					Y	Y	0	0	6,000	8,000
Total Cost - Revenue										10,400	10,400	16,400	18,100

Provisional 2024/25 revenue cost/income budget requested.

Service Area	Revenue Expenditure Budget £	Projected Income £	Staff (Full time equivalents)	Savings £	Total budget £
Total 2024/25	1,304,000	0	23.5	0	X
Expenditure Costs	X	0	0	0	X
Project Income/Lost Income	0	X	0	0	X
Staff	0	0	X	0	X
Savings	(0)	(0)	(0)	£101,000	(X)
Total 2024/25 Provisional Revenue Budget 2024/25	1,304,000	X	X		X

Significant/Material anticipated revenue budget impacts:

Please highlight any estimate financial impacts (positive or adverse) anticipated over the next four years. For example this could arise from new anticipated statutory requirements, contractual inflation/new contracts; impact of population growth etc

None at this stage but always subject to potential legislative changes and factors affecting communities such as cost of living increase or pandemic

3. CARBON FOOTPRINT – *working in conjunction with our Climate Change Officer please highlight in the table below how you intend to reduce the Carbon Footprint (by tons) within your department over the next four years and beyond, if there is an invest to save element in your plans, please ensure that the cost element is highlighted in the relevant section above for revenue and or capital bids*

Cost Centre	Initiative	24/25	25/26	26/27	27/28
	Hybrid printing will reduce paper use over time	TBC			
	With improving e-billing more will be done electronically reducing paper use and postage envelopes				
Total carbon reduction					

4. PROCUREMENT CONTRACTS – *please list below all contracts under £40,000 that will lapse and or will need to be renewed over the next four years*
None at this stage

5. KEY PERFORMANCE INDICATORS - *These measure performance for key ongoing activities of the service and corporate performance monitoring on a quarterly basis – NB review and consider meaningful as well as statutory KPIs – KPIs will be reported to Committees quarterly.*

Code	Key indicator description	Time period	Target
	Number of self-service transactions processed on the customer account on council website (quarterly)	24/25	2000/quarter
	Number of hours of staff time using robotic process automation	24/25	
	Percentage of Council tax collected	annual	98.5%
	Percentage of Business rates collected	annual	98.0%
	Sundry Debt Collection Rates	annual	90%
	Satisfaction with Customer Services		
	Answering over 80% of calls within 45 seconds • Answering over 95% of calls, with less than 5% abandoned Reduce % calls lost to 5%	annual	5% by end of March
	Keeping the average wait time for customers to be seen in person to below 10 minutes	annual	
	To respond to enquiries with 7 working days	7 working days	99%

6. KEY ISSUES/RISKS FOR 2024/25 – this section highlights key issues/risks which may affect other services that work with us or support our work (add in rows as appropriate. Please ensure cover future and current service risks. In light of corporate risk please ensure consider each area fully.

WORKFORCE PLANNING ISSUES/TRAINING REQUIREMENTS
Training of new staff will be required with new structure and also need to recruit into posts which may be challenging
COMMUNICATION/CONSULTATION
Key areas likely to arise during 24/25 - Communications on Council tax annually are undertaken and currently no new issues
LEGAL ISSUES (likely to require additional legal support)
As recovery team builds and gets fully underway there will potentially be requirement for assistance in taking cases to court.
GDPR
Staff are aware of data management requirements but given the nature of the role there is always a risk of data breach.
PROCUREMENT OR CONTRACTS (upcoming procurements or contracts required)
No intended purchase of new systems outside of current plans relating to digital transformation
ICT (e.g. provide information on systems to be purchased or support needed)
As upgrades to systems or though introduction of new systems there will be ICT support required
CLIMATE CHANGE
Consider both how the service would be impacted by climate change and its climate change impacts main areas are to increase automation and e-billing so as to reduce paper use.
SERVICE RISKS (consider likelihood and impact) – relate where appropriate to corporate risk
additionally complete risk appetite framework Appendix A (below)
NON-LEGAL ISSUES
Resourcing should be less of a problem as new systems embed which increase automation of transactions
EQUALITY and DIVERSITY
Equality Impact Assessments Required or Reviews due include here

7. LOOKING FURTHER AHEAD: OTHER KEY ISSUES/RISKS FOR THE NEXT THREE YEARS – issues e.g. legislation that we need to plan for in the medium term, financial changes, climate change,

SERVICE AREA
Potential changes in Council tax legislation, continued longer term impacts of the cost of living crisis with associated impacts on recovery Workforce retention and automation of activities within service

8. KEY CONTACTS

Katie Frampton	01784 446428
Dan Dredge	01784 446225

9.0 MANAGEMENT

9.1 Group Head’s comment/signoff

Signature/ date	Comments
S J Muirhead 24.2.24	Given the current staffing constraints in the service they perform well and the challenge going forward with the restructure will be embracing change and new systems/technology over next few years

9.2 Comments/sign off from the Deputy Chief Executive

Signature/date	Comments
Lee O’Neil 24.02.24	The CS Team provide a range of essential functions, including the collection of Council Tax and Business Rates, and are the interface that many of our customers first deal with when engaging with the Council. Although they have been going through a transition period whilst the structure of the team has been realigned, they have continued to perform well.

Document Reference:	Service Plan 2024/25
Version:	V3 May 2024
Date of issue	
Originator:	
Reviewer:	S J Muirhead May 2024
Plan Status:	Final

19-4-23

Appendix A SERVICE PLAN TEMPLATE – Risk Appetite

There are numerous Services operating across the Council, possibly with varying risk appetites. Being clear on your Service risk appetite will assist you as Managers in making transparent and informed risk-based decisions as part of service provision and delivery of objectives, as well as ensuring the application of proportionate actions and risk mitigation measures (as far as practical and possible) that align with your appetite.

As an example to assist the risk appetite of the Regeneration and Growth Service sits is outlined below:

Appetite Category	Minimal	Cautious	Exploratory	Seeking
Appetite Description	Areas where Spelthorne will apply a strong control environment to reduce or minimise the likelihood that a risk will occur and/or reduce the impact of any risk	Areas where Spelthorne seeks low-risk delivery options and will pilot innovation only in a controlled environment	Areas where Spelthorne strikes a balance between the potential upside benefits and downside risks of a decision and explores new solutions and options for delivery	Areas where Spelthorne takes risks by working with new ideas and approaches, looking for innovation and recognizing that failures are an opportunity for learning and improving.
How are each of these appetites articulated when applied across the RAF impact measure for 'Service Provision'	Services delivered as planned with mandated developments only	Tried and tested changes made. Use of limited pilots to develop new approaches	Open to new ways of doing things and taking a balanced and pragmatic (capacity-driven) approach to making changes	Continuous re-evaluation of services and how they are delivered to explore new ideas, learn from failures to invest in ever-improving delivery

What is the Council's overall risk appetite for 'Service provision' (CURRENT)?		X		
Use the information above, review the content within your Service Plan and reflect on your Service approaches to establish where your specific Service risk appetite is currently positioned. Add X				
Appetite Category	Minimal	Cautious	Exploratory	Seeking
1.Customer Services		X	X (digital transformation)	
2. Council tax and NDDR, BID		X		
Why does your service risk appetite(s) sit against this category? Provide one or two examples of practices and approaches within your Service to support your assessment. For example, if you define your Service(s) to have a minimal or cautious risk appetite is this influenced by a strong regulatory working environment presenting wider implications or repercussions if this appetite category was not adhered to.				



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.

Spelthorne Borough Council

Service Committees Forward Plan and Key Decisions for 1 July 2024 to 10 February 2025

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 08 07 2024	Treasury Management Outturn	Non-Key Decision	Public	Paul Taylor, Chief Accountant
Corporate Policy and Resources Committee 08 07 2024	Customer Services - Service Plan	Non-Key Decision	Public	Sandy Muirhead, Group Head - Commissioning and Transformation
Corporate Policy and Resources Committee 08 07 2024	Productivity in Local Government	Non-Key Decision	Public	Daniel Mouawad, Chief Executive
	Phase II - Old Leisure Centre Demolition & Car Park Works	Non-Key Decision	Private	
Council 18 07 2024	Waterfront Development Agreement	Non-Key Decision	Public	Richard Mortimer, Development Management Consultant
Corporate Policy and Resources Committee 18 07 2024	Annual Commercial Property Report for Financial Year 2023/2024	Non-Key Decision	Private	
Council 18 07 2024	Solar Car Park (Eclipse Leisure Centre)	Non-Key Decision	Public	Timothy Snook, Sustainability Officer

Date of decision and decision maker	Matter for consideration	Key or non-Key Decision	Decision to be taken in Public or Private	Lead Officer
Council 24 10 2024	Vehicle Replacement Programme	Non-Key Decision	Public	Jackie Taylor, Group Head - Neighbourhood Services
Members' briefing pack 17 07 2024	Hoarding Protocol	Non-Key Decision	Public	Stephen Mortimer-Cleevely, Strategic Lead, Independent Living
Corporate Policy and Resources Committee 09 09 2024	2023-24 Reserves Outturn Report	Non-Key Decision	Public	Paul Taylor, Chief Accountant
Corporate Policy and Resources Committee 10 01 2025	Lloyds Bank Contract	Non-Key Decision	Private	Mahmud Rogers, Joint Financial Services Manager
Corporate Policy and Resources Committee 14 10 2024	Fees & Charges	Non-Key Decision	Public	Mahmud Rogers, Joint Financial Services Manager
Corporate Policy and Resources Committee 14 10 2024	Discretionary Rate Relief Policy	Key Decision It is significant in terms of its effect on communities living or working in an area comprising two or more wards	Public	
Corporate Policy and Resources Committee 14 10 2024	Service Plans	Non-Key Decision	Public	Coralie Holman, Group Head Assets

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 09 12 2024	Growth Bids, Capital Bids & Savings Plan	Non-Key Decision	Public	Mahmud Rogers, Joint Financial Services Manager
Corporate Policy and Resources Committee 09 12 2024	Budget Report	Non-Key Decision	Public	Mahmud Rogers, Joint Financial Services Manager
Corporate Policy and Resources Committee 20 01 2025	Government Funding	Non-Key Decision	Public	Mahmud Rogers, Joint Financial Services Manager
Corporate Policy and Resources Committee 20 01 2025	Interest Income	Non-Key Decision	Public	Mahmud Rogers, Joint Financial Services Manager
Corporate Policy and Resources Committee 20 01 2025	Investments, Regeneration & Municipal Portfolios	Non-Key Decision	Public	Mahmud Rogers, Joint Financial Services Manager
Corporate Policy and Resources Committee 20 01 2025	Movement on Reserves (Including Sinking Fund)	Non-Key Decision	Public	Mahmud Rogers, Joint Financial Services Manager
Corporate Policy and Resources Committee 10 02 2025	Capital Programme	Non-Key Decision	Public	Mahmud Rogers, Joint Financial Services Manager

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 10 02 2025	Detailed Budget TMS	Non-Key Decision	Public	Mahmud Rogers, Joint Financial Services Manager
Corporate Policy and Resources Committee 10 02 2025	MTFP	Non-Key Decision	Public	Mahmud Rogers, Joint Financial Services Manager
Corporate Policy and Resources Committee 10 02 2025	Reserves Strategy	Non-Key Decision	Public	Mahmud Rogers, Joint Financial Services Manager

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