



*Please reply to:*

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Date: 10 January 2025

## **Notice of meeting**

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

**Date:** Monday, 20 January 2025

**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)

M. Beecher

J.R. Boughtflower

J. Button

S.M. Doran

R.V. Geach

M. Gibson

K.M. Grant

K. Howkins

N. Islam

M.J. Lee

S.C. Mooney

L. E. Nichols

O. Rybinski

H.R.D. Williams

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

*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**

**5 - 22**

To confirm the minutes of the meeting held on 09 December 2025 as a correct record.

**3. Disclosures of Interest**

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

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

The Chair, or 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. Corporate Policy and Resources Draft Detailed budget for 2025/26**

Report to follow.

**6. Corporate Policy and Resources Draft Capital Programme for 2025/26**

Report to follow

**7. Treasury Management Strategy Mid-Year Review**

Report to follow

**8. Treasury Management Draft Strategy 2025-26**

Report to follow

**9. Refreshed Sinking Fund Model**

**23 - 44**

The Committee is asked to note the progress on the Sinking Fund Model and that a further formal report will be presented to this Committee on 24 March 2025, once Council has approved the 2025-26 Budget; and

Agree that a demonstration of the model be provided to members of the Committee and of the Commercial Assets Sub-Committee ahead of the further report on 24 March 2025.

- |            |  |                  |
|------------|--|------------------|
| <b>10.</b> | <b>Revised Corporate Complaints Policy</b>   | <b>45 - 68</b>   |
|            | The Committee is asked to adopt the proposed revised Corporate Complaints Policy that aligns with the Ombudsman's Complaints Handling Code.  |                  |
| <b>11.</b> | <b>2023-24 Audited Accounts for KGE</b>  | <b>69 - 102</b>  |
|            | The Committee is asked to note the audited financial statements for Knowle Green Estates (KGE) for the year end 31 March 2024.   |                  |
| <b>12.</b> | <b>Eclipse Leisure Centre Additional Spend</b>   | <b>103 - 122</b> |
|            | The Committee is asked to note the updated budget position for the construction of the Eclipse Leisure Centre.   |                  |
| <b>13.</b> | <b>Corporate Plan Progress Report</b>  |                  |
|            | Report to follow   |                  |
| <b>14.</b> | <b>Terms of Reference for KGE Task &amp; Finish Group</b>  | <b>123 - 128</b> |
|            | The Committee is asked to agree the Terms of Reference for the Knowle Green Estates Task and Finish Group.   |                  |
| <b>15.</b> | <b>Terms of Reference for Reorganisation Board</b>   | <b>129 - 132</b> |
|            | The Committee is asked to agree the Terms of Reference for the Reorganisation Board.   |                  |
| <b>16.</b> | <b>Urgent Actions</b>  |                  |
|            | 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 09 December 2025. |                  |
| <b>17.</b> | <b>Forward Plan</b>  | <b>133 - 138</b> |
|            | To consider the Forward Plan for committee business.   |                  |

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**Minutes of the Corporate Policy and Resources Committee  
9 December 2024**

**Present:**

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

**Councillors:**

M. Beecher	R.V. Geach	N. Islam
J.R. Boughtflower	M. Gibson	S.C. Mooney
J. Button	K.M. Grant	L. E. Nichols
S.M. Doran	K. Howkins	H.R.D. Williams

**Substitutions:** Councillors D.C. Clarke

**Apologies:** Councillors M.J. Lee and O. Rybinski

**135/24 Apologies and Substitutes**

Apologies were received from Councillors Lee and Rybinski.

Councillor Clarke attended as substitute for Councillor Rybinski.

**136/24 Minutes**

The minutes of the meeting held on 15 October 2024 were agreed as a correct record.

**137/24 Disclosures of Interest**

Councillors Mooney and Sexton declared that they were also Surrey County Council Councillors.

Councillor Nichols declared he was on the board for Knowle Green Estates. Terry Collier, Chief Finance Officer/Section 151 Officer advised that he was also on the board for Knowle Green Estates.

**138/24 Questions from members of the Public**

There were no questions.

**139/24 Knowle Green Estates Ltd, Annual Report 2023/24**

The Committee received a presentation from Darren Levy, Anne Fillis and Councillor Nichols who are Board directors for Knowle Green Estates Ltd (KGE).

The Committee were advised that KGE currently had net assets of £5.6m and that it was forecast to be generating a profit within 10 years but due to the recent acquisition of additional properties it was hoped that this should be reduced to 3-4 years.

The Directors advised the Committee that the Council's Section 151 Officer would be relinquishing his position on the KGE Board due to a potential conflict of interest.

The Board Directors were asked how many families were currently being housed in properties owned by KGE. The Committee was advised that KGE currently had 179 properties and that full details of how many tenants and their make-up would be circulated to the committee members.

The Committee were advised that KGE would not be able to achieve the target of 600 affordable housing units that it had been working towards.

It was proposed by Councillor Nichols and seconded by Councillor Bateson that a Task & Finish Group of members would be set up to consider future Council representation on the KGE Board and to look at how best to move the company forward and would report back to this Committee. The Task & Finish Group would consist of 7 members and would be politically proportionate and would be made up of members of this Committee with at least one member that was also on the Community Wellbeing and Housing Committee. The Committee were advised that the Democratic Services Manager would circulate the proportionality calculations to all Group Leaders for them to provide nominations for their seats on the group. The Terms of Reference for this Task & Finish Group would be presented at the next meeting of this Committee for approval.

#### **140/24 Q2 Revenue Monitoring Report as at 30 September 2024**

The Committee considered the report that sought to advise the Committee of the forecast overspend of £896,000 for 2024/25 as at 30 September 2024.

The Committee asked that clarification be provided on the overspend and the savings due to vacant posts as outlined in the report. A breakdown of all current vacancies under each salary grade and the total percentage posts that were currently vacant was requested to be provided to all committee members.

Officers were also asked to provide reasons why the agreement to demolish Thameside House was never acted upon.

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

#### **141/24 Quarter 2 (30 September 2024) Capital Monitoring Report**

The Committee considered the report that sought to advise the Committee of the forecast overspend of £1.157m for 2024/25 as at 30 September 2024.

Members asked that future financial reports be provided in an Excel format to enable councillors to expand on information contained within. The Chief Finance Officer advised the Committee that members were able to access the quarterly reports in an Excel format and the Finance Team will ensure that members are aware of how to access both the Capital and Revenue reports in this requested format. The Committee were advised that currently Excel spreadsheets were unable to be attached to the Mod Gov agenda so had to be presented in the agenda in a PDF format.

The Committee members asked that training be provided for councillors in finance to aid a better understanding of financial reports. The Chief Finance Officer advised that the Members Finance Working Group had previously discussed training and also the production of a glossary of financial terms. A draft glossary had been produced and circulated to members of the finance group and feedback had been sought. Once finalised, the glossary would be circulated to all members. The Committee Chair asked that the Members Finance Working Group meet before the end of January 2025 to move these issues forward.

Clarification with regard to virements and the process to deal with them was sought by the Committee. The Chief Finance Officer advised that this would be circulated to all committee members after the meeting.

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

#### **142/24 Eclipse Leisure Centre Financing**

The Committee considered the report that outlined the revenue impacts of the Eclipse Leisure Centre.

The Committee were advised that there was currently an estimated overspend of £2.6m over the entire programme of the new Eclipse Leisure Centre build and the refurbishment of the Sunbury Leisure Centre. The final accounts for the Eclipse Leisure Centre have not yet been settled so this figure may change. The Group Head of Assets advised the Committee that the overspend on the Eclipse Leisure Centre alone was currently in the region of £100k but that this figure may also be subject to change.

The Minimum Revenue Provision (MRP) for the internal financing was queried and the Committee were advised that further details would be provided to all Committee members after the meeting.

The Committee **resolved** to note the revenue impacts of the Eclipse Leisure Centre for the outline budget period.

#### **143/24 Corporate Policy and Resources - Budget, Fees and Charges, Capital bids, Revenue Growth and Savings for 2025/26**

The Committee considered a report that outlined the draft Budget, Fees & Charges Schedule, Capital Items, Revenue Growth and Savings Items for the Corporate Policy & Resources Committee 2025-26 Budget.

The Chief Finance Officer advised the Committee that this report was for the Committee to provide feedback to officers ahead of further consideration by the Committee. A final budget report will be brought back to the Committee in January 2025 for members to further discuss and to make a recommendation to Council that the budget be approved.

The Committee asked for clarification on the 'Window Replacement (non-competent persons scheme)' and also asked whether the discount for Houses of Multiple Occupation currently granted to Landlords that are members of a professional Landlord Association or with an accreditation from a recognisable scheme be increased to encourage a better calibre of Landlords. The Deputy Chief Executive advised that he would provide a written answer after the meeting that would be circulated to all Committee members.

The Growth Bid submitted for Members and Officers' tablets was queried due to the figure of £51k in 2026-27 dropping to £11k for 2027-28 and 2028-29. Clarification was sought from officers as to the vast drop in figures from Year 1 to Year 2. Members were advised that a written answer would be provided after the meeting that would be sent to all Committee members.

The Committee requested that prior to the report being brought back before the Committee that the Assets Budget be incorporated within it. It was also requested that clarification be given in the new Budget Report with regard to the Internal Audit Service through the Surrey Internal Audit Partnership and whether the proposed Growth Bid would be an ongoing item going forward.

The Committee **resolved** to note the draft initial Budget, Fees & Charges Schedule, Capital Items, Revenue Growth and Savings items for 2025-26 for Corporate Policy & Resources Committee.

#### **144/24 Determination of 2025/26 Council Tax Base for Tax Setting**

The Committee **resolved** to approve:

1. The gross Council Tax Base for 2025/26 is determined at 41,875.90 as Band D equivalents after taking into account of the Council's agreed Council Tax Support Scheme; and
2. The net Council Tax Base for 2025/26 calculated as Band D equivalents, is determined at 40,620 after an adjustment by 3% to allow for irrecoverable amounts, appeals and property base changes.

#### **145/24 Outline Budget Report 2025-26 to 2028-29**

The Committee were advised that work on a new Sinking Fund model was underway and that it would be presented to both this Committee and the Commercial Assets Sub-Committee before the final budgets were approved to aid members by providing clarification of how some of the figures were compiled.

The Committee requested that any modelling should include stress testing and it should ensure that all parameters and assumptions tested were clear and transparent.

It was suggested by the Committee that the Council develop its Investment Property Portfolio Modelling to bring them in line with expected practice of an institutional investor (as recommended by the Council's External Auditors). This would include stress testing and sensitivity analysis which would incorporate scenarios that covered the highest level of risk for expenditure, revenue, tenant behaviour and external socio-economic factors.

The Committee were advised that a Transformation Board, consisting of 7 councillors supported by officers, would be put in place. This would be subject to proportionality rules and the Democratic Services Manager would circulate the proportionality calculations and request nominations for members to sit on this Board. The Terms of Reference for this Board would be presented at the next meeting of this Committee for approval.

It was proposed by Cllr Sexton, seconded by Cllr Bateson and **resolved** to suspend Standing Order 38.3 to allow the meeting to continue beyond 22:00.

The Committee **resolved** to:

1a. note the proposed Outline Budget parameters for 2025-28 to 2028-29 and the issues and challenges raised in the report,

1b. note the current projected Budget shortfalls over the outlined periods set out in the report,

1c. subject to a recommendation of the Commercial Assets Sub-Committee, agree in principle to the use of £1m per annum in 2026/27 up to £5m per annum in 2030/31 revenue income from investment assets to accelerate the building up of the investment sinking fund reserves, resulting in less income to support annual service provision,

2a. agree the Outline Corporate Transformation Programme covering the year 2025-26 to 2028-29 to ensure the ongoing financial viability of the Council; and

2b. agree to set up a Members Transformation Board, with draft Terms of Reference to be brought back to the next meeting of the Committee.

### **Councillor Geach left the Chamber at 22.10**

### **146/24 Reserves Strategy for Capital & Revenue for 2025-26 to 2028-29**

The Committee **resolved** to:

1. Note the forecast Council Reserves balances for the four years ending 31 March 2029,
2. Note a further report will come to the Committee in February once the final budget has been finalised,
3. Agree to repurpose £8.71m of earmarked Revenue Reserves to offset abortive project management costs on Council housing regeneration site, that must be re-charged from Capital to the Revenue Budget,
4. Repurpose the Green Belt fighting fund reserve (£900k) to become a Local Plan Resources Funding Reserve to be applied in 2025-26 and 2026-27 to help fund Strategic Planning; and
5. To apply a further £700k of Social Housing Initiatives Reserve in 2025-26 to offset revenue pressures arising from homelessness.

### **147/24 Replacement of Mechanical & Electrical Plant at Sunbury Leisure Centre**

The Committee were advised that the mechanical and electrical plant at the Sunbury Leisure Centre was over 25 years old and was now considered obsolete. A procurement exercise had been undertaken to appoint a

contractor to undertake works to replace the plant and 4 contractors had been invited to tender; only 1 contractor had submitted a tender.

The Committee asked that this project be put on the Project Dashboard so that members would be able to see the progress made.

The Committee requested that an update on each current outstanding project be presented to the Corporate Policy & Resources Committee.

The Committee **resolved** to recommend to Council that it:

1. Approve a net budget of up to £739,000 to undertake improvement mechanical and electrical plant replacement works at Sunbury Leisure Centre,
2. Approve a contingency budget in the amount that equals 10% of the total project cost,
3. Delegate authority to the Group Head of Assets in consultation with the Chair and Vice Chair of the Corporate Policy & Resources Committee to agree requests for expenditure from the contingency budget,
4. Delegate authority to the Group Head of Assets in consultation with the Chair and Vice Chair of Corporate Policy & Resources Committee to appoint the preferred bidder as set out in this report to undertake the mechanical and electrical plant works; and
5. Delegate authority to the Group Head of Corporate Governance to enter into necessary legal documentation to formalise the appointment of the Contractor.

#### **148/24 Council Land and Property Disposals**

The Committee were advised by the Group Head of Assets that this report was seeking approval to progress the Assets Disposal Programme. The Committee were advised that the majority of Local Authorities do have a disposal programme to ensure that they are achieving best value on all council owned sites.

Members were advised that the list of potential sites as outlined in Appendix 1 was only an indicative list and not final. Due diligence would be undertaken on each site and that a report would be brought before this committee with all the available options including detailed information on what part of the site could be sold if not all of the site and the positives and negatives for each option for individual sites. The Committee would then make a recommendation to Council if any site was identified as one that would be best disposed of.

The Committee **resolved** to recommend to Council that it approves the progression of an Assets Disposal Programme of Council owned land and property in order to generate capital receipts.

**149/24 Appointment of an Independent Member of the Commercial Assets Sub-Committee**

The Committee **resolved** to recommend to Council that it approves the appointment of Mark Bunney as the Independent Member of the Commercial Assets Sub-Committee.

**150/24 Safeguarding Children and Adults at Risk Policy 2024-2028**

The Committee **resolved** to:

1. Approve the Safeguarding Children and Adults at Risk Policy 2024-28; and
2. Approve to delegate authority to the Strategic Safeguarding Lead in consultation with the chair of the Community Wellbeing & Housing Committee to approve minor amendments and updates to the Policy

**151/24 Appointment of Charity Trustees - Staines Parochial Charity**

The Committee **resolved** to approve the appointment of June Stillwell as a Charity Trustee for Staines Parochial Charity.

**152/24 Appointment of Charity Trustees - Laleham Charities - Hodgson & Reeve**

The Committee **resolved** to approve the appointments of Barry Morgan and Jo Smith as Charity Trustees for Laleham Charities, Hodgson & Reeve.

**153/24 Forward Plan**

Committee **resolved** to note the contents of the Forward Plan.

**154/24 Urgent Actions**

There were none.

**155/24 Exclusion of Public & Press (Exempt Business)**

The Committee **resolved** to move the exclusion of the Press/Public for the following item as the report contains exempt information within the meaning of Part 1 of Schedule 12A to the Local Government Act 1972, as amended by the Local Government (Access to Information) Act 1985 and by the Local Government (Access to information) (Variation) Order 2006 Paragraph 3 – Information relating to the financial or business affairs of any particular person (including the authority holding that information) and in all the circumstances



of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information because, disclosure to the public would prejudice the financial position of the authority in any lease, contract or other type of negotiation with the tenant or developer, who could then know the position of the Council

#### **156/24    Solar Canopies Over 'Eclipse' Leisure Centre Car Park**

The Committee asked what social value this project would have for the residents of the Borough. The Sustainability & Flood Risk Officer advised the Committee that he would liaise with Bidder A and email all Committee members after the meeting with the response.

The Environment and Sustainability Committee and the Climate Change Working Group would receive regular updates on the project once it commenced and also once completed to ensure that it is monitored.

The Committee **resolved** to:

1. Approve the recommended tender option,
2. Approve the Council entering into a contract (subject to the required standstill period) with the recommended bidder,
3. Authorise the Group Head of Corporate Governance to be delegated to enter into the contract and any other associated documentation in connection with the solar car park project; and
4. Agree a supplementary capital estimate for the current year.

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**Minutes of the Corporate Policy and Resources Committee  
9 December 2024**

**Present:**

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

**Councillors:**

M. Beecher	R.V. Geach	N. Islam
J.R. Boughtflower	M. Gibson	S.C. Mooney
J. Button	K.M. Grant	L. E. Nichols
S.M. Doran	K. Howkins	H.R.D. Williams

**Substitutions:** Councillors D.C. Clarke

**Apologies:** Councillors M.J. Lee and O. Rybinski

**157/24 Officers' Responses to Questions Raised at Meeting**

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**Corporate Policy & Resources Committee 09 December 2024****Responses from Officers to Questions Raised at the Meeting****Item 5 – Knowle Green Estates Annual Report 2023/24**

**Question:** How many tenants are currently housed by Knowle Green Estates and what is their mark-up eg families, single people?

**Response:** Knowle Green Estates currently has

- 174 properties
- 23 single occupancy, 151 tenancies to families, or households of more than 1 person.
- Total number of people living in our accommodation is 535.

**Item 6 - Q2 Revenue Monitoring Report**

**Question:** Why was the agreement to demolish Thameside House never actioned?

**Response:** The decision to not progress the demolition of Thameside House, was due to an approach early in 2023 from Travelodge wanting to convert the existing building into a budget hotel. An update report was taken to the Business, Infrastructure and Growth Committee (BIG) in June about marketing the site, based on this interest. Marketing was only concluded recently and reported to BIG in December.

**Item 7 – Q2 Capital Monitoring Report**

**Question:** What is the process for dealing with Virements and who is responsible for doing so?

**Response:** The Financial Regulations for Councillor ([Part4dFinancialRegulations 240718.pdf](#)) outlines how virements should be dealt with as well as the Financial Regulations A16 that states “The Chief Finance Officer is responsible for advising the Corporate Policy and Resources Committee or the Council about whether a decision is likely to be considered contrary or not wholly in accordance with the budget. Actions that may be ‘contrary to the budget’ include:

- a) initiating new policies and financial commitments
- b) committing expenditure in future years above budget
- c) budget or spending transfers above virement limits “

## **“MANAGING EXPENDITURE: SCHEME OF VIREMENT (BUDGET TRANSFERS)**

A25 The Scheme of Virement is intended to enable the Corporate Policy and Resources Committee, Chief Executive, Deputy Chief Executives and Group Heads and their staff to manage budgets with a degree of flexibility within the overall policy framework determined by the Council and therefore, to optimise the use of resources.

A26 The Council is responsible for agreeing procedures for virement of expenditure between budget headings.

A27 Virements are the temporary transfer of surplus budget provisions between ‘estimate’ headings. These do not affect the base budgets for future years.

A28 Group Heads are responsible for agreeing in-year virements within delegated limits, in consultation with the Chief Finance Officer where required.

A29 Key controls for the Scheme of Virement are: a) It is administered by the Chief Finance Officer within guidelines set by the Council. Any variation from this scheme requires the approval of the Corporate Policy and Resources Committee. b) The overall budget is agreed by the Corporate Policy and Resources Committee and approved by the Council. The Deputy Chief Executives, Group Heads and budget managers are therefore authorised to incur expenditure in accordance with the estimates that make up the budget. The rules below cover virement. For this purpose, a service comprises a separate page or column in the published budget. c) Virement does not create additional overall budget liability. Virements are not permitted on the following revenue expenditure heads unless the Chief Finance Officer has approved their use: a) Business rates resulting from revaluation b) Insurance c) Capital financing charges d) Members’ allowances e) Government grants f) And any others identified by the Chief Finance Officer

A30 The Chief Executive, Deputy Chief Executives and Group Heads are expected to exercise their overall discretion in managing their budgets Updated 18 July 2024 Financial Regulations reasonably and prudently. For example they should aim to avoid supporting recurring expenditure from on-off sources of savings or additional income of creating future commitments, including full-year effects of decisions made partway through a year for which they have not identified future resources.

A31 The Chief Executive, and Deputy Chief Executives may transfer or "vire" funds between budget heads (both revenue and capital) within their services, subject to the following general parameters: (a) All corporate guidelines and policies will be followed; (b) Conditions of Service will be complied with; (c) A single 'one-off' budget may not be transferred to fund a new ongoing item of expenditure; and (d) Budgets not under effective control of the budget holder may not be vired eg rates and insurance.

A32 Any such transfer will be agreed with the Group Head and discussed with the service accountant before implementation and agreed by the Chief Finance Officer.

A33 Any proposal to transfer funds between services requires the approval of the Management Team (MAT) and the Corporate Policy and Resources Committee.

A34 Any virement (revenue or capital) with a value greater than £100,000 must be approved by the Corporate Policy and Resources Committee."

#### **Item 8 –Eclipse Leisure Centre Financing**

**Question: Where is the Minium Revenue Provision for the Internal Financing Reflected?**

**Response: A response is to follow**

#### **Item 9 – Corporate Policy & Resources Committee – Budget, Fees & Chares, Capital Bids, Revenue Growth and Savings for 2025/26**

**Question: Could more information be provided on an item in the Fees & Charges entitled 'Window Replacement (non-Competent persons scheme)**

**Response:** If a homeowner uses a FENSA accredited company/installer then they do not require to submit a Building Regulations application to ourselves but if they don't use an accredited company then they MUST submit an application to ourselves or other Building Control Authority ("Approved Inspector") that incurs a fee.

**Question: Could the Council consider giving a bigger discount for HMO Landlords to Encourage a Better Calibre of Landlords?**

**Response:** The risk based HMO licencing regime we operate is based on cost recovery for the staff resources to deliver the service. If we were to reduce this and give a discount, there would need to be a consequential increase in the other fees for those who are given one- or three-year licences. It is suggested that we retain the current fee structure (due to extremely limited resources to look at the matter

now) but that we monitor during 2025/26 so we can ascertain the actual time taken to deal with the licences with a view to a more detailed overhaul based on evidence for 2026/27 (if justified).

**Question: Why is the figure for the replacement of I.T. equipment significantly higher in 2026/27 compared to 2027/28 and 2028-29?**

**Response:** In 2026/27, when there is an election, all the members will receive a new tablet hence the figure of £51K quoted for that year.

£11K is a year on year figure for all the tablets that have been approved by senior management for staff use, as we have a rolling refresh requirement for them

#### Item 14 – Council Land and Property Disposals

**Question: Can a list be provided of the site allocations that were removed from the draft Local Plan and how much will this affect the total housing list?**

**Response:**

Ref	Address	Number of dwellings	Notes
ST4/002	Bridge Street Car Park, Hanover House & Sea Cadet Building, Bridge Street, Staines	158	
ST1/029	Surrey County Council Buildings, Burges Way, Staines, TW18 1YA	30	Proposed to remove from the Local Plan prior to start of Examination (May 2023) due to flood risk and confirmed by E&S 29 Feb 2024
ST1/030	Fairways Day Centre, Knowle Green, Staines, TW18 1AJ	30	Proposed to remove from the Local Plan prior to start of Examination (May 2023) due to flood risk and confirmed by E&S 29 Feb 2024
ST4/010	Riverside Car Park, Thames Street, Staines, TW18 4UD	35	



ST4/011	Thames Lodge Hotel, Thames Street, Staines, TW18 4SJ	40	
		293	

## Item 22 – Solar Canopies Over the ‘Eclipse’ Leisure Centre Car Park

### Question: What Social Value is Linked to this Project

#### Response from Preferred Bidder:

*Dear Spelthorne Borough Council,*

*Thank you for your message relating to the Councillors decision to comply with a Social Value request.*

*We are delighted to contribute to these important initiatives and welcome the opportunity to collaborate with the Council’s Climate Change and Sustainability team. As part of this commitment, we will plant 30 trees in Spelthorne Borough Parks, consulting with our supply chain to select the most appropriate species for the environment.*

*Furthermore, we would also commit to supporting the Council’s Climate Change and Sustainability team in other areas, such as:*

- Promoting local skills and employment opportunities.*
- Encouraging the growth of responsible regional businesses.*
- Social engagement with local schools and universities.*

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# Corporate Policy & Resources Committee



20 January 2025

<b>Title</b>	<i>Interim report on the progress of 2025-26 to 2074-75 Sinking Fund Forecast Model (5-year review)</i>
<b>Purpose of the report</b>	To inform and reassure
<b>Report Author</b>	<i>Paul Taylor, Chief Accountant</i>
<b>Ward(s) Affected</b>	All Wards
<b>Exempt</b>	No
<b>Corporate Priority</b>	Community Addressing Housing Need Resilience Environment Services
<b>Recommendations</b>	<p><b>The Committee is asked to note the progress on the Sinking Fund Forecast model and that a further formal report will be presented to this Committee on 24 March 2025, once Council has approved the 2025-26 Budget.</b></p> <p><b>Agree that a demonstration of the model be provided to members of the Committee and of the Commercial Assets Sub-Committee ahead of the further report on 24<sup>th</sup> March.</b></p>
<b>Reason for Recommendation</b>	<p>As part of the five-year review process, this Sinking Fund Forecast model has been designed as a decision making tool to assist Council with the process of making strategic choices that help it to achieve its corporate goals, reduce risks, allow for horizon planning, through identifying challenges, gathering relevant data, analysing alternatives and selecting the best course of action.</p> <p>The model will also be used to stress test the resilience of the Council's investment and regeneration property portfolio against future financial scenarios. It will help the Council to gauge the investment risks and adequacy of assets, as well as evaluating medium to long term key performance indicators, internal controls and processes and simulate various scenarios to aid strategic and operational planning.</p>

What is the situation	Why we want to do something
<ul style="list-style-type: none"> <li>• The Council has brought forward its five-yearly review of the Sinking Fund forecast model,</li> <li>• The updated Sinking Fund forecast model is complete and will provide a structured approach to assist Council to make effective medium- and long-term decisions based on rationale thinking and logical analysis to reduce future risks, making the most of future opportunities and challenges with the Council's Investment and Regeneration property portfolio.</li> <li>• The modelling is indicating that there is a need to build funds more quickly than previously anticipated to meet future expenditure within the investment property portfolio and therefore it will be necessary to reduce the flow of funds over a number of years to the Council to support the Revenue Budget. This may change depending on any strategic decisions that this Committee and Council may take in the future.</li> <li>• Going forward, the Budget, Medium Term Financial Plan (MTFP) and Exit Strategies reflect this situation.</li> <li>• Having created the Sinking Fund forecast Model, it can be used to stress test the resilience of the Council's Investment and Regeneration property portfolio, by simulating how the portfolio will fare in both favourable and unfavourable economic scenarios, either using the model to review the impact on a wide range of</li> </ul>	<ul style="list-style-type: none"> <li>• Officers are responding to the observations made in the Public Interest Report by KPMG and the CIPFA/DHULC report.</li> <li>• The model is ready for use by both the Finance and Assets team to assist with short-, medium- and long-term planning, surrounding the Investment and Regeneration property portfolio and will present these reports to the Commercial Assets Sub Committee for consideration.</li> <li>• The Sinking Fund Forecast Model and the ability to stress test the Investment &amp; Regeneration property portfolio across several variable factors, will provide Council with the ability to make strategic decisions to maximise returns on investments and implement hedging strategies to mitigate risk</li> </ul>

variables, i.e., floor space, tenants financial standing, occupancy rates, landlord costs, inflation, rent incentives, etc., noting that this is not an exhaustive list.	
<b>This is what we want to do about it</b>	<b>These are the next steps</b>
<ul style="list-style-type: none"> <li>• Note the progress on the Sinking Fund Forecast model</li> <li>• Note the ability to simulate economic scenarios and stress testing of the Investment and Regeneration property portfolio.</li> <li>• Note that the model will continue to evolve over the lifetime of the investment and regeneration property portfolio.</li> <li>• Note that the Budget, MTFP, Exit Strategies and Sinking Fund Forecast model all align.</li> <li>• Note that the Budget, MTFP and Exit Strategies form the basis of the short to medium term planning (up to ten years) and the Sinking Fund Forecast Model forms the basis of the medium to long term planning from five to fifty years).</li> <li>• Note that the Commercial Assets Sub Committee, will be working with officers to model various economic scenarios and will be recommending hedging strategies to mitigate against possible losses or maximise returns and ensure that the Sinking Fund has sufficient resources to meet the Council's short-term commitments and long-range planning.</li> <li>• Note that this current model is a starting point for evolution and development, to suit the needs of this Council.</li> </ul>	<ul style="list-style-type: none"> <li>• Officers will prepare a full stress test report for this committee on 24 March 2025.</li> <li>• As the Budget and MTFP process is still ongoing and will be approved by Council in February 2025, the Sinking Fund Model will need to be updated to reflect the changes that have occurred between December 2024 and February 2025.</li> <li>• A final report will be presented to this Committee on 24 March 2025, once Council has approved the 2025-26 Budget.</li> <li>• Officers to arrange a demonstration of the model for members of this Committee and the Commercial Assets Sub Committee</li> </ul>

<ul style="list-style-type: none"> <li>Note that the current forecasting model for the Sinking Fund and Stress Testing can deal with most financial scenarios. In some cases where the economic scenario is complex, it may be necessary to involve a third-party specialist to assist, and then input the outcomes into this forecasting model</li> </ul>	
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## 1. SUMMARY OF THE REPORT

- 1.1 This report seeks to update the Committee on the current progress of the Sinking Fund forecasting model.
- 1.2 The forecasting model is complete and will need to be updated to reflect the changes currently taking place in the 2025-26 Budget Setting Process, which will be approved in February 2025, once this is completed a formal report will be presented to this Committee at the meeting to be held on 24 March 2025.
- 1.3 The Sinking Fund Forecasting model, in the first instance, uses averages to calculate items such as leases incentives, rent free periods. However, it can be adapted to be more granular, if required, particularly when incorporating the budget, Medium-Term- Financial-Plan and exit strategies into the forecasting model.
- 1.4 Included with this report are the following appendices for illustration purposes only and they have been redacted where appropriate, so as not to take this report into a closed session:
  - (a) Scenario A – base line assumptions
- 1.5 Scenario B – Assumptions for several different options for the property portfolio
- 1.6 Charts showing the impact on the Sinking Fund of both Scenario A and Scenario B
- 1.7 The Sinking Fund Forecasting and Stress Testing model is not a complex piece of software, nor is it a macro economic model that considers socio-economic factors, as utilised by HM Treasury or The Bank of England, when modelling global economic output.

## 2. Key issues

- 2.1 The last Sinking Fund forecast modelling review was carried out in 2020-21 and was due to be reviewed in 2025-26. However, this was brought forward in the light of the Public Interest Report issued by KPMG, the CIPFA/DLUHC Report and the Best Value Inspection review, with the majority of work carried out in September 2024, then put on hold whilst officers dealt with the Best Value Inspectors, BDO Value for Money Reports and audits for the five years to 31 March 2023 and the current audit with Grant Thornton.

- 2.2 Working with the Assets team, Finance Officers considered outsourcing the development of the model to a third party against preparing the model in house
- 2.3 The indicative prices for an external party to produce a model for the Council were between £50-70,000 to build the model and then an unspecified annual fee to maintain the model.
- 2.4 Based on officers' experience of the external modelling with Knowle Green Estates, and the difficulty in updating the model going forward, together with the associated costs of annual updating and evolving the model, it was decided to build the financial model in house, as this will facilitate greater control over the model, provide greater flexibility in modelling scenarios as they arise, as well as being more cost effective. The model will be used on an ongoing basis to explore emerging scenarios.
- 2.5 There have been considerable delays caused by challenges with a former officer due to conflicting priorities, which following their departure have now been resolved.
- 2.6 There are two aspects to this model:
- 2.7 Sinking Fund forecast – is a forecasting tool, incorporating the variables mentioned in 2.13 below, noting that the list is not exhaustive.
- 2.8 Stress Testing – a financial modelling tool used to test the resilience of the Investment & Regeneration property portfolio against potential future financial or economic situations. This can be done based on the variables mentioned in 2.13 below, or the model can forecast:
- 2.9 what would happen if one building was destroyed by fire or
- 2.10 all the tenants left a building or
- 2.11 the Council lost all its tenants across the entire property portfolio, and needed to know how long it would be able to meet its liabilities from the sinking fund reserve, before it impacts on the Council's revenue budget and taxpayers or
- 2.12 Assess the financial strength of each tenant on a lease-by-lease basis and what would happen if they defaulted on their lease, or left the building or
- 2.13 What is the impact on the Sinking Fund Reserves, if the Council redevelops a site and it takes, two years longer than anticipated to complete.
- 2.14 The list above is not exhaustive.

## **Sinking Fund**

- 2.15 There was no guidance provided by either KPMG or CIPFA as to what format the Sinking Fund Forecast Model should take, just that the Council should prepare one. Therefore, Officers have significantly improved on the capabilities of the original Sinking Fund Forecasting model, to provide a more in-depth analysis by, leases, tenant, floor space, rent incentives, rents per leases, rent free periods, occupancy rates and inflation, which will assist Council to make informed strategic decisions, to mitigate risk and maximise opportunities.

- 2.16 The forecasting model, has been based on the financial forecasting model used for all the Knowle Green Estates Ltd projections and the 120+ viability assessments carried out, thus making it easier for Council to understand the detailed set up.
- 2.17 The Forecasting Model can be further adapted to Stress Test against each variable mentioned in 2.12 below, so that Council can see the impact of their decision making on the Sinking fund balances, as well as receiving information from Officers of what would happen in a variety of situations and what mitigating strategies could be developed or applied to reduce the risks to the Council, or maximise any opportunities.
- 2.18 The Sinking Fund Forecast Model is based on the annual business plans for each property as prepared by Assets for the Commercial Assets Sub Committee and considers the proactive input from Cllr Nichols,
- 2.19 This has ensured that Officers have used a consistent approach to modelling that will aid Councillors understanding by being consistent and straightforward and can be adapted to suit the Council's requirements, as it aligns with the annual Budget process, preparation of the Medium-Term Financial Plan and Exit Strategies.
- 2.20 Like the annual business plans, the Sinking Fund Forecast Model has been established on a property-by-property basis, within each property the variables include:
- (a) Rent inflation
  - (b) Cost inflation
  - (c) Occupancy rates
  - (d) Square footage
  - (e) Leases
  - (f) Tenant incentives -rent frees, capital and revenue contributions, together with associated legal costs
  - (g) Maintenance programmes
  - (h) Refurbishments
  - (i) Life Cycle (Componentisation of assets required by the CIPFA Code, with inflation applied)
- It is possible to vary these variables using average figures or specific figures for each tenant or property.
- 2.21 The model is an evolutionary process, and will be adapted to reflect and flex variable elements to provide detailed analysis and forecasting for each property against an explicit scenario, to mitigate risks and maximise opportunities which could include:
- 2.22 Selling a building to generate a capital receipt, as modelled in appendix B
- (a) Refinancing the loans for the building
- 2.23 Changes in occupancy rates
- 2.24 Redeveloping a site, again this has been modelled in appendix
- 2.25 Exit strategy planning



Please note this list is not exhaustive

- 2.26 By flexing the variables in the model, it is possible to perform sensitivity analysis on numerous variables at the same time and provide the Council with Key Performance Indicators to monitor performance.
- 2.27 The model can be used to reflect trends in the above, i.e., cyclical nature of market conditions favouring tenants or landlord or variations in inflation, noting that inflation erodes the real value of money.
- 2.28 It should be noted that there will be some timing differences with respect to accounting for tenant incentives, as Assets report in terms of cashflow received, and Finance report in terms of the requirements of the CIPFA Code and the accruals concept. This is in particular reference to rent incentives, (see the table in 2.17 below).
- 2.29 As previously explained in detail to this Committee and full Council, the Finance team will apportion rent incentives over the period of the lease, i.e., a net rent, whereas Assets will show the rent incentives as £nil in the first period(s) then full rent thereafter. Our external audits have confirmed their expectations around this approach. <sup>(OBJ)</sup>
- 2.30 The following table illustrates the difference, based on a 5-year lease, of £1m per annum rent, with £1m rent free:

<b>Rental income</b>	<b>Assets</b>	<b>Finance</b>
Year 1	0	800,000
Year 2	1,000,000	800,000
Year 3	1,000,000	800,000
Year 4	1,000,000	800,000
Year 5	1,000,000	800,000
<b>Total rents</b>	<b>4,000,000</b>	<b>4,000,000</b>

- 2.31 This methodology keeps the processes aligned with budget setting, budget monitoring and the MTFP. It is transparent and less confusing for all councillors based on the feedback received from Chamber.
- 2.32 Refurbishment costs have been treated as revenue costs, i.e., the Council will replace the plant, machinery, onsite equipment, and décor, with like for like replacement there is no capital enhancement, and all costs are treated as revenue.
- 2.33 If there is any capital enhancement, this would have to be modelled to reflect the impact on any borrowings or application of capital receipts, Capital Programme, and market conditions.
- 2.34 The Sinking Fund Forecast Model is not an absolute model, i.e., the balance on the Sinking Fund in 50 years' time will not be a precise figure of say £10,543,260. It is a strategic management tool, providing a direction of travel, indicating that the outcomes will be in the region of said figure.
- 2.35 The Sinking Fund Forecast Model has been designed for horizon planning and what if scenarios, so that the Council can make strategic decisions about the future of the investment and regeneration portfolio, to aid negotiations with tenants and reduce financial risks to the Council.

## Stress Testing

- 2.36 The Second element of this exercise was to develop the capabilities for the Council to stress test its Investment & Regeneration property portfolio.
- 2.37 Stress testing is a technique used to test the resilience of the Council's property portfolio against potential future financial and economic situations.
- 2.38 The Global COVID pandemic was one factor that proved that the portfolio was robust and indeed survived a significant stress test, as rental yields were maintained, which was the main purpose of the Investment & Property portfolio, when it was established in 2016.
- 2.39 The other side of this equitation, is the downturn in property values since the portfolio was acquired, which has seen values fall dramatically, which would incur a substantial capital loss, if the portfolio was to be liquidated, which would indicate a significant issue, only if Council made a decision to sell the portfolio, based on current market valuations.
- 2.40 Fortunately, all the Councils borrowings for the property portfolio are fixed for their duration until fully paid off, and therefore, there is no risk to the Council from favourable or unfavourable movements in loan interest rates.
- 2.41 **How stress testing helps?**
- 2.42 It is a financial model that is used to analyse how the Council's property portfolio would fare in drastic economic and financial scenarios
- 2.43 Stress testing assists the Council to gauge and manage its risks and the adequacy of each asset.
- 2.44 Stress testing can use historical, hypothetical, or simulated scenarios to model the impact on the Council's finances, enabling Council to develop strategies to mitigate risks, reduce financial losses, or increase contributions to the Council's Revenue Budget and or Sinking Fund.
- 2.45 Stress testing can also be used to demonstrate the impact of disposing of a particular property or properties, both in terms of short term and long-term results.
- 2.46 Companies that manage assets and investment property portfolios use stress testing to determine portfolio risk, then set in place hedging strategies to mitigate possible losses.
- 2.47 One of the stress tests to be carried out, which does not form part of the Sinking Fund forecast model, will be to review the current property valuation and the loans outstanding, to assess the impact on the Comprehensive Income & Expenditure Statement (CIES). Once completed it can be assessed and replicated in the model. (As mentioned in 2.25 above, the current valuations compare to the loans outstanding make it financially unviable to liquidate the portfolio, without a substantial capital receipt in reserve).
- 2.48 However, on a property-by-property basis, it is possible to consider selling a smaller property, to realise a capital gain, and rather than repay the loans outstanding to the Public Works Loan Board (PWLB), repurpose those loans against another asset, for example, the new leisure centre.
- 2.49 **Why would repurposing loans be a good strategy?**
- 2.50 The average interest rate of the Investment & Regeneration portfolio is approximately 2.3%. Current PWLB fixed interest loans are above nearer

6%. By repurposing loans there is an average saving of interest of approximately 3.7%, and on a fifty-year loan of £30m that would save the Council £34.3m in interest charges.

2.51 As this is a Treasury Management decision it would need to be discussed by this Committee at the proper time, if this were to be considered, if the Commercial Assets Sub Committee agree to recommend such a sale to full Council.

2.52 There is no regulatory stress testing required by the CIPFA Code, nor was any information provided by them or KPMG in their Public Interest Report as to the required format for each model, so therefore, limited guidance available from these two organisations.

2.53 The model can be used to deal with:

(a) Historical stress testing – taking a previous crisis, i.e., the COVID pandemic and preparing a simulation based on these outcomes.

2.54 Hypothetical stress testing – is more specific, often focusing on how a particular tenant, property may weather a particular crisis, this can also be used for ‘blue sky,’ i.e., what happens if building partially collapses.

Under this type of stress testing modelling, Officers can also be more scientific by adjusting several variable factors, such as, occupancy rates, landlord costs, lease expiry, at once to assess the outcomes and probability of the event happening.

(a) Simulated stress testing – this can be used for modelling probabilities of various outcomes given specific random variables and is used to understand the impact of risk and uncertainty this may require third party specialist input, depending on the complexity of the test.

2.55 In summary, stress testing is a forward-looking analytical tool that will help Council to better understand its financial position and risks. The outcomes of stress testing can be feed into the Sinking Fund Forecast model to update the forecasts and assist Council to define what measures need to be taken if certain events arise, to mitigate risks, reduce threats and the likelihood of failure, whilst assessing how assets perform during economic downturns.

2.56 Officers have created the framework and processes to develop the stress testing model, which will:

(a) Enable Council to mitigate risks

(b) Enable improved financial planning for the property portfolio

(c) Highlight each properties strength and weaknesses

2.57 Working with other models, e.g. from managing agents regarding lease renewals expectations and data it will be possible to use this information with this model to stress test and evaluate the outcomes of a variety of economic challenges.

### **3. Options analysis and proposals**

3.1 So far officers have reviewed two main scenarios:

(a) Scenario A – business as usual, which forms the base case, for future scenarios to be modelled against.

- 3.2 Scenario B – redeveloping some sites (redacted information) via a joint venture partnership in XXXX (redacted) and disposing of a building in XXXX (Redacted).

The modelling of these variables indicates that these options are something that Council should seriously consider at the right time and will be discussed in detail at the Commercial Assets Sub Committee at the proper time. Noting that some of these options have already been built into the Exit Strategy reports presented to Commercial Assets Sub Committee

- 3.3 Additional modelling can be carried out to assess the viability of redeveloping any site. With all the indicative returns on investment provided for risk analysis. This information would be made available in the relevant report to the relevant committee.

Options include what if the Council redevelops a site ten years earlier than planned, again, the outcomes would be considered and presented to the Commercial Assets Sub Committee for consideration, with stress testing revisited to evaluate the economic and financial risks associated with each option.

#### **4. Financial Management Comments**

- 4.1 The Sinking Fund Forecast model is based on the 2025-26 Budget and Medium-Term Financial Plan for the four years from 2026-27 to 2029-30 and is a forecast of the next 45 years (making a fifty-year model) based upon certain key assumptions and timing of expenses. It is a tool for horizon planning and strategic decision making, providing a direction of travel based on the variable elements considered.
- 4.2 The Stress Testing Model is designed to test a variety of economic and financial scenarios and then use the Sinking Fund Forecast model to project the likely outcomes of this scenario on the Sinking Fund, particularly if Council and Officers decide that the scenario is likely to occur.
- 4.3 Once the 2025-26 Budget has been approved by Council in February, officers will provide a full report on the Sinking Fund for the 50 years to 31 March 2075
- 4.4 This will enable the Council to consider develop mitigating strategies to reduce the risks of financial loss and protect the Council's finances.
- 4.5 By highlighting both challenges and opportunities ahead, it will be providing Council with many opportunities to discuss options, carry out further modelling, and have a short to medium term plan for dealing effectively with whatever outcomes lay ahead
- 4.6 In scenario A, is the base model, and is on a like for like refurbishment, it is clear that the Council will have to find a substantial amount of funding to deliver the refurbishment plans proposed to keep the existing buildings, up to the same Category A standard, as when the Council acquired them.
- 4.7 By providing this information well in advance, it will provide the Commercial Assets Sub Committee with the opportunity to implement mitigating strategies to manage each property and the tenants' expectations, whilst reducing risk to the Council, through stress testing.

- 4.8 Under Scenario B, officers have modelled joint venture partnership, which could be an option for the Commercial Assets Sub Committee to consider
- 4.9 By modelling the disposing of a building, the Commercial Assets would be able to consider the benefits of taking such action for the Council.
- 4.10 As mentioned above the direct replacement of the plant, equipment, and décor, have been assumed as revenue, as there will be a like for like replacement to maintain the buildings as category A,
- 4.11 Should the Council approve capital enhancement to these assets, they would need to be capitalised. This would increase either internal or external borrowings and will need to be modelled, particularly if the enhancements were to be recovered through the service charge. Again, using the model this would be something for the Commercial Assets Sub Committee to review as appropriate
- 4.12 This model does not consider any impact on the service charges for each building.

## **5. Risk Management comments**

- 5.1 Whilst the addition of the new Independent Lay Member will strengthen the expertise of the Committee, there is an ongoing need to improve the financial knowledge and capabilities of committee members to understand strategic decision making issues, this is proposed to be addressed as a training issue, if not, it would be inappropriate to rely purely on one or two Members that are more financially minded.
- 5.2 The key focus and purpose of having sinking funds is as risk mitigation measure to seek to protect the Council and Council taxpayers during periods when there is turnover of tenants and tenants break leases, or do not renew leases which results in void periods when no rent is received. Having sinking funds balances ensure that there are funds to offset the impacts of such dips in rental income.
- 5.3 The purpose of the Sinking Fund Forecast model is to project into the future, to see if the Council is building up the funds sufficiently fast to have enough funds to cover future pinch points.
- 5.4 Based on the history, particularly in relation to development sites, Members have not grasped the need to make strategic decisions.
- 5.5 Delays caused by officers in finalising the Sinking Fund Forecasting and Stress Testing model. Now that there has been a change of personnel in a key position, this roadblock has been removed and based on the work carried out with officers, this should not occur again.
- 5.6 Challenges understanding the purpose of the Sinking Fund Forecast and Stress Testing model, it is hoped that this report has allayed many of those concerns for both Councillors and Officers.
- 5.7 As mentioned above, the next review of this model will be planned for 2030-31 and will probably be in the hands of the devolved larger Council body, based on the Devolution White Paper.
- 5.8 Whilst this forecasting model is essentially a finance driven model, the Group Head of Assets and the Principal Asset Manager provided the

information that went into the model, based on the variables mentioned in 2.13 above.

- 5.9 The outputs from the Sinking Fund Forecast Model, were reviewed by the individual officers responsible for each property and variations in outcomes against their business plans and exit strategies were evaluated, resulting in some changes to the model and some changes to the exit strategies figures and assumptions.
- 5.10 Officers have also spoken with the new Lay Member of Commercial Assets Sub Committee on a high-level basis to glean information and insights into the format of a Sinking Fund Forecasting Model. This was a useful conversation, and it confirmed that in the main, investment property companies do not share their sinking fund models. One area that was requested, was the ability to forecast and indeed manage leases in the period before a property is refurbished, or redeveloped and for major refurbishments, the floor(s) and occasionally the building is left vacant. The Sinking Fund Forecasting Model has been designed to accommodate this scenario.
- 5.11 The Sinking Fund Forecasting and Stress Testing model, is not an Enterprise Risk Management tool, i.e., a Council wide strategy that helps identify and prepare the authority for potential risks to its operations, finance and objectives, however, it does provide information to assess risks associated with the Investment & Regeneration Property Portfolio, so that Council can implement processes for dealing with any eventuality and therefore minimise its exposure to risks and maximise opportunities.

## **6. Procurement**

- 6.1 None.

## **7. Legal comments**

- 7.1 Section 151 of the Local Government Act 1972 requires local authorities for the proper administration of their financial affairs.

## **8. Other considerations**

- 8.1 None.

## **9. Equality and Diversity**

- 9.1 There are none directly. However, indirectly reducing the level of subsidy from the investment assets because of putting more into the Sinking Funds could result in a reduction of provision of services over time and equality impact assessments would need to be undertaken. The decision made a result of acting on the modelling will have to be assessed on a property-by-property basis.

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

- 10.1 There are no direct implications on sustainability or climate change, however, this Committee will need to consider any implications on the individual projects, when they are presented.

## **11. Timetable for implementation**

- 11.1 This is part of a five-year review process and scheduled for a major review in 2030-31, noting that the model will be used during the next five years to model various scenarios, impacting on the Council's investment and regeneration portfolio, to assist with strategic decision making and risk mitigation
- 11.2 A demonstration of the capabilities of the Sinking Fund Forecasting Model will be held for members of this Committee and the Commercial Assets Sub Committee
12. **Contact details** - Paul Taylor Chief Accountant [P.taylor@spelthornee.gov.uk](mailto:P.taylor@spelthornee.gov.uk)

**Background papers:**

2025-26 Outline Budget report

2025-26 Reserves Strategy Report

Individual Exit Strategies for investment and regeneration properties

**Appendices:**

**Appendix A** – Scenario A Business as usual, cashflow summaries

**Appendix B** – Scenario B Redevelop XX site and sell XX property

**Appendix C** – Projected Sinking Fund balances for:

- Scenario A
- Scenario B

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Plan A - Base Case **subject to Council approval**  
Assumptions

General

Rental income is calculated on accruals basis  
Rental income inflation  
Cost inflation  
Vacancy rate  
Rent incentives  
Interest on Sinking Fund balance

Life cycle replacement time frame in years

- Roof - main
- Windows
- Cladding minor
- Cladding major
- Internal décor
- Floor covering
- WC -light touch refurb
- WC Major refurb
- Common area refurb
- Reception area refurb
- HVAC - plant
- HVAC - refit
- Lighting upgrade
- Lighting fire alarm
- Lift replacement
- Lift car replacement
- Escalator
- Total refurbishment



it is possible to vary this by year, floor space, lease, tenant, sector  
it is possible to vary this by year, insurance, business rates, legal costs etc..  
it is possible to vary this by year, lease, tenant or sector  
it is possible to vary this by year, property, tenant, floor space or sector  
it is possible to flex this by year  
interest is not charged when Sinking Fund balance is negative

Covered by service charge  
Covered by service charge  
Covered by service charge  
Covered by service charge  
Covered by service charge  
Covered by service charge  
Covered by service charge  
Covered by service charge  
Covered by service charge

Life cycle costs based on today's prices and adjusted for inflation and based on life cycle replacement time frame.  
it is possible to flex the timings of the lifecycle replacement costs

Plan A - Base Case **subject to Council approval**

Assumptions

Property specific

Rental income - xxxxxxxxxxxx [redacted]

Vacancy Rate [redacted]

Rent incentives [redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

Sinking Fund Contributions

Based upon the review of the sinking fund model and taking into account the life cycle replacement costs and life expectancy of the landlord equipment, it became clear that the contribution to the council's revenue budget needed to be reviewed downwards

Plan B - Modelling various options subject to Council approval  
Changes between Plan A and Plan B are shown in red below  
Assumptions

General

Rental income is calculated on accruals basis		
Rental income inflation		it is possible to vary this by year, floor space, lease, tenant, sector
Cost inflation		it is possible to vary this by year, insurance, business rates, legal costs etc..
Vacancy rate		it is possible to vary this by year, lease, tenant or sector
Rent incentives		it is possible to vary this by year, property, tenant, floor space or sector
Interest on Sinking Fund balance		it is possible to flex this by year
		interest is not charged when Sinking Fund balance is negative
Life cycle replacement time frame in years		
Roof - main		Covered by service charge
Windows		Covered by service charge
Cladding minor		Covered by service charge
Cladding major		Covered by service charge
Internal décor		Covered by service charge
Floor covering		Covered by service charge
WC -light touch refurb		Covered by service charge
WC Major refurb		Covered by service charge
Common area refurb		
Reception area refurb		
HVAC - plant		
HVAC - refit		
Lighting upgrade		
Lighting fire alarm		
Lift replacement		
Lift car replacement		
Escalator		
Total refurbishment		

Life cycle costs based on today's prices and adjusted for inflation and based on life cycle replacement time frame.  
it is possible to flex the timings of the lifecycle replacement costs

Property specific

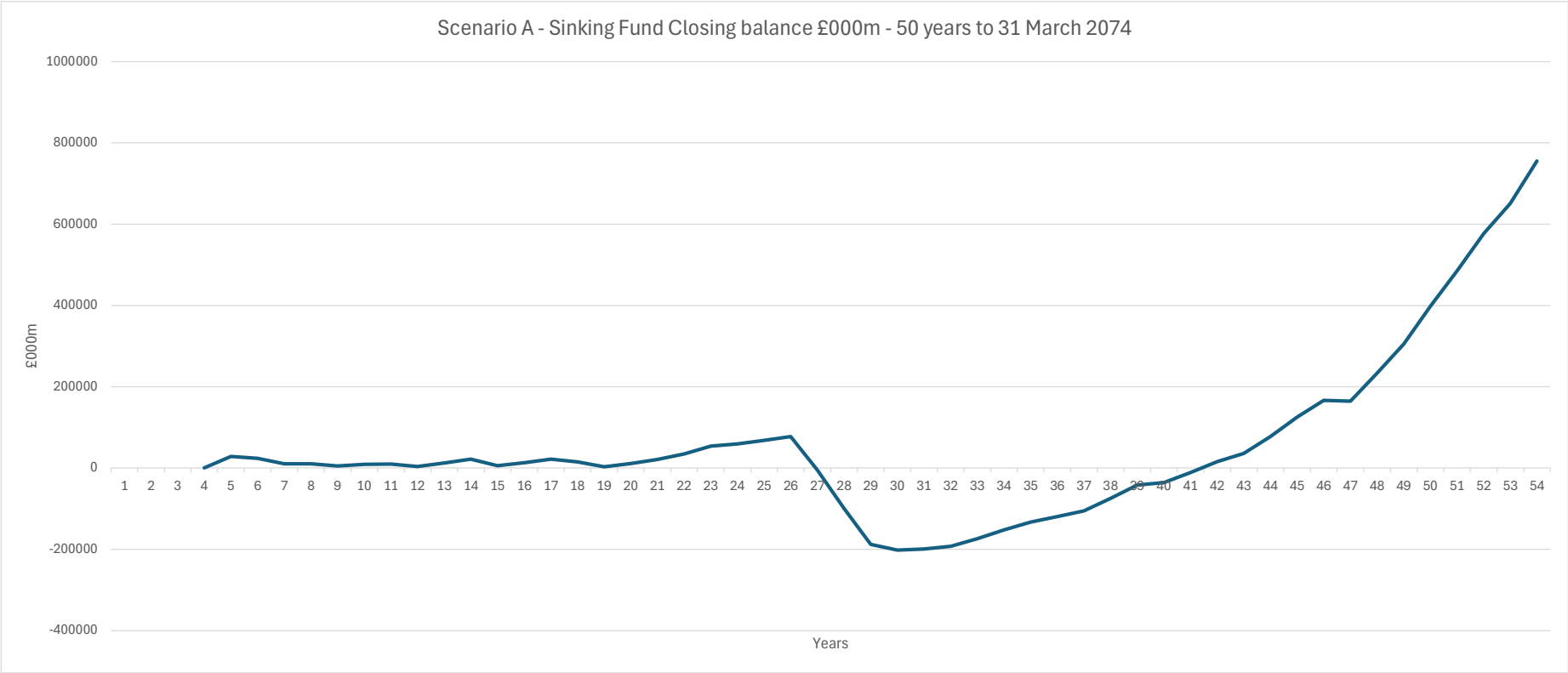
Vacancy Rate		
Rent incentives		

Plan B - Modelling various options **subject to Council approval**  
Changes between Plan A and Plan B are shown in red below  
Assumptions

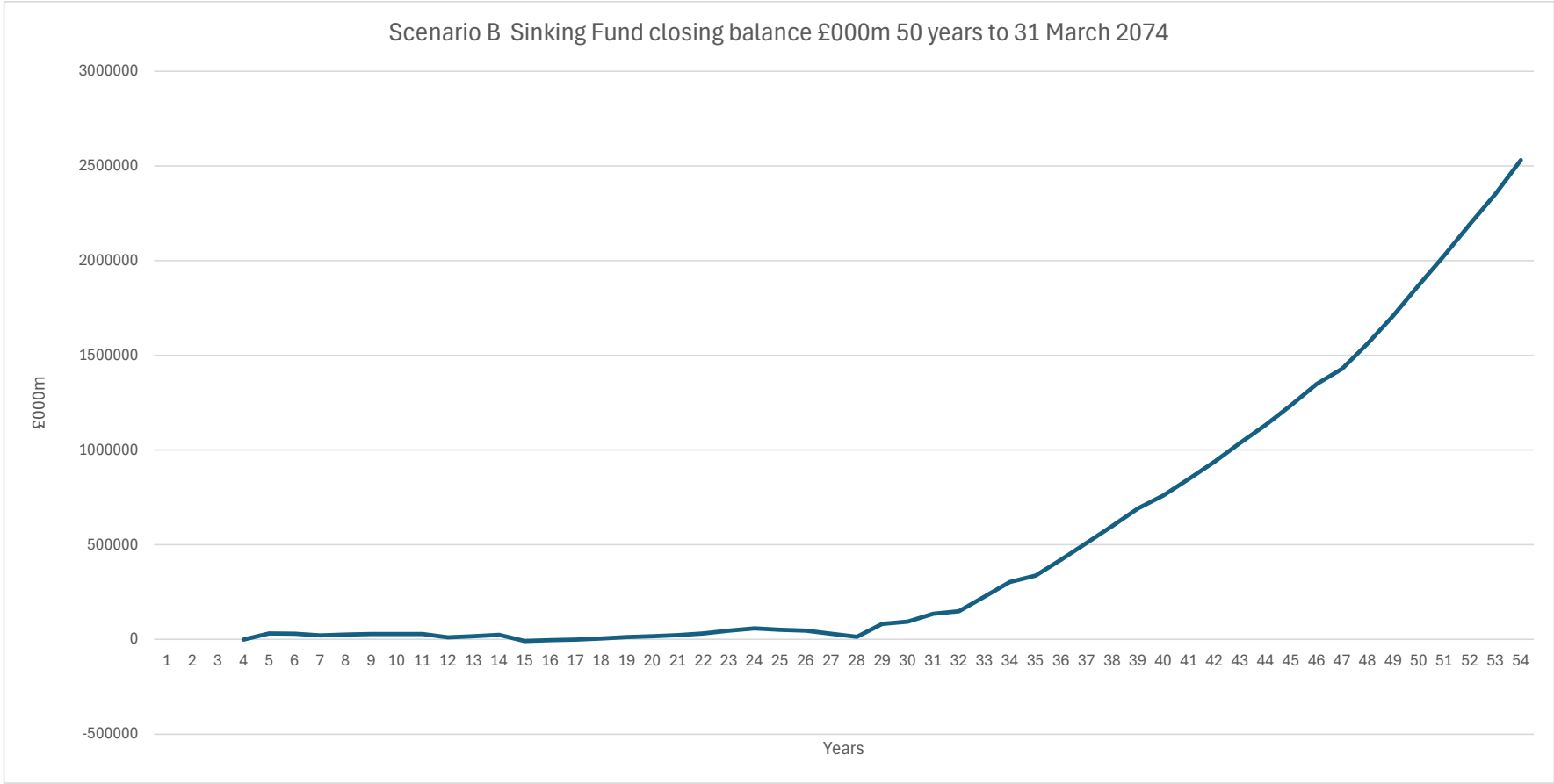


Sinking Fund Contributions

Based upon the review of the sinking fund model and taking into account the life cycle replace costs and life expectancy of the landlord equipment, it became clear that the contribution to the council's revenue budget needed to be reviewed downwards



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# Corporate Policy and Resources Committee



20 January 2025

<b>Title</b>	Revised Corporate Complaints Policy
<b>Purpose of the report</b>	To make a decision.
<b>Report Author</b>	Sacha Bailey - Projects Officer Gillian Scott - Corporate Governance Support Officer
<b>Ward(s) Affected</b>	All Wards
<b>Exempt</b>	No
<b>Exemption Reason</b>	Not applicable
<b>Corporate Priority</b>	Resilience Service delivery
<b>Recommendations</b>	<b>Committee is asked to:</b> Adopt the proposed revised Corporate Complaints Policy that aligns with the Ombudsman's Complaints Handling Code.
<b>Reason for Recommendation</b>	The Local Government and Social Care Ombudsman (LGSCO) has issued a Complaint Handling Code as advice and guidance for all local councils. The Ombudsman expects councils to consider the Code when developing complaint handling policies and procedures and when responding to complaints. This will result in better services to the public and help drive service improvements.

## 1. Summary of the report

What is the situation	Why we want to do something
<ul style="list-style-type: none"> <li>The Council currently has a Corporate Complaints Policy which covers all services apart from the Council's role as a landlord for affordable rental/temporary accommodation.</li> <li>The Council's current Complaints Policy does not completely align with best practice in the Local Government and Social Care</li> </ul>	<ul style="list-style-type: none"> <li>The Code was issued by the LGSCO as "advice and guidance" for all local councils in England. This means that councils should consider the Code when developing complaint handling policies and procedures and when responding to complaints.</li> <li>The Code was launched in February 2024, and councils are encouraged to adopt the Code as soon as possible.</li> </ul>

Ombudsman (LGSCO) Complaint Handling Code (the Code).	
<b>This is what we want to do about it</b>	<b>These are the next steps</b>
<ul style="list-style-type: none"> <li>• Successfully implement a new Corporate Complaints Policy, from 01 April 2025, that fully complies with the Complaint Handling Code.</li> <li>• Review current complaints procedures to ensure that they align with the Code.</li> <li>• Develop new templates that all staff are required to use when responding to complainants.</li> </ul>	<ul style="list-style-type: none"> <li>• Gain approval from CPRC and proceed with the implementation of the new Corporate Complaints Policy.</li> <li>• Review current complaints procedures to ensure they align with the Code.</li> <li>• Review ICT systems, including our online form, to ensure that it enables the successful implementation of the Complaints Policy.</li> <li>• Develop a SharePoint site that all staff can access for information on complaint handling.</li> <li>• Develop new templates that all staff are required to use when responding back to complainants.</li> <li>• Develop a feedback form for customers using our complaints service.</li> </ul>

1.1 This report seeks to obtain approval from Corporate Policy and Resources Committee to adopt the draft revised Corporate Complaints Policy 2025 - 2026 (**Appendix A**). If approved, the Policy will be implemented in accordance with the timetable specified in section 11. of this report.

## 2. Key issues

2.1 A Corporate Complaints Policy is crucial for enhancing service delivery within an organisation. Complaints provide valuable feedback from customers, highlighting areas where service improvements can be made. A well-defined complaints policy ensures that all complaints are handled consistently and fairly, regardless of where they occur within the organisation. Effective handling of complaints can improve the Council's reputation and strengthen public confidence in the Council's processes.

2.2 The Local Government and Social Care Ombudsman's [Complaint Handling Code](#) sets out a process that will allow councils to respond to complaints effectively and fairly. The purpose of the Code is to enable organisations to resolve complaints raised by individuals promptly, and to use the data and learning from complaints to drive service improvements. It will also help to create a positive complaint handling culture amongst staff and individuals.

- 2.3 The Code has been issued as “advice and guidance” for all local councils in England under section 23(12A) of the Local Government Act 1974. This means that councils should consider the Code when developing complaint handling policies and procedures and when responding to complaints. If a council decides not to follow the Code, the Ombudsman expects it to have a good reason for this.
- 2.4 The Code was launched in February 2024 and is considered good practice. The Ombudsman has been working with a group of pilot councils this year to develop a good practice guide to go alongside the Code, however, local councils are encouraged to adopt the Code as soon as they are able to do so.
- 2.5 The Ombudsman will start assessing complaint responses against their Code from April 2026; however, by having a revised Policy in place by 1 April 2025, the Council will have one year to adopt the Code successfully into working practices.
- 2.6 The Council’s current Complaints Policy already meets the majority of requirements in the new Code. The main differences being introduced by the revised Policy to comply with the Code include:

<b>Current Policy</b>	<b>Revised Policy</b>
No definition of a service request.	A definition of a service request i.e. a request that the organisation provides or improves a service, fixes a problem or reconsiders a decision
Service decides to exclude a complaint from the complaint process and informs complainant.	When declining to respond to an issue as a complaint, signpost complainant to the Ombudsman.
An informal stage before the formal Stage1.	No informal stage. An expression of dissatisfaction is responded to at Stage 1.
Service area advises complainant if it needs to extend time for response.	When informing of an extension, signpost to the Ombudsman.
Requires reasons for escalating to Stage 2.	Reasons not required but clarification may be sought if necessary.
No feedback mechanism.	Actively seek feedback from individuals in relation to their complaint handling as part of the drive to encourage a positive complaint and learning culture.

- 2.7 The Council’s ICT systems, including the online complaints form, will need to be reviewed to ensure that it enables the successful implementation of the revised Complaints Policy.

- 2.8 A feedback form for those who have engaged with the complaints process, will be developed in order to gather data on our complaint handling and encourage a positive complaint and learning culture.
- 2.9 The review of the Complaints Policy and procedures has provided an opportunity to develop clear guidelines for staff on how to handle complaints effectively. Staff will be given training in the revised procedures to ensure they are equipped to deal with issues professionally, courteously and in a timely manner, further enhancing the customer experience.

### **3. Options analysis and proposal**

- 3.1 Option 1 – Adopt the draft revised Corporate Complaints Policy so that it can be implemented by 1 April 2025, in accordance with the timetable set out in this report. If a council decides not to follow the Code the Ombudsman expects it to have a good reason for this. Having the revised Policy in place by 2025, gives the Council time to embed the changes within the organisation, before the Ombudsman starts assessing complaint responses against the Code in April 2026. **Option 1 is recommended.**
- 3.2 Option 2 - Only implement some changes to the Corporate Complaints Policy, without bringing it completely in line with the Code. This will mean that although the Policy may align with parts of the Complaint Handling Code, the Council may leave itself vulnerable in other areas to a finding of fault by the Ombudsman. In addition, the Policy will not meet best practice recommendations and consequently not provide the best experience for its customers. **Option 2 is not recommended.**
- 3.3 Option 3 – “Do nothing”. Doing nothing will mean that we will not comply with the Complaint Handling Code, leaving the Council vulnerable to a finding of fault by the Ombudsman, and will also run the risk of negatively impacting our Services link to the Corporate Plan. **Option 3 is not recommended.**

### **4. Financial management comments**

- 4.1 There are no financial implications resulting from matters considered in this report.

### **5. Risk management comments**

- 5.1 A privacy notice and Data Protection Impact Assessment already exists for the Council’s Complaints Policy.

### **6. Procurement comments**

- 6.1 This report refers to a draft policy for which there are no procurement considerations.

### **7. Legal comments**

- 7.1 As stated at paragraph 2.2, the LGSCO has issued a Complaint Handling Code as “advice and guidance” for all local councils in England under section 23(12A) of the Local Government Act 1974. This means that councils should consider the Code when developing complaint handling policies and procedures and when responding to complaints.

### **8. Other considerations**

- 8.1 The LGSCO expect local councils to carefully consider the Code when developing policies and procedures. The LGSCO may make a finding of maladministration where local councils policies and procedures depart from the Code without sufficient explanation. They may also make a finding of maladministration where a local council, without good reason, does not meet the standards in the Code when responding to an individual complaint.

## **9. Equality and Diversity**

- 9.1 An Equality Impact Assessment (EIA) has been completed (**Appendix B**) to assess the likely impact that a particular policy, procedure or decision will have on particular groups. In accordance with the Equality Act we will make changes in our approach as necessary to ensure our services are accessible to everybody.

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

- 10.1 There are no impacts on sustainability or climate change issues arising from this report.

## **11. Timetable for implementation**

- 11.1 January 2025 – adoption of the Policy by Corporate Policy and Resources Committee.
- January-February 2025 – develop a Complaints SharePoint site for internal use
  - February 2025 - Prepare changes to online complaint portal for go-live date
  - March 2025 – Staff training sessions on new processes
  - 1 April 2025 – new Policy and processes are live

## **12. Contact**

- 12.1 Gillian Scott, Corporate Governance Support Officer,  
[g.scott@spelthorne.gov.uk](mailto:g.scott@spelthorne.gov.uk) .

**Background papers:** There are none.

### **Appendices:**

**Appendix A – Draft revised Corporate Complaints Policy**

**Appendix B – Equality Impact Assessment**

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# Corporate Complaints Policy 2025-2026



<b>Status:</b> Not Published	<b>Policy:</b>	<b>Corporate Complaints Policy</b>		
<b>Owner</b>	Commissioning and Transformation	<b>Contact for Help</b>		Complaints Officer
<b>Intended Audience</b>	This policy applies to all staff, councillors, Borough residents and users of services provided by Spelthorne Borough Council			
<b>Reference</b>	<b>Version</b>	<b>Date</b>	<b>Date Approved</b>	<b>Next Review Due</b>
	2	November 2024		

## 1. Introduction

- 1.1. Spelthorne Borough Council aims to provide high-quality services to all our residents and customers, but we recognise that we do not always meet the high standards we set ourselves.
- 1.2. If we do get something wrong, we want to try to put it right quickly and learn from our mistakes to help improve services in the future. Feedback from our customers is an important part of helping us to do this
- 1.3. We will deal with all complaints fairly, consistently and professionally, in line with our [Customer Care Charter](#).
- 1.4. We want customers to be able to communicate with us and access our services easily. If you need help making a complaint or you need this document in an alternative format or language, please tell us and we will arrange for someone to help you.

## What is a complaint?

- 1.5. The Council has adopted the following definition of a complaint as defined by the Local Government and Social Care Ombudsman's Complaint Handling Code:

***'an expression of dissatisfaction, however made, about the standard of service, actions or lack of action by the organisation, its own staff, or those acting on its behalf, affecting an individual or group of individuals.'***

- 1.6. A complaint can be about quality of service, delay in providing a service, the actions of staff or perceived failure to adhere to Council policy.

## What is not a complaint?

- 1.7. A complaint is not:

- a request for service i.e. a request that the organisation provides or improves a service, fixes a problem or reconsiders a decision,
- a request for information,

- an explanation of Council policy, for example, that Council tax is set at a certain rate or that dogs on leads are allowed in cemeteries.
  - an expression of dissatisfaction made through a survey.
- 1.8. If any of the above matters are raised through social media channels, we aim to provide a response or direct you to the relevant department within 24 working hours of your message being received.
- 1.9. A response from the relevant department to any of these matters will be sent within 7 working days.
- 1.10. We will not ordinarily consider your complaint if:
- there is a designated appeals process, or specific statutory review procedure available to you (this may be an internal council procedure or external legal process through the courts). If this is the case, we will explain this when you first contact us and tell you what to do next.
  - The matter has been considered at Stage 2 of this Complaints Policy within the past 12 months, although each case will be considered on its merits.
  - The issue giving rise to the complaint, or the customer becoming aware of it, occurred over 12 months ago. In any case, each complaint will be considered on its merits.
  - Legal proceedings have been started.
  - The issue has already been decided by a court or independent tribunal.
- 1.11. We will not ordinarily consider complaints about the management of properties we own as a registered social landlord. These properties (Harper House and The White House) are managed on the Council's behalf by Knowle Green Estates (a wholly owned Council company). Knowle Green Estates has its own Complaints Policy which customers can access via their [tenant portal](#). We will refer customers to this if it is the most appropriate route.
- 1.12. If we decide not to accept your complaint, we will explain the reasons why. Customers have the right to challenge our decision not to accept their complaint by going to the Local Government and Social Care Ombudsman, who can instruct us to take on the complaint.

## **2. The Ombudsman**

- 2.1. The Local Government and Social Care Ombudsman looks at individual complaints about councils and some other organisations providing local public services. It also investigates complaints about all adult social care providers (including care homes and home care agencies) for people who self-fund their care. There are some [limits on what the Ombudsman can look at](#). For example, the Ombudsman may not consider your complaint if you have not been significantly personally affected by the issue you are raising, or if you have a right of appeal to a court or tribunal.



- 2.2. If you have been through all stages of our complaints process, you can ask the Local Government and Social Care Ombudsman to consider your complaint.
- 2.3. The Ombudsman has issued a Complaint Handling Code which sets out advice and guidance for councils on how to handle complaints. For more information, visit the Ombudsman's website: [Complaint Handling Code - Local Government and Social Care Ombudsman](#).
- 2.4. The Ombudsman investigates complaints in a fair and independent way - it does not take sides. It is a free service.
- 2.5. We will provide you with details of how to raise your complaint with the Ombudsman at every stage of your contact with us. The Ombudsman expects you to have given us a chance to deal with your complaint, before you contact them.
- 2.6. You can **Contact the Ombudsman:**  
Website: [www.lgo.org.uk](http://www.lgo.org.uk)  
Telephone: 0300 061 0614

### 3. Policy Details

- 3.1. This is the Council's Corporate Complaints Policy. It explains the procedures the Council will follow in considering complaints about services the Borough Council delivers.
- 3.2. We have designed this Complaints Policy to comply with the Ombudsman's [Complaint Handling Code](#) to ensure that complaints are properly identified and investigated.
- 3.3. We will promote the Code with our staff and undertake regular reviews to ensure it is being applied.
- 3.4. This Policy is published on the [Council's website](#).
- 3.5. Paper copies of this Policy will be made available at the Main Reception of the Council Offices at Knowle Green, Staines-upon-Thames.

### 4. How to make a complaint

- 4.1. Some issues can be resolved by talking to the member of staff, or team, dealing with your issue.

#### Stage 1 complaint procedure

- 4.2. If this does not resolve the matter, a customer will be given the opportunity to make a **Stage 1** complaint using our two-stage complaints procedure.
- 4.3. Putting your complaint in writing helps us to ensure that the complaint is recorded properly and can be a more effective way of making sure that we understand all the relevant details. We need to know what you believe went wrong, what impact this has had on you, what you would like us to do to put matters right and whether you have already spoken to anyone about it.

- 4.4. If your complaint is about an ongoing issue that the Council is aware of and trying to address, we will continue our efforts to resolve the issue whilst dealing with your complaint.
- 4.5. You can contact us about your complaint by:
- completing the [online complaints form](#)
  - emailing [customer.services@spelthorne.gov.uk](mailto:customer.services@spelthorne.gov.uk)
  - phoning us on 01784 451499
  - writing to us at: Customer Service Centre, Spelthorne Borough Council, Knowle Green, Staines-upon-Thames, TW18 1XB
  - or visit us at the above address. Our opening hours are Monday to Thursday 8.45am - 5pm and Friday 8.45am - 4.45pm
- 4.6. If you need help with making a complaint let us know.
- 4.7. We are happy for someone else to contact us who will act on your behalf as long as you have given authorisation for them to do so. This could be a friend, relative, legal representative, local councillors or the MP.

#### **When can I expect to hear from you?**

- 4.8. Your complaint will be acknowledged within 5 working days. You should get a full response within a further 10 working days after the acknowledgment. If this is not possible, you will be kept informed and given a timescale for a full response.
- 4.9. If we have made a mistake we will apologise and advise what we will do to remedy it.
- 4.10. At the end of a Stage 1 response, we will advise you how to raise your complaint at Stage 2.

#### **Stage 2 complaint procedure**

- 4.11. If your complaint is not resolved to your satisfaction, you can make a **Stage 2** complaint. Your Stage 2 complaint must be made within 28 days of receiving the Council's Stage 1 response, unless there are good reasons why this has not been possible.
- 4.12. If you made your Stage 1 complaint using the Council's online complaints form, you will be given the opportunity to raise a Stage 2 complaint by the same means.
- 4.13. In any other case, the **request for a Stage 2 complaint should be sent:**
- by email to [complaints@spelthorne.gov.uk](mailto:complaints@spelthorne.gov.uk)
  - by letter to Group Head for Commissioning and Transformation, Spelthorne Borough Council, Knowle Green, Staines-upon-Thames, TW18 1XB
- 4.14. It would help us to review your complaint if you are able to explain why your complaint was not resolved to your satisfaction at Stage 1.

However, even if you do not provide this information, we will undertake a full review of your complaint.

- 4.15. Your complaint will be investigated in an impartial manner and responded to by a senior manager who does not work in the service area complained about.
- 4.16. Your complaint will be acknowledged within 5 working days. You should get a full response within a further 20 working days after the acknowledgment. If this is not possible, you will be kept informed and given a timescale for a full response.
- 4.17. At the end of a Stage 2 response, we will advise you of your right to refer your complaint to the Ombudsman.

## **5. Putting things right**

- 5.1. Where something has gone wrong the Council will acknowledge this and set out the actions it has already taken or intends to take to put things right. These can include:

- Apologising
- Acknowledging where things have gone wrong
- Providing an explanation, assistance or reasons
- Taking action if there has been a delay
- Reconsidering or changing a decision
- Amending a record or adding a correction or addendum
- Providing a financial remedy
- Changing policies, procedures or practices

- 5.2. Any remedy offered will reflect the impact on the individual as a result of any fault identified.

- 5.3. The remedy offer will clearly set out what will happen and by when, in agreement with the individual where appropriate. Any remedy proposed will be followed through to completion.

- 5.4. If a proposed remedy cannot be delivered, the individual will be informed of the reason for this and provided with details of any alternative remedy. They will also be reminded of their right to complain to the Ombudsman.

## **6. Not satisfied with our decision.**

- 6.1. You can contact the Ombudsman at any stage of our formal complaints procedure for advice and assistance.
- 6.2. The Ombudsman will ordinarily only consider a complaint once it has been through both stages of the Council's complaints procedure. You usually have 12 months to raise your concerns with the Ombudsman after completing our complaints procedure.

- 6.3. For more information on the Ombudsman or to raise a complaint visit their website [Local Government and Social Care Ombudsman](#)
- 6.4. Or 'phone 0300 061 0614 (opening hours: Monday - Friday (ex. Wednesday) 10am to 1pm (except public holidays). Wednesdays 1pm to 4pm
- 6.5. You may also wish to contact a designated person such as your [local councillor](#) or [MP](#)

## **7. Training**

- 7.1. All staff will receive training on this Complaints Policy and associated procedures and be able to pass details of your complaint to the appropriate person within the Council.
- 7.2. Staff will receive guidance on the value of learning from complaints in order to improve services.

## **8. Complaints handling code - self assessment**

- 8.1. From April 2025 we will be completing the Ombudsman Complaint Handling Code self-assessment annually. The self-assessment will be reported to Corporate Policy and Resources Committee for scrutiny and challenge and published on our website.
- 8.2. If you have any suggestions on how you feel we can improve our complaints process, email us at [complaints@spelthorne.gov.uk](mailto:complaints@spelthorne.gov.uk)

## **9. Monitoring and Performance Management**

- 9.1. We aim to review this policy annually to ensure it reflects current guidance and best practice.
- 9.2. We log and monitor all complaints received and report annually on these to the Corporate Policy and Resources Committee. In addition, this Committee, (which holds the role of Member Responsible for Complaints) reviews the volume and outcome of complaints and complaint handling performance on an annual basis to drive service improvements. Individual Services also record, monitor and review service requests quarterly.

## **10. Complaints feedback**

- 10.1. If you have experienced our complaints procedure, then we want to hear from you. Take our [short survey](#) (link to be inserted) to give feedback on your experience, which we can use to continue to make improvements in how we handle complaints from our customers.

## **11. Equalities Implications**

- 11.1. In producing this document an Equality Impact Assessment (EIA) has been carried out.
- 11.2. An EIA is a way of assessing the impact, or likely impact, that a particular policy, procedure or decision will have on particular groups. This is used to assess whether in making the decision whether the Council has complied with its public sector equality duty under S149 of

the Equality Act 2010 (as amended) to; eliminate discrimination and any other conduct that is prohibited under this act and to advance equality between those who share a protected characteristic.

11.3. In accordance with the Equality Act we will make changes in our approach as necessary to ensure our services are accessible to everybody. The reasonable adjustments required may be physical, but we will also adjust this Policy and procedure, as well as staff training, to ensure that the objectives are delivered equally well for all our customers including people with, for example, learning disabilities and those who cannot read or write or speak English.

11.4. We will keep a record of any reasonable adjustments agreed, as well as a record of any disabilities you disclose to us. Any adjustments agreed will be kept under active review. This information will be retained in accordance with our [Privacy Policy](#).

### Version Control

Version Number	Date amended	Author	Comments	Date Approved	Approved by
V0.1	Sept 2024	Gill Scott	First draft completed	-	-
V0.2	Nov 2024	Gill Scott	Second draft for GH sign-off		

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## Equality Analysis

<b>Directorate:</b> Commissioning and Transformation <b>Service Area:</b> Complaints	<b>Lead Officer:</b> Gill Scott <b>Date completed:</b> 3 October 2024
<b>Service / Function / Policy / Procedure to be assessed:</b> <b>Corporate Complaints Policy</b>	
<b>Is this:</b> New / Proposed Existing/Review Changing  <b>No</b> <b>Yes</b>	<b>Review date:</b> October 2025

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

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

The aim of the Policy is to inform the Council's customers how we will deal with an expression of dissatisfaction about a Council service.

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

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



## PART B: Full Equality Analysis

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

What outcomes are sought and for whom?	That all residents know how to raise a complaint about a Council service and can do so using their preferred method.
Are there any associated policies, functions, services or procedures?	Complaints procedures for staff
If partners (including external partners) are involved in delivering the service, who are they?	None

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

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

The Council provides a range of services for all residents in or with a link to Spelthorne. The data tells us that all equality strands must be considered in reviewing the Corporate Complaints Policy which is accessible by all residents.

#### General Spelthorne context

As of the 2021 census, Spelthorne has a population of 103,000 and is the 14<sup>th</sup> most densely populated of the South East's 64 local authority areas with 2,295 of residents per square kilometre.

According to the Indices of Deprivation 2019, the most deprived borough in Surrey is Spelthorne. Spelthorne has the highest number of lone parent families and the highest level of child poverty in Surrey; it also has the highest under-18 conception rate in the county. That said, residents are largely healthy, with life expectancy for both males and females slightly above the national average.

Spelthorne has a relatively low rate of unemployment: 3.3% of those economically active aged 16 to 64, compared to the South East (3%) and UK as a whole (3.7%). Average wages are £709 per week for full-time employees, slightly above the South East average of £685.

Whilst house prices remain well above the national average, most residents are owner-occupiers (68%), followed by private rented (18%) and social rented (13%).

Source: English Indices of Deprivation 2019; Authority Monitoring Report for Spelthorne 2022; Nomis – Official Census and Labour Market Statistics 2021-2022; ONS Census, 2021 – Home Ownership and Renting; and <https://commonslibrary.parliament.uk/constituency-data-wages/>

Gender / gender identity

Census data from 2021 shows that 50.9% of residents in Spelthorne are female, with the remaining 49.1% being male.

A White Paper published in December 2018 (Help shape our future: the 2021 Census of population and housing in England and Wales) set out the ONS recommendation for what the census should contain and how it should operate. The White Paper recommended that the census in 2021 include a question about gender identity, asking respondents whether their gender is the same as the sex they were registered as at birth. As a result, 93.98% of people aged 16 years and over in Spelthorne have the same gender identity as their sex registered at birth.

The remaining population identify as follows:

People aged 16 years and over who have a gender identity different from their sex registered at birth but no specific identity given	0.19%
Identify as a trans woman	0.09%
Identify as a trans man	0.09%
Non-binary	0.02%
Another gender identity	0.02%
Prefer not to say	5.62%

Source: ONS Census, 2021 – Population and household estimates, England and Wales: Census 2021. Gender identity – ONS, 2021; and <https://researchbriefings.parliament.uk/ResearchBriefing/Summary/CBP-8531>

Age

Spelthorne has a slightly lower population of under-30s (33%) compared to the rest of the country (36%), and a slightly higher population of 30-69 year olds (53%) compared with the national average of (51%), The number of 70+ is 14%, which is broadly in line with the rest of the nation.

Source: ONS – Population and household estimates, England and Wales: Census 2021.

## Ethnicity

The ethnic make-up of Spelthorne is largely in line with the rest of England and Wales, predominantly residents are from a white ethnic background. However, there are slightly more Asian people and those with a mixed ethnic background but fewer people from a black ethnic group compared to the national average.

Ethnic group	Spelthorne		England and Wales
	Number	%	%
Asian	13,146	12.8%	9.3%
black	2,548	2.5%	4%
mixed ethnicities	3,763	3.7%	2.9%
white	81,000	78.6%	81.7%
other	2,503	2.4%	2.1%

Source: ONS – Ethnic Group, England and Wales: Census 2021.

## Disability

Spelthorne has a slightly lower percentage of residents with a disability compared to the rest of England and Wales.

Disability	Spelthorne %	England and Wales %
Disabled under the Equality Act	14.4%	17.8%
Not disabled under the Equality Act	85.6%	82.2%

As of Oct 2022, there were around 5,159 PIP claimants in Spelthorne. Within Spelthorne, psychiatric disorders were the most common reason for claiming PIP. They accounted for 39% of awards, compared to 36.9% in Great Britain. 'Psychiatric disorders' include anxiety and depression, learning disabilities and autism. The second most common reason for awards was musculoskeletal disease (general), which accounted for 15% of awards within the constituency and 20.1% in Great Britain. Musculoskeletal disease (general) includes osteoarthritis, inflammatory arthritis and chronic pain syndromes.

Source: ONS – Disability, England and Wales: Census 2021; and <https://commonslibrary.parliament.uk/constituency-data-personal-independence-payment-2/>

## Religion

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

	Spelthorne		England and Wales
	Number	%	%
<b>Has religion</b>	<b>64,959</b>	<b>63%</b>	<b>56.9%</b>
of which			
Christian	52,432	50.9%	46.2%
Muslim	4,146	4.0%	6.5%
Hindu	4,372	4.2%	1.7%
Buddhist	703	0.7%	0.5%
Jewish	174	0.2%	0.5%
Sikh	2,612	2.5%	0.9%
Other	520	0.5%	0.6%
<b>No religion</b>	<b>32,112</b>	<b>31.2%</b>	<b>37.2%</b>
<b>Not stated</b>	<b>5,884</b>	<b>5.7%</b>	<b>6.0%</b>

Source: ONS – Religion, England and Wales: Census 2021.

## Sexual orientation

The sexual orientation of Spelthorne residents is largely in line with the rest of England and Wales.

	Spelthorne		England and Wales
	Number	%	%
<b>Sexual Orientation</b>			
Straight or Heterosexual	75,505	90.57%	89.37%
Gay or Lesbian	1,088	1.31%	1.54%
Bisexual	704	0.84%	1.28%
Pansexual	123	0.15%	0.23%
Asexual	25	0.03%	0.06%
Queer	6	0.01%	0.03%
All Other Sexual Orientations	7	0.01%	0.02%
Not answered	5,904	7.08%	7.47%

Source: ONS – Sexual Orientation, England and Wales: Census 2021.

Marriage / Civil Partnership

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

	Spelthorne %	UK %
<b>Marital Status</b>		
Never Married or Registered a Civil Partnership	35.1%	37.9%
Married or in a Registered Civil Partnership (including separated)	49.9%	46.9%
Divorced or Civil Partnership Dissolved	8.9%	9.1%
Widowed or Surviving Civil Partnership Partner	6.1%	6.1%

Source: ONS – Marriage and Civil Partnership Status in England and Wales: Census 2021.

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

No consultation planned. Feedback on accessibility will be sought from complainants.

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

None. No negative feedback to existing complaint policy in terms of being able to access it.

### Step 3 – Identifying the negative impact.

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

**Barriers:**

Accessibility of the Policy  
Understanding the Policy  
Needing help to make a complaint

**Solutions:**

Providing Policy in paper copy as well as online.

Providing tools to read out the online Policy and providing paper copy in an alternative format or language.

Providing contact details for any assistance required.

<b>Equality Themes</b>	<b>Barriers/Impacts identified</b>	<b>Solutions (ways in which you could mitigate the impact)</b>
<b>Age</b>	Older people may not have access to the internet.	Policy provided in paper copy. Complaints may be made by letter, on the telephone or a visit to the Council offices
<b>Disability</b>	Those residents with a visual impairment may need assistance to make a complaint.	Policy provided on website with audio visual tools which can read out text. The Council use 'Recite Me' which is a cloud-based software that lets visitors to the website view and use the site in the way that works best for them. Contact details provided for help in making a complaint or requesting the Policy in another format.
<b>Gender</b>	No barriers identified	None required
<b>Ethnicity</b>	English may not be first language.	Policy provided on website with audio visual tools which can translate into other languages. The Council use 'Recite Me' which is a cloud-based software that lets visitors to the website view and use the site in the way that works best for them. Contact details provided for help in making a complaint or requesting the Policy in another language. The Council can contact a translator if English is not the first language.
<b>Religion or belief</b>	No barriers identified	None required
<b>Gender Re-assignment</b>	No barriers identified	None required

<b>Pregnancy and Maternity</b>	No barriers identified	None required
<b>Sexual orientation</b>	No barriers identified.	None required.

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

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

None as revised Policy developed with this assessment in mind.

### Step 5 – Monitoring

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

Feedback from complainants and Annual Review.

### Part C - Action Plan

Barrier/s or improvement/s identified	Action Required	Lead Officer	Timescale
None			

### Equality Analysis approved by:

Group Head: Sandy Muirhead

Date: 03.10.24

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# Corporate Policy & Resources Committee



20 January 2025

<b>Title</b>	<i>To note the audited financial statements for Knowle Green Estates (KGE) for the year end 31 March 2024</i>
<b>Purpose of the report</b>	To note
<b>Report Author</b>	<i>Paul Taylor Chief Accountant</i>
<b>Ward(s) Affected</b>	All Wards
<b>Exempt</b>	No
<b>Corporate Priority</b>	Community Addressing Housing Need Resilience Environment Services
<b>Recommendations</b>	<b>Committee is asked to note the report and in particular the unqualified audit report.</b>
<b>Reason for Recommendation</b>	<p>The Board of Directors of Knowle Green Estates Ltd approved the accounts for the year ended 31 March 2024 on 8 October 2024 following a meeting with the External Auditors.</p> <p>The Auditors provided an unqualified audit report and the accounts have been filed at Companies House and with His Majesty's Revenue &amp; Customs (HMRC), where there is no Corporation Tax to pay.</p>

## 1. Summary of the report

What is the situation	Why we want to do something
<ul style="list-style-type: none"> <li>This Committee is responsible for the oversight over Knowle Green Estates (KGE).</li> <li>Every year the accounts of KGE are subject to an independent audit and this report looks back over the trading year ended 31 March 2024.</li> </ul>	<ul style="list-style-type: none"> <li>As part of good governance, this Committee manages the relationship with KGE on behalf of Council.</li> <li>The KGE Board have discharged their duties and obtained an unqualified audit report for the year end 31 March 2024.</li> </ul>

<ul style="list-style-type: none"> <li>Note that the external auditors gave an unqualified audit opinion for the year end 31 March 2024.</li> <li>On 18 July 2024, Council approved £2.5m of funding by way of a ten year debenture.</li> </ul>	
<b>This is what we want to do about it</b>	<b>These are the next steps</b>
<ul style="list-style-type: none"> <li>To review the report and its appendices.</li> <li>Question managers and the Directors about the results contained in the financial statements, the comments in the management letter and the Directors response in the Letter of Representation, noting that this was a straightforward audit assignment.</li> <li>Focus on the figures for 2023-24, as the previous year has been noted by the Committee.</li> </ul>	<ul style="list-style-type: none"> <li>That the Committee note the report.</li> </ul>

## 2. Summary of the report

- 2.1 The unqualified audited accounts for the year ended 31 March 2024 were approved by the Knowle Green Estates (KGE) Board on 8 October 2024 and filed at Companies House and there was no Corporation Tax to pay.
- 2.2 A summary of the profit and loss account on page 6 of Appendix A is shown below, noting that under Company Law, losses are shown as a negative figure and profits are shown as a positive figure, which is the reverse situation when reporting under the Chartered Institute of Public Finance Accountancy Code for Local Authorities:

	<b>2023-24</b>	<b>2022-23</b>
<b>Profit/(loss) for the year</b>	(£661,583)	(£896,857)
<b>Total Comprehensive Income/(Expenditure) for the year</b>	£1,237,375	£1,232,724
<b>Total equity</b>	£5,649,214	£4,411,839

- 2.3 The main reasons for the loss being incurred was due to:
- (a) A £499k depreciation charge, which is added back on revaluation, in the total comprehensive Income/(expenditure) for the year in the above table.

- (b) Total rents increased by approximately £125k during the year
  - (c) Total costs for the year were approximately £14k lower, although there was a substantial increase in repairs and maintenance costs.
- 2.4 The main reason for the improvement in total equity performance from 2021/21 to 2022/23 is due to the improvement to the property valuations, based on full occupancy and strong rental streams from a small proportion of private renters and affordable housing.
- 2.5 The positive movement is reflected in the revaluation reserve, noting that this reserve is an unusable reserve, as defined by the CIPFA Prudential Code.
- 2.6 The above is in line with the financial information communicated to Council in respect of KGE.

### **3. Key issues**

- 3.1 Following a meeting with Tracey Wickens, the Senior Statutory Auditor at MGI-Midgely Snelling, the KGE Board of Directors formally accepted and signed the accounts (Appendix A) on 8 October 2024.
- 3.2 Also attached is the Management Letter from the Auditor, See Appendix B, which states that:
  - (a) There was no change in the audit process.
  - (b) There were no significant findings coming from the audit.
  - (c) There were no significant internal control issues highlighted by the auditors,
- 3.3 The auditors also provided confirmation:
  - (a) of an anticipated clean audit report being issued, subject to final checks and submissions.
  - (b) that the auditors agree with the Directors views on:
    - i) Going concern.
    - ii) Accounting policies and disclosures
  - (c) that there were no related party issues.
  - (d) that all third-party confirmations were received.
  - (e) of MGI-Midgely Snellings independence.
- 3.4 As part of the normal audit process, the Directors discussed, reviewed and signed the Letter of Representation, (Appendix C).
- 3.5 This letter sets out key affirmations that the Directors have made during the audit process and is a standard request from external auditors.
- 3.6 Where adjustments are material, the Board requested that the financial statements were amended to reflect these adjustments, As a result of these adjustments the Spelthorne Borough Council Group accounts will need to be updated to reflect these favourable adjustments.

### **4. Financial implications**

- 4.1 There are no further financial implications in respect of the financial accounts.

### **5. Risk considerations**

- 5.1 The property valuations are based on a variety of data, and does not reflect the best valuation, i.e., an offer to buy the premises or company, which could be higher or lower than the asset carrying value included in the audited financial accounts for the year ended 31 March 2024.
- 5.2 The Bluebox financial system, is not widely recognised within the finance profession and it has been difficult for the Finance Team to support the Assets Team to deliver timely year end accounts, management accounts and budgets. Officers are looking to move the accounts production to Centros, where greater resilience and support can be provided.
- 5.3 The original projections approved by the KGE Board in June 2021, where prepared on the assumptions that Thameside House and Victory Place would be occupied from January 2024 and November 2023 respectively, as neither development has commenced yet, this is putting pressure on KGE, not only from a cashflow perspective, but also in its ability to establish a truly independent Board, as it is unable to generate the cashflow to support this additional expenditure, hence the request from the Directors to the Council for a £2.5m 10 year debenture, which was approved on 18 July 2024.
- 5.4 Since the change of Council policy on 22 March 2022 – Transferring property to KGE at cost - this has ensured that there is no chance of a loss materialising upon transfer to KGE, in the Council's accounts.
- 5.5 To reduce the financial risk on KGE being unable to afford to manage any of the Council's development properties, since the last property was transferred in December 2021, viability assessment are now carried out on each development, which will include modelling over a 50 year period different scenarios, such as, changes in interest rates, loan term, rent increases and capital cost.
- 6. Options analysis and proposal**
- 6.1 Not applicable
- 7. Financial management comments**
- 7.1 As per section 2 and 3 above.
- 8. Procurement comments**
- 8.1 There are no Procurement implications in this report
- 9. Legal comments**
- 9.1 It is a requirement under section 441 of the Companies Act 2006 for accounts to be filed every year at Companies House.
- 9.2 As the sole shareholder of KGE, the Council should have sufficient oversight of the company's activities. This report assists with providing financial oversight and gives assurance that KGE is financially sound, with the continued support of the Council.
- 10. Other considerations**
- 10.1 Detail any other considerations to be taken into account.
- 11. Equality and Diversity**
- 11.1 Detail how the recommended proposals will impact equality and diversity and mitigation measures being taken.

**12. Sustainability/Climate Change Implications**

- 12.1 Detail how the proposal will support/impact sustainability/climate change issues.

**13. Timetable for implementation**

- 13.1 Set out a timetable, if required, showing when the proposal in the report will be implemented.

**14. Contact**

- 14.1 [p.taylor@spelthorne.gov.uk](mailto:p.taylor@spelthorne.gov.uk)

**Background papers:** There are none.

**Appendices:**

**Appendix A** – Signed Audited Accounts for Knowle Green Estates for the year end 31 March 2024.

**Appendix B** – Management Letter

**Appendix C** – Letter of Representation

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Company registration number 10170860 (England and Wales)

**KNOWLE GREEN ESTATES LTD**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2024**

# KNOWLE GREEN ESTATES LTD

## COMPANY INFORMATION

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<b>Directors</b>	T Collier A Fillis D Levy L Nichols	(Appointed 21 June 2023)
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<b>Secretary</b>	L Heron
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<b>Company number</b>	10170860
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<b>Registered office</b>	Council Offices Knowle Green Staines-Upon-Thames Middlesex TW18 1XB
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<b>Auditor</b>	MGI Midgley Snelling LLP Ibex House Baker Street Weybridge Surrey KT13 8AH
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# **KNOWLE GREEN ESTATES LTD**

## **CONTENTS**

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Statement of comprehensive income	6
Balance sheet	7
Statement of changes in equity	8
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# KNOWLE GREEN ESTATES LTD

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 MARCH 2024

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The directors present their annual report and financial statements for the year ended 31 March 2024.

#### Principal activities

The principal activity of the company continued to be that of providing affordable housing lettings for families, keyworkers and private individuals who are resident in the Borough of Spelthorne.

#### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

T Collier

S Buttar

(Resigned 30 May 2023)

A Fillis

D Levy

L Nichols

(Appointed 21 June 2023)

#### Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

#### Small companies exemption

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.


# KNOWLE GREEN ESTATES LTD

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 MARCH 2024**

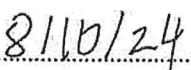
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On behalf of the board

  
.....

T Collier

Director

Date:   
.....

# KNOWLE GREEN ESTATES LTD

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF KNOWLE GREEN ESTATES LTD

---

#### Opinion

We have audited the financial statements of Knowle Green Estates Ltd (the 'company') for the year ended 31 March 2024 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2024 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

#### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

# KNOWLE GREEN ESTATES LTD

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF KNOWLE GREEN ESTATES LTD

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#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and from the requirement to prepare a strategic report.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

In planning and designing our audit tests, we identify and assess the risks of material misstatements within the financial statements, whether due to fraud or error. Our assessment of these risks includes consideration of the nature of the industry and sector, the control environment and the business performance along with the results of our enquiries of management, about their own identification and assessment of the risks of irregularities. We are also required to perform specific procedures to respond to the risk of management override.

As a result of this assessment, we considered the opportunities and incentives that may exist within the company for fraud and identified that the greatest area of risk was in relation to management override and the valuation of properties.

We have obtained an understanding of the legal and regulatory frameworks that the company operates in from discussions with the directors and our knowledge of the company and its industry sector. We have focused on the provisions of those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act and local tax legislation.

## KNOWLE GREEN ESTATES LTD

### INDEPENDENT AUDITOR'S REPORT (CONTINUED)

#### TO THE MEMBERS OF KNOWLE GREEN ESTATES LTD

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We performed the following audit procedures after consideration of the above risks which included the following:

- enquiry of management of actual and potential litigation and claims;
- reviewing correspondence with HMRC and the company's legal advisors;
- reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments, assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business;
- reviewing meeting minutes between the directors and employees during the year; and
- review of revaluation reports and calculations of properties owned by the company.

The engagement partner has assessed that all engagement team members were made aware of the relevant laws and regulations and potential fraud risks and were reminded to remain alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. The risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Tracey Wickens**  
**Senior Statutory Auditor**  
For and on behalf of MGI Midgley Snelling LLP

17/10/2024  
Date: .....

**Chartered Accountants**  
**Statutory Auditor**

Ibex House  
Baker Street  
Weybridge  
Surrey  
KT13 8AH

# KNOWLE GREEN ESTATES LTD

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2024

	2024 £	2023 £
Turnover	1,265,232	1,140,166
Administrative expenses	(1,343,863)	(1,357,254)
Operating loss	(78,631)	(217,088)
Interest receivable and similar income	1,638	20
Interest payable and similar expenses	(815,374)	(812,389)
Loss before taxation	(892,367)	(1,029,457)
Tax on loss	230,784	132,600
Loss for the financial year	(661,583)	(896,857)
Other comprehensive income		
Revaluation of tangible fixed assets	2,542,199	2,981,145
Tax relating to other comprehensive income	(643,241)	(851,564)
Total comprehensive income for the year	1,237,375	1,232,724

The profit and loss account has been prepared on the basis that all operations are continuing operations.

# KNOWLE GREEN ESTATES LTD

## BALANCE SHEET

AS AT 31 MARCH 2024

		2024		2023	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Tangible assets	6		39,957,800		35,478,410
<b>Current assets</b>					
Debtors	7	26,490		145,889	
Cash at bank and in hand		26,038		21,297	
		52,528		167,186	
<b>Creditors: amounts falling due within one year</b>	8	(2,195,122)		(1,343,955)	
<b>Net current liabilities</b>			(2,142,594)		(1,176,769)
<b>Total assets less current liabilities</b>			37,815,206		34,301,641
<b>Creditors: amounts falling due after more than one year</b>	9		(30,303,036)		(28,439,303)
<b>Provisions for liabilities</b>			(1,862,956)		(1,450,499)
<b>Net assets</b>			5,649,214		4,411,839
<b>Capital and reserves</b>					
Called up share capital	10		1		1
Revaluation reserve	11		7,349,180		5,450,222
Profit and loss reserves			(1,699,967)		(1,038,384)
<b>Total equity</b>			5,649,214		4,411,839

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 8th Oct 2024 and are signed on its behalf by:

A Fillis  
Director

Company registration number 10170860 (England and Wales)



# KNOWLE GREEN ESTATES LTD

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2024

	Share capital	Revaluation reserve	Profit and loss reserves	Total
	£	£	£	£
<b>Balance at 1 April 2022</b>	1	3,320,641	(141,527)	3,179,115
<b>Year ended 31 March 2023:</b>				
Loss	-	-	(896,857)	(896,857)
Other comprehensive income:				
Revaluation of tangible fixed assets	-	2,981,145	-	2,981,145
Tax relating to other comprehensive income	-	(851,564)	-	(851,564)
Total comprehensive income	-	2,129,581	(896,857)	1,232,724
<b>Balance at 31 March 2023</b>	1	5,450,222	(1,038,384)	4,411,839
<b>Year ended 31 March 2024:</b>				
Loss	-	-	(661,583)	(661,583)
Other comprehensive income:				
Revaluation of tangible fixed assets	-	2,542,199	-	2,542,199
Tax relating to other comprehensive income	-	(643,241)	-	(643,241)
Total comprehensive income	-	1,898,958	(661,583)	1,237,375
<b>Balance at 31 March 2024</b>	1	7,349,180	(1,699,967)	5,649,214

# KNOWLE GREEN ESTATES LTD

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

---

### 1 Accounting policies

#### Company information

Knowle Green Estates Ltd is a private company limited by shares incorporated in England and Wales. The registered office is Council Offices, Knowle Green, Staines-Upon-Thames, Middlesex, TW18 1XB.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties at fair value. The principal accounting policies adopted are set out below.

#### 1.2 Going concern

The directors have a reasonable expectation that the company has adequate resources and financial support from Spelthorne Borough Council to continue as a going concern for the foreseeable future.

The business plan for the company is to continue to increase their property portfolio including assured short-hold tenancies and affordable housing. The council's overall property strategy is part of the long-term objective of sustainable local regeneration and housing supported by good financial strength and stability.

The company remains integral to the council's strategy who, after the year end, have issued a £2.5 million 10 year debenture loan to the company to assist the company with settling ongoing liabilities as they arise. As such, the company continues to adopt the going concern basis in preparing the annual report and financial statements

#### 1.3 Turnover

Turnover is measured at the fair value of the consideration of rents received or receivable, net of discounts.

#### 1.4 Tangible fixed assets

Land and buildings held for the provision of social benefits within fixed assets are initially measured at cost, comprising the purchase price and any costs attributed to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the company.

Land and buildings are then carried at fair value under the revaluation model, determined as the amount that would be paid for the asset in its existing use. Assets held at their fair value are revalued sufficiently regularly to ensure that their carrying value amount are not materially different from their fair value at the year end, as a minimum every five years.

Any aggregate surplus or deficit arising from the changes in fair value is recognised in other comprehensive income, with associated reserves recognised separately within revaluation reserves. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Freehold land and buildings	over 50 years on a straight line basis
-----------------------------	--

#### 1.5 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

# KNOWLE GREEN ESTATES LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

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1 Accounting policies

(Continued)

1.6 Financial instruments

**Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

**Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

1.7 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.8 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

**Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

**Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

# KNOWLE GREEN ESTATES LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

### 3 Exceptional item

	2024 £	2023 £
<b>Expenditure</b>		
Backdated VAT - exceptional item	-	163,244

During the prior year, it was identified that VAT had been incorrectly reclaimed which was repaid to HMRC on discovery.

### 4 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2024 Number	2023 Number
Total	4	4

### 5 Interest payable and similar expenses

	2024 £	2023 £
Interest payable and similar expenses includes the following:		
Interest payable to group undertakings	815,374	812,389

# KNOWLE GREEN ESTATES LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

### 6 Tangible fixed assets

	Land and buildings £
<b>Cost or valuation</b>	
At 1 April 2023	35,518,400
Additions	2,436,826
Revaluation	2,002,574
At 31 March 2024	39,957,800
<b>Depreciation and impairment</b>	
At 1 April 2023	39,990
Depreciation charged in the year	499,635
Revaluation	(539,625)
At 31 March 2024	-
<b>Carrying amount</b>	
At 31 March 2024	39,957,800
At 31 March 2023	35,478,410

The fair value of the properties has been arrived at on the basis of an independent valuation carried out in December 2023 by Wilks Head & Eve (WHE), RICS registered Chartered Surveyors. The surveyors completed the valuation report in accordance with the Existing Use Value (EUV) basis. A further valuation at the balance sheet date was deemed unnecessary where market conditions hadn't fluctuated since and appropriate and reliable market information existed for the directors to ascertain their own valuation.

Land and buildings are carried at valuation. If land and buildings were measured using the cost model, the historic cost amounts would have been £31,582,840 (2023: £29,146,014).

Value of land in the freehold land and buildings is £7,496,230 (2023: £7,573,280).

### 7 Debtors

	2024 £	2023 £
<b>Amounts falling due within one year:</b>		
Trade debtors	24,184	25,020
Amounts owed by group undertakings	-	52,607
Other debtors	-	68,262
	24,184	145,889

# KNOWLE GREEN ESTATES LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2024

### 7 Debtors (Continued)

	2024 £	2023 £
<b>Amounts falling due after more than one year:</b>		
Trade debtors	2,306	-
<b>Total debtors</b>	<b>26,490</b>	<b>145,889</b>

### 8 Creditors: amounts falling due within one year

	2024 £	2023 £
Trade creditors	133,124	6,551
Amounts owed to parent undertakings	1,946,403	1,187,594
Taxation and social security	-	707
Other creditors	115,595	149,103
	<b>2,195,122</b>	<b>1,343,955</b>

### 9 Creditors: amounts falling due after more than one year

	2024 £	2023 £
Amounts owed to parent undertakings	30,303,036	28,439,303

The long term intercompany loans provided by Spelthorne Borough Council (Parent) are secured by fixed charges over all the assets of the company.

The tangible assets purchased in 2019 and 2022 were funded by loans from Spelthorne Borough Council. The loan agreements were entered in March 2019 and March 2022 for a period of 50 years, with the interest rate taken from the Public Works Loan Board lending facility.

Creditors which fall due after five years are as follows:	2024 £	2023 £
Payable by instalments	27,952,477	27,206,901

### 10 Called up share capital

	2024 Number	2023 Number	2024 £	2023 £
<b>Ordinary share capital</b>				
<b>Issued and fully paid</b>				
Ordinary share of £1 each	1	1	1	1

# KNOWLE GREEN ESTATES LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

### 11 Revaluation reserve

	2024 £	2023 £
At the beginning of the year	5,450,222	3,320,641
Revaluation surplus arising in the year	2,542,199	2,981,145
Deferred tax on revaluation of tangible assets	(643,241)	(851,564)
At the end of the year	<u>7,349,180</u>	<u>5,450,222</u>

### 12 Capital commitments

	2024 £	2023 £
Acquisition of tangible fixed assets	<u>11,476,511</u>	<u>-</u>

The company has agreed to acquire a further six properties after the year end. This capital commitment reflects the company's ongoing investment in expanding its property holdings to support long-term housing needs of local residents. The company has financed these acquisitions through an additional loan provided by Spelthorne Borough Council.

No additional material capital commitments have been made beyond this amount as of the reporting date.

### 13 Parent company

Knowle Green Estates Limited is a private company limited by shares and incorporated in England and is a wholly owned subsidiary of Spelthorne Borough Council who's registered office is Spelthorne Borough Council, Knowle Green, Staines-Upon-Thames, TW18 1XB.

# KNOWLE GREEN ESTATES LTD

## DETAILED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2024

	2024 £	2024 £	2023 £	2023 £
<b>Turnover</b>				
Sales		1,265,232		1,140,166
<b>Administrative expenses</b>				
Management charge	119,723		367,262	
Waste	2,997		1,983	
Landscape / gardening	10,194		12,572	
Non exec directors fees	10,000		10,300	
Letting costs	19,842		24,420	
Security	-		602	
Rates	5,715		7,616	
Cleaning	26,017		22,995	
Pest control	2,325		2,962	
Power, light and heat	62,103		85,798	
Repairs and maintenance	231,999		93,181	
Computer running costs	636		-	
Legal and professional fees	5,820		22,712	
Accountancy	1,320		500	
Audit fees	12,650		12,900	
Bank charges	1,595		1,434	
Insurances	22,907		20,139	
Advertising	-		1,200	
Telecommunications	5,775		4,853	
Other office supplies	2,230		789	
Sundry expenses	-		157	
Hardship fund	380		-	
Depreciation	499,635		499,635	
Backdated VAT - exceptional item	-		163,244	
		(1,343,863)		(1,357,254)
<b>Operating loss</b>		(70,001)		(217,000)
<b>Interest receivable and similar income</b>				
Bank interest received	1,638		20	
		1,638		20
<b>Interest payable and similar expenses</b>				
Interest payable to group companies		(815,374)		(812,389)
<b>Loss before taxation</b>		(892,367)		(1,029,457)



**Report to management**  
**PRIVATE AND CONFIDENTIAL**

Our ref: TKW/MP/S1160/643422

Board of Directors  
Knowle Green Estates Limited  
Council Offices, Knowle Green  
Staines – Upon – Thames  
TW18 1XB

16 September 2024

Dear Sir/Madam

**REPORT TO MANAGEMENT – KNOWLE GREEN ESTATES LTD**

During the course of our audit for the year ended 31 March 2024 a number of matters arose which we consider should be brought to your attention.

Accompanying this letter is a memorandum noting these points together with any recommendations we have for possible improvements which could be made.

These matters came to light during the course of our normal audit tests which are designed to assist us in forming our opinion on the financial statements. Our tests may not necessarily disclose all errors or irregularities and should not be relied upon to do so. However, if any irregularity did come to our attention during our audit tests, we would, of course, inform you immediately.

We have complied with the Financial Reporting Council's Ethical Standard and all threats to our independence, as identified to you in our planning communication letter dated 6 January 2023, have been properly addressed through appropriate safeguards. No additional facts or matters have arisen during the course of the audit that we wish to draw to your attention and we confirm that we are independent and able to express an objective opinion on the financial statements.

This report has been prepared for the sole use of the directors of Knowle Green Estates Ltd and must not be shown to third parties without our prior consent. No responsibilities are accepted by MGI Midgley Snelling LLP towards any party acting or refraining from action as a result of this report.

Finally, we would like to express our thanks to all of the company's staff who assisted us in carrying out our work.

Yours faithfully

*MGI Midgley Snelling LLP*

## SIGNIFICANT MATTERS RELEVANT TO OUR AUDIT FOR THE YEAR ENDED 31 MARCH 2024

### Audit approach

There were no changes to our audit approach as set out to you in our letter dated 21 May 2024.

### Summary of significant audit findings

Significant risk area identified at planning	Findings and recommendations
<b>Revenue recognition</b> Under ISA (UK) 240 there is a presumed risk of fraud in relation to revenue recognition. The presumption is that the company could adopt accounting policies or recognise sales in such a way as to lead to a material misstatement in the reported revenue position.	<p>We carried out a review and testing of revenue recognition policies, including proof in total calculations for a sample of properties, cut off on invoicing was also checked.</p> <p>From the testing performed, no issues were identified.</p>
<b>Management override of controls</b> Under ISA (UK) 240 there is a presumed risk that management and directors have the ability to process transactions or make adjustments to financial records outside of the normal financial control processes. Such transactions could lead to a material misstatement in the financial statements.	<p>We carried out a review of accounting estimates, judgements and decisions made by management. We performed testing of journal entries, cash book entries and a review of unusual significant transactions.</p> <p>From the testing performed, no instances of management override of controls were identified.</p>
<b>Valuation of fixed assets</b> The company holds property at a revalued amount in the accounts, which is subsequently depreciated until a new valuation of the property has been prepared. Incorrect valuation of the property may lead to overstatement of the balance sheet.	<p>We have reviewed the property against valuations provided and the directors' review for the current year, as well as the movement in value of similar properties in the recent period. The depreciation rate has also been reviewed for fixed assets to confirm reasonable rates are used.</p> <p>From the testing performed and after discussions with management, no issues were identified on fixed asset valuation.</p>
Other areas where issues were identified during the audit	Findings and recommendations
<b>Going concern</b> Under ISA (UK) 570, the company's going concern has been considered.	<p>From our review of forecasts and after discussions with management, we concur with management's assessment that it is appropriate to continue to adopt the going concern basis and there are no material uncertainties relating to going concern which should be disclosed in the financial statements.</p>

<b>Security charges for the loans</b> The loan agreements state that there are charges held on assets of the company.	From a review of Companies House, we cannot see that the charges have been registered. Please ensure the charges are registered with Companies House to keep the register of charges up to date.
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### Internal controls

The purpose of the audit was for us to express an opinion on the financial statements. The audit included consideration of internal controls relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. Our audit is, therefore, not designed to identify all control weaknesses and the matters reported below are limited to those deficiencies that we have identified during the audit.

Control weakness identified	Potential implications and recommendations
None identified.	

### Summary of audit differences and draft letter of representation

We have attached a draft letter of management representations required in connection with our audit.

Attached to the letter of management representations is a schedule of all of the unadjusted misstatements noted during our work. We would be grateful if you could review these and confirm (as point 6 in the letter of representation) that you are satisfied that none of these need to be adjusted for in the financial statements.

### Anticipated audit report

We anticipate that we will issue an unmodified audit report for the year, subject to the satisfactory clearance of any outstanding/unresolved the matters outlined in this report.

### Going concern

We concur with management's assessment that it is appropriate to continue to adopt the going concern basis and there are no material uncertainties relating to going concern which should be disclosed in the financial statements.

### Accounting policies, estimates and disclosures

The accounting policies used in preparing the financial statements are unchanged from the previous year.

Our work included a review of the adequacy of disclosures in the financial statements and consideration of the appropriateness of the accounting policies and estimation techniques adopted by the company. We found the disclosed accounting policies, significant accounting estimates and the overall disclosure and presentation to be appropriate for the company.

### Related parties

We are not aware of any related party transactions which have not been disclosed.

**Confirmations from third parties**

All requested confirmations have been received.

**Independence**

In accordance with our profession's ethical guidance and further to our planning communication letter to you dated 21 May 2024 confirming audit planning arrangements there are no further matters to bring to your attention in relation to our integrity, objectivity and independence.

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed primarily for the purpose of expressing our opinion on the financial statements. We do not accept any responsibility for any loss occasioned to any third party acting or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

MGI Midgley Snelling LLP  
Chartered Accountants  
Ibex House  
Baker Street  
Weybridge  
Surrey  
KT13 8AH



8 October 2024

Dear Sirs

The following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience such as we consider necessary in connection with your audit of the company's financial statements for the year ended 31 March 2024. These enquiries have included inspection of supporting documentation, where appropriate, and are sufficient to satisfy ourselves that we can make each of the following representations. All representations are made to the best of our knowledge and belief.

#### **General**

1. We have fulfilled our responsibilities as directors, as set out in the terms of your engagement letter dated 31 March 2024 under the Companies Act 2006, for preparing financial statements in accordance with applicable law and United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice), for being satisfied that they give a true and fair view and for making accurate representations to you.
2. All the transactions undertaken by the company have been properly reflected and recorded in the accounting records.
3. All the accounting records have been made available to you for the purpose of your audit. We have provided you with unrestricted access to all appropriate persons within the company, and with all other records and related information requested, including minutes of all management and shareholder meetings.
4. The financial statements are free of material misstatements, including omissions.
5. We have considered the adjustments in Appendix 1. We confirm that, in our judgement, these adjustments are appropriate given the information available to us. We further confirm that we have now made these adjustments to the financial statements.
6. The effects of uncorrected misstatements (as set out in the Appendix 2 to this letter) are immaterial both individually and in total.

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**Knowle Green Estates Ltd, Council Offices, Knowle Green, Staines-upon-Thames, TW18 1XB**

xxxxxxxxx@xxxxxxxxxxxxxxxxx.co.uk Telephone: 01784 446296

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Registered office at Council Offices, Knowle Green, Staines-upon-Thames, TW18 1XB.

#### **Internal control and fraud**

7. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error, and we believe that we have appropriately fulfilled these responsibilities. We have disclosed to you the results of our risk assessment that the financial statements may be misstated as a result of fraud.
8. We have disclosed to you all instances of known or suspected fraud affecting the entity involving management, employees who have a significant role in internal control or others where fraud could have a material effect on the financial statements.
9. We have also disclosed to you all information in relation to allegations of fraud or suspected fraud affecting the entity's financial statements communicated by current or former employees, analysts, regulators or others.

#### **Assets and liabilities**

10. The company has satisfactory title to all assets and there are no liens or encumbrances on the company's assets, except for those that are disclosed in the notes to the financial statements.
11. All actual liabilities, contingent liabilities and guarantees given to third parties have been recorded or disclosed as appropriate.
12. We have no plans or intentions that may materially alter the carrying value and, where relevant, the fair value measurements or classification of assets and liabilities reflected in the financial statements.
13. We confirm that the value of the properties owned by Knowle Green Estates Ltd are as follows;



Property name	Amount (£)
Churchill Way	1,086,500
Bugle House	2,777,300
82 Cranford Road	537,200
42 Kingston Road	433,200
West Wing	9,689,000
Benwell P1	20,762,500
38 Kingston Road	455,000
Post House Flats (x3)	1,105,150
1 Courtfield Road	399,000
9 Yew Trees	460,000
36 Sykes Drive	380,000
4 Eaton House	300,000
57 Hadfield Road	375,000
16 Windmill Road	373,000
20 Chantry Close	335,000
111 Ashridge Way	489,950

### Accounting estimates

14. The methods, data and significant assumptions used by us in making accounting estimates, and their related disclosures, are appropriate to achieve recognition, measurement and disclosure that is reasonable in the context of the applicable financial reporting framework.

### Loans and arrangements

15. The company has not granted any advances or credits to, or made guarantees on behalf of, directors other than those disclosed in the financial statements.

### Legal claims

16. We have disclosed to you all claims in connection with litigation that have been, or are expected to be, received and such matters, as appropriate, have been properly accounted for and disclosed in the financial statements.

### **Laws and regulations**

17. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.

### **Related parties**

18. Related party relationships and transactions have been appropriately accounted for and disclosed in the financial statements. We have disclosed to you all relevant information concerning such relationships and transactions and are not aware of any other matters which require disclosure in order to comply with the requirements of company law or accounting standards.

### **Subsequent events**

19. All events subsequent to the date of the financial statements which require adjustment or disclosure have been properly accounted for and disclosed.

### **Going concern**

20. We believe that the company's financial statements should be prepared on a going concern basis on the grounds that current and future sources of funding or support will be more than adequate for the company's needs. We also confirm our plans for future action(s) required to enable the company to continue as a going concern are feasible. We have considered a period of twelve months from the date of approval of the financial statements. We believe that no further disclosures relating to the company's ability to continue as a going concern need to be made in the financial statements.

### **Specific matters**

21. In particular, we make the following representations in relation to the financial statements for the year ended 31 March 2024:

- a. We confirm that a balance of £32,249,439 is due to the parent, Spelthorne Borough Council as at 31 March 2024.

We acknowledge our legal responsibilities regarding disclosure of information to you as auditors and confirm that so far as we are aware, there is no relevant audit information needed by you in connection with preparing your audit report of which you are unaware.



Each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that you are aware of that information.

Yours faithfully

.....  
Signed on behalf of the board of directors

Dated.....

## Appendix 1

Profit increase /(decrease)	Assets increase /(decrease) e)	Liabilities increase /(decrease)	Shareholders' funds
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	£	£	£	Knowle Green Estates Ltd
Profit/(Loss) per draft financial statements	(778,599)			
Deferred tax liability	(718,964)		718,964	
Westwing loan adjustment to principal and interest	(5,948)	(8,036)	(2,088)	
Benwell House loan adjustment to principal and interest	50,809	75,305	24,496	
Reversing accruals	61,330		(61,330)	
Accruals adjustments	(150,227)		150,227	
Reallocating principal loan repayments to SBC	252,893		(252,893)	
Depreciation adjustment	(39,990)	(39,990)		
Bank difference corrected	(7,080)	(7,080)		
Electricity recharge to SBC	47,000		(47,000)	
Revaluation of property	2,521,500	2,521,500		
Total adjustments	2,011,323	2,541,699	530,376	
Revised profit/(loss) per the financial statements	<u>1,232,724</u>		-	

## Appendix 2

	Profit increase /(decrease)	Assets increase /(decrease)	Liabilities increase /(decrease)	Shareholders' funds
	£	£	£	£
Revised profit/(loss) per financial statements as presented to the Board	<u>1,232,724</u>			
Over accrual of Smith & Byford repairs	1,159		(1,159)	
Late posted invoices	(3,115)		3,115	
Total adjustments	<u>(1,956)</u>	-	<u>1,956</u>	-
Potential revised profit/(loss) per the financial statements	<u>1,230,768</u>			

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## **Eclipse Leisure Centre Additional Spend**

This item was considered at a meeting of the Community Wellbeing and Housing Committee on 07 January 2024. The Committee **resolved** to:

1. Approve Option 1 (Non-Combustible Timer Upstand) and a budget of £3,000 in relation to the sauna coals,
2. Approve Option 4, subject to exploring alternative hedging solutions and a budget of £10,000 in relation to the barrier to protect the turfed area; and
3. Delegate approval of the final solution in relation to the design barrier to protect the turfed area to the Group Head of Community Wellbeing in consultation with the Chair and Vice Chair of the Community Wellbeing and Housing Committee.

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# Community Wellbeing & Housing Committee

7 January 2025

## Corporate Policy and Resources Committee

20 January 2025

<b>Title</b>	Eclipse Leisure Centre Additional Spend
<b>Purpose of the report</b>	To make a decision
<b>Report Author</b>	Kamal Mehmood – Strategic Lead for Leisure & Community Development Richard Mortimer – Asset Management
<b>Ward(s) Affected</b>	All Wards
<b>Exempt</b>	No
<b>Exemption Reason</b>	N/A
<b>Corporate Priority</b>	Services
<b>Recommendations</b>	<p><b>Committee is asked to:</b></p> <p><b>Community Wellbeing Housing Committee (CWHC)</b></p> <ol style="list-style-type: none"> <li>1. To approve preferred options and budget of £3,000 in relation to the sauna coals.</li> <li>2. Delegate approval of the final solution in relation to the design of barrier to protect the turfed area to the Group Head of Community Wellbeing in consultation with the Chair and Vice Chair of Community Wellbeing and Housing Committee.</li> <li>3. To approve preferred options and budget of £10,000 in relation to the barrier to protect the turfed area.</li> </ol> <p><b>Corporate Policy and Resources Committee (CPRC)</b></p> <ol style="list-style-type: none"> <li>4. To note the updated budget position for the construction of Eclipse leisure centre.</li> </ol>
<b>Reason for Recommendation</b>	To enable works to be completed as soon as possible and to note the up to date budget position for phase 1 of the leisure centre project; and to ensure the centre is fully operational at the earliest opportunity.

### 1. Summary of the report

What is the situation	Why we want to do something
<ul style="list-style-type: none"> <li>Whilst the Leisure Centre is fully compliant with Building Regulations and has been approved by planners,</li> </ul>	<ul style="list-style-type: none"> <li>Whilst fully compliant with planning obligations, officers were required to address Place's concerns regarding</li> </ul>

<p>certain areas of the Eclipse Leisure Centre have remained cordoned off since its opening on 15<sup>th</sup> October over the operator's concerns.</p> <ul style="list-style-type: none"> <li>• These items are included as part of a schedule of agreed works under the leisure centre operating contract. The Council is required to address the matter of the sauna and the rooflight within 6 months of opening.</li> <li>• In addition, it has been suggested that additional barrier should be installed to deter people from walking on the grass at the front of the building.</li> </ul>	<p>certain operational issues in order to complete the Leisure Operator Contract (LOC) and avoid a delay to the full opening of the new centre.</p> <ul style="list-style-type: none"> <li>• Whilst the facilities remain closed or are cordoned off costs are being incurred and the operator can potentially seek damages beyond the period in which the work can be completed. The faster the issues can be resolved the lower the claim for compensation will be.</li> </ul>
<b>This is what we want to do about it</b>	<b>These are the next steps</b>
<ul style="list-style-type: none"> <li>• Undertake agreed works to satisfy Place's specific operational requirements and allow full use of the whole leisure centre.</li> <li>• A number of options have been costed in each case and the committee are asked to confirm which of the options they would like to be taken forward in each instance.</li> </ul>	<p>Once approved:</p> <ul style="list-style-type: none"> <li>• Orders will be placed</li> <li>• The work will be undertaken</li> <li>• Restrictions lifted and facilities opened</li> <li>• Claims for compensation will be considered</li> </ul>

1.1 This report asks the committee to consider the items listed below and confirm which of the options set out in Appendix A they wish to progress in relation to each item:

- The sauna;
- The rooflight enclosure;
- Protection for the turfed area at the front of the building.

## 2. Key issues

2.1 As part of the Leisure Operating Contract the Council was required to address Place's concerns regarding certain operational issues to complete the Leisure Operator Contract (LOC). The full list of items is set out in Appendix A. This report focuses on two main elements in the appendix A and a further item that has arisen around visitors to the centre taking a short cut over a grassed area.

2.2 Sections 2.3 and 2.4 of this report below, seek Committee approval to instruct works in relation to the Sauna coils, included in Appendix A and the grass area. Section 2.5 of this report provides information on a

decision taken in consultation with the Chair and Vice Chair of this committee regarding protective fencing around the roof light, which is the second issue referred to within Appendix A.

- 2.3 The Leisure operator has concerns around the sauna coals being exposed and until the Council undertakes works to address these concerns, Places Leisure are not prepared to open the wellness area (the sauna and stream room). This may result in them seeking compensation if it can be demonstrated that its closure has result in a loss of income. Under the LOC works must be completed within 6 months, following which the operator would be able to claim compensation if losses can be demonstrated.
- 2.4 Whilst not included in Appendix A it has become apparent that people visiting the centre are opting to take a short cut across the grass to access the centre. This has resulted in newly laid grass becoming worn and looking unsightly as well as mud being trampled throughout the leisure centre. To deter people taking short cuts across the grass we are proposing to install a barrier. We are seeking authority to delegate approval of the final solution to the Group Head of Community Wellbeing and Housing in consultation with the Chair and Vice Chair of Community Wellbeing and Housing Committee.
- 2.5 Another of the items in Appendix A concerns preventing people abusing the rooflight over the swimming pool. Places have installed a temporary barrier around the rooflight at a cost of £500 per week. Costs at the end of December are £5,500 and ultimate responsibility for these costs is to be agreed. The Council has now placed an order for a permanent barrier to be installed around the rooflight. Works will commence towards the end of January 2025 and are anticipated to cost £23,500.
- 2.6 We have received details from the contractor Willmott Dixon with regards to the final settlement account for the construction work for Eclipse, which is seeking a figure which is NET £313,000, in excess of our budget forecast. This would bring this element of the project costs to £43.293m compared to the £42.98m that we have been forecasting. This amount has been proposed to achieve settlement within Willmott Dixon's financial Year End. (Appendix C)
- 2.7 Due to the additional £313,000 being sought a settlement of the final account needs greater scrutiny to understand make up of this additional cost. It is therefore unlikely agreement will be reached within the timescales set out by Willmott Dixon. Willmott Dixon have indicated, where additional costs have arisen their current proposal has been to split these between parties equally. Willmott Dixon have advised should this matter progress into their next financial year, they are likely to seek a greater percentage recovery of these costs. This could result in a larger claim being levied.
- 2.8 Despite the fact that Willmott Dixon may present a larger final account to the Council in the New Year, it's not considered a sufficient reason to agree an early settlement, when we do not have full understanding

of the validity of these additional costs. Once the items have been fully understood a further report will be taken to CPRC for recommendation to Full Council about the level of final account that should be agreed with Willmott Dixon.

### **3. Options analysis and proposal**

- 3.1 Options for each of the various pieces of work are set up in Appendix B.
- 3.2 The recommendation in relation to the Sauna Coals is Option 1, the installation of A1 fire rated non combustible timber slatted enclosure. This is the most cost effective and straight forward solution that addresses our contractual obligations under the LOC and doesn't impact any of the building warranties or Passivhaus accreditation.
- 3.3 In relation to the grassed area further works needs to be undertaken to understand the full design impact and viability of the proposals set out in Appendix B. We are therefore seeking committee approval for a budget up to £10,000 to be approved, with the final design selection delegated as set out in the recommendations to allow further design work to progress and conclusions to be reached as to which is the most suitable and cost effective solution.

### **4. Financial management comments**

- 4.1 Whilst the additional costs set out in this report are theoretically non-essential, the Council is obliged through the leisure centre operating contract to resolve the sauna and the rooflight enclosure which they consider to be health and safety matters. Therefore. the Council has no option but to address these two items within 6 months of opening.
- 4.2 The final account for the whole leisure centre programme (consisting of a number of Projects still ongoing) will continue to be based on budget figures until all final elements are completed. Regular updates on costs will be provided as part of ongoing project management.
- 4.3 The current forecast cost for completion of Phase 1 Eclipse Leisure Centre build may increase for the reasons set out in this report. As soon as clarity has been obtained on the additional items an updated report will be produced.

### **5. Risk management comments**

- 5.1 As set out in the financial implications section, the risk remains that further budget will be required. The risk will be managed by providing regular updates on costs as part of ongoing project management.
- 5.2 Further claims by Places Leisure should work not be completed within the agreed timeframes. The Council will seek to get agreement to complete all works within the given timeframes.
- 5.3 Reputation risk to the Council, as people still regard the leisure centre as a council service.

### **6. Procurement comments**



- 6.1 We will procure as required any additional works that need to be undertaken.
- 7. Legal comments**
- 7.1 The report has been circulated but no comments received to date.
- 8. Other considerations**
- 8.1 No considerations.
- 9. Equality and Diversity**
- 9.1 The decision has no bearing on equality and diversity.
- 10. Sustainability/Climate Change Implications**
- 10.1 Climate Change affects us all and the Passivhaus design of Eclipse Leisure centre has been a significant investment however the specific items listed in this report have no significant bearing on helping the council to reduce its carbon footprint.
- 11. Timetable for implementation**
- 11.1 As soon as possible, if approved.
- 12. Contact**
- 12.1 Richard Mortimer – [r.mortimer@spelthorne.gov.uk](mailto:r.mortimer@spelthorne.gov.uk)
- 12.2 Kamal Mehmood – [k.mehmood@spelthorne.gov.uk](mailto:k.mehmood@spelthorne.gov.uk)

**Please submit any material questions to the Committee Chair and Officer Contact by two days in advance of the meeting.**

**Background papers: There are none.**

**Appendices:**

**Appendix A – List of contractual operational works**

**Appendix B – Overview of items and associated options**

**Appendix C – Eclipse Leisure Centre Budget Comparison**

**Appendix D – Diagram of Grass Protection Barrier location – To follow**

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## **Appendix A**

### **Design Items**

#### **Design Items - Liability**

	<b>Design Item</b>	<b>Agreed Action</b>	<b>Liability</b>
1.	External Façade - brick design	The extent of any vandalism to the brick design will be monitored over the first 12 months of the centre opening	Council if after 12 months it is established there are ongoing issues with people using the brick design to climb the outside of the building.
2.	External Façade - gutters	The extent of any vandalism to the plastic rain water pipes will be monitored over the first 12 months of the centre operating. If there is an extensive amount of damage, SBC will undertake to place a form of cage around the lower part of each drain pipe.	Will pass to PfP at the end of the 12-month period
3.	Sauna & Steam Room	SBC will install an upstand around the coals.	Will pass to PfP once the upstand has been installed.
4.	Base of the balustrade to the pool viewing	SBC are installing plastic plugs at the bottom of the balustrades in the pool viewing area. If this solution does not work, SBC will provide a further solution (to be agreed by the parties acting reasonably) to resolve the concerns.	Will pass to PfP once an agreed solution is in place.
5.	Rooflight over the Pool	SBC will identify a solution that prevents people from climbing on the rooflight. The solution is likely to take the form of a cage structure which will be designed to ensure balls cannot get caught up.	Will pass to PfP once an agreed solution is in place.
6.	Cages to the roof top pitches creating static shocks	This is a defect item and if it continues will be addressed by SBC during the defects period.	Will pass to PfP once any on-going defect is concluded

### **Design Items – Works to be Undertaken**

	Design Item	Work to be undertaken	Timescale
1.	Services Maintenance Strategy for lights over pool viewing area and FCU in the ceiling voids of the 3 Studios	SBC will progress a satisfactory maintenance strategy with WDC to address the issues.	1 month
2.	Underground Refuse Storage.	PfP will use the existing refuse system for all non-bulky waste.  PfP will provide details of the number of bulky waste bins to SBC and both SBC & PfP will work together to identify a suitable location for the creation of a bin store to accommodate any additional bulky waste provision.	3 months assuming no planning approval required
3.	External Façade – brick design	The extent of any vandalism to the brick design will be monitored over the first 12 months of the centre opening	12 months
4.	External Façade - gutters	The extent of any vandalism to the plastic rain water pipes will be monitored over the first 12 months of the centre operating. If there is an extensive amount of damage, SBC will undertake to place a form of cage around the lower part of each drain pipe.	12 months
3.	Sauna & Steam Room	SBC will install a cold-water shower adjacent to the steam room.  SBC will progress the installation of a mist suppression system in the sauna.  SBC will install an upstand around the coals  PfP will install an access control system to this area	6 months

4.	Base of the balustrade to the pool viewing	SBC are installing plastic plugs at the bottom of the balustrades in the pool viewing area. If this solution does not work, SBC will provide a further solution (to be agreed by the parties acting reasonably) to resolve the concerns.	6 months
4.	Rooflight over Pool	SBC will identify a solution that prevents people from climbing on the rooflight. The solution is likely to take the form of a cage structure which will be designed to ensure balls cannot get caught up.	6 months
5.	Cages to the roof top pitches	This is a defect item and if it continues will be addressed by SBC during the defects period.	12 months

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## Appendix B

Item 1: Sauna Coals	Description	Contractor	Cost	Risks	Pros	Cons	Recommendation
Option 1	Non-Combustible Timber Uprand	Thamesway	£2,000-£3,000	<ul style="list-style-type: none"> <li>Non-standard approach</li> <li>Lifespan unknown but may be extended by maintaining with moisture resistant treatments.</li> <li>Currently not warrantable.</li> </ul>	<ul style="list-style-type: none"> <li>Cheapest option and no fire risk as A1 rated/non-combustible</li> <li>Insurer approval subject to Risk Assessment</li> <li>Myrtha have confirmed it won't invalidate the warranty for the sauna</li> <li>Doesn't impact on main construction warranties</li> <li>Shorter lead in time</li> <li>Disruption minimised</li> <li>Compensation claim reduced</li> </ul>	<ul style="list-style-type: none"> <li>The uprstand is bespoke and cannot be warranted in isolation.</li> <li>Non-standard fitting and untested. No data to confirm whether heat/humidity will warp/distort timber slats.</li> </ul>	Recommended
Option 2	Underseat retrofit and reconfiguration	Myrtha	£17,000	Lead in time as Italian firm tbc	Global brand. Virtual replacement of sauna	<ul style="list-style-type: none"> <li>Not much cheaper than replacing the whole sauna</li> <li>Faults may take longer to rectify as Italian firm</li> <li>Longer lead in time</li> </ul>	Not recommended
Option 3	Total replacement of sauna	Topline	£23,000	1 month lead in time	<ul style="list-style-type: none"> <li>Guaranteed for the duration of the contract</li> <li>Allows reconfiguration to allow greater space between doors to the suite and the sauna</li> <li>Existing supplier for Places Leisure so they have leverage</li> </ul>	<ul style="list-style-type: none"> <li>Cost</li> <li>Cost of delay</li> <li>Longer lead in time</li> </ul>	Not recommended

Item 2: Grass Protection Barrier	Description	Contractor	Cost	Risks	Pros	Cons	Recommendation
Option 1	Install additional signage and similar steel/glazed balustrade up the disabled ramp to deter people from taking a short cut across the grass; and add low profile box hedgerow along the perimeter of the grassed area to deter people from walking on the grass.	TBC	TBC		<ul style="list-style-type: none"> <li>Complimentary aesthetics.</li> <li>Addition of a hedge row could help to deter people from taking short cuts and help to capture wind blown litter.</li> </ul>	Ongoing maintenance costs for hedgerow	TBC
Option 2	Install additional signage and similar steel/glazed balustrade up disabled ramp to deter people from taking a short cut across the grass.	TBC	TBC ( anticipated to be less than Option 4	Lead in time	Complimentary aesthetics	Cost higher/m2. Users can cut across grass.	TBC
Option 3	Extend a balustrade along the front of the building and add low profile box hedgerow along the front edge adjacent to the pavement.	TBC	TBC ( anticipated to be more expensive than option 4)		Most aesthetically attractive. Helps wayfinding	Ongoing maintenance costs for hedgerow	TBC
Option 4	Matching stainless steel balustrade along frontage. No glazing. 81 m	TBC	£9,700		Provides barrier for pedestrians. Helps wayfinding	Could be swung on by kids or sat on	TBC

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## Appendix C

### Eclipse Leisure Centre Budget Comparison

Item	Reported financial position	Proposed financial position	Variance
Main contract	£43m	£43m	£0
Design variations	£399,448	£512,234	+£112,786
Deduct LADS	-£420,000	-£219,000	+£201,000
Total	£42,979,448	£43,293,234	<b>£313,786</b>

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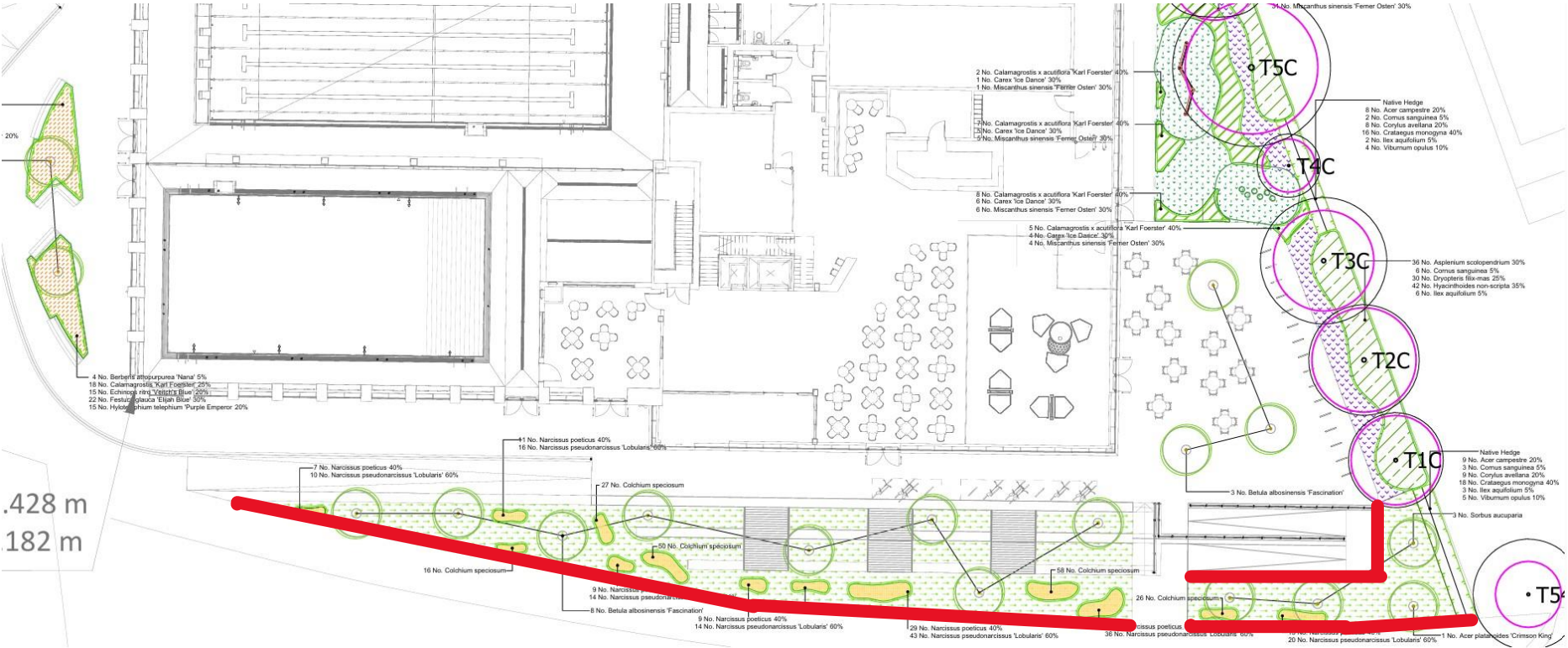
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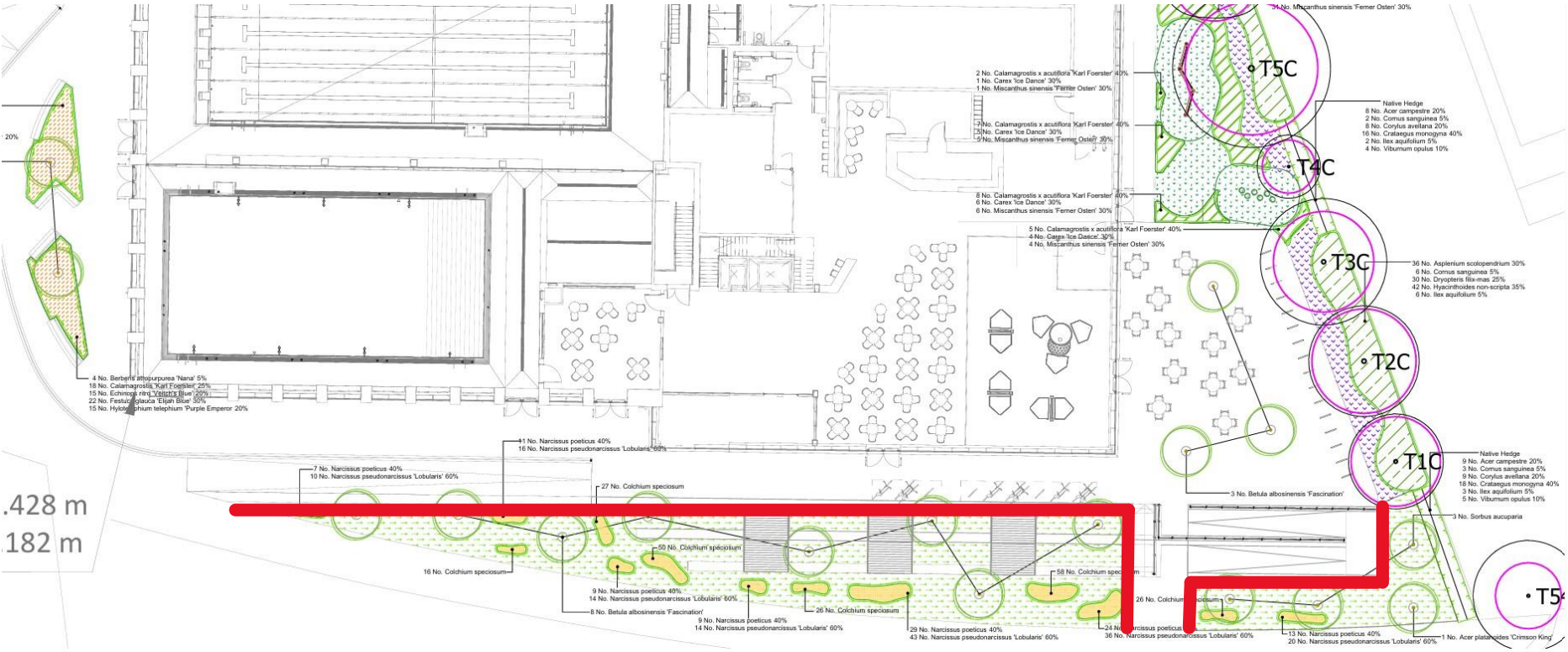
Option 2




Key:

Balustrade: 

Option 3



Key:

Balustrade: 





# Corporate Policy and Resources Committee



27 January 2025

<b>Title</b>	<b>KGE Task and Finish Group Terms of Reference</b>
<b>Purpose of the report</b>	To make a decision
<b>Report Author</b>	Linda Heron – Interim Group Head Corporate Governance and Monitoring Officer
<b>Ward(s) Affected</b>	All Wards
<b>Exempt</b>	No
<b>Exemption Reason</b>	N/A
<b>Corporate Priority</b>	Community Addressing Housing Need Services
<b>Recommendations</b>	<b>Committee is asked to:</b>  Agree Terms of Reference for KGE Task and Finish Group
<b>Reason for Recommendation</b>	Governance arrangements must be in place to enable KGE Start and Finish Group to commence work

## 1. Summary of the report

What is the situation	Why we want to do something
<ul style="list-style-type: none"> <li>Corporate Policy and Resources Committee on 9 December 2024 resolved to set up a Task and Finish Group (“the Group”) to consider matters relating to Knowle Green Estates Limited (“KGE”)</li> </ul>	<ul style="list-style-type: none"> <li>It is anticipated that the Group will present its recommendation to KGE board and this Committee in March 2025 - consequently the work should commence without delay</li> </ul>
This is what we want to do about it	These are the next steps
<ul style="list-style-type: none"> <li>Propose draft Terms of Reference for this Committee to consider, discuss and amend as may be necessary</li> </ul>	<ul style="list-style-type: none"> <li>This Committee to consider draft Terms of Reference and agree final form of Terms of Reference</li> <li>The Group to schedule regular meetings</li> </ul>

## **2. Key Issues**

- 2.1 The Council is the sole shareholder in KGE, and it falls within the responsibilities of this Committee to act as the Council's shareholder representative on KGE board.
- 2.2 The Council is committed to achieving best outcomes for the residents of Spelthorne, and as part of this commitment the Council proposes to review the current arrangements with KGE to ensure that the Council continues to meet its statutory obligations.
- 2.3 The government's good practice recommendations regarding the governance of the local authority companies alongside public interest reports issued by external auditors where local authority companies have failed and the prevailing challenging conditions which affect affordable housing market confidence must be taken into account when the Group considers KGE viability and its future.

## **3. Analysis**

- 3.1 On 9 December 2024 this Committee resolved to set up the Group to consider the future Council representation on KGE board following the Chief Finance Officer stepping down from KGE board on 1 January 2025 and to consider how the Council wishes to move KGE forward.
- 3.2 The Group is expected to progress matters at pace and to present its recommendations to KGE board and this Committee in March 2025.
- 3.3 To facilitate efficient use of available time and resource in order to achieve best outcome it is advisable to agree upon the parameters within which the Group is to operate. The agreed parameters will inform strategic and focussed approach to evaluating options and proposals.

## **4. Options**

- 4.1 Option 1 (recommended)  
Review and discuss the proposed draft Terms of Reference and agree final form with such amendments and additions as the Committee may see fit.
- 4.2 Option 2  
Do not agree final form of Terms of Reference. This option is not recommended as this would prevent the Group from commencing work until such time as the full scope of the Group's remit is clearly defined. This, in turn, will delay the Council in reaching a decision on the future of KGE and associated matters.
- 4.3 Option 3  
Agree the proposed Terms of Reference as drafted. This option is not recommended as the proposed draft Terms of Reference are intended as an



initial starting point for a chamber wide discussion and thorough debate to ensure a robust foundation for the Group.

## **5. Financial Implications**

- 5.1 The Council has a number of active financing arrangements with KGE which are underpinned by appropriate loan documentation.
- 5.2 Where an option to wind down KGE / transfer KGE stock to the Council is considered specific input from Finance colleagues will be required to illustrate the impact on the loan security and the resulting financial impact.

## **6. Risk considerations**

- 6.1 Public interest reports by external auditors identified inadequate governance arrangements as a contributory factor to the failure of the relevant public authority companies.
- 6.2 Review of the current governance arrangements would fall within the Group's remit and thus inform potential direction of travel.

## **7. Procurement considerations**

- 7.1 None arising from this report.

## **8. Legal considerations**

- 8.1 Under the "general power of competence" in section 1(1) of the Localism Act 2011 the Council has the power to set up companies or bodies, which they own.
- 8.2 Section 111 of the Local Government Act 1972 gives the Council the power to do anything which is calculated to facilitate the discharge of any of its functions.
- 8.3 The Local Government Act 1999 imposes a statutory requirement to deliver best value duty, i.e. the Council must demonstrate that it makes arrangements that are economic, efficient and effective.
- 8.4 The proposed review of arrangements with KGE as outlined in this report will ensure that the Council acts lawfully.
- 8.5 Where the Council takes a decision that KGE should continue on the basis of the existing limited liability company, once local government restructuring is completed, KGE ownership will pass to the successor council by way of a statutory transfer.

## **9. Other considerations**

- 9.1 None arising from this report.

## **10. Equality and Diversity**

- 10.1 No implications arising from this report.

**11. Sustainability/Climate Change Implications**

11.1 None arising from this report.

**12. Timetable for implementation**

12.1 The Group's terms of reference will be implemented immediately on approval by this Committee. The Group will aim at presenting its proposals to KGE Board on 19 March 2025 and to this Committee on 24 March 2025.

**13. Contact**

13.1 Linda Heron – [l.heron@spelthorne.gov.uk](mailto:l.heron@spelthorne.gov.uk)

**Background papers: None**

**Appendices:**

**Appendix 1: Draft Terms of Reference**

## **KGE Task and Finish Group**

### **Terms of Reference**

#### **1. Purpose**

The KGE Task and Finish Group (“the Group”) is a Councillor group which is set up to consider options in relation to Knowle Green Estates Limited (“KGE”) and to present its proposals to KGE Board and to make recommendation to the Corporate Policy and Resources Committee with the view to adopting a long term plan.

#### **2. Membership**

The Group will consist of 7 members across all parties and will include the Chair and the Vice Chair of the Corporate Policy and Resources Committee and representation from the Community Housing and Wellbeing Committee.

The Chair of the Group will be nominated at the first meeting of the Group.

Key officer support from all departments may be invited to attend the meetings as required.

#### **3. Meetings**

The Group will run from January 2025 to March 2025 and its first meeting will be held as soon as possible in January and thereafter at least once a month.

#### **4. Objectives**

The Group’s key objective is to make recommendation to the Corporate Policy and Resources Committee whether or not KGE should continue on the basis of the existing limited liability company.

More specifically, the Group will consider:

- the Council’s representation and representative(s) on KGE board of directors
- the Monitoring Officer continuing with the role of the Company Secretary / propose alternatives
- steps in order to mitigate risk of conflict of interests where members or Council officers also hold key roles on KGE board of directors
- governance arrangements to ensure compliance with best practice and LLG Code of Practice
- whether KGE should apply to become a registered provider

- whether the KGE housing stock should be transferred back to the Council and a Housing Revenue Account be re-opened
- wider implications of each of the options, including (but not limited to) loan securities against KGE borrowing and the Council's priority of addressing housing needs

The Group will also consider the potential implications of local government reform and devolution plans.

## **5. Output**

The Group will formulate and present its proposals to KGE Board on 19 March 2025 and the Corporate Policy and Resources Committee on 24 March 2025.

## **Reorganisation Board**

### **Terms of Reference**

#### **1. Purpose**

The Board is responsible for formulating, co-ordinating and managing the Council's engagement with Surrey Local Government reorganisation and devolution proposals.

#### **2. Objectives**

- Provide decision making framework for the Council's approach to local government reform and devolution programme ("the Programme")
- Agree the overall goals, objectives, priorities and projects for the Programme for the period January – March 2025 and make recommendations to Corporate Policy and Resources Committee
- Liaise with Surrey County Council and Surrey Borough and District Councils as required
- Monitor spend against initial Reorganisation Budget (initial budget £500,000)
- Ensure timelines are met
- Manage risks associated with the Programme and wider change opportunities
- Consider any new opportunities presented and seek sign off through Corporate Policy and Resources Committee
- Identify and prioritise resources to the workstreams associated with the Programme and re-align as necessary
- Support strategic workforce planning and put in place an effective communications and engagement strategy to keep staff and members informed and to improve change confidence
- Advise Corporate Policy Resources Committee and the Council of significant financial risks and issues arising from the Programme

#### **3. Board Members**

Members of the Reorganisation Board will include:

- Cross party representation (one cllr from each party including the Chair)
- Programme Manager
- Programme Sponsor
- Commissioning and Transformation Manager
- Communications Manager
- HR Manager
- Monitoring Officer

#### **4. Review**

The terms of reference and membership of the Reorganisation Board will be reviewed as required.

#### **5. Meetings**

The Board will meet once a week on a [ Friday before / after Surrey chiefs and leaders weekly meeting ].

Agenda and papers (if any) will be circulated as soon as possible in advance of the meeting. Minutes and actions will be circulated within [ 2 ] working days after the meeting.

A standing agenda will include:

- Minutes of the previous meeting
- Milestones and new actions
- Forward Plan for the Programme

#### **6. Roles and responsibilities**

Chair – to be elected by the Board councillors at the first meeting

- Ensure all agenda items are covered effectively and all views are actively considered
- Uphold Programme governance

Programme manager (Terry Collier and Lee O'Neil)

- Track progress and monitor the delivery plan for the Programme
- Develop and maintain risk register
- Manage risks and issues across the projects comprised within the Programme and escalate to the Board as necessary

Programme sponsor (Daniel Mouawad)

- Overall responsibility for achieving the objectives and the overall success of the Programme
- Step in to help resolve issues or concerns which have been escalated to the Board

- Encourage and facilitate collaboration and partnership working amongst the Board members by providing strategic direction and positive leadership

#### Board members

- Review papers, attend and contribute at meetings
- Promote the Programme and wider change agenda to internal / external stakeholders

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## **Spelthorne Borough Council**

### **Services Committees Forward Plan and Key Decisions**

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

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

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

## Spelthorne Borough Council

### Service Committees Forward Plan for 1 January 2025 to 31 July 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
Community Wellbeing and Housing Committee 07 01 2025  Corporate Policy and Resources Committee 20 01 2025	Eclipse Leisure Centre Additional Spend	Non-Key Decision	Public	Kamal Mehmood, Strategic Lead for Leisure and Community Development, Richard Mortimer, Development Management Consultant
Corporate Policy and Resources Committee 20 01 2025  Audit Committee 28 01 2025	2023-24 Audited Accounts for KGE	Key Decision	Public	Paul Taylor, Chief Accountant
Corporate Policy and Resources Committee 20 01 2025	Action Tracker Update	Non-Key Decision	Public	Lee O'Neil, Deputy Chief Executive
Corporate Policy and Resources Committee 20 01 2025	Refreshed Sinking Fund Model	Key Decision	Private	Coralie Holman, Group Head - Assets, Paul Taylor, Chief Accountant

Date of decision and decision maker	Matter for consideration	Key or non-Key Decision	Decision to be taken in Public or Private	Lead Officer
Corporate Policy and Resources Committee 20 01 2025	Revised Corporate Complaints Policy To adopt a revised Policy which complies with the Local Government and Social Care Ombudsman's Complaint Handling Code.	Key Decision	Public	Gillian Scott, Corporate Governance Support Officer, Sacha Bailey, Projects Officer
Corporate Policy and Resources Committee 20 01 2025	Terms of Reference for KGE Task & Finish Group	Key Decision	Public	Linda Heron, Legal Services Manager
Corporate Policy and Resources Committee 20 01 2025	Terms of Reference for Members Transformation Board	Key Decision	Public	Linda Heron, Legal Services Manager
Corporate Policy and Resources Committee 20 01 2025	Treasury Management Draft Strategy 2025-26	Non-Key Decision	Public	Mahmud Rogers, Joint Financial Services Manager
Corporate Policy and Resources Committee 20 01 2025	Treasury Management Strategy Mid-Year Review	Non-Key Decision	Public	Mahmud Rogers, Joint Financial Services Manager
Corporate Policy and Resources Committee 10 02 2025	Asset Portfolio Exit Strategies	Non-Key Decision	Private	

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  Council 24 04 2025	Calendar of Meetings 2025 - 2026	Non-Key Decision	Public	Matthew Williams, Democratic Services Officer
Corporate Policy and Resources Committee 10 02 2025  Council 27 02 2025	Capital Programme	Non-Key Decision	Public	Mahmud Rogers, Joint Financial Services Manager
Corporate Policy and Resources Committee 10 02 2025  Council 27 02 2025	Capital Strategy 2025-2026	Key Decision	Public	Mahmud Rogers, Joint Financial Services Manager
Corporate Policy and Resources Committee 10 02 2025	Car Park Management system award	Key Decision	Public	Bruno Barbosa, Parking Services Manager
Corporate Policy and Resources Committee 10 02 2025  Council 27 02 2025	Detailed Budget for 2025/26	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  Council 27 02 2025	Detailed Budget Treasury Management Strategy	Non-Key Decision	Public	Mahmud Rogers, Joint Financial Services Manager
Corporate Policy and Resources Committee 10 02 2025	Lloyds Bank Contract	Non-Key Decision	Private	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  Council 27 02 2025	Pay Policy 2025/26	Key Decision	Public	Debbie O'Sullivan, HR Manager
Corporate Policy and Resources Committee 24 03 2025	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	Sandy Muirhead, Group Head - Commissioning and Transformation
Corporate Policy and Resources Committee 24 03 2025	Leisure Centre Rate Relief Application	Key Decision	Public	Sandy Muirhead, Group Head - Commissioning and Transformation

Date of decision and decision maker	Matter for consideration	Key or non-Key Decision	Decision to be taken in Public or Private	Lead Officer
Corporate Policy and Resources Committee 07 07 2025	Appointment of Charity Trustees - Staines Parochial Charity	Non-Key Decision	Public	Karen Wyeth, Democratic Services Manager
Corporate Policy and Resources Committee 07 07 2025	Appointments to Outside Bodies 25-26	Key Decision	Public	Karen Wyeth, Democratic Services Manager