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Friday, 24 November 2017

To: The Members of the **EXECUTIVE**
(Councillors: Moira Gibson (Chairman), Richard Brooks,
Mrs Vivienne Chapman, Colin Dougan, Craig Fennell, Josephine Hawkins,
Alan McClafferty and Charlotte Morley)

Dear Councillor,

A meeting of the **EXECUTIVE** will be held at Surrey Heath House on Tuesday, 5 December 2017 at 6.00 pm. The agenda will be set out as below.

Please note that this meeting will be recorded.

Yours sincerely

Karen Whelan

Chief Executive

AGENDA

Pages

Part 1 (Public)

1. Apologies for Absence

2. Minutes

3 - 6

To confirm and sign the minutes of the meeting held on 7 November 2017 (copy attached).

3. Declarations of Interest

Members are invited to declare any interests they may have with respect to matters which are to be considered at this meeting. Members who consider they may have an interest are invited to consult the Monitoring Officer or the Democratic Services Officer prior to the meeting.

4. Questions by Members

The Leader and Portfolio Holders to receive and respond to questions from Members on any matter which relates to an Executive function in accordance with Part 4 of the Constitution, Section B Executive Procedure Rules, Paragraph 16.

5.	Joint Waste Mobilisation Costs and Garden Waste Collection Services	7 - 12
6.	The Council Tax Base and the Local Council Tax Support Scheme	13 - 26
7.	Council Finances as at 30 September 2017	27 - 32
8.	Treasury Management Mid-year Report 2017/18	33 - 50
9.	Response to South Western Railway's December 2018 timetable consultation	51 - 58
10.	2018 Parliamentary Boundary Review	59 - 68
11.	Exclusion of Press and Public	69 - 70

**Part 2
(Exempt)**

12.	High Street Public Realm Improvements Update	71 - 74
13.	London Road Block Redevelopment (Report to follow)	
14.	Review of Exempt Items	

To review those items or parts thereof which can be released as information available to the public.

**Minutes of a Meeting of the Executive
held at Surrey Heath House on 7
November 2017**

+ Cllr Moira Gibson (Chairman)

+ Cllr Richard Brooks	+ Cllr Josephine Hawkins
+ Cllr Mrs Vivienne Chapman	+ Cllr Alan McClafferty
- Cllr Colin Dougan	+ Cllr Charlotte Morley
+ Cllr Craig Fennell	

+ Present

- Apologies for absence presented

In Attendance: Cllr Bill Chapman, Cllr Robin Perry and Cllr Chris Pitt

55/E Minutes

The minutes of the meeting held on 3 October 2017 were confirmed and signed by the Chairman.

56/E Mid-Year Performance Report

The Executive reviewed a report which summarised the performance of the Council for the first 6 months of the year against the corporate objectives, priorities and success measures laid out in the Annual Plan for 2017/2018. The Executive commented favourably on the positive performance of the Council and on the excellence of the Annual Plan itself.

RESOLVED to note the 2017/2018 Mid-Year Report.

57/E Allotment Sand and Gravel Charity – Funding Request – Playground at Princess Royal Barracks, Alma Gardens, Deepcut

The Executive was informed that an application had been made to the Allotments Sand and Gravel Charity by Princess Royal Barracks, Deepcut for a grant of £30,051 towards the cost of a new community playground at Alma Gardens, Deepcut.

Members were reminded that the Allotment Sand and Gravel Charity had been established following the sale of a piece of land for £100,000 and was administered by the Council as the Trustee. The terms of the Charity Scheme required that the capital received from the sale of the land must be retained. However the Council had previously agreed that any interest received should be allocated.

The application met the terms of the Charity in that the site was within the previous Urban District of Frimley and Camberley and related to public open spaces and recreation grounds.

Whilst the application had been endorsed and supported by the Surrey Heath Military Covenant Group, it was noted that the facilities would be used by both civilian and military young people.

The total project cost was £84,000. To date £53,949 had been raised from the Military Covenant Grant Scheme and a Defence Infrastructure Organisation contribution. The new facilities were expected to last for 30 years and a commitment had been given by the Defence Infrastructure Organisation to provide the ongoing maintenance.

RECOMMENDED to Full Council that

- (i) a grant be made from the Allotment Sand and Gravel Charity (No 252731) in the sum of £30,051 to the Princess Royal Barracks to provide a new playground; and**
- (ii) the Chief Executive be authorised to allocate funding relating to this project.**

58/E Response to the DCLG consultation on Planning for the Right Homes in the Right Places

The Department of Communities and Local Government (DCLG) had issued for consultation a document 'Planning for the right homes in the right places'. This document included proposals which impacted on the Borough. These were:

- a standard method for calculating local authorities' housing need;
- a statement of common ground to improve how local authorities worked together to meet housing and other needs across boundaries;
- making the use of viability assessments simpler, quicker and more transparent; and
- increasing planning application fees in those areas where local planning authorities were delivering the homes their communities needed.

RESOLVED to agree the response to the DCLG consultation on Planning for the Right Homes in the Right Places, as set out at Appendix 1 of the agenda report.

59/E Annual Report on the Treasury Management Service and Actual Prudential Indicators for 2016/17

The Executive received the annual report summarising treasury management performance during 2016/17 and demonstrating compliance with the Prudential Indicators.

Members were reminded that the Council was heavily dependent on investment income to support its current revenue expenditure. Although treasury income returns had decreased slightly in 2016/17, this had been against a backdrop of a continuing low interest rate environment nationally coupled with the redemption of investments to repay borrowing.

On the advice of the Council's Treasury advisors the Council, in order to take advantage of low interest rates, had continued to borrow short term from other public bodies rather than longer term from the Public Works Loans Board (PWLB). The Council's advisors had indicated that although interest rates were unlikely to increase significantly within the next 2 years, the Council should seek to fix for the longer term so to minimise interest rate risk.

Although the PWLB offered easy access to funds it did not necessarily offer the lowest rates for longer term borrowing and rates could only be fixed on the day they were borrowed. The Council had been advised that potentially the market was able to offer better rates as local authorities were viewed favourably and that they were in the market to offer a fixed rate borrowing option for a time in the future. This would mean that the Council would be able to continue to take advantage of low short term rates but be able to minimise the risk of rate rises in the future. Although going to market would have an initial cost this would be more than recovered in interest savings over the life of the loan. It was therefore proposed that treasury consultants be engaged to go to market and that the costs involved be met savings.

RESOLVED

- (i) to note the report on Treasury Management including compliance with the 2016/17 Prudential Indicators; and**
- (ii) that Treasury Consultants be appointed by the Executive Head of Finance in consultation with the Chief Executive to negotiate borrowing opportunities with other providers with the cost being funded from interest savings.**

RECOMMENDED to Full Council that compliance with the Prudential Indicators for 2016/17 be noted.

60/E Exclusion of Press and Public

In accordance with Section 100(A)(4) of the Local Government Act 1972, the press and public were excluded from the meeting for the following items of business on the ground that they involved the likely disclosure of exempt information as defined in the paragraphs of Part 1 of Schedule 12A of the Act as set out below:

Minute	Paragraph(s)
61/E	3
62/E	3

61/E Performance of the Major Property Acquisitions

Members received a report on the performance of the Council's major property acquisitions.

In relation to The Square and associated town centre properties, the quarterly report received for the period from April to June 2017 had shown that gross rents were ahead of budget and that this was likely to continue for the remainder of the

year. The Centre had been rebranded in September and as at 30th June, the vacancy rate had been just under 5%, with almost 99% of rent due being collected.

The Council's Land and Property Board had reviewed the position for redevelopment of the London Road Block in current market conditions and a report with proposals for its redevelopment would be presented to a future meeting of the Executive.

The Development Agreement in relation to Ashwood House and Pembroke House had now been exchanged. By comparison with the agreed business case for this investment, the capital receipt received was more than the original estimate due to the fact that the final design now included additional flats. In addition to this capital receipt, the Council would also receive a contribution towards the planning costs and a projected CIL payment towards SANGS provision. Whilst there were further financial commitments for the Council in respect of Public Realm works and the removal of the ramp from the car park, these would be funded out of the proceeds of sale.

In the 6 months to 30th September, the rent income for St Georges Industrial Estate had exceeded the budget. As at the end of September, the estate had been 95% full and the Council's agents were working on letting the empty units. In the same period, the rent income for Albany Park had also exceeded the budget and the estate was now 100% occupied.

The Executive was advised that 2 other recent potential acquisitions had not proceeded. It was the nature of property investment that not every property investigated would be purchased as it was necessary to ensure that only those investments which represent good value and a low investment risk were eventually purchased.

The Council was working with agents to investigate other potential acquisitions within the Council's economic area to support regeneration and financial returns.

RESOLVED to note the performance of major property acquisitions.

62/E Review of Exempt Items

The Executive reviewed the reports which had been considered at the meeting following the exclusion of members of the press and public, as they involved the likely disclosure of exempt information.

RESOLVED that the report at Agenda Item 10 – Performance of the Major Property Acquisitions remain exempt but that Minute 61/C be made public.

Chairman

Joint Waste Mobilisation Costs and Garden Waste Collection Services

Summary

The mobilisation of a joint waste contract across four authorities will result in additional one off expenditure. This mainly relates to marketing and communication but also include some Contract Management Office set up cost.

A major issue regarding mobilisation relates to garden waste collections. The household waste and street cleansing contractor, Biffa Municipal, operates a subscription based garden waste service on behalf of the Council. The service is branded as the Green Waste Club. There are currently 11,000 subscribers to the service who have their garden waste collected fortnightly from the kerbside from either 140 litre or 240 litre wheeled bins. The bins are owned by Biffa municipal.

The contract expires on 5th February 2018 and at that time a subscription garden waste service will be delivered by the new service supplier, Amey Municipal. As part of the exit strategy Biffa have agreed to sell the bins used by the current subscribers to the Council at a cost of £10 plus VAT.

Portfolio: Community

Date Portfolio Holder signed off report: 16th November 2017

Wards Affected: All

Recommendation

The Executive is advised to RESOLVE to

- (i) approve expenditure from the Recycling/Refuse Equalisation Fund of up to £90,000 as a contribution towards the mobilisation costs for the joint waste contract; and
- (ii) amend the 2017/2018 fees and charges to introduce a charge of £40 for a fortnightly garden waste collection service from a 240 litre wheeled bin from the kerbside. The fee to include the provision and delivery of a 240 litre wheeled bin.

The Executive is advised to RECOMMEND to Council an amendment to the capital programme for the purchase of garden waste bins at an estimated cost of £110,000. The increased expenditure to be funded from subscription fees charged to the customers.

1. Resource Implications

- 1.1 The 2018/2019 mobilisation costs across the partnership are estimated to amount to £349,000 or £87,250 per authority. It is proposed that Surrey Heath's proportion of the mobilisation costs will be funded from

the Recycling /Refuse Equalisation Fund which has a current balance of £180,000.

- 1.2 The garden waste bins will be purchased from the outgoing contractor, Biffa Municipal at an agreed price of £10/bin plus VAT. With an estimated 11,000 customers a budget of £110,000 will be required. It is proposed that the cost of the bins will be offset by the subscription fees charged to the customers
- 1.3 The proposed charge for a fortnightly garden waste service from a 240 litre wheeled bin collected from the kerbside of the property has been set at £40/ bin/year. The fee to include provision and delivery of the bin.
- 1.4 As the service will commence on 5th February 2018 with fees collected before that date the 2017/2018 fees and charges will require amendment.

2. Key Issues

- 2.1 The mobilisation of a joint contract across four authorities will result in additional one off expenditure. The majority of this relates to marketing and communication costs although it also includes set up costs for the Contract Management Office of which Surrey Heath is the administering authority. Efforts are being made to reduce costs and it is expected that the 2017/2018 and 2018/2019 mobilisation costs will come in under budget.
- 2.2 The Recycling/Refuse Equalisation Fund was set up to mitigate the effect of any fall in prices for recycled material in future years. As from 5th February 2018 the Waste Disposal Authority will be taking over ownership of the recycling collected and there will be less need for a fund to mitigate these effects.
- 2.3 The household waste and street cleansing contractor, Biffa Municipal, operates a subscription based garden waste service on behalf of the Council. The service is branded as the Green Waste Club. The service is operated at no cost to the Council but all income is retained by the contractor. The current fee charged by Biffa is £57/bin/year plus VAT.
- 2.4 There are currently 11,000 subscribers to the service who have their garden waste collected fortnightly from the kerbside from either 140 litre or 240 litre wheeled bins. The bins are owned by Biffa municipal and as from 5th February 2018 they need to be returned to them at a potential cost to the customer of £10 plus VAT. As part of the exit strategy Biffa have agreed to sell the bins used by the current subscribers to the Council at a cost of £10 plus VAT.
- 2.5 As an alternative the Council could procure and deliver new bins. However, to do this at the same time as mobilising the core service will be a major logistical challenge. It would cause less confusion and

disruption to the residents if garden waste subscribers were able to retain their bins.

- 2.6 The contract expires on 5th February 2018 and at that time a subscription garden waste service will be delivered by the new service supplier, Amey Municipal. The costs of garden waste administration and collection is included in the contract price. The fees charged to offset these costs will be paid to the Council.
- 2.7 Any new customers would be provided with a wheeled bin directly from Amey Municipal as they subscribe to the service.

3. Options

- 3.1 The Executive has the option of agreeing, rejecting or proposing an alternative resolution.
- 3.2 Officers are of the opinion that it would be prudent to set aside funds for mobilisation costs. Officers also feel that purchasing the bins currently used by customers will cause less disruption and help with the seamless transition to the new service provider.

4. Proposals

- 4.1 The proposal is:
 - a. To allocate a sum of up to £90,000 from the Recycling/Refuse Equalisation fund as a contribution to the **2018/2019** mobilisation costs.
 - b. To amend the 2017/2018 fees and charges to introduce a charge of £40 for a fortnightly garden waste collection service from a 240 litre wheeled bin from the kerbside. The fee to include the provision and delivery of a 240 litre wheeled bin.
 - c. To purchase the garden waste bins currently used by residents at an agreed cost of £10/bin. The costs to be offset by subscriptions charged to customers.

5. Corporate Objectives And Key Priorities

- 5.1 The Executive approved a new Five Strategy in August 2016 which sets out the Council's vision and objectives for the next five years. It also includes a number of longer term key priorities in addition to the Council's ongoing service delivery. The Five Year Strategy is a rolling document and a refreshed version was approved earlier this year.
- 5.2 The Annual Plan includes an overview of the vision and objectives from the Five Strategy but states the outputs and success measures that will be delivered in 2017/18 for each of the Council's key priorities. These

priorities are presented under the headings of Place, Prosperity, People, and Performance.

- 5.3 The Performance milestones in the annual plan includes:

“To commence the joint waste contract with our partners”

- 5.4 The specification for the joint waste contract includes the provision of a subscription based garden waste collection service.

6. Legal Issues

- 6.1 Contract Standing Orders requires competitive tenders to be obtained where the total value of the “works” or “services” exceed £50,000. However, in this case the proposal is to purchase the bins currently used by subscribers to the Green Waste Club. There is therefore only one provider.

- 6.2 As part of the negotiations officers compared the offer with the price of a bin purchased in bulk and delivery. This amounts to £26/bin which is £16 more expensive per bin than the offer price.

7. Sustainability

- 7.1 The kerbside garden waste collection service diverts between 4-5000 tonnes of garden waste from landfill and contributes 22% to the Councils’ overall composting/recycling rate of 63%. This makes Surrey Heath one of the best performing authorities in the country.

8. Risk Management

- 8.1 There is a risk of reputational damage to the Council if the mobilisation of the joint waste contract results in service failures. The risk can be mitigated against by:
- a. Having a robust mobilisation and communication strategy.
 - b. Avoiding the need to purchase and distribute 11,000 garden waste bins at the same time as mobilising the main contract.

9. PR And Marketing

- 9.1 The change of garden waste provider together with the reduced fee will be communicated to residents.

Annexes	Nil
Background Papers	Nil
Author/Contact Details	Tim Pashen Executive Head –Community tim.pashen@surreyheath.gov.uk
Head Of Service	Tim Pashen Executive Head –Community

Consultations, Implications and Issues Addressed

Resources	Required	Consulted
Revenue	✓	✓
Capital	✓	✓
Human Resources		
Asset Management		
IT		
Other Issues	Required	Consulted
Corporate Objectives & Key Priorities	✓	✓
Policy Framework		
Legal	✓	✓
Governance		
Sustainability	✓	✓
Risk Management		
Equalities Impact Assessment		
Community Safety		
Human Rights		
Consultation		
P R & Marketing	✓	✓

Review Date:

Version: TP/1

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The Council Tax Base and the Local Council Tax Support Scheme

Summary

To approve the Council Tax Base and Council Tax technical changes for 2018/19. To review the Local Council Tax Support Scheme for 2018/19 including the level of support given to parishes as compensation.

Portfolio	Finance	Date signed off: 24/11/17
Wards Affected	All	

Recommendation

The Executive is asked to

- (i) note the calculations of the tax base in Annexes A to F summarised below:

Band D Equivalent Properties

Bisley	1,587.78
Chobham	1,969.27
Frimley and Camberley	23,871.57
West End	2,020.58
Windlesham	8,091.42

Surrey Heath Borough Council	37,540.62
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- (ii) note that the changes to Council Tax discounts made by Executive on 7 January 2014 under the freedoms given in the Local Government Finance Act 2012 and relevant statutory instruments remain unchanged for 2018/19;
- (iii) resolve that £19,943.44 be given to Parishes in 2018/19 to offset the effect on the tax base of the Local Council Tax Support scheme;
- (iv) resolve that the final setting of the Tax Base be delegated to the Executive Head of Finance; and
- (v) Recommend to Full Council that the Local Council Tax Support Scheme for Surrey Heath, approved by Council on 22 January 2013, remains unchanged for 2018/19.
- (vi) Recommend that the Council Tax Exceptional Hardship Policy be amended to state that Council Tax Support must be, or have been, in payment in the financial year which an award is sought.
- (vii) Recommend to Full Council that the Executive Head of Finance be delegated to make minor changes to the Local Council Tax Support scheme so as to ensure that where applicable to income calculation it remains in line with Housing Benefit changes introduced by legislation.
- (viii) Recommend to Full council that incomes and applicable amounts and non-dependant deductions are uprated in line with the percentages and amounts supplied by DWP and DCLG, and applied to Housing Benefit claims.

Resource Implications

1. Surrey Heath Borough Council is legally required to set its Council Tax Base for 2018/19 by 31st January 2018.
2. The 2018/19 Council Tax for this Borough will be set at the Council meeting on 21st February 2018.
3. The increase in the tax base of 222.58 will generate an additional £39,700 in income for Surrey Heath.
4. In February 2015 the Government has stated that money is provided to compensate parishes for the loss of income from the Local Council Tax Support Scheme (LCTSS). From 2017/18 the Revenue support grant was reduced to zero and so for this reason so for this reason it is recommended that the payment made last year of £19,943.44 be unchanged.

Key Issues

Technical changes to Council Tax

5. Technical changes to Council Tax were introduced from April 2013 under the Local Government Finance Act 2012 which meant that Councils were empowered to set a number of changes to Council Tax discounts and exemptions as well as introduce a premium for long term empty properties.
6. The table below sets out the permitted range of relief categories, the exemption set in 2017/18 and the proposed relief for 2018/19.

Category	Permitted changes	2017/18 Reliefs	Proposed 2018/19 relief
Empty Homes in need of or undergoing major repair or structural alterations	Discount of up to 100% for 12 months	No discount from day one	No change
Empty Homes that are unoccupied and substantially unfurnished	Discount of up to 100% for any period	100% Discount given for up to 28 days from the date a property first becomes unoccupied and substantially unfurnished.	No change
Furnished Homes not occupied as anyone's main home	Can discount up to 10%	No discount from day one	No change
Long term empty houses (over 1 year)	Discount of up to 50% for one year and ability to set a premium after 2 years	No discount and 50% premium on properties empty more than 2 years	No change

7. The reducing of exemptions for empty properties has encouraged property owners to bring these back in to occupation sooner.
8. The biggest single discount given on Council Tax is the "Single person's discount" which gives a reduction of 25% on Council Tax for those properties with one occupier. These discounts were subject to an annual check in 2017/18. This ability to vary this discount has been retained by Government and so cannot be varied by local councils.

Local Council Tax Support Scheme

9. On 1 April 2013 the Council introduced a new Local Council Tax Support Scheme (LCTSS) to replace Council Tax Benefit, for working age claimants. The new scheme operates as a Council Tax discount and Councils were able to vary the value of discount on Council Tax granted to working age claimants. Pensioner claimants were protected and continued to receive council tax benefit based on regulations set by Central Government.
10. The funding given by Government to fund the new scheme was insufficient to pay the full cost of granting all claimants 100% discount. Members took the view when setting the scheme in January 2013 that the cost of the LCTSS should not fall on local tax payers and so set the discount level at 70% for working age claimants, rather than the 100% previously, subject to a number of specific exemptions for defined vulnerable groups. Members also agreed to put £10,000 in to an exceptional hardship fund for individual cases.
11. The Council Tax Support Exceptional Hardship fund, as introduced from 1 April 2013 has a requirement that Council Tax Support must be in payment in the week in which an Exceptional Hardship fund award is made or the applicant must have been in receipt of Council Tax Benefit on 31 March 2013.
12. It is considered that the passage of time has made the reference to the fact that an applicant must have been in receipt of Council Tax Benefit as of 31 March 2013 obsolete.
13. Members are asked to amend the wording to, Council Tax Support must be in payment, or have been in payment, in the financial year which an award is sought, to ensure the Exceptional Hardship awards can be made to those meeting the set criteria.
14. A separate grant of £419k was received from Government to fund the scheme in 2013/14. This however was included within the overall support grant for 2014/15, 2015/16 and 2016/17 and was not separately identifiable. In 2017/18 the Revenue Support Grant was reduced to zero and so it is reasonable to assume that no Government Support is being received to fund the LCTSS. As a result of this it is likely that the scheme may have to be reviewed in 2018/19 with a view to increasing the amounts claimants pay from the existing 30% to a higher level however this will need to be balanced against claimant's ability to pay any additional council tax.
15. Hence it is recommended that the scheme remains unchanged for 2018/19 but the scheme may have to change for 2019/20 in the light of expected government funding and the national roll out of Universal Credit.

16. For ease of administration it is important that there is alignment in respect of treatment of income and calculation of applicable amounts between housing benefit and the local council tax support scheme. Each year the Government makes minor changes to their scheme to reflect uprating of benefits etc. In order that the housing benefit and LCTSS remain aligned the Executive Head of Finance is asking for delegated authority to make such minor changes as may be necessary to the LCTSS for all types of claimant.

Support to Parishes

17. The introduction of the LCTSS in April 2013 had the effect of reducing the Council Tax base since it operated as a discount rather than a benefit.
18. In order to recognise the effect that this would have on parishes the Government provided a grant to Councils in 2013/14 to give to parishes to ensure they were no worse off because of the introduction of the LCTSS. This amounted to £22,923. The grant was again provided in 2014/15 as it was not separately identifiable the Council agreed to reduce the parish element by 13% in line with the overall reduction in funding received by the Council
19. Given a reduction in funding was made last year it is proposed that no reduction be made in the current financial year and that the situation be reviewed again in 2019/20 in the light of further anticipated government funding reductions. This will also mean that Parishes will not have to increase their precepts in 2018/19 just to cover any grant reduction. The level of support is shown in the table below:

Parish/Town	Support given in 2017/18	Support for 2018/19
Bisley	1,334.30	1,334.30
Chobham	2,962.87	2,962.87
Frimley and Camberley	8,116.98	8,116.98
West End	1,591.65	1,591.65
Windlesham	5,937.64	5,937.64
TOTAL	£19,943.44	£19,943.44

Options

20. The Executive can accept, amend or reject any part of the proposal. It should be noted that the Council has a statutory duty to determine its Tax Base by 31st January 2018.

Proposals

21. It is proposed that the Executive:
- (i) note the calculations of the tax base in Annexes A to F summarised below;

Band D Equivalent Properties

Bisley	1,587.78
Chobham	1,969.27
Frimley and Camberley	23,871.57
West End	2,020.58

Windlesham	8,091.42
Surrey Heath Borough Council	37,540.62

- (ii) note that the changes to Council Tax discounts made by Executive on 7 January 2014 under the freedoms given in the Local Government Finance Act 2012 and relevant statutory instruments remain unchanged for 2018/19;
- (iii) resolve that £19,943.44 be given to Parishes in 2018/19 to offset the effect on the tax base of the Local Council Tax Support scheme;
- (iv) resolve that the final setting of the Tax Base be delegated to the Executive Head of Finance; and
- (v) Recommend to Full Council that the Executive Head of Finance be delegated to make minor changes to the Local Council Tax Support scheme so as to ensure that where applicable to income calculation it remains in line with Housing Benefit changes introduced by legislation.
- (vi) Recommend to Full Council that incomes and applicable amounts and non-dependant deductions are uprated in line with the percentages and amounts supplied by DWP and DCLG, and applied to Housing Benefit claims.
- (vii) Recommend that the Council Tax Exceptional Hardship Policy be amended to state that Council Tax Support must be, or have been, in payment in the financial year which an award is sought.

Supporting Information

- 22. Attached in Annexes A to F of this report are detailed breakdowns of the calculations of the Tax Base for each part of the Borough, i.e. the 4 parishes and the urban area of Frimley and Camberley. In addition Annexe F includes a breakdown of the calculation of the Tax Base for the whole area. The format of the Annexes meets statutory requirements.
- 23. The Annexes assume that there will be no change to the discounts and exemptions given nor to the LCTSS.
- 24. The Executive should note that Tax Base calculation, which must be calculated for each area of the Borough for bands A to H, reflects the following:
 - a) The number of chargeable properties on the Listing Officer's Valuation List, as adjusted for exempt properties and disabled relief which have been granted.
 - b) Discounts where there are only one or no residents in a property. The figures reflect the position as at 2 October 2017.
 - c) The Ministry of Defence will be making a contribution in respect of its properties which are exempt under Council Tax. The equivalent number of band D properties is added into the Frimley and Camberley calculations.

- d) No change is anticipated in the number of discounts given during 2018/19.
- e) The losses on collection allowance remains at 1.5% to reflect the current economic situation, an allowance for the LCTSS is made and these seek to avoid creating a deficit on the collection fund.

Corporate Objectives and Key Priorities

- 25. By setting the tax base and thus raising the correct level of Council Tax the Council is able to support all its corporate objectives.

Legal Issues

- 26. There is a statutory requirement to set the Council Tax Base by the 31st January 2018 in accordance with the Local Government Finance Act 1992.

Risk Management

- 27. If the tax base is not set then this would delay the budget setting and billing for 2018/19.

Equalities Impact

- 28. No discernible impact has been identified over and above those noted and dealt with when the LCTSS was introduced in April 2013.

Annexes A – F	Council Tax Base calculations
Background Papers	None
Author/Contact Details	Kelvin Menon – Executive Head of Finance kelvin.menon@surreyheath.gov.uk Robert Fox – Revenues and Benefits Manager robert.fox@surreyheath.gov.uk
Head Of Service	Kelvin Menon – Executive Head of Finance kelvin.menon@surreyheath.gov.uk

Consultations, Implications and Issues Addressed

	Required	Consulted
Resources		
Revenue	✓	✓
Capital		
Human Resources		
Asset Management		
IT		
Other Issues		
Corporate Objectives & Key Priorities		
Policy Framework		
Legal	✓	✓
Governance	✓	✓
Sustainability		
Risk Management	✓	✓

Equalities Impact Assessment		
Community Safety		
Human Rights		
Consultation		
P R & Marketing		

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ANNEX C

2018_19										
Frimley and Camberley										
	BANDS									
	@	A	B	C	D	E	F	G	H	TOTAL
1.Total number of dwellings on the Valuation List		415	1698	4455	6856	4007	2933	3323	126	23813.00
Number of dwellings exempt	0	42	34	214	120	196	65	33	12	716.00
2. Adjusted number of chargeable dwellings	0	373	1664	4241	6736	3811	2868	3290	114	23097.00
Number of chargeable dwellings subject to disabled reduction	0	1	2	10	30	15	16	24	5	
Number of dwellings effectively subject to council tax for this band by virtue of disabled relief	1	2	10	30	15	16	24	5	0	
3. Adjusted number of chargeable dwellings	1	374	1672	4261	6721	3812	2876	3271	109	23097.00
Number of dwellings in line 3 entitled to a single adult household 25% discount	1	235	896	1591	1935	824	414	410	3	6309.00
Number of dwellings in line 3 entitled to a 50% discount including Annexes	0	11	1	4	2	3	4	8	1	34.00
4. Adjusted number of chargeable dwellings	0.75	309.8	1447.5	3861.3	6236.3	3604.5	2770.5	3164.5	107.8	21502.75
Number of dwellings in line 4 classed as empty and being charged the Empty Homes Premium	0	0	10	3	1	1	0	0	1	16.00
Number of dwellings in line 4 classed as empty and entitled to 28 day 100% discount	0	2	6	22	22	10	2	6	0	70.00
5. Adjusted number of chargeable dwellings	1	308	1,447	3,841	6,215	3,595	2,769	3,159	108	21440.75
Reduction in taxbase as a result of local council tax support	0.74	90.20	381.66	371.28	363.86	61.54	23.15	11.81	0.00	1,304.24
6. Adjusted number of chargeable dwellings	0.01	217.55	1,064.84	3,469.47	5,850.89	3,533.46	2,745.35	3,146.69	108.25	20,136.51
Ratio to Band D	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
7. Total number of band D equivalents after allowance for council tax support	0	145.0	828.2	3084.0	5850.9	4318.7	3965.5	5244.5	216.5	23653.3
Adjustment for expected new properties at Band D										100
Less										
Allowance for loss on collection of 1.5%										356.30
MOD PROPERTIES										474.60
Tax Base after adjustment										23,871.57

ANNEX D

2018_19									
West End	BANDS								
	A	B	C	D	E	F	G	H	TOTAL
1.Total number of dwellings on the Valuation List	22	36	83	275	553	462	269	18	1718.00
Number of dwellings exempt	2	1	2	2	1	0	0	2	10.00
2. Adjusted number of chargeable dwellings	20	35	81	273	552	462	269	16	1708.00
Number of chargeable dwellings subject to disabled reduction	0	0	0	0	3	4	1	0	
Number of dwellings effectively subject to council tax for this band by virtue of disabled relief	0	0	0	3	4	1	0	0	
3. Adjusted number of chargeable dwellings	20	35	81	276	553	459	268	16	1708.00
Number of dwellings in line 3 entitled to a single adult household 25% discount	9	21	43	85	107	65	30	1	361.00
Number of dwellings in line 3 entitled to a 50% discount including Annexes	0	0	0	0	0	0	0	0	0.00
4. Adjusted number of chargeable dwellings	17.8	29.8	70.3	254.8	526.3	442.8	260.5	15.8	1617.75
Number of dwellings in line 4 classed as empty and being charged the Empty Homes Premium	0	0	1	0	0	1	0	0	2.00
Number of dwellings in line 4 classed as empty and entitled to 28 day 100% discount	0	0	1	0	0	1	0	0	2.00
5. Adjusted number of chargeable dwellings	17.8	29.8	69.8	254.8	526.3	442.3	260.5	15.8	1616.75
Reduction in taxbase as a result of local council tax support	0.89	10.89	9.21	9.45	9.15	5.68	1.17	0.00	46.44
6. Adjusted number of chargeable dwellings	16.86	18.86	60.54	245.30	517.10	436.57	259.33	15.75	1,570.31
Ratio to Band D	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
7. Total number of band D equivalents after allowance for council tax support	11.2	14.7	53.8	245.3	632.0	630.6	432.2	31.5	2051.4
Adjustment for expected new properties at Band D									0
Less									
Allowance for loss on collection of 1.5%									30.77
MOD PROPERTIES									0.00
Tax Base after adjustment									2,020.58

[illegible]

ANNEX F

2018_19 Surrey Heath	BANDS									
	@	A	B	C	D	E	F	G	H	TOTAL
1.Total number of dwellings on the Valuation List		590	2150	5908	9675	6634	5721	5034	508	36220.00
Number of dwellings exempt		56	40	232	139	215	80	40	15	817.00
2. Adjusted number of chargeable dwellings		534	2110	5676	9536	6419	5641	4994	493	35403.00
Number of chargeable dwellings subject to disabled reduction		1	2	16	41	25	33	31	10	
Number of dwellings effectively subject to council tax for this band by virtue of disabled relief	1	2	16	41	25	33	31	10	0	
3. Adjusted number of chargeable dwellings	1	535	2124	5701	9520	6427	5639	4973	483	35403.00
Number of dwellings in line 3 entitled to a single adult household 25% discount	1	293	1194	2311	2832	1475	911	617	48	9682.00
Number of dwellings in line 3 entitled to a 50% discount including Annexes	0	14	2	4	3	4	5	11	4	47.00
4. Adjusted number of chargeable dwellings	0.75	454.8	1824.5	5121.3	8810.5	6056.3	5408.8	4813.3	469.0	32959.00
Number of dwellings in line 4 classed as empty and being charged the Empty Homes Premium	0	4	14	7	7	2	6	5	3	48.00
Number of dwellings in line 4 classed as empty and entitled to 28 day 100% discount	0	2	10	32	28	13	9	10	0	104.00
5. Adjusted number of chargeable dwellings	0.8	454.8	1821.5	5092.8	8786.0	6044.3	5402.8	4805.8	470.5	32879.0
Reduction in taxbase as a result of local council tax support	0.74	118.46	467.26	542.65	500.78	112.03	44.22	18.35	0.80	1,805.3
6. Adjusted number of chargeable dwellings	0.01	336.29	1,354.24	4,550.10	8,285.22	5,932.22	5,358.53	4,787.40	469.70	31,073.74
Ratio to Band D	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
7. Total number of band D equivalents after allowance for council tax support	0	224.2	1053.3	4044.5	8285.2	7250.5	7740.1	7979.0	939.4	37516.5
Adjustment for expected new properties at Band D										114
Less										
Allowance for loss on collection of 1.5%										564.46
MOD PROPERTIES										474.60
Tax Base after adjustment										37,540.62

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Council Finances as at 30 September 2017

Summary

To inform Executive of the position of the Council Finances as at the 30th September 2017

Portfolio: Finance – Cllr Richard Brooks

Date Signed Off: 21 November 2017

Wards Affected

All

Recommendation

The Executive is advised to RESOLVE to note the Revenue, Treasury and Capital Position as at 30th September 2017.

1. Key Issues

- 1.1 This is the second quarter monitoring report against the 2017/18 approved budget, which provides an update on the Revenue, Treasury and Capital budget position as at 30th September 2017.
- 1.2 At this halfway stage in the year, it is difficult to draw any firm conclusions as to the year-end outturn. At present a small underspend is forecast and this report is intended to give an update as to where services currently are against budget for the second quarter.

2. Resource Implications

Revenue Budget

- 2.1 Actuals against budget for half year are included in the attached Annex A. Corporately it is forecasted that there will be a small underspend of £44k at the end of the financial year. Individual service variances that make this up are included in Annex A.

Capital Budget

- 2.2 At the 30th September £3.319m has been spent on capital projects. The largest proportion of this sum has been the expenditure of £2.3m on renovation works at the Square and £512k on the purchase of a property in Doman road. A payment of £154k was made as final settlement on the Square plus £58k carrying out works at the Main Square Car Park. The remainder has been spent on renovation grants and smaller projects.

Treasury Investments

- 2.3 The Council currently has £6m in cash investments and £111m in borrowings. On the advice of the Council's Treasury Consultants, the sum of £95m was borrowed from other public bodies on a short term basis with the remainder from the Public Works Loans Board over the longer term. Cash investments were sold during the year to repay debt and, although this has reduced interest income, this has been more than offset by savings in interest payments.

Debtors

Sundry Debts

- 2.4 At the 30th September 2017 sundry debts amounted to £1,393k. Of this £470k was invoiced at the end of September for rent and grants which have now been paid. In addition a further £202k relating to car park season tickets and helpline debts is being paid in monthly instalments leaving £721k to actually be collected. The level of debt is not a major concern and will be kept under observation.

Housing Benefit Debts

- 2.5 These debts arise when an overpayment in housing benefit has been made and thus has to be recovered. The Table below shows the movement in the balance over the last 12 months

		Dec-16	Mar-17	Jun-17	Sep-17	Total
Debtors b/f		668,743	648,412	657,250	648,073	668,743
Cash repayments		-36,731	-36,749	-36,353	-47,331	-157,164
Deductions from Benefits		-50,949	-50,004	-81,136	-37,734	-219,823
New overpayment debts		67,349	95,591	108,312	85,611	356,863
Debtors c/f		648,412	657,250	648,073	648,619	648,619

Although the level of debt is virtually unchanged from the previous quarter over £85k has been collected from debtors but this has been matched by an equal number of new overpayment debt created. Overpayments are appearing more quickly now that data is shared between the national tax and benefits systems.

- 2.6 Of the £648k outstanding 70% are on a payment plan with the remainder being chased. It is worth noting that the out of the total 297 individual debts the 14 largest, which amounts to over 43% of the total balance, are on payments plans which can last for many years.

3. Options

- 3.1 The report is for noting only.

4. Proposals

- 4.1 It is proposed that the Executive is advised to NOTE the Revenue, Treasury and Capital Position for the period to 30st September 2017.

5. Supporting Information

- 5.1 None

6. Corporate Objectives and Key Priorities

- 6.1 This item addresses the Council's Objective of delivering services efficiently, effectively and economically.

7. Sustainability

- 7.1 Budget monitoring and financial control are important tools in monitoring the financial sustainability of the Council.
- 7.2 Key services are being maintained despite financial constraints

8. Risk Management

- 8.1 Regular financial monitoring enables risks to be highlighted at an early stage so that mitigating actions can be taken.

Annexes	Annex A - Detail on the Revenue Budget Position
Background papers	None
Author/contact details	Adrian Flynn - Chief Accountant Adrian.Flynn@surreyheath.gov.uk
Head of Service	Kelvin Menon - Executive Head of Finance Kelvin.menon@surreyheath.gov.uk

Detail on the Revenue Budget Position at 30st September 2017

Services are asked to explain significant variances between their profiled budget and actual expenditure to date and comment on areas of concern

The statements below show the actual position against profiled budget as at the 30th September 2017 excluding pensions, redundancy and asset recharges. These have been excluded as they are not in the control of the services themselves.

Corporate Service

Budget for period £760k, Actual for Period £765k. Outturn Forecast £18.5k favourable variance.

There are no issues to report at the present time.

Legal and Property Service

Budget for period £-3k, actual for period £-626k. Outturn Forecast £239k adverse

As previously stated the adverse variance is caused by the vacancy of the former BHS store on the ground floor of Ashwood House. However this enables the development of the upper floors giving a better overall financial return for the Council. Prior to the completion of these works a new letting will be sought.

Regulatory

Budget for period £1.332m, actual for period £999k. Outturn Forecast £ 200k favourable

Planning applications Income is up on budget but this is offset by an overspend on consultants & agency staff to cover vacant posts. Planning appeals is £23k underspent due to a supplementary estimate being awarded to cover exceptional enforcement and appeal costs concerning Swift Lane. The appeal will now scheduled to be heard in March 2018 and some of these costs may be incurred in the next financial year. There is an overspend of £95k on One Public estate which is covered by funds held in reserve from 2016/17. Finally Homelessness is £125k underspent due to a late grant from Government – this will be the subject of a report to Executive.

Transformation

Budget for period £875k, actual for period £848k. Outturn Forecast £229k adverse

Software licences will be overspent by £139k due to the budget not being increased for several years to take account of inflation and there is an issue with payments made in advance both for the current financial year and for 2018/19. Work in progress to ID payments relating to 2018/19 and move the expenditure. Indirect employee expenses will be overspent by £90k due to severance payments, which are not budgeted for, however this needs to be offset against the saving of £320k in the salaries budget.

Business

Budget for period £671k, actual for period £671k. Outturn Forecast £327k adverse

There are only two areas with a variance greater than £25k. The first is the Theatre which has seen improved overall performance resulting in increased income from shows, hiring of rooms etc which has been offset by an overspend on Artist fees. The second is parking where due to a revaluation, the rateable values have increased which have resulted in the business rates payable being higher than budget. The new rateable values are being appealed against. Parking income is also down on budget.

Community

Budget for period £2.388m, Actual for period £2.253m. Outturn Forecast £150k favourable variance.

Recycling credits for garden waste will show a £70k increase over the year due to increased garden waste tonnage plus a higher recycling credit per tonne due to changes in the financial payment transfers since the budget was set. Refuse will be £58k underspent at year end due to lower contractor costs which has been offset by a fall in income from commercial collections due to some care home closures and an increased gate fee for disposal. Street cleaning will see savings of £22k as a result of savings in road closures and specialist cleaning.

Finance

Budget for period £1.154m, actual for period £1.309m. Outturn Forecast on Budget

There are no issues to report at this time.

Strategic Property

Budget for period -£1,267M, actual for period -£1.689M. Outturn Forecast £150k favourable.

Dividend income received from Main Square Camberley unit trust is up on budget after the second quarter and will continue till year end.

Salaries Monitoring

The forecast outturn at the end of period six, shows a underspend of £320k at the year end after taking into account vacant posts, changes in structure, vacancy margin and more efficient use of resources throughout the organisation.

Treasury Management Mid-year Report 2017/18

Summary

Report to advise members of the Treasury Management Service performance for 2017/18 as at 30th September 2017 and to illustrate the compliance to-date with the Prudential Indicators for 2017/18.

Portfolio – Finance (Councillor Richard Brooks)

Date signed off: 14th November 2017

Wards Affected - All

Recommendation

The Executive is advised to NOTE and COMMENT on the report;

1. Executive Summary

- 1.1 This report sets out the performance of the Council's investments and borrowing for the first six months of the year. It is also intended to demonstrate that the Council is complying with the Prudential Indicators set by Full Council as part of the Treasury Strategy.
- 1.2 The Council is complying with all the Prudential Indicators set for 2017/18 as at the 30th September 2017.

2. Resource Implications

- 2.1 None directly as a result of this paper, but the investment income and borrowing costs do impact the revenue budget.

3. Key Issues

Background

- 3.1 The Chartered Institute of Public Finance and Accountancy's Treasury Management Code (CIPFA's TM Code) requires that authorities report on the performance of the treasury management function at least twice yearly (mid-year and at year end).
- 3.2 The Authority's Treasury Management Strategy for 2017/18 was approved by Executive on 7th February 2017.
- 3.3 Through investment the Authority is potentially exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The Council seeks to moderate this impact by following the

advice of its treasury advisors. This report covers treasury activity and the associated monitoring and control of risk.

Local Context

- 3.4 At 31/3/2017 the Authority's underlying need to borrow for capital purposes as measured by the Capital Financing Requirement (CFR) was £140.2m.
- 3.5 The Authority is predicted to have an increasing CFR over the next 3 years due to the capital programme as currently known. Any further capital investment for example investment in property would increase the CFR further still.

4. Treasury Performance

Borrowing Activity to 30th September 2017

- 4.1 At 30/9/2017 the Authority held £111.4m of borrowing, (a decrease of £7.6m on 31/3/2017), which was used to fund the previous years' capital programmes – principally property investment.
- 4.2 At 30th September 2017 the Council had an upper authorised operational limit of borrowing £185m.
- 4.3 The Authority's chief objective when borrowing continues to be striking an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Authority's long-term plans change being a secondary objective. On the advice of its treasury advisors the council has continued to borrow on a short term basis in order to take advantage of low interest rates and hence borrowing costs.

Overall borrowing has decreased for 2 reasons. Firstly loan repayments were made on the period on the longer fixed term loans and secondly the Council has used its cashflow movements to manage borrowing.

Borrowing Position 2017/18

	31.3.17 Balance £m	Movement £m	30.9.17 Balance £m	30.9.17 Weighted average rate %	30.9.17 Weighted average maturity years
Public Works Loan Board	16.22	(0.06)	16.16	2.90%	35.0
Local authorities (long-term)	1.00	(0.27)	0.74	0.00%	5.0
Local authorities (short-term)	101.50	(7.00)	94.50	0.32%	0.3
Total Borrowing	118.73	(7.33)	111.40	1.07%	1.2

Investment Activity to 30th September 2017

- 4.4 The Authority held invested funds, representing income received in advance of expenditure plus balances and reserves held. During the first half of 2017/18 the Authority's investment balance ranged between £6m and £11 million due to timing differences between income and expenditure. The investment position during the half year is shown in the table below.

Investment Activity Summary at 30 September 2017

Investment Counterparty	Balance on 01/04/17	Investments Made	Maturities/ Investments Sold	Balance on 30/09/17	Average Rate at 30th September
	£000s	£000s	£000s	£000s	%
UK Central Government					
- Short Term	0	6,500	-6,500	0	0.10
UK Local Authorities					
- Short Term	2,000	0	-2,000	0	0.35%
- Long Term	2,000	0	0	2,000	1.30%
Banks, Building Societies & Other Organisations					
- Short Term	5,434	43,575	-48,323	686	0.13%
AAA-rated Money Market Funds					
- Short Term Cash Equivalents	0	33,901	-27,701	6,199	0.07%
- Long Term	2,054	0	0	2,054	3.52%
Total Investments	11,488	83,976	-84,525	10,940	

- 4.5 The Guidance on Local Government Investments in England gives priority to security and liquidity and the Authority's aim is to achieve a yield commensurate with these principles.
- 4.6 Given the increasing risk and continued low returns from short-term unsecured bank investments, the Authority has maintained its investment in a more secure and/or higher yielding asset class. £2m has been placed in a longer-term investment with the remainder invested in short-term unsecured deposits and money market funds.
- 4.7 The Authority's £2m of externally managed pooled property funds generated an average total return of £120k (3.52%), comprising £75k income return which is used to support services in year, and £45k of capital growth. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued stability in meeting the Authority's investment objectives are regularly reviewed. In light of their performance and the Authority's latest cash flow forecasts, investment in these funds has been maintained.

- 4.8 Security of capital has remained the Authority's main investment objective. This has been maintained by following the Authority's counterparty policy as set out in its Treasury Management Strategy Statement for 2017/18.
- 4.9 Counterparty credit quality was assessed and monitored with reference to credit ratings (the Authority's minimum long-term counterparty rating for institutions defined as having "high credit quality" is A- across rating agencies Fitch, S&P and Moody's); credit default swap prices, financial statements, information on potential government support and reports in the quality financial press.

Credit Risk

- 4.10 The table below shows counterparty credit quality as measured by credit ratings and the percentage of the in-house investment portfolio exposed to bail-in risk.

Date	Value Weighted Average – Credit Risk Score	Value Weighted Average – Credit Rating	Time Weighted Average – Credit Risk Score	Time Weighted Average – Credit Rating	Investments exposed to bail-in risk
31/03/2017	4.32	AA-	4.00	AA-	61%
30/06/2017	4.33	AA-	3.98	AA-	66%
30/09/2017	4.44	AA-	4.31	AA-	64%

Scoring:

- Value weighted average reflects the credit quality of investments according to the size of the deposit
- Time weighted average reflects the credit quality of investments according to the maturity of the deposit
- AAA = highest credit quality = 1
- D = lowest credit quality = 26
- Aim = A- or higher credit rating, with a score of 7 or lower, to reflect current investment approach with main focus on security

Counterparty Update provided in association with Arlingclose Treasury Advisors

- 4.11 UK bank credit default swaps continued their downward trend, reaching three-year lows by the end of June. Bank shares have not moved in any particular pattern.
- 4.12 There were a few credit ratings changes during the quarter. The significant change was the downgrade by Moody's to the UK sovereign rating in September from Aa1 to Aa2 which resulted in subsequent downgrades to sub-sovereign entities including local authorities. Moody's downgraded Standard Chartered Bank's long-term rating to A1 from Aa3 on the expectation that the bank's profitability will be lower following management's

efforts to de-risk their balance sheet. The agency also affirmed Royal Bank of Scotland's and NatWest's long-term ratings at Baa1, placed Lloyds Bank's A1 rating on review for upgrade, revised the outlook of Santander UK plc, and Nationwide and Coventry building societies from negative to stable but downgraded the long-term rating of Leeds BS from A2 to A3. The agency downgraded long-term ratings of the major Canadian banks on the expectation of a more challenging operating environment and the ratings of the large Australian banks on its view of the rising risks from their exposure to the Australian housing market and the elevated proportion of lending to residential property investors.

- 4.13 S&P also revised Nordea Bank's outlook to stable from negative, whilst affirming their long-term rating at AA-. The agency also upgraded the long-term rating of ING Bank from A to A+. Ring-fencing, which requires the larger UK banks to separate their core retail banking activity from the rest of their business, is expected to be implemented within the next year. In May, following Arlingclose's advice, the Authority reduced the maximum duration of unsecured investments with Bank of Scotland, HSBC Bank and Lloyds Bank from 13 months to 6 months as until banks' new structures are finally determined and published, the different credit risks of the 'retail' and 'investment' banks cannot be known for certain.
- 4.14 Ring-fencing, which requires the larger UK banks to separate their core retail banking activity from the rest of their business, is expected to be implemented within the next year. In May, following Arlingclose's advice, the Authority reduced the maximum duration of unsecured investments with Bank of Scotland, HSBC Bank and Lloyds Bank from 13 months to 6 months as until banks' new structures are finally determined and published, the different credit risks of the 'retail' and 'investment' banks cannot be known for certain.
- 4.15 The new EU regulations for Money Market Funds were finally approved and published in July and existing funds will have to be compliant by no later than 21st January 2019. The key features include Low Volatility NAV (LVNAV) Money Market Funds which will be permitted to maintain a constant dealing NAV, providing they meet strict new criteria and minimum liquidity requirements. MMFs will not be prohibited from having an external fund rating (as had been suggested in draft regulations). Arlingclose expects most of the short-term MMFs it recommends to convert to the LVNAV structure and awaits confirmation from each fund.

Regulatory Updates

MiFID II:

- 4.16 Local authorities are currently treated by regulated financial services firms as professional clients who can "opt down" to be treated as retail clients instead. But from 3rd January 2018, as a result of the second Markets in Financial Instruments Directive (MiFID II), local authorities will be treated as retail clients who can "opt up" to be professional clients, providing that they

meet certain criteria. Regulated financial services firms include banks, brokers, advisers, fund managers and custodians, but only where they are selling, arranging, advising or managing designated investments. In order to opt up to professional, the authority must have an investment balance of at least £10 million and the person authorised to make investment decisions on behalf of the authority must have at least one year's relevant professional experience. In addition, the firm must assess that that person has the expertise, experience and knowledge to make investment decisions and understand the risks involved.

- 4.17 The main additional protection for retail clients is a duty on the firm to ensure that the investment is “suitable” for the client. However, local authorities are not protected by the Financial Services Compensation Scheme nor are they eligible to complain to the Financial Ombudsman Service whether they are retail or professional clients. It is also likely that retail clients will face an increased cost and potentially restricted access to certain products including money market funds, pooled funds, treasury bills, bonds, shares and to financial advice. The Authority has declined to opt down to retail client status in the past as the costs were thought to outweigh the benefits.
- 4.18 The Authority meets the conditions to opt up to professional status and intends to do so in order to maintain their current MiFID status.

CIPFA Consultation on Prudential and Treasury Management Codes

- 4.19 In February 2017 CIPFA canvassed views on the relevance, adoption and practical application of the Treasury Management and Prudential Codes and after reviewing responses launched a further consultation on changes to the codes in August with a deadline for responses of 30th September 2017.
- 4.20 The proposed changes to the Prudential Code include the production of a new high-level Capital Strategy report to full council which will cover the basics of the capital programme and treasury management. The prudential indicators for capital expenditure and the authorised borrowing limit would be included in this report but other indicators may be delegated to another committee. There are plans to drop certain prudential indicators, however local indicators are recommended for ring fenced funds (including the HRA) and for group accounts. Other proposed changes include applying the principles of the Code to subsidiaries.
- 4.21 Proposed changes to the Treasury Management Code include the potential for non-treasury investments such as commercial investments in properties in the definition of “investments” as well as loans made or shares brought for service purposes. Another proposed change is the inclusion of financial guarantees as instruments requiring risk management and addressed within the Treasury Management Strategy. Approval of the technical detail of the Treasury Management Strategy may be delegated to a committee rather than needing approval of full Council. There are also plans to drop or alter some of the current treasury management indicators.

- 4.22 CIPFA intends to publish the two revised Codes towards the end of 2017 for implementation in 2018/19, although CIPFA plans to put transitional arrangements in place for reports that are required to be approved before the start of the 2018/19 financial year. In addition it is likely that Department of Communities and Local Government (DCLG) will be revising its Investment Guidance (and its MRP guidance) for local authorities in England; however there have been no announcements on this as yet.

Budgeted Income and Outturn

- 4.23 The average cash balances were £8m during the half year. The Authority's best performing investment was its £2m of externally managed pooled (property fund) which generated an average return of 3.52%.
- 4.24 The majority of the Authority's investments were kept in short-term money market rates and have remained at relatively low levels.
- 4.25 Although the Authority's investment income for the first six months has only been £45k which is below the targeted budget of £150k, this reduction in income has been offset by savings in the interest paid on borrowing short term from other Public Bodies rather than from the Public Works Loan Board.

Compliance with Prudential Indicators

- 4.26 The Authority confirms compliance with its Prudential Indicators for 2017/18, which were set in February 2017 and revised in June 2017 as part of the Authority's Treasury Management Strategy Statement as at the 30th September 2017. Details of treasury-related Prudential Indicators can be found in Appendix 1.

Economic Review and Outlook for the remainder of the year

- 4.27 The Council's advisors Arlingclose have provided an Economic Review of the year so far and an outlook for Qtrs 3 and 4. This is included in Annex D

5. Options

- 5.1 The Executive is asked to note on comment on the report as appropriate.

6. Proposals

- 6.1 It is proposed that the Executive NOTE and COMMENT on the report;

7. Corporate Objectives and Key Priorities

- 7.1 The Treasury Management processes support the Council's objective of 'Delivering services efficiently, effectively and economically'.

8. Policy Framework

- 8.1 The Council fully complies with the requirements of the CIPFA Code of Practice on Treasury Management. The current relevant criteria and constraints incorporated into the Treasury Management Policy Statement are:
- New borrowing is to be contained within the limits approved by the Council, in accordance with the CIPFA Prudential Code for Capital Finance in Local Authorities, and the Council's prudential indicators.
 - Investments to be made in accordance with the CLG guidance on Local Authority Investments, on the basis of Fitch, Moody's and Standard & Poors credit ratings and as detailed in the Treasury Management Policy statement and approved schedules and practices.
 - Sufficient funds to be available to meet the Council's estimated outgoings for any day.
 - Investment objectives are to maximise the return to the Council balanced against the risks to protect reserves.

9. Legal Issues

- 9.1 The report demonstrates that the Council is complying with the Prudential Framework.

10. Risk Management

- 10.1 Weak returns on investments could lead to a reduction in income generated to support the revenue budget.
- 10.2 The limits in this report in respect to counterparties and investments are the overall limits for agreement by Council. However from time to time these may be tightened temporarily by the Executive Head of Finance in consultation with the portfolio holder for Finance to reflect increased uncertainty and increase in perceived risk in financial institutions and the economy. This will usually be at the cost of lower returns.
- 10.3 The Council has taken and acted on advice from its advisors in relation to increasing returns albeit at increased risk and its borrowing strategy. There are risks that interest rates can change and that any investment is not guaranteed
- 10.4 The investments ratings provided by credit ratings agencies are only a guide and do not give 100% security. There is always a risk that an institution may

be unable to repay its loans whatever the credit rating. However this can be mitigated by spreading investments amongst a number of institutions.

11. Officer Comments

11.1 None other than within the report.

Annexes	Annex A – Investments as at 30th September 2017 Annex B – Treasury Management Performance Indicators Annex C - Prudential Indicators as at 30th September 2017
Background papers	CIPFA code on Treasury Management
Author/contact details	Nahidah Cuthbert – Accountant Nahidah.cuthbert@surreyheath.gov.uk
Head of Service	Kelvin Menon - Executive Head of Finance

Annex A

INVESTMENTS as at 30th September 2017

	£	<u>Maturity Date</u>
Glasgow City Council	2,000,000	30-Oct-18
Total Local Authorities	<u>2,000,000</u>	
AAA Rated MM Fund - Blackrock	2,200,434	N/A
AAA Rated MM Fund - CCLA	1,000,000	N/A
AAA Rated MM Fund - Standard Life (Ignis)	3,000,000	N/A
Total Money Market Funds	<u>6,200,434</u>	
CCLA Property Fund	2,131,384	N/A
Total Longer Term Investments	<u>2,131,384</u>	
NatWest SIBA	677,194	Instant Access
Total Invested (including NatWest SIBA)	<u>11,009,012</u>	

The Council's advisors Arlingclose have provided an Economic Review of the year so far and an outlook for Qtrs 3 and 4. This is included in Annex D

Annex B

Treasury Management Indicators as at the 30th September 2017

The Authority measures and manages its exposures to treasury management risks using the following indicators.

Interest Rate Exposures: This indicator is set to control the Authority's exposure to interest rate risk. The upper limits on fixed and variable rate interest rate exposures, expressed as an amount of net principal borrowed will be:

	2017/18	2018/19	2019/20
Upper limit on fixed interest rate exposure	£190m	£190m	£190m
Actual	£0.5m		
Upper limit on variable interest rate exposure	£190m	£190m	£190m
Actual	£0.1m		

Fixed rate investments and borrowings are those where the rate of interest is fixed for the whole financial year. Instruments that mature during the financial year are classed as variable rate.

Maturity Structure of Borrowing: This indicator is set to control the Authority's exposure to refinancing risk. The upper and lower limits on the maturity structure of fixed rate borrowing will be:

	Upper	Lower	Actual
Not over 1 year	100%	0%	86%
Over 1 but not over 2 years	100%	0%	0%
Over 2 but not over 5 years	100%	0%	2%
Over 5 but not over 10 years	100%	0%	1%
Over 10 but not over 15 years	100%	0%	1%
Over 15 but not over 20 years	100%	0%	1%
Over 20 but not over 30 years	100%	0%	1%
Over 25 but not over 30	100%	0%	1%
Over 30 but not over 40 years	100%	0%	3%
Over 40 years	100%	0%	4%

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

Principal Sums Invested for Periods Longer than 364 days: The purpose of this indicator is to control the Authority's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the total principal sum invested to final maturities beyond the period end will be:

	2017/18	2018/19	2019/20
Limit on principal invested beyond year end	£15m	£15m	£15m
Actual	£2m		

Security: The Authority has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average [credit rating] or [credit score] of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment.

	Target	Actual 30/09/2017
Portfolio average credit rating	A	AA

Liquidity: The Authority has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three month period, without additional borrowing.

	Target	Actual 30/09/2017
Total cash available within 3 months	£5m	£6m

Outlook for the remainder of 2017/18

The UK economy faces a challenging outlook as the minority government continues to negotiate the country's exit from the European Union. Both consumer and business confidence remain subdued. Household consumption growth, the driver of UK GDP growth, has softened following a contraction in real wages. Savings rates are at an all-time low and real earnings growth (i.e. after inflation) struggles in the face of higher inflation.

The Bank of England's Monetary Policy Committee has changed its rhetoric, implying a rise in Bank Rate in "the coming months". Arlingclose is not convinced the UK's economic outlook justifies such a move at this stage, but the Bank's

interpretation of the data seems to have shifted.

This decision is still very data dependant and Arlingclose is, for now, maintaining its central case for Bank Rate at 0.25% whilst introducing near-term upside risks to the forecast as shown below. Arlingclose's central case is for gilt yields to remain broadly stable in the across the medium term, but there may be near term volatility due to shifts in interest rate expectations.

	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20
Official Bank Rate													
Upside risk	0.25	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Arlingclose Central Case	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Downside risk	0.00	0.00	0.00	0.00	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25

Appendix 1

Prudential Indicators as at the 30th September 2017

The Local Government Act 2003 requires the Authority to have regard to CIPFA's *Prudential Code for Capital Finance in Local Authorities* (the Prudential Code) when determining how much money it can afford to borrow. The objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice. To demonstrate that the Authority has fulfilled these objectives, the Prudential Code sets out the following indicators that must be set and monitored each year.

Estimates of Capital Expenditure: The Authority's planned capital expenditure and financing may be summarised as follows. Further detail is provided in the capital programme outturn.

Capital Expenditure and Financing	2015/16 Actual £m	2016/17 Estimate £m	2017/18 Estimate £m	2018/19 Estimate £m
Capital Programme	18	107	4	7.5
Total Expenditure	18	107	4	7.5
Capital Receipts	1	0	0	0
Government Grants	0	1	0	3.1
Borrowing	17	106	4	4.4
Total Financing	18	107	4	7.5

Estimates of Capital Financing Requirement: The Capital Financing Requirement (CFR) measures the Authority's underlying need to borrow for a capital purpose.

Capital Financing Requirement	31.03.17 Actual £m	31.03.18 Estimate £m	31.03.19 Estimate £m	31.03.20 Estimate £m
Total CFR	140	148	153	156

Gross Debt and the Capital Financing Requirement: In order to ensure that over the medium term debt will only be for a capital purpose, the Authority should ensure that debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years. This is a

key indicator of prudence.

Debt	31.03.17 Actual £m	31.03.18 Estimate £m	31.03.19 Estimate £m	31.03.20 Estimate £m
Borrowing	119	179	153	156
Total Debt	119	179	153	156

The figures above could increase significantly if the council decides to invest in more property.

The actual debt levels are monitored against the Operational Boundary and Authorised Limit for External Debt, below.

Operational Boundary for External Debt: The Operational Boundary is based on the Authority's estimate of most likely, i.e. prudent, but not worst case scenario for external debt.

Operational Boundary	2017/18 £m	2018/19 £m	2019/20 £m
Borrowing	185	185	185
Total Debt	185	185	185

The Authority confirms that during the first six months the Operational Boundary was not breached. In June 2017, the Council increased the Operational Boundary to £185m and the Authorised Limit to £190m.

Authorised Limit for External Debt: The Authorised Limit is the affordable borrowing limit determined in compliance with the Local Government Act 2003. It is the maximum amount of debt that the Authority can legally owe. The authorised limit provides headroom over and above the operational boundary for unusual cash movements.

Authorised Limit	2017/18 £m	2018/19 £m	2019/20 £m
Borrowing	190	190	190
Total Debt	190	190	190

Total debt at 30/09/2017 was £111.4m. The Authority confirms that during 2017/18 the Authorised Limit was not breached at any time.

Ratio of Financing Costs to Net Revenue Stream: This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs, net of investment income.

Ratio of Financing Costs to Net Revenue Stream	2017/18 Estimate %	2018/19 Estimate %	2019/20 Estimate %
General Fund	-45	-58	-63

Incremental Impact of Capital Investment Decisions: This is an indicator of affordability that shows the impact of capital investment decisions on Council Tax levels. The incremental impact is the difference between the total revenue budget requirement of the current approved capital programme and the revenue budget requirement arising from the capital programme proposed earlier in this report.

Incremental Impact of Capital Investment Decisions	2017/18 Estimate £	2018/19 Estimate £	2019/20 Estimate £
General Fund - increase in annual Band D Council Tax	-28.24	12.50	3.50

Adoption of the CIPFA Treasury Management Code: The Authority adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services* at its meeting on 26th February 2014.

Annex C

Economic Review provide by the Council's Treasury advisors Arlingclose

- 1) Commodity prices fluctuated over the period with oil falling below \$45 a barrel before inching back up to \$58 a barrel. UK Consumer Price Inflation (CPI) index rose with the data print for August showing CPI at 2.9%, its highest since June 2013 as the fall in the value of sterling following the June 2016 referendum result continued to feed through into higher import prices. The new inflation measure CPIH, which includes owner occupiers' housing costs, was at 2.7%.
- 2) The unemployment rate fell to 4.3%, its lowest since May 1975, but the squeeze on consumers intensified as average earnings grew at 2.5%, below the rate of inflation. Economic activity expanded at a much slower pace as evidenced by Q1 and Q2 GDP growth of 0.2% and 0.3% respectively. With the dominant services sector accounting for 79% of GDP, the strength of consumer spending remains vital to growth, but with household savings falling and real wage growth negative, there are concerns that these will be a constraint on economic activity in the second half of calendar 2017.
- 3) The Bank of England made no change to monetary policy at its meetings in the first half of the financial year. The vote to keep Bank Rate at 0.25% narrowed to 5-3 in June highlighting that some MPC members were more concerned about rising inflation than the risks to growth. Although at September's meeting the Committee voted 7-2 in favour of keeping Bank Rate unchanged, the MPC changed their rhetoric, implying a rise in Bank Rate in "the coming months". The Council's treasury advisor Arlingclose is not convinced the UK's economic outlook justifies such a move at this stage, but the Bank's interpretation of the data seems to have shifted.
- 4) In contrast, near-term global growth prospects improved. The US Federal Reserve increased its target range of official interest rates in June for the second time in 2017 by 25bps (basis points) to between 1% and 1.25% and, despite US inflation hitting a soft patch with core CPI at 1.7%, a further similar increase is expected in its December 2017 meeting. The Fed also announced confirmed that it would be starting a reversal of its vast Quantitative Easing programme and reduce the \$4.2 trillion of bonds it acquired by initially cutting the amount it reinvests by \$10bn a month.
- 5) Geopolitical tensions escalated in August as the US and North Korea exchanged escalating verbal threats over reports about enhancements in North Korea's missile programme. The provocation from both sides helped wipe off nearly \$1 trillion from global equity markets but benefited safe-haven assets such as gold, the US dollar and the Japanese yen. Tensions remained high, with North Korea's threat to fire missiles towards the US naval base in Guam, its recent missile tests over Japan and a further testing of its latent nuclear capabilities.

- 6) Prime Minister Theresa May called an unscheduled General Election in June, to resolve uncertainty but the surprise result has led to a minority Conservative government in coalition with the Democratic Unionist Party. This clearly results in an enhanced level of political uncertainty. Although the potential for a so-called hard Brexit is diminished, lack of clarity over future trading partnerships, in particular future customs agreements with the rest of the EU block, is denting business sentiment and investment. The reaction from the markets on the UK election's outcome was fairly muted, business confidence now hinges on the progress (or not) on Brexit negotiations, the ultimate 'divorce bill' for the exit and whether new trade treaties and customs arrangements are successfully concluded to the UK's benefit.
- 7) In the face of a struggling economy and Brexit-related uncertainty, Arlingclose expects the Bank of England to take only a very measured approach to any monetary policy tightening; any increase will be gradual and limited as the interest rate backdrop will have to provide substantial support to the UK economy through the Brexit transition.
- 8) **Financial markets:**
Gilt yields displayed significant volatility over the six-month period with the appearing change in sentiment in the Bank of England's outlook for interest rates, the push-pull from expectations of tapering of Quantitative Easing (QE) in the US and Europe and from geopolitical tensions, which also had an impact. The yield on the 5-year gilts fell to 0.35% in mid-June, but then rose to 0.80% by the end of September. The 10-year gilts similarly rose from their lows of 0.93% to 1.38% at the end of the quarter, and those on 20-year gilts from 1.62% to 1.94%.
- 9) The FTSE 100 nevertheless powered away reaching a record high of 7548 in May but dropped back to 7377 at the end of September. Money markets rates have remained low: 1-month, 3-month and 12-month LIBID rates have averaged 0.25%, 0.30% and 0.65% over the period from January to 21st September.

Response to South Western Railway's December 2018 timetable consultation

Summary

The report sets out the response to South Western Railway's consultation on the proposed changes to train services in the December 2018 timetable. The consultation began on Friday 29th September and ends on Friday 22nd December.

The proposed changes to the train timetable have implications for services provided to stations in the Borough, specifically services between Camberley and Waterloo and services between Camberley and Guildford. The consultation document and timetables are available online at: <https://www.swrailway.com/contact-and-help/timetable-consultation>

Whilst the proposed changes will reduce journey times between Camberley and London Waterloo and from Camberley to Guildford, concerns have been raised in respect of the discontinuation of direct services between Camberley and London Waterloo, the splitting of the line between Camberley and Guildford and the short connection times between journeys on both train routes.

Portfolio: Special Projects

Date Portfolio Holder signed off report: 10/11/2017

Wards Affected

ALL

Recommendation

The Executive is advised to RESOLVE to agree the response set out in the letter at Annex 1 of this report as the Council's formal response to South Western Railway's consultation on the changes to the train services in the December 2018 timetable

1. Resource Implications

- 1.1 There are no resource implications beyond that provided for within the agreed budget for 2017/18.

2. Key Issues

- 2.1 South Western Railways are consulting on a range of proposed changes to train services in the December 2018 timetable. The timetable proposals relating to Surrey Heath Borough Council concern major changes to the train services between Camberley and London Waterloo and between Camberley and Guildford.
- 2.2 Regarding proposed changes to services between Camberley and London Waterloo, officers have considered the proposals from a Surrey Heath perspective and raise the following key points:
 - Objections are raised over the proposed discontinuation of all direct services between Camberley and London Waterloo. It is considered that this change could lead to commuters who currently use the three direct morning services travelling to other stations outside the Borough that will retain their direct services to London Waterloo.
 - The proposals to improve connections at Ash Vale are generally welcomed. Through changing at Ash Vale, journey times from Camberley to London Waterloo will be reduced by 10 minutes or more. However, it is emphasised

that train operators will need to ensure that there is minimum disruption to services to enable passengers to make the connection, which is limited at 5 minutes. Due to the short connection time at Ash Vale and the need to change platforms, concerns are raised for disabled passengers.

- With regard to journey times from London Waterloo to Camberley (via Ash Vale), journey times will be improved by 20 minutes under the proposed timetable, with a 6 minute wait at Ash Vale.
- Despite the proposed improvements of service between Ascot and London Waterloo, travelling from Camberley to London Waterloo via Ascot will continue to be 75 minutes duration. Passengers travelling from London Waterloo to Camberley via Ascot will have only a 3 minute transfer time at Ascot which leaves passengers very little time to change platforms.

2.3 Regarding proposed changes to services between Camberley and Guildford, officers have considered the proposals from a Surrey Heath perspective and raise the following key points:

- The proposal includes the splitting of the services into two separate lines, with a change at Aldershot. Surrey Heath Borough Council raise an objection to this proposal because it limits direct train services available to train stations within the Borough.
- The proposal to reduce the journey time from Camberley to Guildford by 12 minutes is generally welcomed. However, is emphasised that train operators will need to ensure that there is minimum disruption to services to enable passengers to make the connection, which is a limited 4 minutes.
- Surrey Heath Borough Council raise an objection to the proposed timetables for services from Guildford to Camberley; these would increase journey times by 10 minutes and increase the waiting time at Aldershot by 9 minutes.
- The proposed earlier start time and later end time to services are welcomed.

2.4 Regarding proposed changes to services between Camberley and Reading, officers have considered the proposals from a Surrey Heath perspective and raise the following key points:

- The proposal to reduce journey times between Camberley and Reading is welcomed.

3. Options

3.1 The options for the Executive to consider are:-

- (i) To **AGREE** the response on the consultation on the proposed changes to train services timetable as set out in Annex 1 of this report.
- (ii) To AGREE the response on the consultation on the proposed changes to train services timetable as set out in Annex 1 of this report and any additional comments which the Executive may wish to make.
- (iii) To **NOT** AGREE the response on the consultation on the proposed changes to train services timetable as set out in Annex 1 of this report.

4. Proposals

4.1 It is proposed to submit the consultation response attached at Annex 1 by the 22nd December 2017 deadline.

5. Corporate Objectives And Key Priorities

- 5.1 The proposals may affect the Council's ability to achieve the Objective for Place, with proposals having the potential to affect the Council's capacity to deliver its vision for Camberley. The proposals may also affect the Council's ability to achieve the Objective for prosperity by impacting the Council's capacity to encourage improvements to local transport.

6. Policy Framework

- 6.1 The consultation process Surrey Heath is responding to will have implications for the Borough's accessibility and therefore may impact on the Council's ability to meet Objective 5 of the Camberley Town Centre Area Action Plan and Objective 1 of the Core Strategy.

7. Other Matters

- 7.1 In relation to governance, sustainability, risk management, equalities impact, human rights, community safety, consultation, PR and Marketing there are no matters arising from this consultation by South Western Railway.

8. Consultation

- 8.1 The South Western Railway consultation runs between 29th September 2017 and 22nd December 2017

Annexes	Annex 1 - Letter to South Western Railway
Background Papers	https://www.swrailway.com/contact-and-help/timetable-consultation
Author/Contact Details	Keiran Bartlett – Planning Officer Keiran.bartlett@surreyheath.gov.uk
Head of Service	Jenny Rickard – Executive Head of Regulatory

Consultations, Implications and Issues Addressed

Resources	Required	Consulted
Revenue	✓	
Capital		
Human Resources		
Asset Management		
IT		
Other Issues	Required	Consulted
Corporate Objectives & Key Priorities	✓	
Policy Framework		
Legal	✓	
Governance		
Sustainability	✓	
Risk Management		
Equalities Impact Assessment		
Community Safety		
Human Rights		
Consultation	✓	

Resources	Required	Consulted
P R & Marketing	✓	

Review Date:

Version:



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Service Chief Executive
Our Ref:
Your Ref:
Direct Tel:
Email:

First MTR South Western Trains Limited
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South Western Railway
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Southampton
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17th October 2017

Dear Sir/Madam,

Surrey Heath Borough Council's response to South Western Railway Timetable Consultation for December 2018

Thank you for the opportunity to comment on the Timetable Consultation for December 2018. This letter is the Council's formal response.

Surrey Heath Borough Council has had the opportunity to consider proposals and has the following comments to make.

Camberley is a dynamic and progressive 'step up' town in the heart of one of the most affluent parts of the UK. Delivering improvements to Camberley Town Centre is a key priority for the Borough, as identified in the Council's Five Year Strategy. As a result, it is essential that Camberley is serviced with sustainable rail connections.

Services from Camberley

Services from Camberley to London Waterloo

With regard to proposed changes to the service from Camberley to London Waterloo, the Council generally welcomes the improved connections at Ash Vale which will reduce journey times by 10 minutes or more. However, we would emphasise that train operators need to ensure that there is minimum disruption to services to enable passengers to make the connection, which is limited at five minutes. Due to the need to change platforms at Ash Vale, the Council raises concerns for passengers with disabilities, for whom changing platforms may take longer than other passengers. Moreover, the Council highlights that with the new emphasis on travelling via Ash Vale, there is an even greater need for station improvements, including provisions for disabled access and improved facilities at the station. The Council welcomes the decrease in wait time at Camberley for services to London Waterloo, with more journey alternatives being provided. The Council recommends suitable advertising of the improved journey times on this service to ensure customers are aware.

The Council objects to the discontinuation of all direct train services from Camberley to London Waterloo, representing a reduction over current service levels. We note that some commuters

already travel to stations outside the Borough in order to access direct trains to London Waterloo. The discontinuation of direct services from Camberley to London Waterloo will exacerbate this issue and result in an increase in congestion within the Borough. If capacity allows in future, the Council would hope for the reinstatement of through trains on the Ascot line. The Council notes that despite the improvement of the service from Ascot to London Waterloo, there is no change in the journey time from Camberley to London Waterloo travelling via Ascot.

Services from Camberley to Guildford

With regard to proposed changes to the service from Camberley to Guildford, the Council welcomes the 12 minute reduction in journey time. However, we would emphasise that train operators need to ensure that there is minimum disruption to services to enable passengers to make the connection, which is limited at 4 minutes. At present, passengers travelling from Camberley to Guildford benefit from a direct service. The Council welcomes the earlier start time and later end time to the service from Camberley to Guildford.

Services to Camberley

Services from London Waterloo to Camberley

With regard to the proposed changes to the service from London Waterloo, the Council generally welcomes the improved connections at Ash Vale and the reduction in journey time of 20 minutes. However, we would emphasise that train operators need to ensure that there is minimum disruption to services to enable passengers to make the connection, which is limited at 6 minutes.

The Council objects to the discontinuation of direct services from London Waterloo to Camberley, representing a reduction over current service levels. We note that some commuters already travel to stations outside the Borough in order to access direct trains to and from London Waterloo. The discontinuation of direct services from London Waterloo to Camberley will exacerbate this issue and result in an increase in congestion within the Borough. The council notes that despite the improvement to services from London Waterloo to Ascot, there is only a minor improvement to journey time. We raise concerns over the 3 minute transfer time at Ascot, which may not give passengers enough time to make their connecting journey. The Council notes that despite the increase in trains passing through the Sunningdale crossing, there will not be an increase in the frequency of the barriers across the A30 London Road coming down.

Services from Guildford to Camberley

With regard to the changes to the service from Guildford to Camberley, the Council objects to the proposals. The proposed indirect service will take longer than the present direct service and would include a longer wait at Aldershot. Therefore, no benefits are gained splitting the service from Guildford to Camberley for passengers travelling further than Aldershot, representing a reduction over current service levels. However, the Council does support the proposals for an earlier start time to the service.

Services between Camberley and Reading

The Council welcomes the improved connectivity between Camberley and Reading, reducing journey times between the two stations.

Yours sincerely

Cllr Moira Gibson
Leader of the Council
Surrey Heath Borough Council

Karen Whelan
Chief Executive
Surrey Heath Borough Council

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The 2018 Parliamentary Boundary Review

Summary

On 17 October 2017 the Boundary Commission for England published its revised proposals for new parliamentary constituency boundaries. This marked the start of an 8 week consultation on these proposals.

In relation to Surrey Heath Borough, the revised proposals include moving the current Windlesham Ward from the Surrey Heath Constituency to the Windsor Constituency. The Surrey Heath Constituency will continue to include the Guildford Borough wards of Ash Vale, Ash Wharf and Ash South and Tongham.

The proposal in the initial consultation to move Bisley to the Woking Constituency is no longer included in the recommendations.

Portfolio: Leader

Date Portfolio Holder signed off report: 9 November 2017

Wards Affected: All

Recommendation

The Executive is asked to consider whether to submit a response to the Boundary Commission for England on its Parliamentary Boundary Review.

1. Resource Implications

- 1.1 There are no resource implications as a result of responding to the consultation.

2. Key Issues

- 2.1 On 13 September 2016 the Boundary Commission for England (BCE) published its initial proposals for new parliamentary constituency boundaries
- 2.2 In conducting its review, the BCE must adhere to rules set by Parliament in 2011 which result in a reduction of the number of constituencies in England from 533 to 501. The rules also state that every constituency, with the exception of the 2 constituencies in the Isle of Wight, must have an electorate that is no smaller than 71,031 and no larger than 78,507.
- 2.3 Revised proposals were published on 17 October 2017. The BCE is now proposing to transfer the current Windlesham ward, comprising 3,256 electors, from the Surrey Heath Constituency to the Windsor Constituency.

- 2.4 The proposals only affect the Parliamentary boundaries. It should, however, be noted that the proposals are based upon local ward boundaries as at 7 May 2015 and therefore reflect the current ward boundaries for Windlesham, which have been changed following the Local Government Boundary Commission for England's Review of Surrey Heath Borough ward boundaries (subject to Parliamentary approval). As a result, if the current proposals are adopted, sections of the new Bagshot Ward and Windlesham & Chobham Ward will fall within the Windsor Constituency. This would not adhere to the BCE's policy to avoid dividing wards wherever possible.
- 2.5 The Parliamentary Constituency will not be coterminous with the county boundary.
- 2.6 The BCE's specifically designed consultation website is available at www.bce2018.org.uk

3. Options

- 3.1 The Executive can choose to submit comments to the BCE in relation to the initial proposals for Surrey Heath or not to respond.

4. Proposals

- 4.1 It is proposed that the Executive considers whether to submit a response to the consultation on behalf of the Council. A draft response is attached at Annex A for consideration.
- 4.2 If the Executive decides to submit a response, it is proposed to authorise the Chief Executive, in consultation with the Leader and any appropriate ward councillors, to finalise and submit the response on behalf of the Council.

5. Supporting Information

- 5.1 The BCE's revised proposals for the South East include revised sub-regions from which constituencies will be drawn, including a Berkshire and Surrey sub region.
- 5.2 It is noted that the BCE's revised proposals document states that Surrey Heath Constituency is currently within 5% of the electoral quota; any alterations to the boundaries are therefore due to electoral quotas in other constituencies within the sub region.
- 5.3 The proposed changes will exacerbate issues around coterminosity, which could impact heavily on combined elections in the future. The revised constituency boundaries cross county boundaries and do not reflect the local ward boundaries which will be in place from 2019.

- 5.4 If the boundaries proceed as proposed, further revisions to polling districts, which are scheduled to be reviewed following the local boundary changes, will be required to accommodate this additional non-coterminosity of boundaries.
- 5.5 The Acting Returning Officer for Surrey Heath Parliamentary Constituency will also be submitting a response to the consultation addressing the more logistical consequences of this proposal; this is attached at Annex B for information.

Annexes	Annex A – draft consultation response Annex B- ARO's response
Background Papers	https://www.bce2018.org.uk/node/6488
Author/Contact Details	Rachel Whillis – Democratic Services Manager rachel.whillis@surreyheath.gov.uk
Head of Service	Richard Payne – Executive Head of Corporate

Consultations, Implications and Issues Addressed

Resources	Required	Consulted
Revenue	✓	✓
Capital	-	-
Human Resources	-	-
Asset Management	-	-
IT	-	-
Other Issues		
Corporate Objectives & Key Priorities	-	-
Policy Framework	-	-
Legal	-	-
Governance	-	-
Sustainability	-	-
Risk Management	-	-
Equalities Impact Assessment	-	-
Community Safety	-	-
Human Rights	-	-
Consultation	-	-
P R & Marketing	-	-

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Service Corporate

Our Ref: 2018 BCE Review

Your Ref:

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The Secretary to the Commission
Boundary Commission for England
35 Great Smith Street
London
SW1P 3BQ

6 December 2017

Dear Sir

2018 Review of Parliamentary Constituencies – South East Proposals

The Executive, at its meeting on 5 December 2017, considered the revised proposals for new parliamentary constituency boundaries. The Executive noted that it is proposed to transfer Windlesham ward, which currently has 3,256 electors, from the Surrey Heath Constituency to the Windsor constituency.

Having discussed the proposals the Executive has asked me to submit the following response supporting the Council's view that Windlesham ward should not be moved to the Windsor Constituency, for the following reasons:

1. The Boundary Commission's proposal reflects the current ward boundaries for Windlesham, which from 2019 will no longer be in place following a review of the Council's ward boundaries. The area identified to move to Windsor Constituency will be split, with the northern part of Windlesham transferring to Bagshot Ward and the remainder forming part of a new Windlesham and Chobham ward.

Whilst it is understood that the Commission based its proposals on local ward boundaries as at 7 May 2015, the proposals as they stand would result in it not adhering to its policy to avoid dividing wards wherever possible. It is the view of this authority that there are neither exceptional nor compelling circumstances to depart from this policy.

Any further proposals to amend the area which reflect the new local boundaries would disrupt the Commission's numbers. This authority would also object to any further proposals the BCE may consider if it was minded to transfer the areas of Bagshot and/ or Chobham to the Windsor Constituency as a result of the local boundary changes identified above. These areas retain strong identities with neighbouring villages, in particular Bagshot with the villages of Windlesham and Lightwater which also fall within the same parish boundaries, and Chobham with the wards and parishes of Bisley and West End, often referred to as the "3 villages".

2. It is considered that the proposal does not reflect community identities. The reasoning provided by the Commission for not dividing wards is that they are “generally indicative of areas which have a broad community of interest”. Whilst the ward of Windlesham has been divided as part of the local review of boundaries, the division of the village received strong objections from this Council and the local community remains disappointed with this decision. Windlesham, along with the wards of Bagshot and Lightwater, continues to form Windlesham Parish and a strong community identity remains in this parish area.
3. The proposed sub regions, including one for Berkshire and Surrey are contrived. There is only 1 constituency boundary which crosses these county boundaries, so in practice it is not acting as a sub region; its only purpose is to facilitate moving Windlesham to the Windsor Constituency.

We consider that the problems with Windsor Constituency should be resolved within Berkshire as, under the Commission’s revised proposals, all Surrey constituencies meet electoral quota requirements. There is, therefore, no need to disrupt the arrangements for Windlesham residents.

4. Surrey Heath is within 5% of the electoral quota; whilst the Commission’s view that this is not a reason to automatically protect a constituency from change is noted, any gains from resolving the electoral quota for Windsor Constituency are outweighed by the issues and factors raised in this representation.
5. Moving Windlesham ward to the Windsor Constituency will add unnecessary complexity and will exacerbate issues around coterminosity, which will impact heavily on the difficulties of running combined elections in the future, thereby adding further risks to the election process. I have submitted a separate response in my role as Acting Returning Officer outlining my concerns about the impact of these changes on the administration of future Parliamentary elections.
6. The complexity and lack of coterminosity of the boundaries will create further confusion for electors and a disincentive to vote.

I trust the Commission will look favourably on the Council’s submission.

Yours faithfully

Karen Whelan
Chief Executive



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The Secretary to the Commission
Boundary Commission for England
35 Great Smith Street
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6th December 2017

Dear Sir/ Madam

I am writing to you in my capacity as the Acting Returning Officer for the Surrey Heath Parliamentary Constituency, in response to the recently published consultation on revised proposals for new parliamentary constituency boundaries in the South East.

I am aware that Surrey Heath Borough Council will be submitting its own representation in respect of the consultation, however the proposed changes will have a significant impact, not only on the successful administration of future elections but also potentially on the integrity of the vote itself; factors which I believe merit being brought to your attention as a separate matter.

Decisions relating to the proposed parliamentary boundary changes have been decided upon using the boundaries which were in place in May 2015; however, as you will be aware, following the recent Local Boundary Review of Surrey Heath, the Windlesham ward which you are proposing to move to the Windsor constituency will no longer exist as a standalone entity after 2019. The Windlesham ward is instead to be divided and subsumed, along with two other electoral areas, into two new wards. Consequently, it cannot be identified as a ward to be used as a building block for designing a constituency, as per the Commission's Guide, and if the proposal was to go ahead, during any parliamentary election, two separate polls would need to be conducted in each of the two newly created local wards. A situation which runs contrary to the Boundary Commission's stated policy of avoiding the division of wards unless there are compelling reasons to do so.

In addition to the above, I wish to submit the following comments in objection to the proposal to move Windlesham Ward to Windsor Parliamentary Constituency which will add unnecessary complexity and risk to the running of parliamentary polls:

- Under the current parliamentary boundaries, Surrey Heath constituency takes on the wards of Ash South & Tongham, Ash Vale, and Ash Wharf from Guildford

Borough. Whilst it is not unusual to have cross boundary areas with more than 1 authority, the proposals will result in the need to coordinate cross boundary arrangements both within and outside the county boundaries. Hitherto all cross boundary matters have been with other Surrey authorities and arrangements are well established across this network, including local agreements and protocols for managing deadlines, the supply of any necessary documentation, secure data sharing, and agreed local fees and charges. The respective (Acting) Returning Officers in Berkshire have similar arrangements in place and the Acting Returning Officer for Windsor Constituency will be equally disrupted by this proposal.

- The adoption of the Fixed Term Parliament Act brought in a period of stability for electoral administrators which meant that it was possible to provide the public with a consistent and robust service. However, the events of 2017 have made it very clear to electoral administrators across the Country that this stability was not something that could or should be taken for granted. Furthermore, the seven week window in which electoral administrators were given to organise and execute a parliamentary election this year reinforced a number of concerns around cross-boundary matters, particularly in relation to staffing, reissuing of lost or spoilt postal votes, the receipt and verification of postal votes at combined elections, the sharing of information between authorities and the delivery of ballot papers to count venues.
- It is my contention that these proposals will further exacerbate issues around coterminosity of boundaries, which will in particular impact heavily on the difficulties of running combined elections in the future. Additional cross boundary meetings will need to be arranged at critical times in the elections programme, taking my very limited number of Elections staff away from the business of running and delivering a successful election.
- Another practical concern would be at the time of combined Parliamentary and Local Elections when the ballot box containing the local election ballot papers needs to be delivered to a count venue in Camberley whilst the Parliamentary ballot box from the same polling station needs to be delivered to a count venue in Maidenhead, a round trip of 38 miles and over one hour drive. This will require additional arrangements to be made to ensure that ballot papers are safely and expediently delivered to the correct count venue.
- The counties of Berkshire and Surrey are being treated as a sub-region, however there is only one constituency boundary which crosses the county boundaries, so in practice it is not acting as a sub region. The only purpose of this sub region from what I can see is to facilitate moving Windlesham ward to the Windsor Constituency in order for the numbers balance.

I appreciate that on the face of it these objections do not appear insurmountable. However, having discussed the practicalities and the complications that can occur in the run up to the declaration of results in a high profile, high turnout election with my Elections Team, I am clear that these proposals would, if implemented, place an unacceptable risk upon the administration and integrity of future parliamentary elections in the affected constituencies.

I trust the Commission will look favourably on my submission.

Yours faithfully

Karen Whelan
Acting Returning Officer, Surrey Heath Parliamentary Constituency

cc; Acting Returning Officer – Windsor Parliamentary Constituency
Michael Gove MP

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EXCLUSION OF PRESS AND PUBLIC

RECOMMENDATION

The Executive is advised to RESOLVE that, under Section 100A(4) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the ground that they involve the likely disclosure of exempt information as defined in the paragraphs of Part 1 of Schedule 12A of the Act, as set out below:

<u>Item</u>	<u>Paragraph(s)</u>
12	3
13	3
14	3

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