

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

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+ 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

- Apologies for absence presented

In Attendance: Cllr David Allen, Cllr Chris Pitt and Cllr Victoria Wheeler

**71/E Minutes**

The open and exempt minutes of the meeting held on 10 January 2017 were confirmed and signed by the Chairman.

**72/E General Fund Revenue Estimates 2017/18**

The Executive noted that, whilst it was for the Council to decide upon the level of Council Tax set, the Executive could make a recommendation. Members were advised that the budget had been prepared on the assumption that Council Tax would be increased by £5 per band D property, being the maximum permitted without requiring a referendum.

It was reported that, from 2017/18 the Council would receive no Revenue Support Grant from Central Government to pay for its services. This included funding for services transferred by Central Government to the Council, such as the Local Council Tax Support Scheme which had replaced Council Tax benefit.

The net cost of Services for 2017/18 was £736k lower than last year. This was due to the significant investments which the Council had made in property during the year. As a result of this investment, there was no longer a need for a general savings target, nor did the Council have to use any of its New Homes Bonus this year to support the revenue budget.

Wages and salaries budgets had increased this year following many years of real term reductions. This reflected the creation of new posts to manage the new investment property function of the Council, but also took account of pressures the Council was facing in respect of pensions and competitive wage costs. The budget had therefore risen to cover these associated costs.

In line with the Council's strategy to increase income, a number of fees and charges had been increased and had been approved in accordance with financial regulations. These changes were reflected within the budget.

The previous Chancellor George Osborne had announced a four year local Government settlement in his 2015 Autumn Statement. Authorities could agree to the settlement if they submitted an efficiency plan. Over 97% of Councils across the country had agreed to the settlement. Although this Council had reluctantly agreed to the settlement, it had objected in the strongest terms to the “negative Tariff” in 2019/20, which was effectively a “tax” on the residents of the borough by Government. It was likely that this would be reviewed as part of the work in connection with the 100% localisation of business rates due to come in in the same year, but no change to this position had been assumed in the financial forecast.

The figures announced last year for 2017/18 had been confirmed in the provisional settlement announced on 15 December 2016 and had been used in calculation of this budget.

The Government had consulted during the year on the future of the New Homes Bonus (NHB). Although it had been confirmed that the scheme would continue, the Government had wanted to “sharpen” the incentive. The provisional settlement indicated that this Council would receive £1.226m in 2017/18, compared to £1.421m in the previous year.

Expenses totalling £645k were being charged directly to reserves set aside for this purpose. The General Fund was estimated to be at least £2m at the end of 2017/18, if the savings and budget were delivered as predicted.

The outcome of the forecast was that savings of about £186k would be required by 2021/22 on the assumption that the reduced New Homes Bonus was used to support the budget. This would need to be covered by a combination of increases in the Council tax base and Business rates, through new construction, as well as income generation from commercial activities and savings in the delivery of services. If the Council was unable to bridge the gap, then services might have to be reduced or stopped to ensure that the budget remained in balance.

The investment in property had transformed the Council’s finances for 2017/18 and more of this would be required if future financial challenges were to be met. Despite the risks attached, this was the only credible way that services could be maintained in the face of reductions in government funding.

Members were reminded that the Council paid a special grant to parishes to compensate them for the change to the tax base due to the introduction of the Local Council Tax support scheme. It was proposed that this grant would remain unchanged from that paid in 2016/17, despite the fact that it was no longer funded by central government.

### **Recommended to Council that**

- (i) the 2017/18 General Fund Revenue Budget of £10,507,079, as set out in Annex A to the agenda report be approved;**

- (ii) the support grant for parishes to compensate them for the effects of the local council tax support scheme be unchanged for 2017/18 compared to 2016/17;

**The Executive noted**

- (i) that the budget contained £645,000 as per paragraph 11 of the agenda report, chargeable to reserves set aside for this purpose;
- (ii) that a minimum revenue payment of £1.389m had been allowed to repay debt;
- (iii) that the Council no longer received Revenue Support grant which had reduced Government funding by £357,000;
- (iv) that the provisional NNDR baseline of £1,464,663 and the final settlement would be reported to Council at its meeting on 22 February 2017;
- (v) that a full report, setting out Council Tax proposals for 2017/18 would be presented to Council on 22nd February 2017;
- (vi) that, although investments had been made, further savings and income generation through investment would be required as a result of anticipated reductions in Government funding in the future; and
- (vii) the increase in the Council tax base generated from the development of new housing which delivered an extra £85,000 a year in Council Tax.

**73/E Treasury Strategy 2017/18**

The Executive was reminded that the Council's investment portfolio comprised of funds available for longer-term investment, and short term investments sufficient to meet cash flow requirements. Investment income was a significant source of income which was used to maintain services.

The Executive received a report which fulfilled the Council's legal obligation, under the Local Government Act 2003, to have regard to both the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice and the Department for Communities and Local Government Guidance on Local Authority Investments.

The Council had invested substantial sums of money and was therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk were, therefore, central to the Council's Treasury Management Strategy.

In accordance with the CLG Guidance, any changes to levels of investments and borrowing, or to the interest rates forecasted which resulted in changes to the approved treasury management indicators, would be reflected in relevant future reports for the Executive and the Council to consider.

The budget for investment income in 2017/18 was £300,000, based on an average investment portfolio of £25 million, at an interest rate of 1.2%. The budget for external debt interest paid in 2017/18 is £2.8m, based on an average debt portfolio of £124 million, at an average interest rate of 2%. It was noted that if actual levels of investments, borrowing and interest rates differed from those forecast, this would affect actual performance against budget.

Funding for the proposed corporate capital programme for 2017/18 – 2019/20 would need to be funded by borrowing or out of revenue due, as the Council did not hold any capital receipts.

**Recommended to Council the adoption of the following:**

- (i) the Treasury Management Strategy for 2017/18 as set out in the report;**
- (ii) the Treasury Management Indicators for 2017/18 at Annex A to the agenda report; and**
- (iii) the Minimum Revenue Provision Policy Statement and Estimated Minimum Revenue Provision Payment Table at Annex F to the agenda report.**

**74/E Corporate Capital Programme 2017/18 - 2019/20**

The Executive received details of the proposed 2017/18 Capital Programme, as shown in Annex A to the agenda report. The Council no longer held a Capital Receipts Reserve. As a result, only in-year receipts could be offset against the proposed spend. Annex C to the agenda report showed 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 disposals would not be realised.

The Revenue Capital Fund was estimated to be about £9.0m at 31 March 2017 and would be used to support the Capital Programme if required. However this would reduced the amount of reserve available to support revenue expenditure and hence the General Fund in the future. The Council had undertaken borrowing during 2016/17 to fund significant property acquisitions and should be prepared to do this again should the need arise.

The Executive noted the estimated loss of investment income as a result of the proposed Capital Programme, based on the estimated average rate of poorest performing investments of 0.6% for 2016/17.

Additional capital schemes might be brought during the year for the Executive and Council to consider. These might result in a change to the Prudential Indicators, the Capital Financing Requirement and the Minimum Revenue Payment. If this was the case, those changes would be reflected in the relevant reports for the Executive and the Council to consider.

**Recommended to the Council that**

- (i) the new capital bids for £3,871k, in Annex A to the agenda report, for 2017/18 be approved, and be incorporated into the Capital Programme;
- (ii) the Prudential Indicators summarised below and explained in Annex D to the agenda report, including the MRP statement, for 2017/18 to 2019/20, in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy's Prudential Code for Capital Finance in Local Authorities 2011, be approved:

<b>Prudential Indicator</b>	<b>2017/18 Estimated £000</b>	<b>2018/19 Estimated £000</b>	<b>2019/20 Estimated £000</b>
<b>Capital Expenditure</b>	<b>3,871</b>	<b>600</b>	<b>600</b>
<b>Capital Financing Requirement</b>	<b>140,653</b>	<b>138,901</b>	<b>137,112</b>
<b>Ratio of financing costs to net revenue stream</b>	<b>35.17%</b>	<b>38.52%</b>	<b>41.36%</b>
<b>Incremental impact of investment decisions on Band D council Tax</b>	<b>-£15.29</b>	<b>£8.27</b>	<b>£0.97</b>
<b>Operational Boundary</b>	<b>157,000</b>	<b>157,000</b>	<b>157,000</b>
<b>Authorised Limit</b>	<b>167,000</b>	<b>167,000</b>	<b>167,000</b>

**Resolved to note**

- (i) that the Capital Financing Requirement for this Council as at 31 March 2018 was estimated to be £140.653m and as such a Minimum Revenue Payment of £1,392k was required;
- (ii) the provisional Capital Programme for 2018/19 and 2019/20; and
- (iii) the available capital receipts forecast shown in Annex C to the agenda report.

**75/E Surrey Pension Fund**

The Executive received a report detailing the performance of the Surrey Pension Fund. The Surrey Pension Fund was managed and administered by Surrey County Council on behalf of all Districts, the County and a number of other organisations.

Due to growth in investments and additional payments the fund was now managing to keep pace with liabilities. This had resulted in the deficit falling and the funding level increasing. At the current time, the scheme was over 90% funded.

As a result of legislation, Local Government Pension Schemes had been required to pool their assets. Consequently, the Surrey Pension Fund had joined the "Borders to Coast Fund" which had a total value of £35.9bn.

The Fund was required to have an actuarial review every 3 years and this had last been carried out as at 31 March 2016. The review had indicated that the Fund would 82.6% funded compared with 72.3% in March 2013. As a result, the actuaries were recommending, for this Council, no increase in current contributions or deficit recovery payments for the next 3 years.

### **Resolved to note the contents of the report.**

## **76/E Drone and Model Aircraft Policy**

The Executive was informed that neighbouring authorities had recently adopted a zero-tolerance approach to the operating of Unmanned Aerial Vehicles (UVA) within their parks and open spaces. Consequentially, this was pushing more operators to move across boundaries, increasing the use of the Council's parks and open spaces.

A review of the Borough's Open Space Byelaws was in its early stages and was due to be completed before the end of 2017.

Members noted that a number of UAVs could be flown to capture or observe the images beneath, which had privacy implications of the subsequent use of the material captured. It was also noted that one of the Council's parks, in particular, was on the flight path into Farnborough Airport, which had further implications and restrictions imposed from the Civil Aviation Authority.

Learning to use this type of equipment was usually done through trial and error and so, naturally, results in a number of collisions and accidents, all of which have the potential to be a health and safety risk within Parks and Open Spaces. As these devices had become more affordable, the number of in-experienced operators was also increasing. The Council had seen a significant increase in the number of complaints from not only residents neighbouring its facilities but also from other users of the Parks and Open Spaces.

It was therefore proposed to introduce a Policy stating that permission would not be granted by the Council to any request to use Unmanned Aerial Vehicles on land owned by Surrey Heath Borough Council, whether for recreational or commercial purposes. Exemptions to this Policy would only be considered where users were part of a formalised model aircraft flying club that could demonstrate all health and safety and insurance measures were in place. A licence agreement must be made between the Council and the formalised club before site usage would be established.

It was proposed, for clarity, that the title of the Unmanned Aerial Vehicle Policy should be amended to include reference to Drones and Model Aircraft.

**Resolved to adopt the Unmanned Aerial Vehicle Policy, attached as Annex 1 to the agenda report, as amended, prior to a review and amendment of the current Byelaws.**

**77/E      Response to Woking Borough Council's Consultation on land east of Martyrs Lane**

The Executive considered a draft response to a consultation by Woking Borough Council.

In 2015, Woking Borough Council had produced a draft Site Allocations Development Planning Document (DPD) which proposed to accommodate future urban growth post 2027 through a series of Green Belt releases to the south of the Woking urban area. This safeguarding strategy was proposed and supported by the evidence base of that time.

Woking Council was now consulting on a proposal to substitute the proposed safeguarded sites to the south of Woking with a single Green Belt site to the north: Martyrs Lane, Horsell, Woking. This 112ha site was proposed to accommodate at least 1200 new homes from 2027.

This Council had not raised any concerns in relation to the proposed safeguarded sites in 2015 when Woking consulted on its draft Site Allocations DPD as they had been located to the south of Woking and some distance from Surrey Heath and its cross boundary interests. However, the Martyrs Lane site represented an entirely different strategy, with the Council looking to accommodate urban growth to the north of Woking, and close to Surrey Heath.

Given the proximity of the site to Surrey Heath, and an apparent lack of supporting evidence base to justify it, there was concern that this change of policy direction could have an adverse impact on residents and business' in Surrey Heath. In addition, Martyrs Lane lay adjacent to the A320, a strategic cross boundary road corridor that served Woking, Runnymede and Surrey Heath at that point. The road was an important route providing access to key service centres such as Woking and Staines, and to the M25. Congestion on the A320 had already been previously identified as an issue for the wider area.

**Resolved that the response set out in the letter at Annex 1 to the agenda report be submitted as Surrey Heath Borough Council's formal representations to the Woking Borough Council consultation on land east of Martyr's Lane.**

**78/E      Pay Policy Statement 2017/18**

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 2017/18, as attached at Annex A to the agenda report, be approved.**

**79/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)
80/E	3
81/E	3

**80/E Executive Working Group notes**

The Executive received the notes of the Camberley Theatre and Arena Working Group meeting held on 24 November 2016 and the Local Plan Working Group held on 19 January 2017.

**Resolved that the notes of the Camberley Theatre and Arena Working Group meeting held on 24 November 2016 and the Local Plan Working Group held on 19 January 2017, be noted.**

**81/E Review of Exempt Items**

The Executive reviewed the report 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 that, in relation to minute 80/E above, the notes of the Camberley Theatre and Arena Working Group meeting held on 24 November 2016 and the Local Plan Working Group held on 19 January 2017 be made public.**

Chairman