

SURREY HEATH BOROUGH COUNCIL

Surrey Heath House
Knoll Road
Camberley
Surrey
GU15 3HD

Tuesday, 16 February 2021

To: The Members of the Surrey Heath Borough Council

Dear Councillor,

You are hereby summoned to attend a meeting of Surrey Heath Borough Council to be held in the Council Chamber, Surrey Heath House on Wednesday, 24 February 2021 at 7.00 pm. The business which it is proposed to transact at the meeting is set out below.

Please note that this meeting will be recorded.

Yours sincerely

Damian Roberts

Chief Executive

1. Apologies for Absence

To report apologies for absence.

2. Minutes

To approve as a correct record, the open minutes of the meeting of the Council held on 9 December 2020.

3. Mayor's Announcements

4. Leader's Announcements

5. Declarations of Interest

Members are invited to declare any Disclosable Pecuniary Interests and non-pecuniary interests they may have with respect to matters which are to be considered at this meeting.

6. Questions from Members of the Public

To answer questions, if any, received under Council Procedure Rule 10 (Paragraph 3 of the Public Speaking Procedure Rules).

7. Questions from Councillors

To deal with questions, if any, received under Council Procedure Rule 11.

8. Setting of the Council Budget and Council Tax for 2021/22 (Pages 5 - 28)

9. Setting of Council Tax 2021/22 (Pages 29 - 34)

10. Executive, Committees and Other Bodies

To receive the open minutes of the following bodies (minutes reproduced in the Minute Book), to answer questions (if any) in accordance with Council Procedure Rule 11.5 and to consider the recommendations as set out below:

- (a) Executive – 9 December and 15 December 2020 and 19 January 2021

90/E Wheelchair swing at Frimley Lodge Park

RECOMMENDED to Full Council that the capital programme be increased by £28,000 to include the Wheelchair swing at Frimley Lodge Park.

At its meeting on 16 February 2021, the Executive will be asked to consider the following recommendations:

99/E Treasury Strategy 2021/22

RECOMMENDED to Full Council that

- (i) The Treasury Management Strategy for 2021/22 as set out in the Executive agenda report;**
- (ii) The Treasury Management Indicators for 2021/22 as set out at Annex C to the Executive agenda report;**
- (iii) The Minimum Revenue Provision policy statement and estimated minimum revenue provision payment table as set out at Annex F of the Executive agenda report; and**
- (iv) The Treasury Management Policy Statement as set out at Annex G of the Executive agenda report**

be adopted.

100/E Capital Programme 2021/22

RECOMMENDED to Full Council that

- (i) the new capital bids for £1.141m for 2021/22, as set out at Annex A to the Executive agenda report, be approved and that they be incorporated into the Capital Programme;**
- (ii) The Prudential Indicators summarised below and explained in Annex C of the agenda report, including the MRP statement, for 2021/22 to 2023/24 in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Prudential Code for Capital Finance in Local Authorities 2011 be approved;**

Prudential Indicator	2021/22 Estimate d £m	2022/23 Estimate d £m	2023/24 Estimate d £m
Capital Expenditure	1.141	0.78	0.78
Capital Financing Requirement	182	179	176
Ratio of net financing costs to net revenue stream	19.2%	18.7%	18.2%
Financing Costs	2	2	2
Operational Boundary	230	230	230
Authorised Limit	235	235	235

101/E Capital Strategy 2021/22

The Executive RECOMMENDED to Full Council that the Capital Strategy, as set out at Annex A to the Executive agenda report, be agreed.

104/E Security at Old Dean Recreation Ground

RECOMMEND to Council that the Capital Programme from 2021/22 be increased by £14,000 for the cost of the additional lighting around the new play area (which would be subject to planning consent and environmental impact assessments).

Note: The recommendations of the Executive relating to the General Fund Estimates 2021/22 are dealt with in the report at Item 8 – Setting of the Council Budget and Council Tax for 2021/22.

- (b) Planning Applications Committee – 17 December 2020, 14 January and 11 February 2021**
- (c) Audit and Standards Committee – 23 November 2020**

- (d) Performance and Finance Scrutiny Committee – 25 November 2020, 5 January and 27 January 2021
- (e) External Partnerships Select Committee – 1 December 2020
- (f) Joint Staff Consultative Group – 14 January and 28 January 2021
- (g) Employment Committee – 28 January 2021

31/EC Pay Settlement 2021/22

RECOMMENDED to Full Council

- (i) that no percentage cost of living award be agreed for 2021/22;**
- (ii) that a non-contractual additional day's leave be awarded to all staff in 2021/22, to be taken on Christmas Eve, or where the member of staff is required to work on Christmas Eve, added to their annual leave entitlement for 2021/22; and**
- (iii) to note that Staff Representatives, whilst recognising the current position, wish to see a pay increase for 2022/21.**

11. Governance Working Group (Pages 35 - 38)

To consider the report of the Executive Head of Corporate (attached.)

12. Appointment of Returning Officer and Electoral Registration Officer (Pages 39 - 42)

13. Leader's Question Time

The Leader to answer questions from Members in relation to the Executive functions.

Setting of the Council Budget and Council Tax for 2021/22

Summary:

This paper sets out the Council's Revenue Budget for 2021/22 together with recommendations for Council Tax

Portfolio: Finance

Wards Affected: All

Recommendation

The Council is advised to RESOLVE

- (i) to note that
 - a) under delegated powers the Interim Executive Head of Finance calculated the amount of the Council Tax Base as 38,810.56 (Band D Equivalent properties) for the year 2021/22 calculated in accordance with the Local Government Finance Act 1992, as amended;
 - b) expenditure totalling £300,000 is being charged directly to reserves;
 - c) £187,223 is a special expense relating to the non-parished area of the Borough;
 - d) the comments in respect of the robustness of the 2021/22 Budget and the adequacy of the Council's reserves, provisions and the General Fund Working Balance;
 - e) the comments in respect of the financial forecast, strategy and future financial sustainability of the Council;
- (ii) that the Budget Requirement for 2021/22 be £12,714,998 as set out in the Table in Paragraph 5.1 of Annex A;
- (iii) that the Council Tax Requirement for the Council's own purposes for 2021/22 be £8,874,423 as set out in the Table at Paragraph 10.1 of Annex A and;
- (iv) that the Council Tax for 2021/22 (excluding special expenses and Parish precepts) be set at £228.66 for a Band D property

Members are reminded that it is illegal for them to vote on either the Budget or the Council Tax if they are in arrears with their own Council tax or Business Rates. If this is the case, they should indicate that they wish to withdraw from the vote.

1. Resource Implications

- 1.1 There is a legal requirement that the Council can only approve a balanced budget. A balanced budget means that expenditure must equal income. If the budget is not balanced then the Council cannot approve it and therefore Council Tax cannot be set and revenue collected.
- 1.2 In February 2021, the Government announced in the final budget settlement for 2021/22 that Councils will need to hold a referendum if their planned increase in Council Tax is greater than the higher of 1.99% or £5.00 for a Band D property. This budget has been prepared on the assumption that the maximum Council Tax increase (£5.00) within these limits will be approved. The proposed increase generates an additional income to the Council of £194,053 compared to 2020/21. The summary budget is included at Annex A and a more detailed set of individual budgets for services – the budget book – has been published on the website and is available in the Members' room.

2. Financial Settlement 2021/22

- 2.1 The Financial Settlement confirmed in February 2021 only covers financial year 2021/22. The detailed papers arising from the Spending Review included updates on the Fundamental Review of Business Rates and on Funding Reform. The government response to the first part of the Fundamental Review was expected along with the Spending Review, but the papers confirmed that this has been delayed until spring 2021.
- 2.2 There has been no update from Government on Funding Reform, which is still listed as 'delayed', with no revised implementation date proposed. There was confirmation that there would not be a reset for Business Rates (NDR) in 2021/22, given the lack of data to allow baselines to be set, which is reflective of the impact of the pandemic.
- 2.3 The government announced a 4.5% cash terms increase at the national level in local government's Core Spending Power (CSP), or a total £2.2bn increase. In addition, announcements were made about the Government's assumptions in respect of various key elements of the local government Finance Settlement. For instance, the increase in spending power relies on Districts and Boroughs increasing Council Tax by whichever is the greater of 2% or £5 on a Band D property.
- 2.4 However, for Surrey Heath the increase in CSP for 2021/22 is nil and remains at the 2020/21 level of £11,343,000.

3. Use of General Fund Reserves

- 3.1 The budget requires a call-down on General Fund Reserves of £300,000. It should be noted, however, that some of the savings planned for 2021/22 and set out in Paragraph 9.3 below are one-off and over the medium-term additional savings or increased revenue will be required to deliver a balanced

financial plan. An updated Medium-Term Financial Strategy will be presented to Council in October alongside the new Five-Year Corporate Plan.

- 3.2 The minimum prudent level of General Fund Reserve for the Council is £2,000,000 and it is expected that the Reserve will be significantly above this figure at the end of 2021/22 if the budget is delivered as shown.
- 3.3 It should be noted that the charge to reserves for the 2020/21 budget was £2,027,000.

4. Contributions to Parishes

- 4.1 The Council pays a special grant to parishes in respect of the change to their Council Tax base due to the introduction of the Local Council Tax support scheme. The budget for 2021/22 assumes that these grants will remain at £19,943, the same level as for 2020/21.

5. Sharing of 2020/21 Collection Fund Deficit

- 5.1 Losses on the Collection Fund for Council Tax to be charged to the 2021/22 budget total £231,000, of which £194,000 relates to adjustments from financial year 2019/20.
- 5.2 For NNDR, there is an adjustment required for a shortfall relating to financial year 2019/20 of £1,278,000 which is charged against the Council's Business Rate Equalisation Fund.
- 5.3 In the financial package announced to support Local Government through the current pandemic, the Secretary of State for Communities and Local Government announced that for 2020/21 there would be an equitable sharing of local taxation collection losses between local authorities and the Treasury. The Spending Review papers confirm that the Government will use a scheme similar to the income compensation scheme (though without the 5% deductible) and cover 75% of Local Government's Collection Fund deficits for 2020/21. The published costings indicate that this is expected to total £762m, being 75% of a forecast deficit of £1,016m. This has been calculated using the Government's forecast, which is lower than the £2,419m cash losses reported by authorities from March to September 2020 in the COVID Financial Impact Monitoring Survey.
- 5.4 For Surrey Heath, the estimated deficit for 2020/21 is £445,000. If £334,000 (75%) is met by Government, this leaves a sum of £111k to be spread over three years, of which £37,000 (one-third) has been included in the budget for 2021/22. It should be noted that the estimate for the Council is subject to change, according to the settlement, "depend[ing] on outturn from local authorities once the financial year has closed" because it is the Government's intention to use actual, rather than estimated outturns.

6. National Non-Domestic Rates

- 6.1 The Government sets two multipliers for Business Rates: The Small Business Non-Domestic Rate Multiplier for small businesses and the Non-Domestic Rate Multiplier for other businesses.
- 6.2 For 2020/21 the Multiplier was 51.2 pence and the Small Business Rate Multiplier was 49.9 pence.
- 6.3 The expected Business Rates Multiplier increase in line with September CPI will not now take place and will instead remain for 2021/22 at the 2020/21 level. The estimate of the Council's share of NDR included in the budget reflects this decision. Allowance has been made for increases in NDR valuations for Surrey Heath business properties of £176,834 using similar projections to financial year 2020/21.
- 6.4 The Council is also part of a Surrey-wide 'pooling' arrangement for 2021/22. Total additional income generated across Surrey is estimated to be £4.2 million, and Surrey Heath's share is estimated to be approximately £450k for 2021/22. However, it is not recommended that the Council include any pooling gain in the base budget, but rather treat it as a potential in-year benefit, because the actual figure is dependent on forecast business growth across Surrey that is subject to variation dependent on the pandemic and other economic conditions.

7. New Homes Bonus

- 7.1 The New Homes Bonus (NHB) scheme, which is intended to incentivise housebuilding, was due to cease with the planned introduction of the Fair Funding review in April 2020, but it has been extended twice as the Fair Funding review has been postponed. Consultation on the future of NHB is promised shortly, with implementation planned for 2022/23. The Spending Review documents confirmed that the Government will be "maintaining the existing New Homes Bonus scheme for a further year with no new legacy payments". However, NHB payments will reduce by £285m in 2021/22.
- 7.2 New Homes Bonus typically accounts for a significant proportion of the Central Government funding received by District and Borough Councils. To partially offset the reductions in NHB in 2021/22 the Government is introducing an un-ringfenced £111m Lower Tier Services Grant, £25m of which is to be used specifically to ensure no Council sees a reduction in Core Spending Power because of the New Homes Bonus changes.
- 7.3 The remaining £86m of the new grant will be distributed according to the 2013/14 Settlement Funding assessment methodology. There are no further details on what restrictions there might be on the use of this grant.
- 7.4 The consultation on the settlement says the £25m "minimum floor funding" should ensure districts have a "nominal and real terms increase" in Core Spending Power in 2021/22 compared to 2020/21. However, it adds: "The

Government is clear that this funding is in response to the current exceptional circumstances and is a one-off. No local authority should take this funding floor as guaranteeing similar funding floors in future years, including in future finance reforms.”

- 7.5 For Surrey Heath Borough Council, the estimated income from NHB of £460,753k and the new Lower Tier Services Grant of £140,000 have been included in the budget for 2021/22. A comparison of NHB received for 2021/22 compared to 2020/21 is shown in the table below:

Component	2021/22	2020/21
Year 11 Payments	£198,790	-
Year 10 Payments	-	£535,701
Legacy Payments	£261,963	£374,294
TOTAL	£460,753	£909,995

8. Income Compensation Scheme for Lost Sales, Fees and Charges

- 8.1 At the beginning of the pandemic the Government introduced a scheme to compensate Councils for irrecoverable and unavoidable losses from sales, fees and charges income generated in the delivery of services in financial year 2020/21 because of lockdown, government restrictions and social distancing measures. This one-off income loss scheme has been extended for the first quarter (April – June) of 2021/22.
- 8.2 The scheme involves a 5% deductible rate, so that the Council will absorb losses of up to 5% of their budgeted 2021/22 sales, fees, and charges income, with the Government compensating 75p in every pound of relevant loss thereafter. The estimated grant from this scheme for Quarter One of financial year 2021/22 is £150,000.

9. Potential Savings and Growth

- 9.1 Given the challenges facing the national economy, local services, and the Council in particular, the Corporate Management Team has scrutinised various elements of the Council’s spending and income plans as part of the 2021/22 budget exercise. The parameters for these reviews were:
- Apply Zero Based Budgeting techniques to all service areas that are particularly dependent on income from sales, fees, or charges;
 - No increase in fees or charges above CPI except where directed by statute;
 - No reduction in front-line services.
- 9.2 In addition, the draft budgets prepared by Departments have been reviewed by the Council’s Corporate Management Team and political leadership.

9.3 The outcome of the reviews suggests that base budget net savings of £2,103k can be delivered without impacting on service delivery. These are set out in the table below:

POTENTIAL SAVINGS	£000
Staffing (with no direct service reductions):	
No increase in salary budget*	200*
Reduced use of interim staff	150
Net savings from review of management	110
Reduced vacancy factor	(25)
Savings from joint-working	90
Improvements:	
Improved value-for-money from procurement	125
Second Tranche of Zero-Based Budgeting	100
On-Shoring of JPUT	125
Energy savings (Green Agenda)	25
Partnership working (KPMG Report)	50
Additional Income:	
Grant funded salaries	35
Renting out of space at Surrey Heath House	30
One-Off Savings:	
Historical garden waste income owed and contractual refund	588
Release of Rent Guarantee Scheme (THETA)	500
TOTAL PROPOSED NET SAVINGS	2,103

* As discussed in Section 3 above, £200k of these savings, arising from the assumptions of no increase in salaries for 2021/22, is already anticipated in the draft budgets for departments. Therefore, the savings figure shown in Annex A is stated as £1,903k, since £200k is already accounted for in the draft base budget.

9.4 As part of the budget exercise the Council's Corporate Management Team and political leadership have identified service areas within the organisation where resources are insufficient to deliver the aims of the Corporate Plan. These include:

- Enforcement and compliance
- Planning policy
- Asset management
- Corporate landlord functions
- Procurement
- Democratic processes

9.5 The estimated cost of the additional resources (mainly staffing) that is required is in the range of £300k - £350k per annum. For the purposes of the budget, growth of £300k has been assumed in 2021/22.

10. Exceptional Hardship Fund

10.1 Members have expressed concern that given current conditions the Council's existing Exceptional Hardship Fund may be insufficient in terms of scope and budget. As a result, and pending a planned full review in the next few months, it is proposed to increase the base budget from £10,000 to £40,000, and to transfer a further £40,000 from reserves to increase the total sum available for 2021/22 to £80,000. In terms of the base budget, the increase is £30,000 for 2021/22.

11. Specific and Non-Ringfenced Grants

11.1 The following grants are included in the base budget for 2021/22:

Grant	£000
Lower Tier Services	140
Income loss for Q1	150
Rough Sleeping Initiative	83
Homelessness Prevention	318
LA Covid Support SR20	325
LA Covid Support SR20 LCTSS	78
TOTAL	1,094

12. Special Expenses

12.1 Special Expenses are used as a mechanism to charge elements of the Council Tax to specific areas of the Borough. They are an accounting adjustment used to avoid residents paying 'double taxation'. Where Surrey Heath Borough Council provides a service to non-parished areas that is provided by the parish councils in other parts of the Borough it would result in some residents paying for the service in their parish through its precept, while at the same time contributing to the cost of provision elsewhere through the Council Tax calculation for the Borough.

12.2 In the interests of fairness and balance Surrey Heath Borough Council charges Special Expenses in Camberley, Frimley, Frimley Green, Deepcut and Mytchett to recover the costs of maintaining the assets it owns. The draft budget for 2021/22 assumes that Special Expenses adjustment will total £187,223.

13. Future Resource Implications

13.1 There were several changes to Local Government Finance expected in 2021/22 however, these have now been deferred. It was expected that the Fair Funding Review together with changes to the localisation and rebasing of

Business Rates would be introduced. Rebasing is where existing gains (and losses) from each area are shared across the country. Although exact details of how this would work are not available, the Council's advisors LG futures have modelled how this may work and estimate the Council could lose up to £1.5m when it is finally introduced, mainly due to the loss of historical business rates gains.

- 13.2 As regards funding from Central Government, given the continuing pressures on social care and health, exacerbated by the pandemic, it is unlikely that Boroughs and Districts will feature highly in demands for additional cash and so it is expected that funding will at best stay level or more likely continue to reduce. In the short-term, the Council has received some support to deal with costs and loss of income arising from the pandemic, but these should be considered as short-term one-off grants, and not relied on for future financial planning.
- 13.3 Each year The Council rolls forward its five-year Medium Term Financial Forecast (MTFS), to demonstrate that it can achieve a balanced budget in the future or that it understands the challenges in delivering one. This forecast, together with the annual Financial Strategy, is usually presented to Council as part of the Council budget-setting report in February, ahead of the start of the financial year.
- 13.4 Given the uncertainties over future funding because of the one-year settlement provided by Central Government; the continuing impact of the pandemic; the economic downturn; and the need to re-assess future income forecasts once the pandemic is brought under control, the Council's Annual Plan requires a new MTFS to be agreed by Council by October 2021. The preparation of the forecast this year is likely to be particularly challenging given there is no information on funding beyond 2021/22.
- 13.5 The Council has over the years made significant internal efficiency savings and sought to reduce the cost of services through collaboration with other bodies. Rather than cut services the Council has pursued a strategy of increasing income, mainly through acquisition of commercial property, and this had been successful in meeting these challenges prior to the pandemic. Going forward if services are to be maintained the strategy will need to be reviewed and other income streams and savings opportunities identified.
- 13.6 It should be noted that as part of the Spending Review, the Government reduced the cost of borrowing for infrastructure projects but introduced new restrictions on Councils' ability to borrow to acquire assets primarily for yield.
- 13.7 For the moment, however the Council has adequate reserves to manage these uncertainties.

14. Key Issues

- 14.1 The level of budget set and the allocation of resources can impact all the Council's services. This report:

- Sets out proposals for the budget and Council Tax for 2021/22.
 - Gives details of expected funding including Business Rates and grants for 2021/22.
 - Includes a financial commentary on the financial challenges the Council faces in the future.
- 14.2 The 2021/22 budget has been built up from individual service budgets that are shown in detail in the budget book. Where possible inflationary pressures have been absorbed and no allowance has been made for pay or pension increases this year.
- 14.3 A number of fees and charges have been increased and have been approved in accordance with the Financial Regulations. These changes are reflected within the budget.
- 14.4 The Council will be part of a Surrey-wide Business Rates pool in 2021/22 but expected gains from this exercise are not included in the budget.
- 14.5 The Council maintains a number of earmarked reserves and provisions. All reserves and provisions are considered appropriate and supportive of future expenditure requirements. Revenue reserves (including earmarked reserves) are projected to be approximately £33 million at 31st March 2021. These reserves are not only needed for future committed expenditure, such as SANGS, but also to manage the significant financial risks around commercial property and interest rates. They can also be used to balance the budget until new income streams or savings are available.
- 14.6 The shortfall in the Collection Fund arising from financial year 2019/20 of £1,278,000 has been met from a call on the Council's Business Rates Equalisation Fund.
- 14.7 Surrey Heath has acquired significant property holdings over the last five years, which is contributing to support Council services. The pandemic and associated economic downturn have had a significant impact on expected income for 2021/22 and it is proposed to set aside an earmarked reserve of £800,000 (re-purposed from existing reserves) to be drawn down on in the event of any further deterioration in economic conditions.
- 14.8 The Council only has limited capital receipts and so needs to borrow to fund its capital aspirations. If these projects are not in themselves self-financing then the interest and Minimum Revenue Provision must be covered from the overall revenue budget. For every £1m borrowed about £39,000 revenue is required per year, assuming the asset has a life of 50 years, and so more income generating investments, or reductions in costs, will be required to cover this cost.
- 14.9 The General Fund Reserve, which is the Council's contingency fund, needs to be sufficient to deal with any unexpected expenditure. The draft budget for 2021/22 requires a call-down on the Reserve of £300,000. Provided Council

Tax is increased as predicted and the budget delivered then the General Fund should be at least £2.0m at the 31st March 2022, and this figure is confirmed as achievable by the Council's Section 151 Officer.

14.10 The revenue estimates or budget is a fundamental cornerstone of the resourcing of Council services and the delivery of the corporate plan. Members are asked to pay particular attention to:

- The impact of reduction in Government funding and how this has been addressed.
- Costs financed from reserves.
- The use of property income to fund services.
- The underlying assumptions in the budget.
- The financial forecast and its implications in respect of the need for further savings/income if financial stability is to be achieved and the underlying assumptions in its preparation.

15. Options

15.1 Council is asked to consider and agree the 2021/22 Revenue Estimates and Council Tax as set out in this paper. Members may amend or reject any part of the budget but are reminded that there is a legal responsibility to set a balanced budget and so any changes could affect this.

15.2 Council could agree a higher or lower increase in Council Tax than the £5.00 increase at Band D assumed for the draft budget. A reduction of £1.00 at Band D would reduce income by £39k. Any recommendation to increase Council Tax above the £5.00 assumed for the draft budget would require a local referendum prior to implementation.

16. Officer Comments

16.1 S151 Officer Statement:

16.2 This report sets out the views of the Council's S151 Officer (i.e., the officer with specific responsibility for financial matters under the provisions of the 1972 Local Government Act).

16.3 The specific requirements upon the S151 officer are contained in S25 of the 2003 Local Government Act:

'... the chief finance officer of the authority must report to [a council making budget / council tax decisions] on the following matters:

- (a) The robustness of the estimates made for the purposes of the calculations, and
- (b) The adequacy of the proposed financial reserves.'

16.4 The Executive Head of Finance is the Council's S151 Officer, and he is confident that the estimates being presented have been based on sound knowledge of the costs and income, which will aim to deliver on the priorities

within the Council's Corporate Plans. The achievement of this balanced budget, will be through the use of tight controls and the success of delivering on the savings programmes, resulting from the Zero-Based Budgeting exercise, Corporate Management Team reviews and other budget work streams.

- 16.5 The risks associated with the deliverability of this budget are detailed in Section 9 of Annex A, and close monitoring of the issues outlined are a necessary factor in ensuring balances are maintained, at the agreed limit set by Council.
- 16.6 The Council is currently spending too much money and this needs to be brought in to line within resources available, addressing the budgetary shortfall within the Medium-Term Financial Plan and the priorities of the Council's Corporate Plans.
- 16.7 The Executive Head of Finance has a responsibility to ensure that the budget is delivered to plan.
- 16.8 In the opinion of the S151 Officer this report and budget complies with the Local Government Finance Act 1992 and the Local Government Act 2008. The Council is forecast to have sufficient reserves to facilitate the delivery of its financial plans for 2021/22.
- 16.9 The use of reserves as set out in the 2021/22 budget would leave the Council's reserves above the identified minimum level of £2 million. Whilst the Council has adequate reserves to manage cost pressures in the short-term, action will need to be taken to address this when the Medium-Term Financial Plan is updated in October 2021.
- 16.10 This budget includes a recommended increase in Council Tax of £5.00 at Band D for 2021/22, the maximum permitted without a local referendum. Even at £5.00 the Surrey Heath increase will be significantly less than both the County and the Police increases. Of all the income streams the Council has, Council Tax is least volatile and therefore is the only one that can provide a stable funding base for services.
- 16.11 There have been some minor changes to the budget papers compared to what was discussed and agreed at the meeting of the Council's Executive on 16 February 2021 as a result of the final settlement. There is no impact on the overall robustness of the budget or levels of local tax arising from these amendments.

17. Corporate Objectives and Key Priorities

- 17.1 The report addresses the Council's Objective of delivering services efficiently, effectively and economically.

18. Risk Management

18.1 The proposals in the report address key issues in the Council’s Corporate Risk Register relating to the financial stability of the organisation over the medium-term.

19. Environmental Impact

19.1 The annual budget exercise has regard to the Council’s policies on environmental impact and sustainability. In the proposed budget for 2021/22, savings are expected from green energy schemes, better use of assets and available office space and smarter procurement.

Annexes	Annex A: Revenue Budget and Council Tax 2021/22
Background Papers	Various working papers by the Council’s Finance Team Government Spending Review December 2020 Final Settlement February 2021 Precept letters 2021/22: Parishes, Surrey County Council, Surrey Police & Crime Commissioner
Author/contact details	Martin Hone - Interim Executive Head of Finance <u>Martin.Hone@surreyheath.gov.uk</u>
Head of Service	Martin Hone - Interim Executive Head of Finance

Annex A: Revenue Budget and Council Tax 2021/22

1. Introduction

- 1.1 The Executive considered the Budget as outlined in this annex on the 16th February 2021. Only Full Council can set the Budget and Council Tax. This paper sets out the information required to enable Council to make that decision and support the recommendation made.
- 1.2 The complete budget is included at the end of this Annex. However, in order to aid members understanding it has been broken down into various sections and these are examined in turn.

2. Net Cost of Services

- 2.1 Each service completes a detailed budget page for every activity it delivers. These are available in the Budget Book 2021/22 which has been placed on the website and in the members' room. The individual budget pages are then added together to give the total for each service.
- 2.2 In order to get to the net cost of services the following adjustments are made:
 - A staff vacancy margin of 4% is deducted to represent staff turnover in the year;
 - The 'minimum revenue payment' or MRP represents the statutory amount of debt the council must repay/set aside. Interest is charged directly to services;
 - Internal assets charges (or depreciation) which has been charged to services is reversed out as by statute this is not allowed to be charged to the General Fund and taxpayers.
- 2.3 The table below shows the breakdown of the net cost of services and notes have been provided on the key changes in service budgets compared to last year.

TOTAL	Annual Budget 2020/21 (excl b/fwd)	Budget Requirement 2021/22	Net Movement
	£	£	£
Business	1,167,225	1,653,954	486,729
Community	4,901,538	4,979,017	77,479
Corporate	1,771,732	1,770,308	-1,424
Finance	1,880,424	1,779,870	-100,554
Legal & Property	- 851,798	-1,719,249	-867,451
Investment & Development	- 788,201	-997,823	-209,622
Regulatory	2,509,972	2,711,632	201,660
Transformation	3,725,686	3,891,916	166,230
Add: On-Going Growth		330,000	330,000
Less: On-Going Savings*		-815,000	-815,000
Less: Grants		-1,094,000	-1,094,000
TOTAL	<u>14,316,578</u>	<u>12,490,625</u>	<u>-1,825,953</u>
Add: Minimum Revenue Provision	2,213,000	2,274,000	61,000
Less: Internal assets recharged	- 2,082,870	-1,779,570	303,300
			-
NET COST OF SERVICES	<u>14,446,708</u>	<u>12,985,055</u>	<u>- 1,461,653</u>

3. General Fund Estimates 2021/22

- 3.1 The budget for 2021/22 has been prepared on virtually the same basis as last year. This year has been especially challenging due to the pandemic and associated downturn in the economy leading to losses of income in the form of fees, charges and rents. The Council has acquired significant commercial property holdings since 2016 and anticipated additional income from this source has been severely impacted during 2020/21.
- 3.2 The total Net Movement between the base budget for 2020/21 and 2021/22 is a reduction of £1,826k.

Agreed Net Budget 2020/21	£14,316,578
Savings already agreed in draft 2021/22 Budget Book	-£2,826,502
Growth already agreed in draft 2021/22 Budget Book	£2,579,549
On-going savings proposed as part of the 2021/22 budget exercise	-£815,000*
On-going growth proposed as part of the 2021/22 budget exercise	£330,000
Additional grants for 2021/22	-£1,094,000
Draft Net Budget 2021/22	£12,490,625
Reduction from 2020/21 to 2021/22	£1,825,953

**Excludes saving on salaries of £200,000 already deducted from Service Budgets.*

3.3 The principal reasons for changes (excluding movements between services and carry forwards) are set out below:

[NB: Only key factors are discussed below, so the items listed do not sum back to the Net Movement shown for each Service; please refer to the Draft Budget Book 2021/22 for a detailed breakdown of all movements for the full reconciliation.]

3.4 Business – Net Movement: £487k

Depreciation at Frimley Lodge Park (£62k); Reduction in Car Park Income because of pandemic and economic downturn (£366k); Theatre additional costs and lost income (£172k), offset by reductions in running costs of £101k across Venues & Operations.

3.5 Community – Net Movement £77k

Contractual increases for Neighbourhood Services (£71k).

3.6 Corporate – Net Movement -£1k

De minimis adjustments.

3.7 Finance – Net Movement -£101k

Mainly due to a net reduction in salaries in Corporate Management.

3.8 Legal & Property – Net Movement -£867k

Mainly due to increased rental income from commercial property holdings: Corporate Land Management (£12k); St. George's Industrial Estate (£31k); Ashwood House (£6k); London Road (£24k); Albany Park (£319k); Trade City (£26k); Vulcan Estate (£102k); Theta (£229k), as well as savings in management and service charges (£134k) and NNDR revaluations (£112k).

Note, however, that the draft budget proposes the re-purposing of £800k of the Council's reserves to meet any further deterioration of commercial rents due to the pandemic and associated economic downturn.

3.9 Investment & Development – Net Movement -£210k

Reductions in expenditure on salaries (£119k) and consultants (£60k).

3.10 Regulatory – Net Movement £200k

Increases in salaries budgets: Development Control (£25k); Planning Enforcement (£58k); Homelessness (£36k); Housing Support (£33k); Housing Inspection (£40k); Supporting People (£70k – net of grant income); Other Projects (£71k); Local Plan (£6k).

Climate Change: Salaries, Consultants, Supplies and Professional Services (£86k).

Offset by adjustment to depreciation charges for Disabled Facilities Grant (-£220k).

3.11 Transformation – Net Movement £166k

Increase in salaries budgets: Economic Development (£56k); Human Resources (£53k); Fraud & Investigation (£49k), offset by reduction in ICT salaries (-£9k).

Adjustment to depreciation charges for ICT equipment (-£44k).

Increase in contribution to Fraud Fund (£6k).

Increase in Revenue Grants & Other Support ((£54k)

3.12 On-going savings proposed as part of the 2021/22 budget exercise.

POTENTIAL SAVINGS	£000
Staffing (with no direct service reductions):	
No increase in salary budget*	200
Reduced use of interim staff	150
Net savings from review of management	110
Reduced vacancy factor	(25)
Savings from joint-working	90
Improvements:	
Improved value-for-money from procurement	125
Second Tranche of Zero-Based Budgeting	100
On-Shoring of JPUT	125
Energy savings (Green Agenda)	25
Partnership working (KPMG Report)	50
Additional Income:	
Grant funded salaries	35
Renting out of space at Surrey Heath House	30
SUB-TOTAL	1,015
*Less: Salary savings already included in base budget	(200)
TOTAL	815

3.13 On-going growth proposed as part of the 2021/22 budget exercise.

POTENTIAL GROWTH	£000
Hardship Fund	30
Council Priorities	300
TOTAL	330

3.14 Additional grants for 2021/22

Grant	£000
Lower Tier Services	140
Rough Sleeping Initiative	83
Homelessness Prevention	318

LA Covid Support SR20	325
LA Covid Support SR20 LCTSS	78
Income Losses (Q1 Only)	150
TOTAL	1,094

4. Minimum Revenue Provision (MRP)

- 4.1 The Secretary of State under section 21(1A) of the Local Government Act 2003 issued guidance on the calculation of MRP in February 2012 (with 2012 being the first year of operation).
- 4.2 The Council has assessed its method of MRP and is satisfied that the guidelines for its annual amount of MRP set out within this policy statement will result in it making the prudent provision that is required by the guidance.
- 4.3 For capital expenditure incurred and funded through borrowing the Council will calculate MRP using the asset life method as summarised in the table below. MRP will be based on the estimated life of the assets purchased by unsupported borrowing.

Economic Asset	Estimated Life
Land & Heritage	50 Years
Buildings & Services	50 Years
Vehicles & Plant	10 Years
IT Equipment & Software	5 Years
Assets for Regeneration and/or Under Construction	0 until development complete

- 4.4 The Council will aim to minimise the impact of MRP on the General Fund by only acquiring assets with a longer rather than shorter economic life through borrowing.
- 4.5 In accordance with provisions in the guidance MRP will be charged starting in the year following the date an asset becomes operational.
- 4.6 The forecast MRP financial year is £2,274k.
- 4.7 Under accounting rules the Council is not permitted to charge 'asset charges' (or depreciation as it is commonly known) to the budget. Hence although these costs are charged to services the impact of this is reversed out before the Budget requirement is calculated.

5. Council Tax Requirement 2021/22

- 5.1 The 'Net Cost of Services' is not the amount Council Taxpayers pay. Deductions are made for other sources of income such as grants, taxes and interest to come down to the "Council Tax Requirement" which represents the amount Council taxpayers will be asked to fund. This is summarised in the table below:

	2020/21	2021/22	Net Movement
NET COST OF SERVICES	14,446,708	12,985,055	- 1,461,653
Less: Interest earned	- 290,000	- 290,000	-
Add: Contribution to parishes	19,943	19,943	-
BUDGET REQUIREMENT	14,176,651	12,714,998	- 1,461,653
Collection Fund Adjustment	- 169,500	231,000	400,500
Less: Business Rates baseline	- 1,568,384	- 1,858,765	- 290,381
Less: Additional Business Rates	- 1,100,000	- 176,834	923,166
Less: New Homes Bonus	- 909,995	- 460,753	449,242
Add: Transfer to Reserves	400,000	-	- 400,000
Less: Funding from Reserves	- 2,027,000	- 300,000	1,727,000
Less: Funding from one-off savings		- 1,088,000	- 1,088,000
Add: Parish Precepts	602,831	605,301	2,470
COUNCIL TAX REQUIREMENT	9,404,603	9,666,947	262,344
Less: Special Expenses	- 185,000	-187,223	
Less: Parish Precepts	- 602,831	-605,301	
OWN COUNCIL TAX REQUIREMENT	8,616,772	8,874,423	
<i>Band D Equivalent Properties</i>	38,525.66	38,810.56	
<i>Base Council Tax per Band D Property</i>	223.66	228.66	

6. Council Tax

- 6.1 As part of the financial settlement for 2021/22 confirmed in February 2021, the Minister has confirmed that there will be a cap on Council Tax increases. The tax increase must be less than 2.00% or no greater than £5.00 at Band D, whichever is the higher in order to avoid the need to call a local referendum to decide the tax level.
- 6.2 The budget has been prepared on the assumption that Council Tax will be increased by the maximum £5.00 at Band D allowed, however Council can decide on any amount up to this level. Any resulting shortfall in income would need to be covered by extra savings or additional income in-year within the budget.
- 6.3 The Surrey Heath Borough Council Band D Council Tax for 2020/21 is £223.66. Taking account of the increase proposed the new Band D tax will be £228.66.

6.4 Surrey County Council and the Police & Crime Commissioner have already agreed increases in their precepts for 2021/22. The table below sets out the basic Council Tax at Band D properties for 2021/22 as compared with 2020/21:

	2021/22	2020/21	£ change	% change
	£	£		
Surrey Heath Borough Council	228.66	223.66	5.00	2.24
Surrey County Council	1,549.08	1,511.46	37.62	2.49
Surrey Police & Crime Commissioner	285.57	270.57	15.00	5.54
TOTAL	2,063.31	2,005.69	57.62	2.87

6.5 The increase in the Surrey County Council precept comprises 1.99% increase in Council Tax for core services and 0.5% for Adult Social Care.

6.6 Surrey Heath Borough Council's element of the Council Tax is just 11.1% of the total bill, and the Band D charge of £228.66 in 2021/22 equates to just under 63p per day.

7. Tax Base, Parish Support and Collection Fund

7.1 The tax base has risen overall during the year due to the construction of new properties. This can be seen in the table below:

Council Tax Base

	2020/21	2021/22	Change
Bisley	1,676.50	1,650.60	-25.90
Chobham	2,058.83	2,062.08	3.25
Frimley & Camberley	24,283.22	24,569.93	286.71
West End	2,313.69	2,393.17	79.48
Windlesham	8,193.62	8,134.78	-58.84
TOTAL	38,525.86	38,810.56	284.70

7.2 The increase in the tax base, due mainly to the construction of new properties, will generate an additional £65k in income from Council Tax each year.

7.3 The Council pays a special grant to parishes to compensate them for the change to the tax base due to the introduction of the Local Council Tax Support Scheme (LCTSS). This grant will remain unchanged from that paid in previous years despite the fact that Central Government no longer funds it. This may need to be reviewed in future years. This is shown in the table below:

Support for Parishes due to the LCTSS

Parish/Town	Support Given in 2020/21 and 2021/22 £
Bisley	1,334.30
Chobham	2,962.87
Frimley & Camberley	8,116.98
West End	1,591.65
Windlesham	5,937.64
TOTAL	19,943.44

8. Parish Precepts and Special Expenses

8.1 The following Parish Precepts and Special Expenses have been received for the financial year 2021/22:

Parish	2021/22			2020/21			Change
	Tax Base	Precept	Band D	Tax Base	Precept	Band D	
Bisley	1,650.60	102,288	61.97	1,676.50	103,894	61.97	0.00%
Chobham	2,062.08	84,360	40.91	2,058.83	81,765	39.71	3.02%
West End	2,393.17	111,505	46.59	2,313.69	107,802	46.59	0.00%
Windlesham	8,134.78	307,148	37.76	8,193.62	309,370	37.76	0.00%
Total Parishes	14,240.63	605,301	42.51	14,242.64	602,831	42.33	0.43%
Frimley & Camberley	24,569.93	187,223	7.62	24,283.22	185,000	7.62	0.00%
	38,810.56	792,524	20.42	38,525.86	787,831	20.45	-0.15%

9. Budget Risks

9.1 The budget as drafted has had regard to the uncertainties caused by the current pandemic and associated economic downturn including:

- Increase in demand for Council services.
- The general financial risk to the Council of businesses failing in the Borough.
- Loss of rental income through businesses failing or moving out of commercial premises rented from the Council.
- Loss of other income and difficulty in collecting local taxes.

9.2 It has also made assumptions about pay awards; general inflation for goods & services; interest rates; Government funding; grants; and the use of reserves to fund day-to-day expenditure.

9.3 All these risks have been evaluated and mitigated as part of the budget planning exercise.

9.4 National economy

9.4.1 Inflation is forecast to remain low during 2021/22 but post-Brexit disruption and on-going supply issues caused by the pandemic could affect the delivery of the Council's budget in terms of increasing inflation and interest rates. For instance, a 1% increase in interest rates adds over £1m to borrowing costs and similarly a 10% cut in retail rental values would take about £600k out of the Council's income. The performance of the retail sector and its impact on property values is a particular cause for concern as the Council has a large property portfolio that is particularly heavy in this sector in order to regenerate the town centre. However, the economic consensus is that low interest rates will be in place for a while, and certainly for the whole of financial year 2021/22.

9.4.2 Inflation has been absorbed or budgeted for as far as it has been possible to forecast it – however were costs to rise sharply suddenly this could also put strain on the budget. It should also be remembered that these factors may also affect our residents and businesses and therefore affect their ability to pay Council Tax and Business Rates and hence our revenue.

9.5 Salaries

9.5.1 The salary budget has assumed there will not be a pay rise in 2021/22. The budget also assumes a 4% vacancy margin for staff turnover during the year, although the savings target for the year anticipates that savings from staff turnover will be slightly less than the margin.

9.6 Surrey County Council

9.6.1 The Council receives grants from Surrey CC for community services, family support and recycling and there is a risk that this funding may be reduced or withdrawn in the future thereby leaving the Council with a funding gap if the service is to be maintained.

9.7 Savings Target

9.7.1 The Budget as presented includes an in-year savings target of £2,103k. It should be noted that this level of savings includes one-off items totalling £1,088k and is insufficient to achieve a balanced budget over the medium-term without further use of reserves. New income streams and efficiencies will be required in the future to address the financial challenges the Council will be facing. This will be explored more fully in the Financial Strategy which will be presented to Full Council in October 2021 alongside the Council's Five-Year Corporate Plan.

9.8 Rental Income

9.8.1 The Council is dependent on rental income to maintain its services. Rents, in particular those in the retail sector, are under increasing pressure from CVAs, etc. The Council's property management strategy (including commercial acquisitions and disposals) is being reviewed at present, and the draft budget

recommends that £800k be set aside for potential income shortfalls in 2021/22. Assets currently held in a Jersey Property Unit Trust are being 'on-shored' and the Council's internal arrangements for asset management are also under review.

10. Total Revenue Budget and Council Tax 2021/22

10.1 Taking account of all the information set out above, the overall budget for 2021/22 is summarised in the table below:

BUDGET SUMMARY				
TOTAL		Annual Budget 2020/21 (excl b/fwd)	Budget Requirement 2021/22	Net Movement
		£	£	£
Business		1,167,225	1,653,954	486,729
Community		4,901,538	4,979,017	77,479
Corporate		1,771,732	1,770,308	-1,424
Finance		1,880,424	1,779,870	-100,554
Legal & Property	-	851,798	-1,719,249	-867,451
Investment & Development	-	788,201	-997,823	-209,622
Regulatory		2,509,972	2,711,632	201,660
Transformation		3,725,686	3,891,916	166,230
Add: On-Going Growth			330,000	330,000
Less: On-Going Savings*			-815,000	-815,000
Less: Grants			-1,094,000	-1,094,000
TOTAL		14,316,578	12,490,625	-1,825,953
Add: Minimum Revenue Provision		2,213,000	2,274,000	61,000
Less: Internal assets recharged	-	2,082,870	-1,779,570	303,300
				-
NET COST OF SERVICES		14,446,708	12,985,055	- 1,461,653
Less: Interest earned	-	290,000	- 290,000	-
Add: Contribution to parishes		19,943	19,943	-
BUDGET REQUIREMENT		14,176,651	12,714,998	- 1,461,653
				-
Collection Fund Adjustment	-	169,500	231,000	400,500
Less: Business Rates baseline	-	1,568,384	- 1,858,765	- 290,381
Less: Additional Business Rates	-	1,100,000	- 176,834	923,166
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Add: Transfer to Reserves		400,000	-	- 400,000
Less: Funding from Reserves	-	2,027,000	- 300,000	1,727,000
Less: Funding from one-off savings	-		- 1,088,000	- 1,088,000
Add: Parish Precepts		602,831	605,301	2,470
COUNCIL TAX REQUIREMENT		9,404,603	9,666,947	262,344
Less: Special Expenses	-	185,000	-187,223	
Less: Parish Precepts	-	602,831	-605,301	
OWN COUNCIL TAX REQUIREMENT		8,616,772	8,874,423	
<i>Band D Equivalent Properties</i>		<i>38,525.66</i>	<i>38,810.56</i>	
<i>Base Council Tax per Band D Property</i>		<i>223.66</i>	<i>228.66</i>	
<i>* Excludes saving on salaries of £200,000 already deducted from Service Budgets</i>				

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Setting of Council Tax 2021/22

Summary:

To set the Council Tax for 2021/22

Portfolio: Finance

Wards Affected: All

Recommendations

The Council is advised to RESOLVE

- (i) to note that the Council Tax Base for 2021/22 calculated in accordance with regulations made under Section 33(5) of the Local Government Finance Act 1992:
 - (a) For the whole Council area is 38,810.56 (Item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended (the 'Act')); and
 - (b) For dwellings in those parts of the area to which a Parish precept relates the following:

Bisley	1,650.60
Chobham	2,062.08
West End	2,393.17
Windlesham	8,134.78
- (Being the amounts calculated by the Council in accordance with regulation 6 of the Regulations, as the amount of its Council Tax base for the year for dwellings in those parts of the area to which special items relate);
- (ii) that the Council Tax requirement for the Council's own purposes for 2021/22 (excluding parish precepts and special expenses) is £8,874,423;
 - (iii) that the following amounts be calculated for the year 2021/22 in accordance with Sections 31 to 36 of the Act:
 - (a) £44,812,557 being the aggregate for the amounts which the Council estimates for the items set out in Section 31(A)2 of the Act taking into account all precepts issued to it by Parish Councils.
 - (b) £35,145,610 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.

- (c) £9,666,947 being the amount by which the aggregate at (a) above exceeds the aggregate at (b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year. (Item R in the formula in Section 31B of the Act).
 - (d) **£249.08** being the amount at (c) above (Item R), as divided by Item T ((i) (a) above) calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year (including Parish precepts).
 - (e) **£792,524** being the aggregate amount of all special items referred to in Section 34(1) of the Act.
 - (f) **£228.66** being the amount at (d) above less the result given by dividing the amount at (e) above by Item T, calculated by the Council in accordance with Section 34(2) of the Act, as the basic amount for its Council Tax for the year for dwellings in those parts of its area to which no Parish precept relates.
- (iv) to note that the County Council and Surrey Police and Crime Commissioner have issued precepts to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each category of dwelling as indicated in the Table at paragraph 4(i) and 4(ii) below.
 - (v) that the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the aggregate amounts shown in the tables at paragraph 4(iii), 4(iv), 4(v) and 4(vi) below as the amounts of Council Tax for 2021/22 for each part of its area and for each category of dwellings.
 - (vi) to note that the Council's basic amount of Council Tax for 2021/22 is NOT excessive in accordance with the principles approved under Section 52ZB of the Local Government Finance Act 1992 as the proposed increase is not more than £5.00 at Band D.

1. Introduction

- 1.1 Having determined its Council Tax Requirement for 2021/22, Members are now required to formally approve the Council Tax for the area taking into account precepts received from Surrey County Council, Surrey Police and Crime Commissioner and the Parishes.

2. Proposal in this paper

- 2.1 This paper sets out the Council Tax implications based on an increase at Band D of £5.00 for Surrey Heath Borough Council as presented in the earlier budget paper on this agenda.

2.2 The recommendations proposed in this report are dependent on the decision taken in the item entitled 'Council Tax and Budget 2021/22' considered earlier on this agenda.

2.3 In approving the Council Tax for 2021/22, Council should note the following:

- (i) The Executive, at its meeting on 9 December 2020, approved the draft Council Tax base for 2021/22 at 38,810.56 Band D equivalent properties.
- (ii) Precepts have been received from the Parishes for 2021/22 and these are shown in the report.
- (iii) The Surrey County Council Precept for 2021/22 is £60,120,724.25 (was £58,230,296.36 for 2020/21). This includes an increase in core precept of 1.99% and an increase in the Adult Social Care precept of 0.50%.
- (iv) The Surrey Police and Crime Commissioner Precept for 2021/22 is £11,083,131.62 (was £10,423,941.94 for 2020/21), an increase of £15.00 at Band D.

3. Council Tax Levels for 2021/22

3.1 The following Parish Precepts and Special Expenses have been received for the financial year 2021/22:

Parish	2021/22			2020/21			Change
	Tax Base	Precept	Band D	Tax Base	Precept	Band D	
Bisley	1,650.60	102,288	61.97	1,676.50	103,894	61.97	0.00%
Chobham	2,062.08	84,360	40.91	2,058.83	81,765	39.71	3.02%
West End	2,393.17	111,505	46.59	2,313.69	107,802	46.59	0.00%
Windlesham	8,134.78	307,148	37.76	8,193.62	309,370	37.76	0.00%
Total Parishes	14,240.63	605,301	42.51	14,242.64	602,831	42.33	0.43%
Frimley & Camberley	24,569.93	187,223	7.62	24,283.22	185,000	7.62	0.00%
	38,810.56	792,524	20.42	38,525.86	787,831	20.45	-0.15%

3.2 The table below sets out the basic Council Tax at Band D properties for 2021/22 as compared with 2020/21:

	2021/22 £	2020/21 £	£ change	% change
Surrey Heath Borough Council	228.66	223.66	5.00	2.24
Surrey County Council	1,549.08	1,511.46	37.62	2.49
Surrey Police & Crime Commissioner	285.57	270.57	15.00	5.54
TOTAL	2,063.31	2,005.69	57.62	2.87

3.3 The increase in the Surrey County Council precept comprises 1.99% increase in Council Tax for core services and 0.5% for Adult Social Care.

3.4 Surrey Heath Borough Council's element of the Council Tax is just 11.1% of the total bill, and the Band D charge of £228.66 in 2021/22 equates to just under 63p per day.

4. Precepts by Valuation Bands

(i) Surrey County Council

Precept	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
	£	£	£	£	£	£	£	£
Basic	940.05	1,096.72	1,253.40	1,410.07	1,723.42	2,036.77	2,350.12	2,820.14
ASC	92.67	108.12	123.56	139.01	169.90	200.79	231.68	278.02
TOTAL	1,032.72	1,204.84	1,376.96	1,549.08	1,893.32	2,237.56	2,581.80	3,098.16

The Adult Social Care precept levied by Surrey County Council can only be used to fund that service.

(ii) Surrey Police and Crime Commissioner

Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
£	£	£	£	£	£	£	£
190.38	222.11	253.84	285.57	349.03	412.49	475.95	571.14

(iii) Surrey Heath Borough Council

Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
£	£	£	£	£	£	£	£
152.44	177.85	203.25	228.66	279.47	330.29	381.10	457.32

(iv) Parish Precepts and Special Expenses

Precept	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
Part of Area	£	£	£	£	£	£	£	£
Bisley	41.31	48.20	55.08	61.97	75.74	89.51	103.28	123.94
Chobham	27.27	31.82	36.36	40.91	50.00	59.09	68.18	81.82
Frimley & Camberley	5.08	5.93	6.77	7.62	9.31	11.01	12.70	15.24
West End	31.06	36.24	41.42	46.59	56.95	67.30	77.66	93.19
Windlesham	25.17	29.37	33.56	37.76	46.15	54.54	62.93	75.51

(v) Aggregate of Parish and Surrey Heath Borough Council

Precept	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
Part of Area	£	£	£	£	£	£	£	£
Bisley	193.75	226.05	258.33	290.63	355.21	419.80	484.38	581.26
Chobham	179.71	209.67	239.61	269.57	329.47	389.38	449.28	539.14
Frimley & Camberley	157.52	183.78	210.02	236.28	288.78	341.30	393.80	472.56
West End	183.50	214.09	244.67	275.25	336.42	397.59	458.76	550.51
Windlesham	177.61	207.22	236.81	266.42	325.62	384.83	444.03	532.83

(vi) Total of all Precepts

Precept	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
Part of Area	£	£	£	£	£	£	£	£
Bisley	1,416.85	1,653.00	1,889.13	2,125.28	2,597.56	3,069.85	3,542.13	4,250.56
Chobham	1,402.81	1,636.62	1,870.41	2,104.22	2,571.82	3,039.43	3,507.03	4,208.44
Frimley & Camberley	1,380.62	1,610.73	1,840.82	2,070.93	2,531.13	2,991.35	3,451.55	4,141.86
West End	1,406.60	1,641.04	1,875.47	2,109.90	2,578.77	3,047.64	3,516.51	4,219.81
Windlesham	1,400.71	1,634.17	1,867.61	2,101.07	2,567.97	3,034.88	3,501.78	4,202.13

Annexes	None.
Background Papers	Various working papers by the Council's Finance Team Government Spending Review December 2020 Final Settlement February 2021 Precept letters 2021/22: Parishes, Surrey County Council, Surrey Police & Crime Commissioner
Author/contact details	Martin Hone - Interim Executive Head of Finance Martin.Hone@surreyheath.gov.uk
Head of Service	Martin Hone - Interim Executive Head of Finance

Governance Working Group

Ward(s) Affected:	All
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Purpose

The Council is asked to consider recommendations of the Governance Working Group in relation to:

- (i) Urgent Action; and**
- (ii) Data Protection Training for Members.**

1. Background

1.1. The Working Group met on 11 February 2021. At this meeting it considered a number of issues and made recommendations which are addressed below.

2. Urgent Action

2.1. The Working Group considered the provisions in the Constitution, at Chapter Part 3, Section B Paragraph 4 relating to Urgent Action and reviewed whether they were appropriate having regard to consultation with Members.

2.2. The Working Group was reminded that urgent action procedures should only need to be used in very rare circumstances, such as new legislation, unusual events or inadvertent omissions. All decisions made under urgent action procedures were required to be reported to the next meeting of the appropriate decision-making body.

2.3. Members were also reminded of the separate arrangements for decision making for the Council and regulatory functions and those of the Executive, which were subject to scrutiny and call-in procedures. As a result Urgent Action decisions made by officers relating to Executive functions were made after consultation with the Leader or relevant Portfolio holder and with the Chairman or Vice-Chairman of the relevant Scrutiny Committee.

2.4. However, Urgent Action Decisions relating to Council or regulatory functions were made after consultation with the Leader and Mayor in relation to Council functions or the Chairman or Vice Chairman of the relevant Committee. The legislation did not provide for scrutiny or call-in procedures in relation to decisions of the Council or Committees as they were not part of the Executive decision making process.

2.5. The Working Group reviewed the current Urgent Action provisions contained in the Constitution and considered that they were proportionate, relevant and necessary. However Members suggested that when urgent action decisions are made, all members be notified by

email prior to the information report being submitted to the appropriate body.

3. Data Protection Training for Members

- 3.1. The Council's Constitution at Part 5, Section C includes the ICT Code of Practice for Members. The Officer Corporate Risk Management Group had highlighted the need to ensure that members received regular adequate training in relation to Data Protection.
- 3.2. The Working Group considered and agreed that a provision be added to the ICT Code which required Members to undertake mandatory bi-annual training in relation to Data Protection.

4. Resource Implications

- 4.1. There are officer resources involved in drafting provisions and making amendments to the Constitution but there are no direct financial implications.
- 4.2. The proposed training will formalise existing arrangements and will be met from existing budgets.

5. Legal Implications

- 5.1. Any amendments to the provisions of the Constitution must be made by the Council, unless they relate to Executive Functions, and within the statutory framework.
- 5.2. The Council has a legal requirement to comply with the General Data Protection Regulations and this additional training will help protect the Council and Members from data breaches.

6. Recommendation

- 6.1. The Council is advised to RESOLVE that
 - (i) the Constitution at Chapter Part 3, Section B Paragraph 4 be amended as follows:

4. Urgent Action

- 4.1 *The Chief Executive, Executive Head of Service or Head of Service are authorised to determine matters of an urgent nature which cannot wait for the next meeting of the decision-making body which are not key decisions and which do not contravene established policies or budgets,*

- 4.1.1 *after consultation with the Leader and Mayor in relation to Council functions;*
- 4.1.2 *after consultation with the Leader or relevant Portfolio holder and with the Chairman or Vice-Chairman of the relevant Scrutiny Committee in relation to Executive functions;*
- 4.1.3 *after consultation with the Chairman or Vice Chairman of the relevant regulatory Committee.*
- 4.2 ~~*All matters will be reported to the next meeting of the appropriate decision-making body.*~~ **All Members will be advised by email as soon as a decision has been made and that decision will also be reported to the next meeting of the appropriate decision-making body.**

- (ii) the ICT Code of Practice for Members at Part 5, Section C of the Constitution be amended by the addition of the following wording:

10. Data Protection

- 10.3 In order to protect themselves and the Council, all Members are required to undertake bi-annual training in relation to Data Protection.

<u>Annexes</u>	None
<u>Background Papers:</u>	Governance Working Group Agendas and Meetings
<u>Report Author</u>	Rachel Whillis – Democratic Services Manager rachel.whillis@surreyheath.gov.uk
<u>Executive Head:</u>	Richard Payne – Executive Head of Corporate

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Appointment of Returning Officer and Electoral Registration Officer

Portfolio:	Non-executive function
Ward(s) Affected:	n/a

Purpose

To seek approval to the statutory appointment of the Council’s Returning Officer and Electoral Registration Officer, in accordance with the requirements of the Representation of the People Act 1983.

Background

1. The Council is required to appoint an Officer to be the Electoral Registration Officer (Section 8, Representation of the People Act 1983) and an Officer to be the Returning Officer for Borough and Parish elections (Section 35(1)).
2. Arising from these appointments the post holder will take up the following appointments:

 Acting Returning Officer – Parliamentary elections
 Deputy Returning Officer – County Council elections
 Local Returning Officer – Police and Crime Commissioner elections
 Counting Officer – local and national referenda.
3. The Returning Officer has personal responsibility for the conduct of an election.
4. In the past, this Council has appointed the Chief Executive as the Returning Officer and the Electoral Registration Officer (ERO). Mr Damian Roberts commenced his employment as Chief Executive of the Council on 1 February 2021.

Current Position

5. Members will recall that, on 29 October 2019, a snap UK Parliamentary General Election was called whilst the then Chief Executive was on an extended period of leave. On 7 November 2019 Mr Richard Payne was appointed as Returning Officer until such time the Chief Executive returned to the office.
6. On 6 May 2021, the Council will be conducting elections for the Police and Crime Commissioner for Surrey police area, Surrey County Council, along with borough and parish by-elections. The preparation for these elections has been underway for several months and it is considered judicious that Mr Payne’s appointment continues until these polls have concluded.

7. In April 2020 Mr Payne was appointed as ERO. Prior to this, he had been appointed as Deputy Electoral Registration Officer. The appointment of a DRO provides resilience in the event that the ERO is absent for a period and an individual is required to act in their place. In accordance with legislation the appointment of Deputy ERO requires a decision by the Council.

Proposal

8. It is proposed that the newly appointed Chief Executive be appointed to take on the duties of Returning Officer and Electoral Registration Officer, with effect from 1 June 2021. It is also proposed that Mr Payne's appointment is re-confirmed until 31 May 2021.
9. It is also proposed to appoint Mr Roberts as Electoral Registration Officer and Mr Payne as Deputy Electoral Registration Officer, to be effective from 1 June 2021.

Resource Implications

10. There are no additional resource implications arising from this report.

Options

11. The Council can choose to appoint Mr Roberts as Returning Officer and ERO from 31 May 2021 or with immediate effect. Alternatively, it can choose to continue with arrangements with Mr Payne as Returning Officer and ERO.
12. The Council also has the option to choose whether or not to appoint a Deputy ERO.

Recommendation

13. The Council is advised to RESOLVE that
 - (i) Mr Richard Payne's appointment as Returning Officer be extended until 31 May 2021;
 - (ii) Mr Damian Roberts be appointed as the Returning Officer and the Electoral Registration Officer in accordance with the requirements of the Representation of the People Act 1983, with effect from 1 June 2021; and
 - (iii) from 1 June 2021, Mr Richard Payne be appointed as the Deputy Electoral Registration Officer to act in the absence of the Electoral Registration Officer.

Background Papers: [Representation of the People Act 1983](#)

Author:

Rachel Whillis – Democratic Services Manager
rachel.whillis@surreyheath.gov.uk

Head of Service:

Richard Payne – Executive Head of Corporate.

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