

**Minutes of a Meeting of the Thames Basin Heaths Joint Strategic Partnership Board
19 November 2020**

Present: Councillor Natalie Bramhall, Surrey County Council
Councillor Martin D'Arcy, Waverley Borough Council
Councillor Jonathan Glen, Hampshire County Council
Councillor Jan Harwood, Guildford Borough Council
Councillor David Hilton, Royal Borough of Windsor and Maidenhead
Councillor Marina Munro, Rushmoor Borough Council
Councillor Angus Ross, Wokingham Borough Council
Councillor Chris Storey, Waverley Borough Council
Councillor Chris Turrell, Bracknell Forest Borough Council
Councillor Victoria Wheeler, Surrey Heath Borough Council

In Attendance: Ernest Amoako, Woking Borough Council
Ken Anckorn, Surrey Wildlife Trust
Nicola Buckland
Sarah Bunce, Natural England
Ann Conquest, Natural England
Daria Dadum, Natural England
Paul Druce, Surrey County Council
John Devonshire,
John Edwards, Surrey County Council
Matthew Ellis, Waverley Borough Council
Julie Gil, Bracknell Forest Borough Council
Daniel Hawes, Hart Borough Council
Tom Hayward, BBOWT
Nick Izard, Natural England
Amar Jandoo, Arlingclose
Michael Jones, Natural England
Dan Knowles, Guildford Borough Council
Jamie Neaves,
Suzanne Parkes,
Miranda Petty Natural England
Debbie Salmon, Rushmoor Borough Council
Ruth Shelton, Natural England
Greg Reading, Arlingclose
Jane Reeves, Surrey Heath Borough Council
Stephen Rudd, Natural England
Jack Thompson, RSPB
John Thorne, Rushmoor Borough Council
Jennifer Wadham, Hampshire County Council
Joanne Wilshire, Natural England

Observers: Councillor Jerry Hyman, Waverley Borough Council

1 Election of Chairman

RESOLVED that Councillor Jan Harwood be elected Chairman of the Thames Basin Heath Joint Strategic Partnership Board (JSPB) to the end of the 2021/22 municipal year.

COUNCILLOR HARWOOD IN THE CHAIR

2 Minutes of Last Meeting

RESOLVED that the minutes of the meeting of the Thames Basin Heaths Joint Strategic Partnership Board held on 19th September 2019 be approved as a correct record.

3 Strategic Access Management and Monitoring Project

Ruth Shelton, Strategic Access Management and Monitoring (SAMM) Project Manager Natural England, gave a presentation in respect of the work taking place as part of the SAMM project. The presentation summarised the project team's activities and achievements since the Board's last meeting and included updates on staffing, warden activity, educational work and monitoring activity.

The project now covered 70 SANGs, having recently taken on responsibility for Chertsey Meads, and on 9th March 2020 15 years of the Thames Basin Heaths Special Protection Area (SPA) had been celebrated.

It was reported that due to the Covid-19 pandemic restrictions on site wardening had been paused between April and May 2020. During the hiatus the SAMM project team completed a significant amount of work to enable the ongoing education of the public about the heathlands including developed a series of species identification guides, developing a series of walks showcasing and linking areas of SANG which could be downloaded via the View Ranger app, developing QR codes so that visitors to the SANGs could learn more about the area and its flora and fauna, developing a new section of the website to raise awareness of volunteering opportunities, participating in the 30 days wild initiative to encourage people to explore wildlife and nature in their area, running a wildfire awareness campaign which was endorsed by three fire and rescue services and shared with 43 secondary schools and 59 primary schools across the project's area, developed educational and craft activities for children, improved the functionality of the website and ran a 'virtual' Heath Week in July.

The Project Team had been restructured and there were now a total of five year round wardens and seven seasonal wardens working across the area. A fulltime data analyst had been employed, a move which would enable the development of a better understanding of the impacts that the SAMM project was having on the SPA and enable the development of a robust evidence base to demonstrate if the mitigation measures were effective.

It was reported that due to a promotion to another organisation the number of year round wardens had been reduced by one. As the amount of wardening work required was less in the winter months, it was proposed that the vacancy would be held open and an additional seasonal warden be employed in the spring. This would take the number of seasonal wardens to seven in 2021.

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

- The loss of fire breaks on Chobham Common had been a significant influence on the spread of the wildfire in August which had been declared a major incident and caused significant damage. This was an area of concern for Surrey County Council and this would be followed up with the Borough ward Councillors outside the meeting. It was agreed that the Committee would be kept updated on these discussions.
- Surrey County Council had taken back the management of their countryside estate from the Surrey Wildlife Trust and noticeboards and signs would be rebranded to reflect this.

- The lack of a control heathland area which had not been wardened meant that there was no control against which mitigating wardening actions could be compared. To this end it was hoped that the work of the Data Analyst would provide formal statistical analysis on a range of metrics including bird populations and visitor numbers to provide baseline data.
- The SAMM wardening team aimed to provide coverage across the whole of the SANG and SPA area however it was accepted that more could be done to work with partners to ensure greater consistency over when areas were wardened.
- The proposed changes to wardening arrangements were noted however it was stressed that a full report would be required if more staff were needed.

RESOLVED that:

- The contents of the report on SAMM project activity be noted
- The proposed wardening arrangements in 2021 be endorsed.

4 Strategic Access Management and Monitoring Tariff Uplift

The Board considered a report setting out a proposal to increase the tariff amount applied to new dwellings built within the SPA buffer zone and used to fund the SAMM project.

When the SAMM Legal Agreement had been signed by the eleven partner authorities in 2011, the tariff that developers were to be charged would be set at £630 per dwelling and the tariff would be kept under review and increased in by 10% in 2011/12 and then by 15% every following five years to ensure that sufficient income was raised to cover the costs of the SAMM project in perpetuity. The tariff collected by each local planning authority would be passed to the Administrative Body with the funds being split with £190 allocated to annual expenditure and £440 being added to a long term investment fund.

Notwithstanding this guidance, the tariff had not be increased in line with the guidance and was still set at £630 per dwelling. Analysis of the SAMM project's budget shows that approximately 80% of the £527,000 received during 2020/21 was spent on staff costs. It was noted that if income did not rise to match expenditure then, based on current costs, the warden budget would by 2023 need to be reduced by one seasonal warden and a further seasonal warden would be lost every two years after that. Leaving the SAMM project at risk of being unable to deliver the objectives set out for it in 2011.

It was noted that had the tariff increased in line with the guidelines in the SAMM Agreement then it would currently stand at £796.95 per dwelling and if it had been increased in line with inflation then the tariff would stand at £773.61.

It was agreed that increasing the tariff in line with inflation would be preferable to a large increase in the future.

RESOLVED that:

- The contents of the report be noted
- The tariff charged on new dwellings be increased to bring it in line with the fee that would have been received had the tariff had been increased by 10% in 2011/12 and then by 15% every following five years as originally agreed in the SAMM Legal Agreement.
- Local Authorities implement appropriate mechanisms to collect the increased tariff by the end of the 2020/21 financial year.

5 Financial Update

The Board received a report setting out the current financial position of the Thames Basin Heaths Strategic Access and Monitoring Project.

It was noted that as at 31st March 2020 the balance in the Endowment Fund was £13.021million, of which £5.610million was held in investments and £7.412million held as a cash balance by Hampshire county Council in their position as the Administrative Body. A cash balance of £1million was held in the Maintenance Fund to pay for project expenditure. It was projected that by the end of the 2020/21 financial year a further £1.84million would be added to the Endowment Fund giving an anticipated total of £9.251million held as cash balance and available to be invested. Investments made on behalf of the project had accrued a total of £334,438 of dividend income.

The Board was informed that current projections showed that tariff income for the 2021/22 and 2022/23 financial years was expected to be £3.3million and £1.9million respectively; giving a projected total income by the end of March 2023 of £24.744million.

RESOLVED that:

- i. The financial position for the year ending 31st March 2020, as set out in appendix 1 of the report, be noted.
- ii. The transfer of funds from the Maintenance Fund to the Endowment Fund to maintain a balance of £1million in the Maintenance Fund be approved.
- iii. The projected financial position for the three financial years to 31st March 2023 be noted.
- iv. The actual cash balance held within the Endowment Fund as at 31st March 2020 of £7.412million and the projected balance of £13.272million by 31st March 2023 be noted.

6 Investment Working Group

The Board received a report providing an update on the work of the Investment Working Group and the JSPB's Investment Strategy.

The Board was informed that the Investment Working Group had been established to review and recommend appropriate policies and actions to the JSPB in respect of matters relevant to managing the JSPB's investments. The Investment Working Group's membership was currently made up of three members (Councillor Jonathan Glen, Hampshire County Council, Councillor David Hilton, Royal Borough of Windsor and Maidenhead and Councillor Natalie Bramhall, Surrey County Council); support was provided by Jennifer Wadham, Principal Accountant, Hampshire County Council in relation to Hampshire County Council's role as Administrative Body (A role which does not include providing investment advice to the JSPB).

The Board was reminded that the Investment Strategy had been developed using the following key principles:

- Annual expenditure needing to be funded was expected to be in the region of £500,000 rising with inflation
- A balance of £1million should be kept in the Maintenance Fund (This equates to two years of expected running costs)
- Risk should be kept as low as possible whilst ensuring it was sufficient to meet the expected expenditure i.e. a sensible risk.

- A target return of 2-3% above inflation was considered to be appropriate
- The interest paid on cash balances held by the Administrative Body (Currently 0.1%) was unlikely to be sufficient to meet the target return.

It was noted that the Covid-19 pandemic had added a level of uncertainty to the rate of house building and this would have implications for the tariff income and the Endowment Fund. Currently this risk was mitigated by holding the balance of the Maintenance Fund at £1million; to mitigate these risks further it was proposed that the Maintenance Fund balance be increased to £1.5million.

It was noted that Arlingclose, had been appointed by the Board to provide independent financial advice to the Board. The contract with Arlingclose began on 1st December 2018 and was renewed annually on a rolling basis. Notice to terminate the contract had to be given in writing at least three months in advance of the contract renewal date (i.e. by 1st September each year).

It was noted that investment decisions were to be made by the JSPB and all risks associated with these investments, including any risks associated with the accounting standard IFRS9, rested solely with the JSPB.

The Board noted the JSPB Investment Strategy and agreed that paragraph seven of the strategy would be reviewed by the Investment Working Group to better reflect the Board's view that investments should as far as possible be made in areas which did not have an undue negative impact on the environment.

RESOLVED that:

- i. Subject to the inclusion of Councillor Jan Harwood, Guildford Borough Council as an additional working group member, the current membership of the Investment Working Group be approved.
- ii. The Investment Strategy, as set out at appendix 1 of the report and subject to the rewording of paragraph 7, be approved.
- iii. The balance of the maintenance Fund be increased from £1million to £1.5million.
- iv. The annual timescales for terminating the contract with Arlingclose be noted
- v. The amounts available for investment, as set out in Table 1, and the projected cash flow scenarios set out in Appendix 2 of the report, be noted.
- vi. The requirements, practical implications and limitations specifically outlined in paragraphs 38 to 46 of the report, surrounding any investment decisions made by the Joint Strategic partnership Board before any investments can be made by the Administrative Body on behalf of the Board be noted.

7 Financial Advisor's Presentation

Greg Reading and Amar Jandoo, Arlingclose, gave a presentation in respect of the performance of the investments made on behalf of the Joint Strategic Partnership Board.

The Board was reminded that under their directions to Arlingclose, the primary aim of the investments made was to generate income over an extended period of time with a target income return of between 2 and 3% above inflation. Investments had been made in Pooled Investment Funds which invested in a diverse range of assets including property, equities and bonds.

To date, the Board had invested a total of £6million split evenly between:

- CCLA Local Authorities Property Fund (A UK commercial property fund)

- Aegon (Previous Kames) Diversified Monthly Income Fund (A global multi-asset fund)
- Schroder Income Maximiser (A UK equity Income fund)

All three funds had track records of providing consistent income returns. To date, of the three investments only Aegon (Kames) Diversified Monthly Fund had shown a positive return. However it was stressed that over recent months, financial markets had experienced a significant amount of volatility and equity markets had fallen sharply in March as the implications of the Covid-19 pandemic began to emerge and many companies paused or cancelled dividend pay-outs and property rents were rescheduled or unpaid. Income was expected to recover in the medium term but this recovery was predicted to be slower and to a lower level than before and the investments had been made on the basis that they would be held for many years.

The Board was informed that a total of £7.4million was currently available to invest for the very long term. It was suggested that further investments continue to focus on multi-asset funds with investments being made in funds which had historically demonstrated consistent income returns.

It was noted that the JSPB was not a separate legal entity. Consequently any investments made by the JSPB were made by Hampshire County Council, in their capacity as the Administrative Body and any investments made on behalf of the JSPB were subject to Hampshire County Council's Treasury Management Strategy Statement (HCC TMSS), including the investment limits. The HCC TMSS was approved annually in February for the year ahead and any planned investments made on behalf of the JSPB would need to fit within the limits set within the current version of the HCC TMSS at the time the investment was made. At the current time, there was scope within the HCC TMSS to make investments on behalf of the JSPB of up to £6million before February 2021. Any amounts to be invested over and above this limit could only be invested after the HCC TMSS was updated in February 2021, allowing the investments to be made after February 2021.

RESOLVED that the Thames Basin Heaths Joint Strategic Partnership Board (JSPB):

- i. Notes the performance of the investments made on behalf of the JSPB.
- ii. Notes that the Administrative Body (Hampshire County Council) cannot provide financial advice and will not be involved in decision making and therefore accepts no responsibility for any decisions made by the JSPB.
- iii. Notes the limits placed on the maximum level of investments that can be made during the current financial year.
- iv. Authorises the Administrative Body to make the following investments as recommended by Arlingclose as soon as possible within the constraints of the Administrative Body's own governance:
 - a. £3.2million in Ninety One (Previously Investec) Diversified Income
 - b. £3.2million in CCLA Diversified Income
 - c. An additional £1million in Kames Diversified Income (giving a nominal total of £3million invested in the fund).

8 Hart, Rushmoor and Surrey Heath SPA Project Update

The Board received an update on the progress of the Hart, Rushmoor and Surrey Heath SPA Mitigation project which aimed to identify alternative avoidance and mitigation measures that could be implemented reducing the challenge of identifying suitable SANGs across the three boroughs and enabling developments to continue to come forward without negatively impacting on the existing SPA.

It was noted that, due to the impacts of the Covid-19 pandemic, the project's timescales had been extended and it was now expected to be finished by the end of December 2020.

It was agreed that an update would be provided at the Board's next meeting.

9 Dates of Future Meetings

It was agreed that dates of future meetings would be circulated.