

Councillor John Boughtflower
COUNCIL TAX SPEECH 2021

Councillor J.R. Boughtflower

Mister Mayor – I am very pleased to present, on behalf of this Conservative administration, the Budget Report for the Municipal Year 2021- 22. We are in the midst of exceptionally challenging and uncertain times as a result of COVID-19, which has made the process of setting the Budget even more difficult than normal. I am proud that despite these challenges we are able to put “Residents First” whilst ensuring that our finances remain sustainable.

In this speech I will reflect on some of the challenges we have faced over the past twelve months and the way the Council, its staff and partners across the Borough have risen to those challenges. I will set out how this Administration is delivering against its priorities of Recovery, Affordable Housing delivery, Climate change and supporting our communities. I will of course also outline the financial details of the Budget.

When I was elected Leader in June 2020, I pledged that my Administration would work in far more transparent way, to work collaboratively across the Chamber to find solutions to the challenges we face. I am pleased to say we have applied that approach to the Budget process with an additional Budget Briefings for all Group Leaders , and two additional budget sessions for Overview and Scrutiny including the extraordinary meeting earlier this month. This has been a meaningful consultative process we have listened to the feedback from the Groups across the Council and have made changes to the Budget in response. We have provided details of proposed budget growth and savings earlier than has been the case in the past.

The last twelve months have been dominated by the impact of COVID-19. Our staff and partners, such as the foodbanks and volunteers (VNVS), have been fantastic in responding to the challenges this has thrown up. Some of the ways the Council has responded include:

- Setting up Support4Spelthorne to supply food and essential items to shielded residents in the first lockdown
- Our Independent Living staff making daily calls to support their service users
- Environmental Health enforcing the COVID-19 regulations for businesses
- Our Business Rates and Economic Development teams working together to process business support grants for local businesses as quickly as possible

- Accessing Local Enterprise Partnership funding for Supporting Town Centres get back on their feet
- Our Communications team keeping residents and businesses regularly informed about developments and how to keep safe
- Our Borough leading the way in setting up COVID-19 champions (the first authority in Surrey to do so)
- Providing grants, and other financial support to local foodbanks and partners such as Voluntary Support North Surrey and Citizens Advice
- Our ICT and Committee teams enabling all of our staff whose roles permit, to work remotely and to continue to deliver essential services for our residents
- Working with our leisure centre operator to reopen the centres after the lockdowns, including providing financial support
- Our Benefits team processing track and trace isolation payments
- Our Joint Enforcement Team officers assisting with the initial reopening of the town centre and helping to ensure compliance with COVID restrictions.
- The Council installing additional digital screens in the Elmsleigh Centre to provide information about COVID19
- Working with partners to coordinate COVID-19 Emergency plans and testing at sites across the boroughs
- Ensuring vulnerable residents have means of travelling to vaccination centres
- Working with health partners to provide stepdown housing for hospital discharge patients
- Putting in place a COVID-19 Recovery Plan

All of the above is in addition to maintaining business usual delivering essential services such as waste collection, planning, building control. whilst progressing to completion the Whitehouse single person homeless hostel and the Harper House emergency accommodation for families.

I could go on.....the actions I've outlined is a far from an exhaustive list of all the essential work this Council has undertaken to support all sections of our community.

A key concern around the financial impacts of COVID-19 on the Council has been the commercial income, which we rely on to support the delivery of our vital services to residents. Myself, Cllr McIlroy and Cllr Buttar participate in a weekly review of rent collection performance of our commercial assets and also with respect to tenants at the Elmsleigh Centre (which we acquired for regeneration purposes). I am delighted to say that despite the headwinds of COVID-19, the collection levels for our commercial assets' rents have held up extremely well. Indeed, for the 12 months since the first COVID-19 lockdown last March the Council has already collected ninety seven point three percent of the rent due, with nearly all of the remaining two point seven percent covered by rent deferral agreements. Our ninety seven point three percent collection rate compares with a market average for offices of eighty four point five percent – our rate is therefore twelve point eight percent better than the market average. We are currently only anticipating writing off nought point two percent of the commercial rent which had been due in 2020-21.

This performance is a reflection of the strength of quality of the assets the Council owns, the strength of its tenants and also a credit to our highly skilled and pro-active Assets team. I will focus later on how we manage and mitigate risk.

Clearly the retail sector is more challenging and in response we are accelerating our regeneration and residential delivery projects at the Elmsleigh Centre. Budgetary provision for two of these (with respect to Tothill Car Park and William Hill/Vodafone site) were supported by councillors at last month's Extraordinary Council meeting.

My Administration intends to put "Residents First" and is very mindful of the financial pressures many of our residents are facing and the ongoing uncertainties around the impact on Heathrow airport, which is so important to many of residents' livelihoods. With this at the centre of our focus, we have been carefully considering what we should do this year about our share of council tax. Given the strength of our finances despite COVID-19, we believe that if ever there were a year to limit any increase in our (small) share of the council tax bill, this is the year to do it. This isn't because we are looking to curry favour in the run up to Borough Council elections – we're still two years away from those. We're doing this because we genuinely care about our residents. We know that they've been through a tough time in the last year and we want to do our bit to help ease the financial burdens many of them are facing.

With all this in mind, I am pleased to confirm that the Budget put forward by my Administration is based on a zero percent increase in the Borough Council's tax bill for 2021-22. We are the only local authority in Surrey choosing to do this and indeed one of only a handful in the country.

My Administration is focused on delivering affordable housing much needed by our residents across the Borough. We have set a minimum requirement for all the Council's residential schemes of a minimum of fifty percent affordable rented units (both statutory section 106 and voluntary affordable). Affordable housing is set at eighty percent of market rent, and is more readily accessible for our residents than the shared ownership offered by private housebuilders.

I am really pleased the Groups around the Chamber recognise the importance of local affordable housing. Our current residential pipeline will deliver eighty three percent affordable housing units. This higher level of affordable delivery does make it more challenging to balance the Council's own Budget, but I believe it is worth it and with our strong financial base I am sure we can rise to that challenge.

My Administration has taken a number of steps to enhance the way we manage the delivery of our residential schemes and ensure that delivery is transparent and democratically accountable. As the sole shareholder of Knowle Green Estates Limited, we have recently appointed two very experienced Non-Executive Directors to broaden the experience on the Knowle Green Estates Board. As approved at the Extraordinary Council last month, we are setting up a sub-committee of the Policy and Resources Committee (to be considered at an Extraordinary Council meeting on twenty fifth March) to scrutinise project delivery for all of our developments and sign off each gateway stage as these progress.

We are now focused on delivering homes and regeneration within the Borough. Over the next five years we are looking to deliver more than one thousand new homes across the Borough to help address the housing needs of our residents. We will be delivering affordable, keyworker, and emergency accommodation as well as private rental homes. Within the next few months we will see the opening of:

- our hostel for single person homeless people at the Whitehouse,
- the rebuilt Harper House for emergency accommodation for families,
- the twenty five affordable housing units on our own doorstep at the Knowle Green Council offices,
- the mixed residential scheme at Benwell House Phase 1, delivering around fifty percent affordable rental with the remainder private rented

I would hope you will all agree with me that we should feel proud that the Council is providing this range of much needed housing in our borough for our residents. In responding to the financial headwinds generated by the COVID-19 pandemic, and the worst economic downturn for more than three hundred years, we have continued to be very focused on managing risk. We have revised sinking funds modelling to focus very carefully on the next ten years based on expected case and worst case assumptions. This is to give us assurance that despite the impacts of COVID-19 our sinking funds are sufficiently robust. Our sinking funds are pots of money which we are building up each year from setting aside part of the rental income. This means that if in the future encounter dips in rental income we have sufficient funds to cover those

gaps. Currently, the modelling is giving us confidence that even on the worst case set of scenarios, we have more than sufficient sinking funds to insulate the Revenue Budget and council tax payers from any future dips in rental income streams.

Good governance and financial planning are key to managing risk. Last year my Administration invited experienced colleagues from other councils to undertake an independent Local Government Association Finance Peer Review of this Council. We received their final report last month and we are implementing an action plan to ensure we put into effect the suggestions and recommendations they have made. The Review was a valuable process, and it was good to receive positive feedback about our approach to financial management. Indeed, the LGA has invited the Council to share our experience of the Peer Review as a case study. Parallel to the Peer Review, we are maintaining as a living document our CIPFA Financial Management Code Self-Assessment. We were the first Council in the country to invite CIPFA in to do a daylong workshop on the new code which takes effect from 1st April 2021.

Our commercial assets income means that we are able to put forward a balanced budget, strengthening our resources and service delivery capacity even though 2021-22 will be the fifth year in which this Council will:

- receive no general Revenue Support Grant from the Government;
- have a significant cut in our New Homes Bonus Grant - this time forty three percent (One hundred and eight thousand pounds)

We are adding a net four point four million pounds to sinking fund reserves. The fact that we are adding to reserves, rather than drawing them down like most Councils under the pressure of COVID-19, is reflected in the latest set of scores from the CIPFA resilience index. By the end of 2020-21 we will have £25m in our sinking funds. Benchmarking by LG Improve has highlighted that this Council has the highest ratio of revenue reserves to Net Revenue Budget of any district or borough council in the country.

As we have done for the last three years we are maintaining the funding of our Capital Programme on a more sustainable footing, after decades of relying on selling assets and spending capital receipts. For the fourth year running, we are ensuring that capital spending, which is not funded by specific grant and which does not generate future income streams will be funded from revenue contributions to capital. In this budget there is an eight hundred and fifty thousand pounds revenue contribution towards Capital.

We have rightly taken the opportunity to review the scale and scope of our residential and regeneration programme to ensure that it is both prudent and affordable, and that it is fully consistent with the requirements of both the Chartered Institute of Public Finance's Prudential Code, and the new Borrowing Terms of the Public Loans Board. We have in fact reduced the scale of the Capital Programme, and therefore the amount of borrowing we will require over the next four years will reduce by seventy four million pounds. This is despite including a £40m provision in the Capital Programme for our

really exciting and environmentally friendly new Leisure Centre which will be the first fully Passivhaus compliant leisure centre in the country.

Councillor M.M. Attewell

Staffing

I appreciate that many of our residents may not have received a pay rise in the last year (and may indeed have been furloughed or lost their jobs), but as an organisation that delivers such essential services to our residents and businesses it is important that this Council retains its skilled and dedicated staff. The last 12-months have demonstrated more than ever how important our staff are to this authority and how essential it is that we retain the best people we can. In the face of COVID-19 the last 12 months has been extremely challenging for our staff, who have had to move to remote working and many of whom have had to be redeployed to assist in supporting vulnerable residents. I think we'd all agree that they've responded fantastically well to these challenges; adapting the way they've delivered services, reaching out to those individuals and businesses most in need and taking on new responsibilities to assist in the fight against COVID-19. Therefore, despite the pressures the Council is under we feel that it's right and proper to ensure that they do at least not suffer a real-terms pay cut. We are therefore proposing that all staff receive at least a three quarters of one percent pay increase. Additionally, for staff on the three lowest pay scales we will add a further quarter of one percent meaning our lowest paid staff will receive a one percent increase. This reflects our awareness of the local union's desire to see an element of bottom loading towards the lower end of the scale, a view which I know is supported by some councillors.

Furthermore, we will make a one-off fixed payment of one hundred pounds per staff member as a gesture of thanks for their immense efforts in responding to the COVID-19 challenge. Clearly in percentage terms one hundred pounds (which is taxable) will be worth more to the lowest paid than staff on higher grades. This package, which we believe is affordable, is reflected in the budget for 2021-22.

With all this in mind I hope all Groups around the Chamber support this element of the Budget and equally agree with me that Councillors should decline an increase in their allowances this year.

Looking back to when we were hit by the first COVID-19 lockdown last March, the Council moved quickly to redeploy staff and set up the Support4Spelthorne food distribution hub to support our shielded residents. In the early months of the pandemic, it was unclear how much funding Government would provide local government, particularly districts and boroughs. You will recall that due to these uncertainties, we had an Extraordinary Council Meeting in May 2020, at which the Council approved the use of up to two point two million pounds from reserves if necessary, to help get the Council through the challenges of COVID-19. Subsequently the Government has responded to lobbying from districts and boroughs and provided a slightly fairer distribution of COVID-19 funding. This has helped improve our outturn projections for the current financial year and currently we are only projecting to make use of nought point seven million pounds of those two point two million pounds of contingency funds. We are not proposing to use any of the residual one point five million pounds of

reserves allocated in 2021-22, but we will earmark it on our balance sheet as a COVID-19 resilience reserve in line with our refreshed Reserves Policy, so it is available if we need it.

Unfortunately, like most of the UK public sector and particularly local government, this Council will continue to face a challenging and uncertain financial future, as we await to see how the economy globally, nationally and locally recovers from the impacts of COVID-19 and what it means for our funding streams. For example, it's unclear how long it will take for levels of car parking income to return to pre COVID-19 levels - our medium-term projections are assuming this will take four years to fully recover.

As part of our Recovery Plan, we will be actively working with partners such as Enterprise M3 and Heathrow to support the recovery of our local economy. We are excited that our incubator for small and fledging businesses will be opening in April at the Summit Centre, Sunbury. We are also awaiting the outcome of a funding application to the Department for Work and Pensions for a new Youth Hub to operate which will provide young people, aged eighteen to twenty four, with skills training. This demonstrates how we are deploying both our physical assets and our staffing resources to support economic recovery.

With only a one-year Spending Review period in place, we have no certainty as to how much business rates we will be allowed to retain beyond 2021-22. We will learn in the coming year the outcome of the so-called Fair Funding Review, which will determine how that pot is divided up. We then have the implementation of the so called "seventy five per cent" business rates retention scheme nationally, which could transfer business rates away from us. In our outline budget projection we are assuming a reduction in 2022-23 in the funding we are allowed to retain by central government of eight hundred thousand pounds.

As I have commented, we are facing extremely uncertain times as a result of the economic impact of the COVID-19 pandemic, which has resulted in the biggest economic downturn for more than three hundred years. We do not yet know what the impact will be when the Government ends the national furlough scheme. We have put into place a broad ranging COVID-19 Recovery Plan led by Councillor Attewell covering both economic recovery as well as community recovery in addition to recovery of the Council's own budget position. With this in mind we are setting aside as a COVID-19 contingency provision all of the COVID-19 expenditure grant of five hundred and six thousand pounds allocated to us for 2021-22, and we will top this contingency up on a one-off basis to one million pounds. This, we believe, will enable the Council to withstand any unexpected pressures in 2021-22 arising from COVID-19.

Councillor J. McIlroy

Ensuring the Council does everything it can do to help contribute towards the fight to mitigate climate change is a key priority of my Administration and in October 2020 we declared a Climate Change Emergency. The Environment Portfolio holder, Cllr Bob Noble, is heading a Leader's Task Group to focus on this important issue. We are ensuring that we build best environmental design into our residential projects and other key developments, such as the new leisure centre. With our treasury management investments, we will look at how in a managed way, we can shift our investments into a more environmentally friendly sustainable portfolio. In the last year the Council has acquired a number of electric vehicles, installed solar PV at the West Wing, Knowle Green and installed additional EV charging points at the Council Offices. When we will renew our electricity supply contract for the Council in the autumn we will be purchasing electricity purchased from wholly renewable sources.

To support the continued implementation of environmental initiatives my Administration is proposing that we set aside within the Budget a quarter of million pounds for Green Initiatives to pump-prime initiatives. We originally proposed a lower sum but we listened to the feedback from members of Overview and Scrutiny Committee and decided to increase the size of the provision.

Councillor S. Buttar

The Government has recently announced changes to the controls over council tax increases, with upper tier councils allowed to levy up to a three percent Adult Care Precept. The limit of (the greater of) two percent or five pounds per year on a Band D property will apply to districts and boroughs. In our case, five pounds equates to a 2.4% increase. We have decided to freeze council tax for 2021-22. **We will not increase our council tax at all. This will help avoid adding to the pressures on our residents' finances - putting our residents first.** In comparison, the increases in council tax being made by Surrey Police is (five point five percent or fifteen pounds on Band D) and Surrey County Council (2.49% or £37.64 on band D). Indeed, we will be the only Council in Surrey freezing its council tax.

Coupled with the fact that Spelthorne retains just over ten pence in every pound of council tax we collect on behalf of ourselves, the police and the County, we believe this demonstrates our commitment to keep our portion of the bill as low as we can, whilst protecting local services.

It is good to note that in November 2020, the Public Works Loan Board margin was reduced by one hundred basis points, reversing the increase made in October 2019. This has reduced PWLB rates to historically low levels and will help make our housing, regeneration and service projects such as the leisure centre affordable. To be clear, this Administration will; not be borrowing to acquire any new commercial assets

We earned an average of four point seven five percent on our core cash investments for the first six months of 2019-20, whilst maintaining a sensible and prudent approach to risk. An average rate of return of three point six percent on our pooled medium-term investments was achieved in the first six months of the current financial year. Whilst this is a dip compared to the four to five per cent we were previously earning, this is still an excellent return in the context of COVID-19.

The Capital Programme of forty five point seven million pounds for 2021-22 and two hundred and forty nine million pounds for the four-year period of 2021-22 to 2024-25 before this Council includes:

- a forty million pounds investment in a new Leisure Centre for the Borough
- nine point four million pounds for the Benwell House housing phase 2 mixed residential scheme providing thirty nine units (fifty percent affordable)
- forty nine point five million pounds for the Thameside mixed residential scheme (fifty percent affordable)
- seventy seven point seven million pounds for two hundred and seventeen units of one hundred percent affordable housing at the Oast House, along with a community facility
- ten million pounds for the Ashford Multistorey Car Park providing 100% affordable residential housing (fifty five units)
- two hundred and fifty residential units at Tothill (fifty percent affordable)

- And fourteen units at the William Hill/Vodafone site in Staines High Street (one hundred percent affordable)

All of the above schemes have been supported in principle by this Council in terms of budgetary provision only. Gateway decisions regarding any of these schemes will be down to a sub committee of Policy and Resources Committee.

At an Extraordinary Cabinet meeting on twenty fifth of January, I and other cabinet members considered a request made at Council on the tenth of December that a moratorium be put in place on all Council schemes until the adoption of the Staines Development Framework. As a community focused administration we heard the concerns of local residents and agreed a temporary moratorium until end of May 2021. In coming to this decision we had to consider very carefully the significance of these Council schemes for the borough, particularly in terms of delivering Local Plan housing numbers. This pause will allow the Strategic Planning team to undertake a public consultation exercise on Issues and Options for the Staines Development Framework. The Council's Asset team will also look at the financial viability of the schemes (including whether there is any scope for reducing height) and a cross-party Councillor sub-committee will be created to oversee programme management of any future proposed schemes.

In 2023/24, we have made provision for a one point three million pounds contribution towards the River Thames scheme for flood relief.

The importance of this has been put into perspective by recent weather patterns.

Sadly we have again recently experienced Unauthorised Encampments across the Borough. We fully understand the upset to residents of the disruption caused and really appreciate the work of our Neighbourhood Services and legal teams in responding to such instances. In the Capital Programme we are making provision for a one hundred and twenty seven thousand pounds to a Surrey transit site, and the revenue budget is making provision for an annual running cost contribution. By having a transit site to move unauthorised encampments onto should make it easier for the Police to feel able to exercise their powers to move people on.

In the meantime, in order to meet our future financial challenges we will focus ever more closely on:

- maximising revenue income from assets,
- generating new income streams – for example our new commercial waste company, Spelthorne Direct Services has, despite COVID-19, made a promising start
- delivering procurement savings
- making flexible use of technology, and looking to use applications in smarter ways
- looking at how we deliver and prioritise services to residents
- reducing the running costs of our operational assets.
- Exploring opportunities for joint working with other councils, including joint delivery of services.

The last of the above list of options is likely to become an important strand in the Surrey districts and boroughs response to the County Council's proposals for a single unitary council for Surrey.

John

I would like to thank the Finance Portfolio lead Cllr Buttar, the Chief Executive and his Management Team, and the Chief Finance Officer Terry Collier, Paul Taylor and their financial colleagues and all the staff for their support and assistance in preparing this budget.

I would also like to thank councillors for making their contribution towards the Council operating more efficiently, by embracing paperless agendas for Committees and getting used to online meetings. I know this has resulted in the occasional technical issue, but given the future challenges we face it is important that we all, councillors and officers, continue to be focused on working more efficiently and making smarter use of technology.

I now formally move the recommendations of the Cabinet of twenty fourth of February 2021, as set out within the Budget Book, detailing the precepts by the County Council and Surrey Police and the Band D Council Tax levy for the year 2021-22, and commend this Budget to the Council.

Thank you Mister Mayor