

**Minutes of a Meeting of the Executive
held at Surrey Heath House on 9
February 2016**

+ Cllr Moira Gibson (Chairman)

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| + Cllr Richard Brooks | + Cllr Craig Fennell |
| + Cllr Mrs Vivienne Chapman | + Cllr Josephine Hawkins |
| + Cllr Colin Dougan | + Cllr Charlotte Morley |

+ Present

In Attendance: Cllr Dan Adams, Cllr Rodney Bates, Cllr Paul Deach and Cllr Chris Pitt

58/E Minutes

The minutes of the meeting held on 12 January 2016 were confirmed and signed by the Chairman.

59/E General Fund Estimates 2016/17

The Executive received a detailed report and recommendations on the revenue estimates for 2016/17, which had included a savings target and amounts chargeable to reserves. However Members were advised that since the preparation of the report the Secretary of State for Communities and Local Government had, on 8 February 2016, announced the final local government finance settlement for 2016 to 2017. It was noted that, as the details of the final settlement impacted on contents of the report and the consequent recommendations they would need to be reconfigured to reflect the final settlement. As there was insufficient time to bring the report back to the Executive, it was agreed that authority be delegated to the Executive Head of Finance, after consultation with the Finance Portfolio Holder, to report to Council with revised recommendations.

Resolved that, in the light of the recent announcement by the Secretary of State for Communities and Local Government on the final local government finance settlement for 2016 to 2017, the Executive Head of Finance, after consultation with the Finance Portfolio Holder, be authorised to revise and update the report and to make recommendations to Full Council on 24 February 2016.

60/E Corporate Capital Programme

Members were reminded that Financial Regulations stated that as part of the annual budget process the Council, following recommendation by the Executive, was required to approve formally the Capital Programme and its revenue implications. In addition, the Council had a statutory requirement under the Local Government Act 2003 to adopt the CIPFA Prudential Code and to approve Prudential Indicators on an annual basis.

The Executive received details of the Capital Programme for 2016/17 and noted its effect on the available capital receipts. This indicated that it would not be possible to fund the current Capital Programme from capital receipts and that existing revenue and/or borrowing would have to be used. Additional capital receipts could be realised from the sale of Council assets although there was a risk in the current climate that prices would be depressed or that such sales would not be realised.

The Revenue Capital Fund was estimated to be about £9.0m as at 31 March 2016 and would be used to support the Capital Programme if required. However this reduced the amount of reserve available to support revenue expenditure and hence the General Fund in the future. The Council had undertaken borrowing during 2015/16 to fund significant property acquisitions and would be prepared to do this again should the need arise.

Members noted the estimated loss of investment income as a result of the proposed capital programme.

Recommended to the Council that

- (i) **the new capital bids for £670k for 2016/17 at Annex A to the agenda report be approved, and be incorporated into the Capital Programme;**
- (ii) **the Prudential Indicators summarised below and explained in Annex D of the agenda report, including the MRP statement, for 2016/17 to 2018/19 in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Prudential Code for Capital Finance in Local Authorities 2011 be approved;**

Prudential Indicator	2016/17 Estimated £000	2017/18 Estimated £000	2018/19 Estimated £000
Capital Expenditure	1,045	525	525
Capital Financing Requirement	20,357	20,057	19,752
Ratio of financing costs to net revenue stream	4.29%	7.20%	7.24%
Incremental impact of investment decisions on Band D council Tax	£11.46	£6.63	-£0.16
Operational Boundary	24,000	24,000	24,000
Authorised Limit	26,000	26,000	26,000

Resolved to note

- (i) **that the Capital Financing Requirement for this Council as at 31 March 2017 is estimated to be £19,982m and as such a Minimum Revenue Payment of £202k is required;**
- (ii) **the provisional Capital Programme for 2017/18 and 2018/19; and**
- (iii) **the available capital receipts forecast shown in Annex C to the agenda report.**

61/E Treasury Management Strategy Report 2016/17

It was reported that the budget for investment income in 2016/17 was £300,000 based on an average investment portfolio of £20 million at an interest rate of 1.5%. The budget for debt interest paid in 2016/17 was £505,000, based on an average debt portfolio of £18 million at an average interest rate of 2.9%. If actual levels of investments and borrowing, and actual interest rates differed from those forecast, performance against budget would be correspondingly different.

Funding for the proposed corporate capital programme for 2016/17 – 2018/19 would need to be met through borrowing or out of revenue due to the fact that the Council's pool of capital receipts was virtually exhausted.

Recommended to Council the adoption of

- (i) **the Treasury Management Strategy for 2016/17 as set out in the agenda report;**
- (ii) **the Treasury Management Indicators for 2016/17 at Annex C to the agenda report; and**
- (iii) **the Annual Minimum Revenue Provision Policy Statement at Annex D to the agenda report.**

62/E Syrian Vulnerable Persons Relocation Scheme

Members were reminded that in September 2015 the Government had committed to resettling up to 20,000 Syrian refugees in the UK during this Parliament. Success in meeting the offer of 20,000 refugee places depended on the commitment of local authorities throughout the UK to accept refugees and the Government had indicated that they would try and place Syrian refugees equitably across the country.

Selection of refugees coming to the UK would be undertaken by the United Nations High Commissioner for Refugees (UNHCR). UNHCR would refer cases to the Home Office to check eligibility and carry out medical and security checks. The Council would be asked to accept or reject cases and on accepting a case, to arrange housing, school places etc.

The Home Office was keen to see a significantly higher number of South East Authorities coming forward and Surrey County Council had requested local district

councils to pledge to make offers to accept Syrian refugees. A Surrey Group had been formed to coordinate the offer under the Relocation Scheme which included representatives from Surrey County Council, health and the participating Boroughs and Districts. A local partnership would be established to develop a resettlement offer to households which drew on the support and services available from local services in all sectors.

The funding available from central Government had been included in the spending review and in two-tier authorities would be shared between County and Borough.

Concern was expressed in relation to the plight of Christian and other persecuted sects in Syria which were not necessarily being addressed by current aid programmes. It was considered that the government should be urged to take urgent action to assist these groups.

Resolved that

- (i) a provisional undertaking be given to the Home Office to resettle 2 households in Surrey Heath in the coming year under the Syrian Vulnerable Persons Relocation Scheme for Syrian Nations, subject to the project being deliverable within the funding available;**
- (ii) a review of the first 2 resettlements be undertaken after the first year and, subject to the results of the review, a further 8 households be resettled over the following four years;**
- (iii) the details of the best fit, and the acceptance of the specific families be delegated to the Executive Head of Regulatory after consultation with the Leader and the Regulatory Portfolio Holder;**
- (iv) the Leader be asked to request the government to take action to address the plight of Christian and other persecuted sects in Syria.**

63/E Establishment of a Development Company

The Executive was reminded that there was a need to deliver more development in the form of housing in order to secure funding from the Government, such as the New Homes Bonus. The Council, in its Key Priorities, had indicated its intention to promote construction-led development. In order to take some of the housing orientated initiatives forward, the Council would need to deliver housing development and any subsequent management thereof through either a joint venture vehicle or a development company. Any agreed model would have as its stated objective the development of sites within or for the benefit of the borough.

To date the Council had approached its property acquisitions as opportunities had arisen in the market. However it was often very difficult for the Council to secure sites quickly due to the current pace of market conditions plus the ability to buy

land for housing development. As a result the Council would need to look at more flexible models of delivery, through streamlined procurement options or a company structure.

In order to ascertain whether there was interest from the construction/development industry in joint venture with the Council to bring forward development, it was proposed to undertake soft market testing.

The options available to the Council would need to be fully explored by the officers after taking appropriate technical and legal advice but could range from a limited liability company limited by shares or a limited liability partnership. There were then variations which could include a wholly owned company, joint ventures with private partners for site specific development, or local asset backed vehicles with one joint venture partner for all potential development sites.

Where the Council was awarding contracts for goods, works or services, the EU procurement regulations would apply. In addition, the Council would need to comply with EU state aid rules and with all local authority finance and decision making requirements.

The funding and tax arrangements for each of these structures would also need to be closely looked at so that the company was structured in the most tax efficient way. It would also be vital to ensure compliance with best value requirements and that Section 123 tests are satisfied in each transaction. The governance arrangements of any company were also important to ensure there was sufficient transparency about future decision-making.

The Council's advisers were working to ensure options were tailored to the strategic interests of the economic area and Surrey Heath's aims and objectives. Once it was clear about the appropriate structures, this would form the basis of a further detailed report to Executive.

Resolved

- (i) to create a Land and Property Board to look at the current development opportunities within the borough and progress potential development sites within its ownership;**
- (ii) that the authorisations set out in the Property Acquisition Strategy be delegated to the Board; and**
- (iii) to authorise the Chief Executive to further explore, through appropriate soft market testing exercises, the appropriate procurement options and/or delivery vehicles referred to in this report to further the Council's commitment to delivering economic growth opportunities in Surrey Heath and other commercial ventures in support of Key Priority 2.**

The Executive received a report on the current situation with regard to the membership and performance of the Surrey Pension Fund, which was managed and administered by Surrey County Council on behalf of all Surrey district councils.

Resolved to note the report.

(Note: Cllr Rodney Bates left the meeting for the discussion on this item as he was a member of the Surrey Pension Fund.)

65/E Pay Policy Statement 2016/17

The Executive was advised that in accordance with Section 38(1) of the Localism Act 2011, the Council was required to update the Pay Policy Statement on an annual basis.

Recommended to Council that the Surrey Heath Borough Council Pay Policy Statement 2016/17, as attached at Annex A to the agenda report, be adopted.

(Note 1: Cllr Rodney Bates, as a member of staff of a neighbouring authority, was not present for the discussion on this item)

(Note 2: Cllr Richard Brooks, as his wife was employed by the Council, left the meeting for the discussion on this item.)

66/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)
67/E	3
68/E	3

Note: Minute 67/E is a summary of matters considered in Part II of the agenda, the minutes of which it is considered should remain confidential at the present time.

67/E Frimley Cricket Club

The Executive made decisions relating to the lease of Frimley Cricket Club.

68/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 it involved the likely disclosure of exempt information.

RESOLVED the minute 67/E remain exempt until completion of lease negotiations.

Chairman