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Monday, 24 September 2018

To: The Members of the **Performance and Finance Scrutiny Committee**
(Councillors: Katia Malcaus Cooper (Chairman), Darryl Ratiram (Vice Chairman), David Allen, Bill Chapman, Edward Hawkins, Paul Innicki, David Lewis, Max Nelson, Robin Perry, Chris Pitt, Joanne Potter, Ian Sams, Wynne Price, Victoria Wheeler and Valerie White)

In accordance with the Substitute Protocol at Part 4 of the Constitution, Members who are unable to attend this meeting should give their apologies and arrange for one of the appointed substitutes, as listed below, to attend. Members should also inform their group leader of the arrangements made.

Substitutes: Councillors Rodney Bates, Surinder Gandhum, Ruth Hutchinson, Oliver Lewis and Conrad Sturt

Dear Councillor,

A meeting of the **Performance and Finance Scrutiny Committee** will be held at Council Chamber, Surrey Heath House, Knoll Road, Camberley, GU15 3HD on **Tuesday, 2 October 2018 at 7.00 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
1 Apologies for Absence	
2 Minutes of Previous Meeting	5 - 10
To receive the minutes of the Performance and Finance Scrutiny Committee meeting held on 4 th July 2018.	
3 Declarations of Interest	
Members are invited to declare any interests they may have with respect to matters which are to be considered at the meeting. Members who	

consider that they may have an interest are invited to consult the Monitoring Officer or Democratic Services Officer prior to the meeting.

- | | | |
|-----------|---|----------------|
| 4 | Member Call-In - Car Parking Charges | 11 - 26 |
| | To consider a member call-in in respect of an Executive decision taken on 12 th September 2018 in respect of changes to the parking tariffs in Camberley town centre multi-storey car parks. | |
| 5 | Portfolio Holder Update: Places and Strategy | 27 - 32 |
| | To receive an update from Councillor Craig Fennell on his work during 2018/19 in his capacity as Portfolio Holder for Places and Strategy. | |
| 6 | Portfolio Holder Update: Economic Development | 33 - 38 |
| | To receive an update from Councillor Colin Dougan on his work during 2018/19 in his capacity as the Portfolio Holder for Economic Development | |
| 7 | Joint Waste Contract | |
| | To receive an update from Matt Smyth, Director Joint Waste Solutions, on the implementation of the joint waste contract in Surrey Heath over the past year. | |
| 8 | Annual Report on the Treasury Management Service and Actual Prudential Indicators for 2017/18 | 39 - 56 |
| | To receive the Council's annual Treasury Management Report for the 2017/18 financial year. | |
| 9 | Council Finances | 57 - 62 |
| | To receive a report summarising the Council's financial position at the end of the first quarter of the 2018/19 financial year (April to June). | |
| 10 | Complaints Monitoring Annual Report 2017/18 | 63 - 66 |
| | To receive a report summarising the Council's corporate complaints monitoring arrangements and providing an overview of the lessons learned from complaints received during the 2017/2018 municipal year. | |
| 11 | Information Items | 67 - 70 |
| | To receive a report summarising the work taking place in areas falling within the Committee's remit where year on year change is limited. | |
| 12 | Performance and Finance Scrutiny Committee Work Programme | 71 - 74 |
| | To consider the Performance and Finance Scrutiny Committee's work programme for the remainder of the 2018/19 municipal year. | |

Date of Next Meeting

The next scheduled meeting of the Performance and Finance Scrutiny Committee will take

place on Wednesday 5th December 2018 at 7pm

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Minutes of a Meeting of the Performance and Finance Scrutiny Committee held at Council Chamber, Surrey Heath House, Knoll Road, Camberley, GU15 3HD on 4 July 2018

- + Cllr Katia Malcaus Cooper (Chairman)
- + Cllr Darryl Ratiram (Vice Chairman)

- | | |
|------------------------|-------------------------|
| + Cllr David Allen | + Cllr Robin Perry |
| + Cllr Bill Chapman | + Cllr Chris Pitt |
| + Cllr Edward Hawkins | Cllr Joanne Potter |
| + Cllr Ruth Hutchinson | Cllr Ian Sams |
| + Cllr Paul Ilnicki | + Cllr Wynne Price |
| + Cllr David Lewis | - Cllr Victoria Wheeler |
| - Cllr Max Nelson | + Cllr Valerie White |

- + Present
- Apologies for absence presented

Substitutes: Councillor Hutchinson for Councillor Wheeler

Members in Attendance: Councillor Vivienne Chapman
Councillor Paul Deach
Councillor Charlotte Morley

Officers Present: Adrian Flynn, Chief Accountant
Julia Hutley-Savage, Principal Lawyer
Louise Livingston, Executive Head: Transformation
Kelvin Menon, Executive Head: Finance
Tim Pashen, Executive Head, Community
Richard Payne, Executive Head: Corporate

1/PF Minutes of Previous Meeting

RESOLVED that the minutes of the Performance and Finance Scrutiny Committee meeting held on 21st March 2018 be approved as a correct record and signed by the Chairman.

2/PF End of Year Performance Report 2017/18

The Committee considered the Council's Annual Performance Report. The report summarised the performance and achievements of the Council against its stated objectives, priorities and success measures at the end of the 2017/18 Municipal Year.

Key achievements during 2017/18 included: work to refurbish and rebrand The Square shopping centre, securing planning permission to redevelop Ashwood House, starting the tendering process for the regeneration of the Arena Leisure Centre, publishing the Local Plan Issues and Options Report for public consultation, refurbishment of the Windle Valley Day Centre and the introduction of a new waste collection contract in partnership with Woking, Elmbridge and Mole Valley Councils.

Arising from Members' questions and comments the following points were noted:

- There had been little investment in The Square prior to the Council's acquisition. The Council's refurbishment plans were proving to be a key part of the Council's plans to attract new retailers to the centre and encourage existing retailers to stay.
- The difficult retail climate had been acknowledged by the Council. The Council's acquisition of key town centre properties meant that it was ideally placed to control the offer provided and enhance visitor experience.
- The consultants managing The Square were actively promoting the centre to retailers in line with an agreed retail strategy.
- It was confirmed that the Local Plan Issues and Options Consultation was currently accessible directly from the home page of the Council's website.
- It was confirmed that members would be provided with a full update on the refurbishment of Camberley High Street as part of the development works.
- It was requested that the Committee be given the opportunity to comment on plans for the development of a replacement for the Arena Leisure Centre. It was noted that the Portfolio that included leisure would be considered at the Committee's meeting in September.
- Members commended the video produced to highlight the Council's key achievements over the past year. It was agreed that the video would be made available publically.

The Committee noted the report.

3/PF End of Year Finance Report 2017/18

The Committee considered a report that provided a high level view of the Council's financial performance during the 2017/18 financial year.

It was reported that the Council had had a successful year with controlled spending. Whilst additional income had been generated in many service areas there were some areas where performance had not met targets. Notwithstanding this the level of overall subsidy provided had fallen and work was taking place to reduce subsidies further.

At the end of the 2017/18 financial year £4.6million had been spent on capital expenditure of which £3.2million had been spent on property acquisitions and the refurbishment of The Square shopping centre. The Council had investments of £14million a variety of banks, building societies and funds and £119million had been borrowed to fund property acquisitions.

Arising from Members' questions and comments the following points were noted:

- Lack of resources had meant that the Kevin Cantlon Shop Front Improvement Scheme had not been as widely promoted as the Council would have liked. Promotion of the scheme would form part of the newly appoint Economic Development Officer's remit.
- Camberley Theatre's income had not met expectation however costs were tightly controlled and the subsidy required by the theatre was being reduced year on year. It was stressed that the Council had made a commitment to having a theatre in Camberley and that the majority of local authority owned theatres required subsidising.
- The fall in income from car parks was attributed to a combination of increased business rates and a drop in the number of people using the car parks compared to previous years. The 4% drop in users was consistent with other town centres across the country.

- The Council had lodged an appeal over the increase in business rates applied to car parks with the Valuation Office. The outcome of the appeal was awaited.
- The large variance in the Homelessness budget was attributed to grants having been received late in the financial year. The funding received would all be spent during the current financial year.
- £100,000 had been allocated to the procurement work associated with the development of a new leisure centre. The money would be spent in phases with £11,000 having been spent to date; the remaining £89,000 would be carried forward to pay for subsequent procurement work.

The Committee noted the report.

4/PF Portfolio Holder Update: Special Projects

Councillor Morley gave an update in respect of the work that she had undertaken during the 2017/18 municipal year in her capacity as Portfolio Holder: Special Projects.

The Committee was informed that the portfolio had covered a wide ranging remit that included Heathrow Airport; railway infrastructure, and the new franchise operator and liaison with Surrey County Council, particularly in relation to infrastructure matters.

Heathrow Airport

Councillor Morley informed the Committee that she represented the Council on the Heathrow Community Engagement Board and, in her capacity as Portfolio Holder, provided responses to consultations on the expansion of Heathrow Airport and the redesign of the UK's flightpaths.

A response to Heathrow Airports Noise Plan had also been submitted on behalf of the Council. It was agreed that a copy of the response would be circulated to the Committee.

Rail Franchise

Responses had also been provided on a proposed new train timetable. As a result of the consultation, the rail franchise holder had revisited the franchise agreement and reinstated the London Waterloo Camberley through train and agreed that an additional train would be provided via Ash vale to coincide with the extended rush hour.

The lack of disabled access at Ash Vale Railway Station was acknowledged however travel to London via Ascot remained an option and transit times at Ascot had been included as part of the consultation.

Surrey Road Infrastructure

Liaison with Surrey County Council had resulted in an agreement to commit additional resources to the Meadows Gyratory Improvement works in order that as much work as possible was done overnight in order to minimise disruption.

Esso Aviation Fuel Pipeline Renewal

Esso plans to renew its Aviation Fuel Pipeline had been subject to consultation. Although the final route around the gravel pits in Frimley was still being determined the route of the new pipeline would avoid both Frimley Park Hospital and the Chobham Common SSI.

It was acknowledged that linking Farnborough Airport to the new fuel pipeline would reduce the number of heavy goods vehicles on the road in the surrounding area and the matter had been raised with the project team.

The Committee thanked Councillor Morley for her update.

5/PF Performance and Finance Scrutiny Committee Work Programme

The Committee considered a report setting out a proposed work programme for the 2018/19 Municipal Year.

It was noted that the work programme agreed by the Committee at their previous meeting had been amended to reflect changes to the Executive Portfolios. It was agreed that the following additional items would be added to the work programme:

- Meeting 5th December 2018 – Half Yearly Performance Report
- Meeting 20th March 2019 – Annual Plan 2019/20

It was acknowledged that the changes to the Executive Portfolios could impact on the length of meetings. It was agreed that the work programme would be kept under review and additional meetings would be scheduled if required.

RESOLVED that, subject to the addition of the agenda items above, the proposed Work Programme, as set out in Annex B of the report, would be approved.

6/PF Exclusion of Public and Press

RESOLVED that pursuant to Section 100A of the Local Government Act 1972, as amended, members of the public and press be excluded from the meeting for the consideration of Item 9 which involves the likely disclosure of exempt information under the following category of Schedule 12A of that Act:

3. Information relating to the financial or business affairs of any particular person (including the authority holding that information).

7/PF Major Property Acquisitions

The Committee received a report providing an update on the Council's major property acquisitions.

The Council's investments had been made in line with the Council's key priorities: Place, town centre properties acquired with the primary purpose of supporting the regeneration of Camberley town Centre, and Prosperity, properties acquired in order to support economic development in the borough through the retention of key employment sites.

It was noted that the redevelopment of the London Road Block Development would be carried out in accordance with by EU Procurement guidelines. Updates would be given to members as work progressed.

The Committee was informed that following the granting of a Company Voluntary Arrangement (CVA) that earmarked the Camberley branch of House of Fraser for closure the Council was working with House of Fraser to try and identify a way of keeping the

store open. However it was stressed that the CVA appeal period had not yet closed and there was a significant probability that the CVA could be challenged by landlords.

The Committee noted the report.

Chairman

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**Call In - Camberley Multi-story Car Parks
Tariff Review**

Portfolio	Places & Strategy
Ward(s) Affected:	All

Purpose

To consider a Member Call-In in respect of a decision of the Executive taken on 12 September 2018 to increase Car Parking tariffs in Camberley Town Centre.

Background

1. The Executive, at its meeting on 12 September 2018, considered a report seeking approval to increase the tariffs charged in Camberley's multi-storey car parks. The report considered by the Executive is attached as Annex B.
2. Having debated the issue, the Executive agreed that the original recommendations would be altered to take into account the renovation work currently taking place in the car parks concern and it was subsequently resolved (Minute 22/E, attached as Annex C) that:
 - (i) the car parking tariffs, as set out at Annex 1 to the agenda, be agreed, to come into effect after the completion of the works detailed in paragraph 1.3 of the agenda report and following the statutory Traffic Regulatory Order process; and
 - (ii) subsidised annual permits of £150 per annum be made available for Camberley Town Centre workers earning the living wage or below.

Call-In

3. In accordance with Part 4, Section C of the Council's Constitution, following the publication of the summary of decisions of that meeting, Councillors Edward Hawkins and Valerie White called in the Executive decision at paragraph 2 citing the following grounds for concern:
 - a) The decision to raise car park charges at a time when the income from car parking is falling; there is a fall in the footfall in the shopping centre; works will be underway in the High Street which will potentially cause disruption to shoppers and traders.
 - b) Concern that items (i) and (ii) of the agenda item were combined without adequate debate.
4. As part of their Call In Submission Councillors Hawkins and White set out the following reasons for calling in the decision:
 - a) There was insufficient information contained in the report as to the proper timing of the scheduled works;

- b) Lack of information on the viability of Camberley Town Centre and the impact of the revenue raised in the current financial year;
- c) Furthermore, a competitor town in Bracknell is reported to have decided not to increase charges in the car parks it manages.

Options

5. Part 4, Section C, Annex A of the Council's Constitution sets out the following options that the Performance and Scrutiny Committee can consider when responding to the Call-In:
- (i) Agree with the decision which has been called in, in which case it will be implemented with immediate effect;
 - (ii) Agree with the decision but add informatives to submit to the decision maker;
 - (iii) Refer it to the decision maker for reconsideration, setting out in writing the nature of any concerns. The decision maker will consider the decision as soon as reasonably practicable (in the case of decisions made by the Executive as a whole this would normally be expected to be at its next meeting);

After re-consideration, the decision maker will either implement the original decision or amend it as appropriate;
 - (iv) If it considers that the decision is contrary to the Budget or Policy Framework, refer the matter to the Council;
 - (v) Refer it to the Council if it is considered that the consequences will be significant. Where a decision is within the purview of the Leader, individual Portfolio Holder or the Executive, the Council must refer the decision back to the decision maker, where appropriate, with any recommendations; or
 - (vi) Under certain circumstances, scrutiny committees can require the Leader, individual Portfolio Holder or the Executive to submit a report to Council where it thinks a key decision has been taken which was not included in the Forward Plan. The detailed procedure is set out in the Access to Information Procedure Rules at Part 4.

Recommendation

6. The Committee is asked to consider the Executive's decision in light of the Call-In and to make recommendations in line with the options outlined in paragraph 5 .

Background Papers: None

Annexes Annex A - Call In form
Annex B - Report to Executive
Annex C - Executive minutes

Contact: Katharine Simpson – Senior Democratic Services Officer
katharine.simpson@surreyheath.gov.uk

Head of Service Richard Payne – Executive Head of Corporate

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CALL-IN REQUEST

A request for a decision of the Executive to be scrutinised by a Scrutiny Committee must be made in writing or by e-mail (preferably using this form). The request must identify the decision and state the reason(s) for requesting the review.

A call-in will be triggered if two or more councillors ask for the same decision to be scrutinised formally. If only one member calls in a decision, the matter will be placed on the agenda for the next programmed meeting of the Committee for discussion.

Unless both the Monitoring Officer and the Executive Head of Service or Head of Service are satisfied that it must be implemented urgently, the decision which is subject to a call-in shall not be implemented until the call-in procedure has been completed.

Date of meeting of the Executive	Wednesday, 12 September 2018
Deadline for receipt of call-in request	Noon on Tuesday, 18 September 2018.
Report Heading	Agenda Item 5; Camberley Multi-story Car Parks Tariff Review
Decision (or part thereof) which is to be scrutinised	The car parking tariffs, as set out at Annex 1 to the agenda report, be agreed, to come into effect after the completion of the scheduled works in the car parks and following the statutory Traffic Regulatory Order process;
Element(s) of the decision which cause concern	The decision to raise car park charges at a time when the income from car parking is falling; there is a fall in the footfall in the shopping centre; works will be underway in the High Street which will potentially cause disruption to shoppers and traders. Concern that items (i) and (ii) of the agenda item were combined without adequate debate.
Reason for requesting call-in	There was insufficient information contained in the report as to the proper timing of the scheduled works; lack of information on the viability of Camberley Town Centre and the impact of the revenue raised in the current financial year; furthermore, a competitor town in Bracknell is reported to have decided not to increase charges in the car parks it manages.
Outcome sought	The Executive to reconsider the decision taken on a split vote and only approved by the Chairman's casting vote
Potential witnesses (if any) to be	To be advised once the date of the Select

called	Committee is known
Signature <i>(if not sent by e-mail)</i>	Cllr Edward Hawkins Cllr Valerie White

Camberley Multi-story Car Parks Tariff Review

Summary

Car parks are often the first impression that visitors have of a town and so it is vital that they are maintained to a high standard reflecting the overall experience the town has to offer.

Maintaining car parks to a high standard requires regular and significant investment so that they continue to meet the ongoing requirements of customers, as the Council continues to lead in the improvement of the retail/leisure experience in Camberley

Although £800,000 has been invested in the Council owned town centre car parks, charges have remained frozen since April 2014 and it is now considered appropriate to review these charges in line with inflation.

Portfolio: Places & Strategy

Date Portfolio Holder consulted: 4 September 2018

Wards Affected: Town

Recommendation

The Executive is advised to RESOLVE that

- (i) The car parking tariffs, as set out at Annex 1 be agreed, to come into effect as soon as the statutory Traffic Regulatory Order process is complete;
- (ii) Subsidised annual permits of £150 p.a. be made available for Camberley Town Centre workers earning the living wage or below; and
- (iii) The Scheme of Delegation of Functions to Officers be amended to authorise the Executive Head of Business, in consultation with the Places and Strategy Portfolio Holder, to review and amend parking tariffs for the Main Square and Knoll Road Multi-story car parks every 2 years in line with RPI in relation, following the statutory Traffic Regulatory Order process.

1. Resource Implications

- 1.1 Following the last tariff increase in 2014, the cost of running and maintaining the car parks has increased. The cost of energy and staffing has risen together with business rates and maintenance costs. This, coupled with the need to invest in order to improve the car parks and the customer experience, has created a budgetary pressure which now needs to be addressed.

- 1.2 Since 2014 Members have approved over £800,000 of investment in the car parks to upgrade the car parks to increase efficiency and enhance the customer experience. This has included the introduction of a ticketless ANPR system, resurfacing of floors (including the provision of wider spaces) and refurbishing stair cores and lifts. Members agreed at the time expenditure was approved that they would consider a tariff increase once the works were completed.
- 1.3 In the current year, a further £670,000 of funding was approved to resurface the remaining three floors in Main Square Car Park, replace current lighting with energy efficient LED lighting and further upgrades to the stair cores and other public areas. This work commenced in August 2018.
- 1.4 The funding of these improvement works alone over a 25 year period will cost the Council approximately £90,000 per year. The proposed tariff increase, which is estimated could generate an additional £170,000 pa, will be used to cover this cost as well as fund further enhancements and deal with the increase in costs suffered since 2014.

2. Key Issues

- 2.1 This report covers proposed tariff changes for the two council owned multi-story car parks in Camberley Town Centre known as Knoll Road and Main Square.
- 2.2 Tariffs in the two multi-story car parks have been frozen since April 2014 and yet costs have continued to rise. Since this time inflation has risen cumulatively by 9%, using the Bank of England's online inflation calculator, up to 2017. The proposed tariff changes are in line with inflation and a full breakdown showing current and proposed charges is attached at Annex 1.
- 2.3 In response to modern parking requirements, significant investment has already been made but further improvements will be required if the car park is to complement the enhanced SQ shopping centre. This investment can only be delivered by increasing parking charges.
- 2.4 Whilst increasing rates for visitors to the town centre, the Council is keen to support workers based within Camberley and is therefore recommending that the current annual season ticket price for Knoll Road be frozen at the current rate of £825 per annum. This represents a discount of 22.7% against the new daily rate. Season ticket prices for Main Square will be increased in order to encourage workers to use Knoll Road thereby freeing up spaces in this car park for shoppers
- 2.5 Whilst a season ticket does represent good value and a substantial discount on the daily tariff, it is recognised that for some workers, particularly those working in the retail and service industries, even this cost represents a significant proportion of their earnings. To assist

these workers it is proposed to introduce a new parking season ticket for Camberley Town Centre workers earning the “living wage” or less (currently £8.45 per hour) which will enable holders to park in Knoll Road Multi Story Car Park on working days at a price of £150 each per annum. Up to 100 discounted season tickets will be available on a first-come, first served basis and will require the applicant to provide a copy of a payslip or a letter from their employer as proof of earnings.

- 2.6 Following the tariff changes Camberley parking charges will remain in the mid-range of parking charges when compared with similar centres in the local area. Annex 2 provides details of comparator information.

3. Options

- 3.1 The Executive has the options to:

- (i) agree the proposed charging regime
- (ii) amended the charging regime
- (iii) reject the proposed charging regime

4. Proposals

- 4.1 It is proposed that the Executive:

- (i) agree the proposed charging regime;
- (ii) agree to the introduction of a subsidised parking permit for low paid workers; and
- (iii) amends the Scheme of Delegation of Functions to Officers be amended to authorise the Executive Head of Business, in consultation with the Places and Strategy Portfolio Holder to review and amend parking tariffs in relation to Main Square and Knoll Road car parks every 2 years in line with RPI, following any necessary legal procedures.

5. Corporate Objectives And Key Priorities

- 5.1 Place: Delivering an improved Camberley Town Centre for the benefit of the Borough.
- 5.2 Prosperity: Strengthen the Council’s financial independence by increasing our own income.

6. Policy Framework

- 6.1 This proposal supports Council Policies to develop and improve Camberley Town Centre.

7. Equalities Impact

- 7.1 An Equality Impact Assessment has been produced which assesses

the impact on the protected groups identified under the Equality Act 2010.

8. Legal Issues

- 8.1 Changes to parking charges will require a Notice of Variation to be published in accordance with the Road Traffic Regulation Act 1984 and be placed in each affected car park giving 21 days' notice of the variation of parking tariffs.

9. Sustainability

- 9.1 The car parks will require continued investment if they are to meet the Council's aspirations for the regeneration and improvement of Camberley town centre. Unless other Council services are reduced this can only be funded through increased charges.

10. Risk Management

- 10.1 There is a risk that the full increase in income may not be achieved as this is dependent on car park usage.
- 10.2 In addition there is a risk that if tariffs are not increased, funding may not be available for further improvements to the car parks thereby making Camberley a less attractive place for companies to invest in and shoppers to visit.

11. Community Safety

- 11.1 Upgrading of the car parks, such as through new lighting, creates a safer and more attractive environment for users.

12. Consultation

- 12.1 Notices will be erected in each car park affected and on the council's website informing the public and town centre stakeholders of the proposed tariff variations giving instructions on how to comment or object to the proposals.
- 12.2 Comments and unresolved objections will be forwarded to the Executive Head of Business for consideration.

13. PR and Marketing

- 13.1 This is a good opportunity to emphasise that the Council will continue with its investment programme in its car parks to ensure high standards are maintained and to support the marketing of the Town Centre.
- 13.2 It should also be stated that this is the first price rise in 4 years for the two multi-story car parks.

14. Officer Comments

- 14.1 Car parks are often the first and last impression that visitors have of a town and so it is vital that they are maintained to a high standard reflecting the overall experience that the town has to offer. Maintaining car parks to a high standard requires regular and significant investment so that they continue to meet the ongoing requirements of customers.
- 14.2 This applies not only to shoppers and workers, but also potential investors and businesses looking to locate to Camberley Town Centre.

Annexes	Annex 1 – Proposed Charges Annex 2 – Charging Comparison with other Local Authorities
Background Papers	None
Author/Contact Details	Eugene Leal – Parking Services Manager Eugene.leal@surreyheath.gov.uk
Head of Service	Daniel Harrison - Executive Head of Business

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	✓	✓

ANNEX 1 Proposed Charges

Multi-story car parks

Main Square – Daily Fees

Duration	Customer p/a	Existing Tariff	Recommendation*
2 hours	482,980	£1.80	£2.00
3 hours	101,044	£2.30	£2.50
4 hours	34,602	£3.50	£3.70
6 hours	16,778	£5.00	£5.50
10 hours	15,862	£7.00	£7.50
Evening	33,198	£2.00	£1.50**
Sunday	99,145	£1.50	£2.00
Income (Net VAT)		£1,360,758	£1,504,940
		Increase in income	£144,182

* 9.26% rounded to nearest 10p

** Evening tariff reduced to support night time economy

Main Square – Season Tickets

Period	Customer p/a	Existing Tariff	Recommendation*
12 months	18	£995	£1,085
6 months	9	£575	£630
3 months	21	£290	£315
**1 month	new	-	£92
Income (Net VAT)		£24,313	£26,512
		Increase in income	£2,200
	*9.26% rounded to nearest £5		

**Monthly price is for online permits only where and when available.

Knoll Road – Daily Fees

Duration	Customer p/a	Existing Tariff	Recommendation*
1 hour	36,917	£1.00	£1.10
2 hours	47,344	£1.50	£1.60
3 hours	19,535	£2.00	£2.20
4 hours	8,076	£3.00	£3.30
10 hours	28,990	£4.00	£4.40
evening	7,805	£1.50	£1.50**
Sunday	8,280	£1.50	£2.00
Income (Net VAT)		£259,432	£284,842
		Increase in income	£25,410
*9.26% rounded to nearest 10p			
** Evening tariff frozen to support night time economy			

Knoll Road – Season Tickets

Period	Customer p/a	Existing Tariff	Recommendation* No change
12 months	245	£825	£825
6 months	0	£475	£475
3 months	7	£240	£240
**1 month	new	-	£70
Income (Net VAT)	0	£169,838	£169,838
		Increase in income	-
	*9.26% rounded to nearest £5		

* No change to support local businesses and town centre workers

**Monthly price is for online permits only where and when available.

** Business Permits have reduced in price to reflect the reduction in the All day parking tariff from £2.50 to £2.00

Annex 2: Comparative Charges with proposed changes applied.

Multi-story Car Parks

Location	Daily Tariff Type				Annual Season Ticket
	2 hours	10 hours	Sunday	Evening	
Fleet/Hart	£1.00	£7.00	£1.00	£1.00	£1,200
Aldershot	£1.00	£3.60	£0.60	£1.00	£1,468
Farnborough	£1.20	£5.00	£0.60	£1.00	-
Wokingham	£1.20	£4.00	£1.00	£1.00	£900
Camberley Knoll Road	£1.60	£4.40	£2.00	£1.50	£825
The Atrium	£1.70	£6.90	£1.50	£1.50	-
Camberley Main Square	£2.00	£7.50	£2.00	£1.50	£1,085
Basingstoke	£2.00	£10.00	As weekday	£1.00	-
Farnham	£2.00	£13.00	Free	Free	£1,145
Guildford	£2.40	£12.00	£1.50	£1.00	£2,146
Bracknell	£2.50	£8.30	As weekday	£1.50	£1,000
Woking	£2.80	£11.00	£3.00	£1.40	£2,250
Windsor	£3.70	£13.00	As weekday	£1.50	-
Reading	£4.00	£20.00	As weekday	£3.50	-

**Minutes of a Meeting of the Executive
held at Council Chamber, Surrey Heath
House, Knoll Road, Camberley, GU15
3HD on 12 September 2018 (extract)**

+ Cllr Moira Gibson (Chairman)

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

+ Present

- Apologies for absence presented

In Attendance: Cllr Rodney Bates, Cllr Bill Chapman, Cllr Edward Hawkins, Cllr Katia Malcaus Cooper, Cllr Robin Perry, Cllr Ian Sams and Cllr Valerie White

22/E Camberley Multi-story Car Parks Tariff Review

The Executive received a report proposing increases to the tariffs for the Council's multi-storey car parks in Camberley Town Centre: Main Square Car Park and Knoll Road Car Park. Charges had not been increased since 2014 and the proposed charges reflected the 9% increase in inflation since the last increase to tariffs.

The Executive was reminded that the car parks were often the first impression that visitors had of a town and that maintaining them to a high standard required regular and significant investment. It was noted that, since 2014, over £800,000 had been spent on improving the car parks; this had included the introduction of a ticketless ANPR system, refurbishing stair cores and lifts, resurfacing of floors including the provision of wider spaces, and replacing the lighting with energy efficient LED lighting.

Members were informed that the funding of these improvement works over a 25 year period would cost the Council approximately £90,000 per year. The proposed tariff increase, which was estimated could generate an additional £170,000 per annum, would be used to cover this cost as well as fund further enhancements.

It was suggested by some Members that it was not an appropriate time to increase charges due to the current uncertainty in retail, including recent uncertainty concerning the town's anchor store. Members also noted that footfall was currently down in the Town Centre, although it was advised that this could have been attributed to the above average weather that summer and there was evidence that footfall was increasing again. It was therefore proposed that the charges be reviewed in 12 months' time when the retail position was better known. A further proposal was made that the increases should be introduced once the current schedule of car park works was completed.

The Executive endorsed the proposal for up to 100 discounted season tickets of £150 per annum to be made available for Camberley Town Centre workers earning the living wage or below; the tickets would be available on a first-come, first served basis and would require the applicant to provide a copy of a payslip or a letter from their employer as proof of earnings.

Whilst it was agreed not to amend the Scheme of Delegation of Functions to Officers to enable automatic inflationary increases to tariffs in line with inflation, Members supported a biennial review of the charges by the Executive to ensure that charges remained at the right level.

RESOLVED that

- (i) the car parking tariffs, as set out at Annex 1 to the agenda report, be agreed, to come into effect after the completion of the works detailed in paragraph 1.3 of the agenda report and following the statutory Traffic Regulatory Order process; and**
- (ii) subsidised annual permits of £150 per annum be made available for Camberley Town Centre workers earning the living wage or below.**

PERFORMANCE AND FINANCE SCRUTINY COMMITTEE

Portfolio	Business
Ward(s) Affected:	All

Places and Strategy Portfolio

Purpose
To provide a progress report on the Places and Strategy Portfolio.

Background

The Place and Strategy Portfolio covers the following key areas: car parking, heritage services; public and open spaces; sports and leisure and strategic infrastructure and public realm.

1 Car Parking Services

- 1.1 The Parking Services team is divided into 3 key areas: On Street Enforcement (until November 18), Car Parks and back office Admin Support.
- 1.2 On street parking enforcement is delivered via an agency agreement on behalf of Surrey County Council (SCC). It is expected that the cost of this service is covered via income from Penalty Charge Notices with any surplus divided between the Local Area Committee (60%), SCC (20%) and Surrey Heath (20%). The enforcement team cover the Camberley Town Centre CPZ (controlled parking zone) and other restricted parking areas across the borough. They also provide parking enforcement in the 7 pay and display car parks across the borough.
- 1.3 In January 2018 Surrey County Council decided to restructure the way in which on-street Parking was to be delivered across Surrey. Woking Borough Council have been tasked with delivering on-street parking enforcement in Surrey Heath from 31st December 2018. However, as this is the busiest time of the year parking services, the changeover has been brought forward to early November 2018. Surrey Heath will continue to manage and provide enforcement across the borough's multi-story and surface car parks.
- 1.4 The Car Parks team manage Main Square and Knoll Road multi-story car parks in Camberley. The car parks are operated via a ticketless Automated Number Plate Recognition system (ANPR). This system reads the car number plate on entry and when the customer is ready to leave they enter their registration number into the pay machine.
- 1.5 Parking administration support staff process the Parking Charge Notices (PCN), deal with appeals and administer the parking permit scheme. A recent innovation is moving the application and issuing of parking permits 100% online. Residents can now create an account, buy virtual on-street permits and virtual visitor permits. Residents will be sent electronic reminders when their permits are due to expire and they can log in to their account to make changes (e.g. their registration number) all of which reduces admin and costs to the organisation.

- 1.6 This system fully integrates with our enforcement system, so it will be impossible for any driver with a valid permit, waiver or dispensation to be issued with a parking ticket.
- 1.7 In July 2017 Parking Services introduced the Glide Parking App, which is supplied by Newpark, the company which provides the automatic number plate recognition parking system. The Glide Parking App enables customers of our Main Square and Knoll Road multi-storey car parks to pay via their phone. Customers create their own account with Glide and can have up to 4 vehicles registered on their account. Businesses can also use the system and can have up to 20 vehicles registered on each account. Digital systems such as Glide reduces the number of customers using our pay stations which in turn reduces queues during busy periods.
- 1.8 RingGo provides a similar service in four surface car parks, the Arena Leisure Centre, York Town, Watchetts Road and Surrey Heath House (weekends and Bank Holidays). Use of RingGo is greatest in York Town car park, which accounts for 40% of payments.

- 1.9 Methods of payments for Financial Year 2017/18 shows the following split:

Cash	61.9%
Chip and Pin	17.1%
Contactless	11.9%
Glide/Ring Go	9.6%

- 1.10 Knoll Road multi-storey car park lift No 1 was brought back in to service following a period of full refurbishment that saw a replacement of the control, communications and electronic systems.
- 1.11 Online virtual permits for all permits were rolled out between September 2017 and April 2018. This was well received by customers, a number of whom had already asked if they could pay online. At the time of writing the council has issued 180 virtual business permits and 169 virtual residents permits through MiPermit. The key reasons for introducing the online permits are:
- Improve access to our permit systems for customers, who create their own on-line account with MiPermit to apply for, change and pay parking permits and visitor permits any day of the week.
 - No more waiting for Parking Services to open on a Monday morning to buy or change a permit.
 - No waiting for a new permit through the post as changes are made in real-time and are linked to the civil enforcement officers who patrol the streets.
 - Improve the efficiency of permit renewals, email notifications are sent to customer and the customer can set up automatic payments so they do not miss a payment.
 - Permits are provided via MiPermit, who provide full customer support, which has seen a large reduction in the number of customers contacting the Council
 - Savings are made through no more postage charges for issuing permits or sending reminder letters; buying and storing physical parking permit; maintaining a manual database; reduction in administering the payment systems and refund processes.

- 1.12 Improvement works totalling £670,000 to Main Square car park commenced in August 2018. The work includes:

- the resurfacing of Levels 1, 2 and 3 and their ramps and the spiral exit ramp;
 - the replacement of the expansion joints within the car park;
 - installation of LED lights, with motion and light sensors and
 - the refurbishment of the walls, handrails, balustrade in all stairwells.
- 1.13 The resurfacing of the car park also includes widening the standard bays to 2.6m, to help customers park more easily and reduce queuing within the car park at busy times and relocating the disabled parking bays for better access. The car wash has also been relocated from level 3 to level 2 to a more visible location for the contractor and also to free up parking spaces nearer the main stairwell. The resurfacing works are due to finish mid-November 2018. The LED Lights and Stairwell are due to finish this calendar year.
- 1.13 1.14 In April 2018 the council promoted the ParkSmart scheme to improve safety outside of schools at drop off and pick up times. The scheme has been very well publicised in the press, national journals and on social media and the presence of our civil enforcement officers has been very well received. The civil enforcement officer will issue penalty notices when required and will make a record of each vehicle that they ask to move on. The objective is to make poor parking outside of schools socially unacceptable, so drivers become self-enforcing.

2 Sports and Leisure

- 2.1 The Commercial and Community Development (CCD) team, supports the delivery of the council's key objectives that relate to "People", particularly in relation to health and wellbeing, sport and leisure activities and community engagement. The team is also responsible for delivering income generating events and activities and events that support the local economic community.
- 2.3 Key areas of work for the Commercial and Community Development Team over the past twelve months have included:
- Hosting a range of events including the Camberley Carnival (in conjunction with Media and Marketing), Ice Skate Camberley, Festival of Winter Walks, Sports Awards, GO-TRI, Great British Tennis Weekend and Camberley Beer Festival
 - Hosting community engagement events such as "Club Conversations" project, encouraging Surrey Heath Clubs to network and share best practice
 - Supporting external events such as Surrey Heath Show
 - Concluded two year "Get Active 50+" scheme which encouraged around 190 previous inactive people over the age of 50 to take up some sort of physical activity
 - Partnership work with Surrey Heath Clinical Commissioning Group to launch hugely successful RFIT (Rugby Fans in Training) nutrition and physical activity programme, which helped participants to lose weight, reduce blood pressure and heart age and improve mental wellbeing
 - Providing informal opportunities for residents of all ages to be more active such as "Ping Pong Parlour" in the town centre, which during the summer holidays was receiving over 2000 visits a week
 - Partnership working with the Lawn Tennis Association to deliver refurbishments, new online booking system and new annual membership for SHBC tennis courts – resulting in improved

understanding of users, easier customer journey and increased income generation

- Collaboration with local clubs to provide free coaching sessions for hundreds of young people as part of the Surrey Youth Games, where Surrey Heath won the coveted Fair Play Trophy in reflection of conduct of our young people
- Increased number of volunteers supporting leisure and conservation events from 27 to 67
- Engaged over 100 members of staff, local residents and councillors to do more physical activity through Sport Relief “Step Challenge”, collectively walking over 15 million steps in a month period.

3 Greenspace

- 3.1 This year has seen an increase in the number of incidences of vandalism, theft and illegal encampments which has seen clear-up cost and insurance claims increase. We are looking to increase security measures on all sites.
- 3.2 SHBC has purchased a former golf course in West End that the Greenspace team are setting up as a SANG to facilitate development in that part of the borough.
- 3.3 At Lightwater Country Park the Greenspace team has re-stocked Hammonds Pond (using grant funding) for residents to enjoy fishing along with the introduction of bees at the country park.
- 3.4 The on-going project to improve Camberley Park is working towards its conclusion with works to maintain the overgrown shrub, tree works and planting to improve and open up views to the Obelisk at the top of the park.
- 3.5 This year there has been a number of cross-team projects and national schemes that have seen us install Tik space signs and dog waste bags in a number of parks. We are also heavily involved in the Dogs Trust ‘Walk this Way’ campaign at Frimley lodge park. Furthermore we have worked with a number of agencies and charities to see us find Great crested newts on one of our sites, swift boxes installed and we are currently monitoring for Hedgehogs.

4 Contracts

- 4.1 Along with monitoring and maintaining the standards of our existing contract we have gone out to tender for a Parks and Grounds Maintenance Contractor who we have now appointed and are currently working through the contract mobilisation process.
- 4.2 Along with this we are mid-way through a large procurement to appoint a leisure provider to help us build a new leisure facility for our residents.

5 **Heritage**

- 5.1 The Museum at Surrey Heath House has closed and the service has moved into the Heritage Gallery in the town centre. This has seen not only an increase in visitors but greater attendance to their events, walks and talks.

6 **Projects**

- 6.1 The projects to replace and improve play areas through commuted sums has seen the replacement of playgrounds at Clarence Drive, Martell Close and Cheylesmore Park. Shortly work is due to commence Evergreen Road. There are projects underway that will see parks at Frimley Lodge Park and Lightwater Country parks replaced later this year.

Annexes:	None
Background Papers:	None
Report contributors:	Eugene Leal, Parking Team Leader Ben Sword, Commercial and Community Development Manager Sue McCubbin, Recreation and Business Manager
Executive Head:	Daniel Harrison, Executive Head: Business

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Economic Development Strategy Update

Summary: The Executive agreed the Council’s Economic Development Strategy (the Strategy) in 2014, and a further update in 2018. Further that it should receive an annual update on progress against its action plans. This report is the 2018 update for the Performance and Finance Committee and the information is provided to support the scrutiny of the Economic Development Portfolio Holder.

Portfolio: Transformation

Signed off by Portfolio Holder: Economic Development

Wards Affected: All

Recommendation

The Committee is advised to comment as appropriate and note the content.

1. Resource Implications

- 1.1 Surrey Heath no longer receives central Government Funding to support its services. Greater retention of Business Rates, changes in the Non-domestic rating system and support from the Em3 LEP allows for a continuing, and improving support system for local businesses.
- 1.2 The Council’s corporate priority; Prosperity, states that “We will support and promote our local economy so that people can work and do business across Surrey Heath”. The Economic Strategy is the Councils commitment to the Borough on supporting and creating situations for growth and sustainability for business and the community.

2. Summary

- 2.1 The Strategy identifies three principal economic objectives. These are:

a) A sustainable place to live, work, shop and play

b) A great place for business to flourish

c) A great place for people to succeed

- 2.2 Each objective has corresponding actions and action plans setting out projects relevant to each of the three main areas. The Action Plan is appended as Annex 1 of the Report.
- 2.3 The Committee is asked to note that the Strategy has 18 months left to run, and the economic landscape has changed significantly since its

first iteration in 2014 and therefore some Actions have been removed or altered to ensure we are delivering the right projects to support the economy.

3. Key Issues

3.1 Annex 1 sets out the progress against the Strategy action plans and should be read in conjunction with this report. This Key Issue section seeks to highlight some of the main areas of economic development work over the past twelve months since the last update and comment on some of the future Government funding changes which are set to influence this area.

3.2 Figures

Number of business registered for PAYE and VAT – 4,715
Additional 1,550 businesses (self-employed or under the VAT level)
Population – 88,400
Jobs in the Borough – 52,000
Borough GVA - £3.3bn up 1.8%
Highly Skilled workforce - 33% employed professionals
17% of all employed in the Borough are Managers and above,
compared to the national average of 11%

3.3 Open for Business

3.4 2018 has seen the continued development of positive cooperative inter-department relationships as part of the 'one team' approach; and active working with the LEP and colleagues at Surrey County Council.

3.5 Open for Business continues to be a successful collaboration between the Council and business. The Business breakfast, Business awards and the Camberley Expo held in 2017 have been successful in continuing the Council's approach to Open for Business.

3.6 The Kevin Cantlon Shop Front Improvement Grant Scheme is also benefiting small local retail businesses, allowing them to invest in their business with support from the Council.

3.7 The Economic Development team are beginning to attend organised networking events locally and discussing the work of the team and where SHBC can support through its Open for Business initiative. Great connections are being made, which will no doubt prove worth while.

3.8 Economic Development is continuing to work with the Frimley Business Association to support their plans, and is re-connecting the Watchmoor and Yorktown Business associations and more to provide support where required.

- 3.9 Surrey Heath is part of a County wide pilot to retain business rates, with funds to be used to support Economic Growth within the Borough, projects are being identified and reviewed for roll out during 2019.
- 3.10 7 Businesses within the Borough have accessed support over the last 12 months from the EM3 Growth Hub, who have been supported through growth planning and support from the team and the EM3 ambassadors.
- 3.11 The Economic Development team works with wider teams across the Council to support the Councils ambitious growth plans, identifying key economic impacts of projects for developments for the Council and for Businesses throughout the Borough.
- 3.12 Economic Development – Supporting development
- 3.13 As the Strategy moves into its fourth year it has undergone a brief update to ensure that the aims and actions are still relevant, For example:
- The Council has brought The Square (the Mall) to ensure economic growth and to help Camberley achieve LEP step up Town status. The Council has greater ownership of the London Road Block, and is taking forward plans to develop the block over the coming years, presenting a clearer gateway to the town from the A30. The Council has also purchased St George’s Industrial Estate and Albany Park Business Park.
 - The Council was successful in its Bid submission to the Em3 LEP to conduct public realm improvements to Camberley High Street. The £3.5 million will enable improvements to Knoll Walk, Princess Way and High Street, widening pavements and introducing public art to increase dwell time and a clear identity.
- 3.14 The Council, has supported Surrey County Council in 2 bids to the LEP for highways improvements for the Town. One is for improvements to the A30, which will support the London Road block development opportunity, and a further one supporting the Blackwater Gold Grid scheme.
- 3.15 The next 12 months
- 3.16 To ensure that the Councils Economic Development Strategy fully reflects the needs of an ambitious Borough, a full update to the Strategy will be undertaken during 2018/19. The update will include an update to the baseline data, and a smarter, more agile strategy, which will reflect the needs of an ever changing economy. This will also allow Surrey Heath to react quicker to the realities of Brexit post March 2019.
- 3.17 The Council will work closer with The EM3 Growth hub to deliver a range of support within the Borough. We will signpost more growth

businesses to the Growth hub for free support, as well as work with the hub to deliver support and seminars throughout the next 12 months. Em3 Growth Hub has identified Surrey Heath as a Scale up area as part of a pilot project to target up to 15 high growth, high innovation companies in the Borough to support them in their growth plans aiding them in achieving 20% growth in turnover and/ or employment.

- 3.18 The Economic Development team will continue to work with teams across the Council to support the delivery of the Councils ambitious Growth plans.
- 3.19 The Economic Development Team will continue to promote the Kevin Cantlon Shop Fronts scheme, going out to commercial agents, shop fit out companies and others to ensure that those choosing to update their shop front, or new tenants or owners, know that they have access to the funding.
- 3.20 The Economic Development team will continue to work on the new Customer Relationship Management tool, Tractivity, supplied by the Em3 LEP, to manage the database of businesses and contacts to support the organisation of future business related events and communications, and with this, develop a new reporting system for company engagement.
- 3.21 The Economic Development team will work with the EM3 LEP, Invest Surrey and the Department of International Trade to ensure that companies who wish to expand into new markets, such as exporting, can gain support from the correct organisations.
- 3.22 The Economic Development team will continue to work with the Surrey Skills and Training Board to ensure we support our businesses in taking up and developing apprenticeships throughout the Borough of all levels and sectors.
- 3.23 The Economic Development Team will deliver a Corporate Social Responsibility project for the Borough enabling businesses of all sizes and sectors to get involved in organised volunteering and fundraising to support local causes. This project is also encouraging regular networking, supporting growth of local supply chains.

4. Options

- 4.1 The Committee has the option to comment on the report and note it.

5. Proposals

- 5.1 It is proposed that the Committee comments on and notes the report.

6. Supporting Information

- 6.1 6.1 The full Economic Development Strategy is available on the internet. <https://www.surreyheath.gov.uk/business/economic-development/economic-development-strategy>

7. Corporate Objectives And Key Priorities

- 7.1 Corporate objective 2 – ‘We will support and promote our local economy so that people can work and do business across Surrey Heath’.

7.2 Key priorities -

- Work with partners to support our economy through strategic development planning and economic growth
- Support local businesses by encouraging improvements to local transport and infrastructure
- Encourage inward investment
- Encourage new developments to strengthen the local economy

8. Policy Framework

- 8.1 Supports the Council’s policy objective to work with and support the local business community.

9. Legal Issues

- 9.1 No legal issues identified.

10. Governance

- 10.1 The Strategy cuts across a number of service areas and will be overseen by the Portfolio Holder for Economic Development.

11. Risk Management

- 11.1 Minimal risk as the Council is committed to supporting business as set out in the 5 Year Strategy and Key Priorities.

12. Human Rights

- 12.1 No issues identified.

13. Consultation

- 13.1 Consultation was carried out at the time the Strategy was initially developed in 2014, but not for the 2018 update.

14. PR And Marketing

- 14.1 The Council has utilised the resources of the media and marketing team to strengthen its promotion of activities and events.

15. Officer Comments

- 15.1 This is the fourth annual update of the Strategy on the anniversary of its approval by the Executive. Progress has been made in working with the business community and enhancing the Council's role in supporting the local economy and the Councils development projects. Work will continue on a daily basis in this vein.

Annex 1	None
Background Papers	Economic Development Strategy
Author/Contact Details	Teresa Hogsbjerg, Economic Development Manager Teresa.Hogsbjerg@Surreyheath.gov.uk
Head of Service	Louise Livingston, Executive Head of Transformation louise.livingston@surreyheath.gov.uk

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	✓	

Annual Report on the Treasury Management Service and Actual Prudential Indicators for 2017/18

Summary

Report to advise members of the Treasury Management Service performance and to illustrate the compliance with the Prudential Indicators for 2017/18

Recommendation

The Performance and Finance Scrutiny Committee is asked to NOTE the report on Treasury Management including compliance with the 2017/18 Prudential Indicators;

1. RESOURCE IMPLICATIONS

1.1 None directly as a result of this paper, but the Authority is heavily dependent on investment income to support its current revenue expenditure. The table below shows investment income from treasury activities (excluding Iceland) from 2013/14 to 2017/18.

1.2

Year	Investment income from treasury activities	Increase/decrease compared to previous year	
		£0	%
2013/14	£'000 208	-92	-42.80%
2014/15	273	35	17.00%
2015/16	515	242	88.80%
2016/17	488	-27	-5.30%
2017/18	165	-323	-66.20%

1.3 Treasury income returns decreased in 2017/18 due to the continuing low interest rate environment nationally coupled with the redemption of investments to repay borrowing.

2. KEY ISSUES

2.1 The Authority's treasury management activity is underpinned by CIPFA's Code of Practice on Treasury Management ("the Code"), which requires authorities to produce annually Prudential Indicators and a Treasury Management Strategy Statement on the likely financing and investment activity. The Code also recommends that members are informed of treasury management activities at least twice a year. This report informs members of the outcome of treasury activities in the last year and a further report later in the year will report on the first 6 months.

2.2 Treasury management is defined as: "The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

- 2.3 The Council has invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds, and the revenue effect of changing interest rates. Overall responsibility for treasury management remains with the Council. No treasury management activity is without risk; the effective identification and management of risk are integral to the Council's treasury management strategy.
- 2.4 This report is the annual report for the 2017/18 financial year. It includes both a summary of treasury management performance during the year as well demonstrating compliance with the 2017/18 Prudential Indicators.
- 2.5 This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to both the CIPFA Code and the Ministry of Housing, Communities and Local Government) (MHCLG) Investment Guidance, and the CIPFA Prudential Code for Capital Finance in Local Authorities. In December 2017, CIPFA published revised editions of the Treasury Management and Prudential Codes. The Ministry of Housing, Communities and Local Government also published a revised Guidance on Local Government and Investments and Statutory Guidance on Minimum Revenue Provision (MRP).
- 2.6 Detail of Other Local Authority regulatory changes are shown in note 5.6.
- 2.7 The required changes from the 2011 Code are being incorporated into Treasury Management Strategies and monitoring reports.
- 2.8 The Council borrowed externally to purchase property and the impact of this is included within this report.
- 2.9 The Council does not have any Lender option Borrower option loans (LOBOs) on its books, all borrowing has either being via the public works loan board (PWLB) or other local authorities.

3. SUPPORTING INFORMATION

Treasury Management Strategy 2017/18

- 3.1 The Council approved the 2017/18 Treasury Management Strategy, which includes the investment strategy, at its meeting on the 22nd February 2017. All treasury management activity complied with the approved treasury management strategy, the CIPFA Code of Practice and the relevant legislative provisions. Further amendments to the strategy to increase the Council's borrowing limit were approved on 20th June 2017 and 1st August 2017.

Investment Strategy 2017/18

- 3.2 The approved investment strategy for 2017/18 adopted a view to investment that sought to balance risk against return. It maintained a policy, on the advice of our treasury advisers Arlingclose, of diversifying investments including longer term investment funds which give a good return but can be more volatile. The Council maintained its longer term investment in the CCLA Property Fund. The CCLA Property fund aims to provide investors with a high level of income and long term capital appreciation through investment principally in a diversified portfolio of UK commercial property but it may invest in other assets.

- 3.3 The Council continued to use a limited range of UK banks and building societies with investments being placed generally for short periods only. This was not only because of the poor rates offered but also the risk of bail in due to changes in legislation in 2016. A bail-in is rescuing a financial institution on the brink of failure by making its creditors and depositors take a loss on their holdings. A bail-in is the opposite of a bail-out, which involves the rescue of a financial institution by external parties, typically governments using taxpayers' money.

Borrowing Strategy 2017/18

- 3.4 The Council's capital financing requirement (CFR, or underlying need to borrow) as at 31st March 2018 was £142.2m (140.2m at 31st March 2017).
- 3.5 The Council's chief objective when borrowing has been to strike 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 Council's long-term plans change being a secondary objective.

Other Local Authority Regulatory Changes

- 3.6 Revised CIPFA Codes

CIPFA published revised editions of the Treasury Management and Prudential Codes in December 2017. The required changes from the 2011 Code are being incorporated into Treasury Management Strategies and monitoring reports.

The 2017 Prudential Code introduces the requirement for a Capital Strategy which provides a high-level overview of the long-term context of capital expenditure and investment decisions and their associated risks and rewards along with an overview of how risk is managed for financial sustainability over the longer term. Where this strategy is produced and approved by Full Council, the determination of the Treasury Management Strategy can be delegated to a committee. The Capital Strategy will be delegated to the Executive in February 2019. The Code also expands on the process and governance issues of capital expenditure and investment decisions.

In the 2017 Treasury Management Code the definition of 'investments' has been widened to include financial assets as well and non-financial assets held primarily for generating income returns such as investment property. These, along with other investments made for non-treasury management purposes such as loans supporting service outcomes and investments in subsidiaries, must be discussed in the Capital or Investment Strategy. The additional risks of such investments are to be set out clearly and the impact on financial sustainability is to be identified and reported.

- 3.7 MHCLG Investment Guidance

In February 2018 the MHCLG (Ministry of Housing, Communities and Local Government) published revised Guidance on Local Government and Investments. The changes include a wider definition of investments to include non-financial assets held primarily for generating income return and a new category called "loans" (e.g. temporary transfer of cash to a third party, joint venture, subsidiary or associate). The Guidance introduces the concept of proportionality, proposes additional disclosure for borrowing solely to invest and also specifies additional indicators. Where the Council relies on investment income to achieve a balanced budget and fund core services, the extent of this must be disclosed in the Investment Strategy together with contingency plans should yields on investments fall.

3.8 Minimum Revenue Provision

The definition of prudent MRP has been changed to “put aside revenue over time to cover the CFR”; it cannot be a negative charge and can only be zero if the CFR is nil or negative. (CFR is Capital Financing Requirement and it measures the Council’s underlying need to borrow or finance by other long term liabilities for capital purposes) Guidance on asset lives has been updated, applying to any calculation using asset lives. Any change in MRP policy cannot create an overpayment; the new policy must be applied to the outstanding CFR going forward only.

3.9 MiFID II

As a result of the second Markets in Financial Instruments Directive (MiFID II), from 3rd January 2018 local authorities were automatically treated as retail clients but could “opt up” to professional client status, providing certain criteria was met which includes having an investment balance of at least £10 million and the person(s) authorised to make investment decisions on behalf of the council have at least a year’s relevant professional experience. In addition, the regulated financial services firms to whom this directive applies have had to assess that that person(s) have the expertise, experience and knowledge to make investment decisions and understand the risks involved.

The Council has met the conditions to opt up to professional status and has done so in order to maintain its erstwhile MiFID II status prior to January 2018. The Council will continue to have access to products including money market funds, pooled funds, treasury bills, bonds, shares and to financial advice.

3.10 Treasury Advisers

The Council uses Arlingclose Limited as its treasury management advisers to provide advice on all aspects of treasury management including interest rate forecasts, counterparty lists and management advice. They have provided an Economic Review, counterparty update and market data by way of background information and this is included in Annex C.

BORROWING AND INVESTMENT ACTIVITY IN 2017/18

Borrowing Activity 2017/18

- 3.11 At 31/03/2018 the Authority’s underlying need to borrow for capital purposes as measured by the Capital Financing Requirement (CFR) was £142.2m, while usable reserves and working capital which are the underlying resources available for investment were £31.2m on an accruals basis.
- 3.12 At 31/03/2018, the Authority had £119.7m (£118.9m at 31 March 2017) of borrowing and £14.9m (£11.5m at 31 March 2017) of treasury investments. The Authority’s current strategy is to maintain borrowing and investments below their underlying levels, referred to as internal borrowing, subject to holding a minimum short-term investment balance of £5m.
- 3.13 The majority of the Authority’s borrowing was short term loans. This strategy enabled the Authority to reduce borrowing costs.

- 3.14 However, to enable certainty of cost, the Authority arranged £50million of forward starting loans during 2017/18. In 2020/21 a loan of £25million with a fixed interest rate of 2.853% will be advanced to the Authority. In 2021/22, a further loan of £25million with a fixed interest rate of 2.908% will be advanced. Both loans will be repayable over 40 years.
- 3.15 The Authority is predicted to have an increasing CFR over the next year due to the capital programme of up to £23m, the majority of which is future property acquisitions.
- 3.16 During the year the Authority entered in to £1.1m of new short term borrowing. The details are given in the table below:

	31.03.17 Balance £m	2017/18 Movement £m	31.03.18 Balance £m	31.03.18 Rate %
Public Works Loan Board	-16.4	0.1	-16.3	2.9
Local authorities (long term)	-1.0	0.2	-0.8	0.0
Local authorities (short term)	-101.5	-1.1	-102.6	0.4
Total Borrowing	-119.0	-0.7	-119.7	1.1

- 3.17 The outturn for debt interest paid in 2017/18 was £0.9m on an average debt portfolio of £119.7m.

INVESTMENT ACTIVITY 2017/18

- 3.18 The Authority held invested funds, representing income received in advance of expenditure plus balances and reserves held. During 2017/18 the Authority's average investment balance was £12 million. 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.
- 3.19 The table below shows a summary of the investment activity for 2017/18:

Investment Counterparty	Balance on 01/04/17	Investments Made	Maturities/ Investments Sold	Balance on 31/03/18	Average Rate at 31st March
	£000s	£000s	£000s	£000s	%
UK Central Government					
- Short Term	0	70,300	-70,300	0	0.25
- Long Term	0	0	0	0	-
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	81,256	-85,657	1,032	0.20
- Long Term	0	0	0	0	-
AAA-rated Money Market Funds					
- Short Term Cash Equivalents	0	60,023	-50,271	9,752	0.42
- Long Term	2,054	97	0	2,151	4.82
Total Investments	11,488	211,677	-208,229	14,935	1.22

- 3.20 Both the CIPFA Code and government guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.
- 3.21 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 for 2017/18.
- 3.22 Counterparty credit quality was assessed and monitored by our advisers with reference to ratings (the Authority's minimum long-term counterparty rating is A across rating agencies Fitch, S&P and Moody's).
- 3.23 Investments held during the year included:
- Deposits with the Debt Management Office
 - Deposits with Other Local Authorities
 - Investments in AAA-rated constant and variable net asset value Money Market Funds
 - Call accounts and deposits with Banks and Building Societies in the UK
- 3.24 The Authority's current accounts, together with a Business Reserve Account are held with NatWest plc who does not currently meet the above credit rating criteria (stated in note 5.17). The Authority will treat NatWest plc as "high credit quality" for the purpose of making investments that can be withdrawn on the next working day.

Credit Risk

- 3.25 Counterparty credit quality as measured by credit ratings is summarised below:

Date	Value Weighted Average – Credit Risk Score	Value Weighted Average – Credit Rating	Time Weighted Average – Credit Risk Score	Time Weighted Average – Credit Rating
31/03/2015	3.74	AA-	2.79	AA
31/03/2016	4.26	AA-	2.35	AA
31/03/2017	4.99	A+	3.06	AA
31/03/2018	4.42	AA-	3.65	AA-

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

Budgeted Income and Outturn

- 3.26 The average cash balances during the year was £12m. The Authority's best performing investment in 2017/18 was the externally managed CCLA Property Fund where £2m was held. This investment generated a total return of £0.19m (9.79%), comprising a £0.13m (4.82%) income return used to support services in year, and £0.06m (4.97%) of capital growth. Because this fund has no defined maturity date, but is available for withdrawal after a notice period, its performance and continued stability in meeting the Authority's investment objectives is regularly reviewed. In light of its strong income generation performance, investment in this fund has been maintained for the 2018/19 financial year.
- 3.27 The Authority's budgeted investment income for the year was £0.30m and the outturn was £0.17m. This was mainly due to actual interest rates being lower than expected. The shortfall was covered by the interest rate equalisation reserve.

Externally Managed Funds

- 3.28 The Authority maintained its investment in the CCLA Property fund. The property fund which is operated on a variable net asset value (VNAV) basis offers diversification of investment risk, coupled with the services of a professional fund manager; it also offers enhanced returns over the longer term but is more volatile in the short-term. The Authority's CCLA property fund is in the distributing share class which pays out the income generated.

Compliance with Prudential Indicators

- 3.29 The Authority can confirm that it has complied with its Prudential Indicators for 2017/18 which were approved on 22nd February 2017 by Full Council as part of the Council's Treasury Management Strategy Statement. Further amendments to the strategy to increase the Authority's borrowing limit were approved on 20th June 2017 and 1st August 2017.
- 3.30 In compliance with the requirements of the CIPFA Code of Practice this report provides members with a summary report of the treasury management activity during 2017/18. None of the Prudential Indicators have been breached and a prudent approach has been taken in relation to investment activity with priority being given to security and liquidity over yield.

Borrowing Strategy for 2018/19 and beyond

- 3.31 In order to take advantage of low interest rates, the Authority continued to borrow short term from other public bodies rather than longer term from the PWLB as advised by its Treasury advisers. In 2017/18, on the advice of the Treasury advisors, the Authority arranged forward starting loans amounting to £50m. The cash will be advanced in equal amounts in 2020/21 and 2021/22 and will be repayable over 40 years. This will minimise the interest rate risk.

4. CORPORATE OBJECTIVES AND KEY PRIORITIES

- 4.1 This report demonstrates how treasury management supports Key priority 2.

5. POLICY FRAMEWORK

5.1 The 2017/18 Annual Investment Strategy together with the Treasury Management Strategy was approved by Full Council on 22nd February 2017. These set out the parameters under which Treasury Management operates including the Prudential Indicators.

5.2 The Council fully complies with the requirements of the CIPFA Code of Practice on Treasury Management. The relevant criteria and constraints incorporated into the Treasury Management Policy Statement are:

- New borrowing is 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 are made in accordance with the MHCLG guidance on Local Authority Investments, on the basis of Fitch, Moody's and Standard & Poor's credit ratings and as detailed in the Treasury Management Policy statement and approved schedules and practices.
- Sufficient funds are available to meet the Council's estimated outgoings for any day.
- Investment objectives are to maximise the return to the Council, subject to the overriding need to protect the capital sum.

6. LEGAL ISSUES

6.1 The Authority is required to comply with the Prudential Code as laid down by the Government.

7. RISK MANAGEMENT

7.1 The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. The key treasury risks being managed are:

- credit risk,
- liquidity risk,
- interest rate risk,
- refinancing risk, and
- operational risk.

The techniques employed to manage these risks are covered in detail in the Council's Treasury Management Practices, and include:

- robust counterparty monitoring and selection criteria,
- prudent cash flow forecasting,
- a range of exposure limits and indicators, and
- procedures designed to prevent fraud and error.

7.2 The Council's primary objectives for the management of its investments are to give priority to the security and liquidity of its funds before seeking the best rate of return.

- 7.3 The limits applied in respect of counterparties and investments are the overall limits approved by Council in the annual Treasury Management Strategy. 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.
- 7.4 It should be noted that 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
- 7.5 The Council measures its exposures to treasury management risks using a range of indicators as recommended by the CIPFA Code of Practice on Treasury Management.

Annexes	Annex A – Investments as at 31 st March 2018 Annex B - Compliance with Prudential Indicators Annex C – Economic and other background information from Arlingclose Limited.
Background Papers	CIPFA Code of Practice: Treasury Management in the Public Services – 2011 Edition CIPFA Code of Practice: Treasury Management in the Public Services – 2018 Edition
Author/Contact Details	Nahidah Cuthbert Nahidah.cuthbert@surreyheath.gov.uk
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Treasury Related Investment Balances as at 31st March 2018

Investments	Notes	Maturity Date	Interest Rate %	Principal £
<u>Cash and Cash Equivalents</u>				
<u>Banks</u>				
NatWest Business Reserve Account	On call		0.01	100,069
NatWest Central Account			0.01	932,196
 <u>Money Market Funds</u>				
BlackRock			variable	2,750,000
CCLA Public Sector Deposit Fund			variable	1,000,000
Legal and General			variable	3,000,000
Standard Life Investments			variable	3,000,000
Total Cash and Cash Equivalents				10,782,265
 <u>Long Term Investments</u>				
Loans and Receivables				
Glasgow City Council		30-Oct-18	1.30	2,000,000
 Available for Sale				
CCLA Property Fund		Long term	4.82	2,151,135
Total Long Term Investments				4,151,135
Total Investments				14,933,400

Compliance with Prudential Indicators

The Authority confirms compliance with its Prudential Indicators for 2017/18 which were set in February 2017 then subsequently amended in June 2017 and August 2017.

Treasury Management Indicators

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 the amount of net principal borrowed:

	31.3.18 Actual	2017/18 Limit
Upper limit on fixed interest rate exposure	£0.5m	£2.8m
Upper limit on variable interest rate exposure	£0.23m	£0m

Fixed rate investments and borrowings are those where the rate of interest is fixed for at least 12 months, measured from the start of the financial year or the transaction date if later. All other instruments are classed as variable rate.

Security: The Authority has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating 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. Unrated investments are assigned a score based on their perceived risk.

	31.3.18 Actual	2017/18 Target
Portfolio average credit rating	AA-	A

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. The Authority also has the option to borrow on a daily basis on the open market.

	31.3.18 Actual	2017/18 Target
Total cash available within 3 months	£6m	£5m

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 were:

	31.08.18 Actual	Upper limit	Lower limit
Under 12 months	86%	100%	0%
12 months and within 24 months	0	100%	0%
24 months and	2%	100%	0%

within 5 years			
5 years and within 10 years	1%	100%	0%
10 years and above	11%	100%	0%

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 long-term principal sum invested to final maturities beyond the period end were:

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

Prudential Indicators 2017/18

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.

Capital Expenditure and Financing	2017/18 Actual	2017/18 Estimate	2018/19 Estimate
	£m	£m	£m
Capital Program	4.4	12.6	8.6
Total Expenditure	4.4	12.6	8.6
Capital Receipts	0.2	0.1	0.1
Government Grants	0.6	0.6	3.1
Reserves	0.2	-	-
Revenue	0.1	-	-
Borrowing	3.3	12.0	-
Total Financing	-	-	5.5

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

	31.03.18 Actual	31.03.18 Estimate	31.03.19 Estimate
	£m	£m	£m
Capital Financing Requirement	142	144	150

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	31.03.18 Actual	31.03.18 Estimate	31.03.19 Estimate
	£m	£m	£m
Borrowing	120	124	133
Capital Financing Requirement	142	144	150
Headroom	22	20	17

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

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

Should the Council decide to borrow to invest in property members would be asked to increase the limits above at that 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 Actual %	2017/18 Estimate %	2018/19 Estimate %
General Fund	-2.6	-2.0	0.9

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	2016/17 Actual £	2017/18 Estimate £	2018/19 Estimate £
General Fund - increase in annual Band D Council Tax	3.38	30.81	1.63

Adoption of the CIPFA Treasury Management Code:

The Council approved the adoption of the CIPFA Treasury Management Code at its meeting on 22nd February 2017.

ECONOMIC REVIEW, COUNTERPARTY UPDATE AND MARKET DATA PROVIDED BY ARLINGCLOSE LIMITED (July 2018)**Economic Review**

2017-18 was characterised by the push-pull from expectations of tapering of Quantitative Easing (QE) and the potential for increased policy rates in the US and Europe and from geopolitical tensions, which also had an impact.

The UK economy showed signs of slowing with latest estimates showing GDP, helped by an improving global economy, grew by 1.8% in calendar 2017, the same level as in 2016. This was a far better outcome than the majority of forecasts following the EU Referendum in June 2016, but it also reflected the international growth momentum generated by the increasingly buoyant US economy and the re-emergence of the Eurozone economies.

The inflationary impact of rising import prices, a consequence of the fall in sterling associated with the EU referendum result, resulted in year-on-year CPI rising to 3.1% in November before falling back to 2.7% in February 2018. Consumers felt the squeeze as real average earnings growth, i.e. after inflation, turned negative before slowly recovering. The labour market showed resilience as the unemployment rate fell back to 4.3% in January 2018. The inherent weakness in UK business investment was not helped by political uncertainty following the surprise General Election in June and by the lack of clarity on Brexit, the UK and the EU only reaching an agreement in March 2018 on a transition which will now be span Q2 2019 to Q4 2020. The Withdrawal Treaty is yet to be ratified by the UK parliament and those of the other 27 EU member states and new international trading arrangements are yet to be negotiated and agreed.

The Bank of England's Monetary Policy Committee (MPC) increased Bank Rate by 0.25% in November 2017. It was significant in that it was the first rate hike in ten years, although in essence the MPC reversed its August 2016 cut following the referendum result. The February *Inflation Report* indicated the MPC was keen to return inflation to the 2% target over a more conventional (18-24 month) horizon with 'gradual' and 'limited' policy tightening. Although in March two MPC members voted to increase policy rates immediately and the MPC itself stopped short of committing itself to the timing of the next increase in rates, the minutes of the meeting suggested that an increase in May 2018 was highly likely.

In contrast, economic activity in the Eurozone gained momentum and although the European Central Bank removed reference to an 'easing bias' in its market communications and had yet to confirm its QE intention when asset purchases end in September 2018, the central bank appeared some way off normalising interest rates.

The US economy grew steadily and, with its policy objectives of price stability and maximising employment remaining on track, the Federal Reserve Open Market Committee (FOMC) increased interest rates in December 2017 by 0.25% and again in March, raising the policy rate target range to 1.50% - 1.75%. The Fed is expected to deliver two more increases in 2018 and a further two in 2019. However, the imposition of tariffs on a broadening range of goods initiated by the US, which has led to retaliation by China, could escalate into a deep-rooted trade war having broader economic consequences including inflation rising rapidly, warranting more interest rate hikes.

Financial markets

The increase in Bank Rate resulted in higher money markets rates: 1-month, 3-month and 12-month LIBID rates averaged 0.32%, 0.39% and 0.69% and at 31st March 2018 were 0.43%, 0.72% and 1.12% respectively.

Gilt yields displayed significant volatility over the twelve-month period with the change in sentiment in the Bank of England's outlook for interest rates. The yield on the 5-year gilts which had fallen to 0.35% in mid-June rose to 1.65% by the end of March. 10-year gilt yields also rose from their lows of 0.93% in June to 1.65% by mid-February before falling back to 1.35% at year-end. 20-year gilt yields followed an even more erratic path with lows of 1.62% in June, and highs of 2.03% in February, only to plummet back down to 1.70% by the end of the financial year.

The FTSE 100 had a strong finish to calendar 2017, reaching yet another record high of 7688, before plummeting below 7000 at the beginning of 2018 in the global equity correction and sell-off.

Credit background:

Credit Metrics

In the first quarter of the financial year, UK bank credit default swaps reached three-year lows on the announcement that the Funding for Lending Scheme, which gave banks access to cheaper funding, was being extended to 2018. For the rest of the year, CDS prices remained broadly flat.

The rules for UK banks' ring-fencing were finalised by the Prudential Regulation Authority and banks began the complex implementation process ahead of the statutory deadline of 1st January 2019. As there was some uncertainty surrounding which banking entities the Authority would be dealing with once ring-fencing was implemented and what the balance sheets of the ring-fenced and non ring-fenced entities would look like, in May 2017 Arlingclose advised adjusting downwards the maturity limit for unsecured investments to a maximum of 6 months. The rating agencies had slightly varying views on the creditworthiness of the restructured entities.

Barclays was the first to complete its ring-fence restructure over the 2018 Easter weekend; wholesale deposits including local authority deposits will henceforth be accepted by Barclays Bank plc (branded Barclays International), which is the non ring-fenced bank.

Money Market Fund regulation

The new EU regulations for Money Market Funds (MMFs) 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 Net Asset Value (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.

Credit Rating developments

The most 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.

Changes to credit ratings included Moody's downgrade of Standard Chartered Bank's long-term rating to A1 from Aa3 and the placing of UK banks' long-term ratings on review to reflect the impending ring-fencing of retail activity from investment banking (Barclays, HSBC and RBS were on review for downgrade; Lloyds Bank, Bank of Scotland and National Westminster Bank were placed on review for upgrade).

Standard & Poor's (S&P) revised upwards the outlook of various UK banks and building societies to positive or stable and simultaneously affirmed their long and short-term ratings, reflecting the institutions' resilience, progress in meeting regulatory capital requirements and being better positioned to deal with uncertainties and potential turbulence in the run-up to the UK's exit from the EU in March 2019. The agency upgraded Barclays Bank's long-term rating to A from A- after the bank announced its plans for its entities post ring-fencing.

Fitch revised the outlook on Nationwide Building Society to negative and later downgraded the institution's long-term ratings due to its reducing buffer of junior debt. S&P revised the society's outlook from positive to stable.

S&P downgraded Transport for London to AA- from AA following a deterioration in its financial position.

Other developments

In February, Arlingclose advised against lending to Northamptonshire County Council (NCC). NCC issued a section 114 notice in the light of severe financial challenge and the risk that it would not be in a position to deliver a balanced budget.

In March, following Arlingclose's advice, the Authority removed RBS plc and National Westminster Bank from its counterparty list. This did not reflect any change to the creditworthiness of either bank, but a tightening in Arlingclose's recommended minimum credit rating criteria to A- from BBB+ for FY 2018-19. The current long-term ratings of RBS and NatWest do not meet this minimum criterion, although if following ring-fencing NatWest is upgraded, the bank would be reinstated on the Authority's lending list.

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Council Finances as at 30 June 2018

Summary

To provide the Performance and Finance Scrutiny Committee with a high level view as to the Financial Performance for the 1st Quarter of 2018/19.

Recommendation

The Performance and Finance Scrutiny Committee is advised to note the current financial position and the additions to the 2018/19 revenue budget.

1. Key Issues

- 1.1 This report covers the first quarter of the financial year to the 30th June 2018. Its purpose is to give members a high level view of the financial performance of services for the quarter, highlighting significant variances against 2018/19 approved budget and provides an update on the Revenue, Treasury and Capital budget position for the first quarter.
- 1.2 At this early stage in the year, it is difficult to provide an accurate forecast at the year end, but we are forecasting to be on budget at the end of the financial year.

2. Resource Implications

Revenue Budget

- 2.1 Actuals against Budget for the first quarter are shown in the attached Annex. Corporately, it is forecast that spending will be within budget at the end of the financial year.
- 2.2 There are 2 revenue items that we would like added to the 2018/19 budget and they relate to carry forwards that were not on the carry forward list that was approved by members at the July executive meeting. The carry forward details are £90,000 for Swift Lane and £31,000 for Chobham flood reserve.

Capital Budget

- 2.3 At the end of the first quarter, £17.5m had been spent on capital expenditure of which £13.5m was spent on property acquisitions, including Trade City Industrial estate and Windlemere golf club, and £1.9m on the purchase of refuse vehicles.
- 2.4 There are a number of capital projects that should be added to the 2018/19 capital programme and a brief description of each project is given below,

- Playground refurbishment at Evergreen Road cost £10k.

Refurbishment of the playground equipment at Evergreen Road funded by Community Infrastructure levy (CIL) monies.

- Play Area/Path Link Local Equipped area of play (LEAP) £70k

The project is on land north of the Ridgewood Centre and relates to a residential development of 100 dwellings on land at the Ridgewood Centre. The developer provided a contribution of £70k to secure a footpath between the site and the highway network to the north across Council owned land. The remainder of the funding is to provide improvements to the existing play area on Council owned land (Play area adjacent to Maguire Drive).

Treasury Investments

- 2.5 The Council currently has £8.1M in cash investments and £125.6m in borrowings. Based on the advice of our Treasury advisers, £29m is made up of longer term loans from the Public Works Loans Board with the remainder being shorter term loans from the other local authorities.

3. Debtors

Sundry Debts

- 3.1 Sundry debts include all debts except those relating to benefits. At the 30th June 2018 these amounted to £2.9m compared with £1.2m for the same period last year. The increase of £1.7m relates to joint waste recharges to the other three partners which were raised during the first quarter, £400k of Community Infrastructure levy (CIL) debts compared to £30k in June 2017 and £100k due from Surrey County Council in respect of rent. Taking out of account the additional JWS invoices, then the level of debts at the end of the first quarter is slightly higher than a year ago and this is related to larger invoices being raised for CIL and timing differences rather than an underlying debt collection issue.

Housing Benefit Debts

- 3.2 These debts arise when an overpayment in housing benefit has been made and thus has to be recovered. At the 30th June 2018 the balance was £603k compared with £636k at the end of the last quarter. During the last 3 months £145k was collected and £112k of new debts was raised. 17 debtors, or around 6% of the total, account for over half of the debt.

4. Officer Comments

- 4.1 The report covers the first quarter of the year and based on performance so far, there are no significant issues to cause concern at this moment other than the situation regarding the House of Fraser Store. The two projects mentioned in paragraph 2.3 will be added to the current year's capital programme if approved with the revenue items mentioned in paragraph 2.2 also being added to the revenue budget if approved.

5. Options

- 5.1 The report is for noting and approving the addition items to the revenue and capital budgets.

6. Proposals

- 6.1 It is proposed that the Executive is advised to note the report and approve two projects that will be added to the 2018/19 capital programme along with the revenue additions.

7. Supporting Information

- 7.1 None

8. Corporate Objectives and Key Priorities

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

9. Risk Management

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

Background papers	None
Author/contact details	Adrian Flynn - Chief Accountant Adrian.Flynn@surreyheath.gov.uk
Head of service	Kelvin Menon - Executive Head of Finance

Summary Information on the Revenue Budget Position at 30 June 2018

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 June 2018 excluding pensions, redundancy and asset recharges. These have been excluded as they are not in the control of the services themselves.

Finance

At the end of the first quarter, there are no issues to report and all areas are on track to meet budget targets at the year end. Interest received is expected to meet the budget forecast at year end, based on the first quarter's returns.

Transformation

All budgets are on track to meet their year-end targets except for recruitment which is forecasting a small overspend due to issues with recruiting to posts across the authority and an overspend on the corporate training budget due to increased levels of training in the first quarter.

Corporate

The majority of corporate budgets are on track to be on budget at year end, other than electoral registration which is forecasting a favourable variance at year end due to an unexpected revenue grant being received for 2018/19.

Business

The vast majority of the budgets are on track to be on or around budget at year end, but there are a few issues that are worth mentioning at this early stage. The Arena's profit share is falling and therefore the Council is likely to receive an amount below budget at year end. The building requires more repairs throughout the year due to its age, so repair costs are increasing and are forecast to exceed the budget in 2018/19. The ongoing procurement of a new contract and replacement leisure centre is seeking to address this issue in the next financial year and beyond.

Car Parking fees and charges are down approximately 8% at the end of the first quarter due to increased costs and reduced income caused by reduction in footfall and no increase in charges, which part reflects the 6% downturn in town centre footfall plus a 2% reduction in available spaces in Main Square car park at peak periods due to Ashwood House works. However other car parking income streams, such as season tickets, rental income and fixed penalty notices are holding their own and are forecast to be on budget at year end.

The theatre performed reasonably well during the first quarter; sales and room hire income are forecasted to be above budget at year end based on the first quarter's figures. Although there is a small reduction in Artist fees paid compared to the same period last year, an overspend in this area is still forecast by year end.

Regulatory

The majority of budgets are on track to meet budget targets at year end, but it is worth noting that planning income has been strong in the first quarter and is ahead of budget at this stage. Housing has also received a large grant which has exceeded the budget during this quarter but there are plans to spend the excess grant by year end.

Legal and Property

Trade City net rental income will offset any loss of Income at the post office and will generate potential savings overall after taking account of the 2018/19 savings target.

Investment & Development

In order to retain House of Fraser in Camberley Town Centre the Council may be required to take a reduction in rental income for a fixed period. This needs to be seen in the wider context of maintaining economic activity in the Town Centre. The rest of our town centre investments are on track to meet budget expectations at year end.

Community

All budgets are on track to meet budget targets at year end, but it is worth noting that there are some uncertainties in the joint waste budget as the variable payments are still to be agreed.

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COMPLAINTS MONITORING 2017/18

Portfolio:	Corporate
Ward(s) Affected:	All

Purpose

To report on the Council’s corporate complaints monitoring arrangements and Local Government Ombudsman complaints received for the year 2017/2018.

1 Background

1.1 The Performance and Finance Scrutiny Committee receive an annual report on the Council’s complaints monitoring arrangements and complaints received by the Local Government Ombudsman (LGO).

2 Current Position

2.1 Most complaints received are dealt with informally under Stage 1 of the Council’s complaints policy.

2.2 Stage 2 complaints are formal complaints normally identified when the complainant is unhappy with the outcome of the informal complaint. These complaints are dealt with by the relevant (Executive) Head of Service. Should a complainant be dissatisfied with the outcome of a Stage 2 complaint, they can request the matter is considered by the Chief Executive under Stage 3 of the complaints policy.

2.3 In 2017/18, 38 formal complaints were made to the Council at Stages 2 and 3.

2.4 The table below details the formal complaints made for the period 1st April 2017 – 31st March 2018, by quarter year and dealt with in accordance with the Council’s complaints policy.

2.5 The figures for the same period in 2016/17 have also been included in the table as a comparison:

	2016/17	2017/18
Total for Quarter 1 (April – June)	8	10
Total for Quarter 2 (July – September)	6	7
Total for Quarter 3 (October to December)	17	8
Total for Quarter 4 (January – March)	6	13
Total for year	37	38

Complaints by Service Area.

Number of complaints received	2016/17	2017/18
Business	4	1
Community	7	5
Finance	10	10
Regulatory	16	22

Complaints by Department within the Service Area

	Stage 2	Stage 3
Development Control	12	8
Environmental Health	3	1
Finance	1	
Private Sector Housing	1	1
Revenues and Benefits	5	4
Refuse & Recycling	1	
Theatre	1	

- 2.6 Of the 38 complaints received, 14 were dealt with by the Chief Executive at Stage 3. For comparison the table below details the Stage 3 complaints received in 2016/17

Service	2016/17
Regulatory	3
Finance	4
Community	2

Service Standard

- 2.7 Of the 38 complaints received:
- All were acknowledged within 2 days.
 - 36 were resolved within 10 days.
 - 2 complaints took longer than 10 days to investigate, however the customers were made aware of the reason for delay.

Complaint Status

- 2.8 Of the 38 complaints received:
- 29 were not justified
 - 3 were part justified
 - 5 were justified.
 - 1 is ongoing

Local Government Ombudsman complaints

- 2.9 Following the response to a Stage 3 complaint, if the complainant remains dissatisfied with the outcome then their recourse is via the Local Government Ombudsman.
- 2.10 In 2017/18 the LGO received 18 complaints and enquiries in respect of Surrey Heath Borough Council services. 3 complaints related in part to Surrey County Council under the heading 'Highways and Transport'. All 3 complaints were from the same resident.
- 2.11 None of the 15 complaints determined within the year by the LGO were upheld. Please see excerpt from the LGO Annual Review letter.

Complaints and enquiries received

Adult Care Services	Benefits and Tax	Corporate and Other Services	Education and Children's Services	Environment Services	Highways and Transport	Housing	Planning and Development	Other	Total
0	4	2	0	2	3	1	6	0	18

Decisions made

				Detailed Investigations			
Incomplete or Invalid	Advice Given	Referred back for Local Resolution	Closed After Initial Enquiries	Not Upheld	Upheld	Uphold Rate	Total
1	1	4	8	1	0	0%	15
Notes Our uphold rate is calculated in relation to the total number of detailed investigations. The number of remedied complaints may not equal the number of upheld complaints. This is because, while we may uphold a complaint because we find fault, we may not always find grounds to say that fault caused injustice that ought to be remedied.				Complaints Remedied			
				by LGO	Satisfactorily by Authority before LGO Involvement	0	0

3 Recommendation

- 3.1 The Committee is advised to consider and comment on the complaints figures reported for 2017/18.

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Executive Head of Service: Richard Payne: Executive Head of Corporate

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Information Items

Portfolio	All
Ward(s) Affected:	n/a

Purpose

To receive an ‘exception’ report on areas within the Committee’s remit where year on year changes are limited.

1 BACKGROUND

1.1 Recognising that a number of statutory and other reports to the Committee reflected little change year-on-year, Members agreed in 2016/17 to receive an annual report, covering a number of areas which met this criterion, reporting on exceptions or any significant areas of change only.

1.2 In order to ensure that the Committee is aware of change in key areas, the following summary reports have been submitted:

- i. Regulation of Investigatory Powers Act (RIPA) 2000
- ii. Air Quality Action Plan
- iii. Equalities and Diversity

2. SUPPORTING INFORMATION

Regulation of Investigatory Powers Act (RIPA) 2000

2.1 Under its terms of reference the Performance and Finance Scrutiny Committee receives an annual report from the RIPA Monitoring Officer in respect of authorisations granted for directed surveillance or the use of covert human intelligence sources to officers pursuant to the powers granted to the Council under the Regulation of Investigatory Powers Act 2000 (“RIPA”).

2.2 The Council’s current RIPA Policy provides that any authorisations, including authorisations for renewal, are required to be notified to the Regulation of Investigatory Powers Act Monitoring Officer (RMO).

Current Position

2.3 As required annually, the Council’s RIPA Policy has been reviewed and remains compliant with Home Office guidance.

2.4 The Investigatory Powers Commissioner’s Officer (“IPCO”) conducted a desktop review the Council’s records of its use of RIPA on 27th June 2018 as part of its 3 yearly inspections of local authorities. During that inspection the IPCO made several comments about the current Policy. These were to expand the table on page 8 to include social media/ internet information in line with guidance, identify the persons fulfilling the roles of Handler and Controller and updating any references from OSC (Office to the Surveillance Commissioner) to the newly named IPCO.

- 2.5 The Policy was subsequently altered to reflect these recommendations and was published on the Council's website.

In his conclusion, the Inspector stated:

'Despite the fact that Surrey Heath Borough Council has not used RIPA powers for some time it has maintained an excellent degree of readiness should it need to do so in the future. There are in place well defined processes for making requests for surveillance or other covert activity and relevant officers (applicants and Authorising Officer) have completed recent refresher training'.

RIPA Authorisations

- 2.6 During the municipal year 2017/18 there were no authorisations, reviews or renewals under RIPA for the carrying out of direct surveillance.

Air Quality Action Plan Update

- 2.8 Following the declaration of the Air Quality Management Area (AQMA) in 2002, the Council was required by DEFRA to prepare an Air Quality Action Plan (AQAP). The AQAP was adopted in 2005 and set out the measures the Council intended to implement to address air quality issues in the Borough and to meet the UK air quality objectives. Also included in the AQAP were considerations and options for Highways England to consider.
- 2.9 In the 2007 Action Plan Progress Report the Council highlighted that most of the proposed actions had been completed. However, some of the options for Highways England were rejected and not pursued. Additionally, Highways England stated that they were unlikely to fund any major projects to address air quality.
- 2.10 Since then, in subsequent progress reports the Council has been unable to secure any specific remedial measures within the AQMA by Highways England, who in 2008 confirmed that due to the compliant levels they did not consider the AQMA a high priority within the national programme.
- 2.11 Since 2017 there has been limited further progress. Discussions with Highways England have been re-established with a view to achieving reductions in pollution around Junction 4 as a consequence of on-going work on the A331. However, the primary source of emissions, the M3 Motorway, is out of the control of the Council and the Council does not foresee any local effective measures that can be implemented to reduce levels other than to support a speed restriction proposal.
- 2.12 As the AQMA is compliant for levels of nitrogen dioxide and dust it is unlikely that the Action Plan will be updated. The Council will be considering 2018 levels in 2019, and if the decline in air pollution continues, will seek to revoke the management area.

Equalities and Diversity

Internal Equalities and Diversity

- 2.13 The officer Equality Action Group meet 4/5 times during the financial year to discuss Equality Impact Assessments submitted for review regarding

consultations and internal policies and procedures. Other equality matters such as training are discussed at the group. A transgender awareness training session will be held for officers at Surrey Heath Borough Council in October 2018. The disability Two Ticks scheme has been replaced with the Disability Confident scheme. Surrey Heath Borough Council has migrated to the new scheme and after self assessment has been awarded the Disability Confident Employer certificate in April 2018.

- 2.14 At the last members Equality Working Group it was recommended that all Councillors attend an interactive Equality and Diversity training session. The purpose of this training session was to provide Councillors with the information and knowledge needed to understand and promote Equality, Diversity and Inclusion. This session was held during the Summer of 2018.

External Equalities Work

The Surrey Heath Faith Forum

- 2.15 The Faith Forum is a local group, and a newly constituted not for profit organisation (with a healthy membership of around 20 people) representing the diverse range of faith groups that operate and are based within Surrey Heath. At their first Annual AGM held on the 13th September 2018, where the Council were represented by Louise Livingston, Executive Head of Transformation and Emily Burrill the Family Support Team Manager who was invited to give a presentation on the Vulnerable Person's Relocation Scheme. Currently one family has been resettled in Surrey Heath with the aim of sourcing two further properties by the end of 2018. A key local issue which caused a delay has been to identify affordable housing for the families to live. To help the families to settle a dedicated Family Support Worker has been assigned to support in both Surrey Heath and Runnymede. The Faith Forum have assisted in providing key items that the family required.
- 2.16 The annual plan projects for 2018/19 are as follows:
- a) School Project - this project is based up offering a service to local schools whereby a discussion/presentation is made available focusing upon our British values which are: democracy; individual liberty; the rule of law; mutual respect; tolerance of those with different faiths and belief, with each being defined and placed in a school context through the use of examples. The schools that have been visited are: Lakeside, The Grove, South Camberley, Ravenscote and others, plus Chobham St Lawrence on the 27th September 2018 and Cordwalles dates to be confirmed.
 - b) Peace Day Celebration on Saturday 17th November between 14:00 and 16:00 in West End, Parish Hall. All members are working towards delivering an exciting afternoon, The Mayor Cllr Mr Dan Adams is joining us together with Anglican Area Dean, Jonathan Hillman. The SHFF Chairman will Introduce – Ray Wicksman then the faiths will read a short paragraph of the meaning of peace, which is interspaced with a song/music.

A poster/poem competition is being promoted in local schools, whose pupils and family members will be invited along to attend a winner's prize giving for children in year's 3,4,5,6.

Faith Forum members will bring along food to share, plus displays, face painting, henna etc.

- c) Spring 2019 - Pilgrim/Interfaith Walk between Camberley Mosque/St Michaels/Camberley Baptist Church and St Tarcisius, a volunteer member sub-group has been set up to plan the day and detail.
- d) Speaking Event currently being developed for delivery in June 2019.

3. RECOMMENDATIONS

- 3.1 The Committee is asked to note this report and the specific areas addressed.

Annexes: Annex A: RIPA Policy

Background Papers: Nil

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Service Head Richard Payne – Executive Head: Corporate

**Performance and Finance Scrutiny
Committee Work Programme 2018/19**

Portfolio: Corporate
Ward(s) Affected: n/a

Purpose

To consider the Committee work programme for the 2018/19 municipal year.

1 Background

- 1.1 The Performance and Finance Scrutiny Committee was appointed by the Council at its Annual Meeting on 15 May 2018.
- 1.2 The Constitution, at Part 4, Section C paragraph 6 requires the Committee to develop a work programme. This would normally be set at the last meeting of a municipal year, for the subsequent municipal year.
- 1.3 The Committee is scheduled to meet on the following days in 2018/19:
 - 4 July 2018
 - 4 September 2018 (Rescheduled to 2 October 2018)
 - 5 December 2018
 - 20 March 2018
- 1.4 The work programme is developed through the year, to meet new demands and changing circumstances and the Committee will be expected to review its work programme from time to time and make amendments as required.
- 1.5 One of the tasks given to the Committee is to carry out pieces of work requested by the Council and/or the Executive.
- 1.6 The Committee agreed on 6 July 2016 (minute 9/PF refers) that reports at each meeting would, where possible, be themed to the areas covered by the Portfolio Holder attending that meeting.
- 1.7 The work programme attached as Annex A to this report was agreed by the Performance and Finance Scrutiny Committee at its meeting on 4th July 2018.

2 Resource Implications

- 2.1 Subject to any decisions relating the work programme, there are no resource implications which have not already been factored in, with those mainly involving officer time.

3 Recommendations

3.1 The Performance and Finance Scrutiny Committee is advised to consider:

- i. the work programme for the 2018/19 municipal year, attached at Annex A
- ii. whether any task and finish groups should be established.

Background Papers: None

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Performance and Finance Scrutiny Committee – Work Programme 2018-19

Date	Topic
5 December 2018	
1.	Scrutiny of Finance Portfolio
2.	Scrutiny of Assets Portfolio
3.	Scrutiny of Planning and People Portfolio
4.	Half Year Treasury Management Report
5.	Half Year Finance Report
6.	Update on Investment Properties
7.	Committee Work Programme
20 March 2019	
1.	Scrutiny of Customer Experience and Digital Portfolio
2.	Scrutiny of Environment and Health Portfolio
3.	Scrutiny of Support and Safeguarding Portfolio
4.	3 rd Quarter Finance Report
5.	Corporate Risk
6.	Task and Finish Groups
7.	Committee Work Programme

To be allocated to the appropriate meeting:

- a report relating to the Hammersmith and Fulham London Borough Council's initiative on discontinuing the use of bailiffs to collect debts.

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