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Friday, 5 February 2021

To: The Members of the **EXECUTIVE**
(Councillors: Alan McClafferty (Chairman), Colin Dougan, Josephine Hawkins,
Rebecca Jennings-Evans, David Lewis, David Mansfield and Adrian Page)

Dear Councillor,

A meeting of the **EXECUTIVE** will be held at Surrey Heath House and
www.youtube.com/user/SurreyHeathBC on Tuesday, 16 February 2021 at 6.00 pm. The
agenda will be set out as below.

Please note that this meeting will be recorded.

Yours sincerely

Damian Roberts

Chief Executive

AGENDA

Pages

Part 1 (Public)

- | | | |
|----|------------------------------|-------|
| 1. | Apologies for Absence | - |
| 2. | Minutes | 3 - 8 |

To confirm and sign the minutes of the meeting held on 19 January
2021 (copy attached).

- | | | |
|----|---------------------------------|---|
| 3. | Declarations of Interest | - |
|----|---------------------------------|---|

Members are invited to declare any interests they may have with
respect to matters which are to be considered at this meeting.
Members who consider they may have an interest are invited to
consult the Monitoring Officer or the Democratic Services Officer prior
to the meeting.

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|----|-----------------------------|---|
| 4. | Questions by Members | - |
|----|-----------------------------|---|

The Leader and Portfolio Holders to receive and respond to questions

from Members on any matter which relates to an Executive function in accordance with Part 4 of the Constitution, Section B Executive Procedure Rules, Paragraph 16.

5.	General Fund Estimates 2021/22	9 - 30
6.	Treasury Strategy 2021/22	31 - 68
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11.	Security at Old Dean Recreation Ground	125 - 130
12.	Response to Call In for The Local Enforcement Plan	131 - 192

**Minutes of a Meeting of the Executive
held on 19 January 2021**

+ Cllr Alan McClafferty (Chairman)

- | | |
|-------------------------------|------------------------|
| + Cllr Colin Dougan | + Cllr David Lewis |
| + Cllr Josephine Hawkins | + Cllr David Mansfield |
| + Cllr Rebecca Jennings-Evans | + Cllr Adrian Page |

+ Present

In Attendance: Cllr Graham Alleway, Cllr Peter Barnett, Cllr Rodney Bates, Cllr Paul Deach, Cllr Tim FitzGerald, Cllr Sharon Galliford, Cllr Edward Hawkins, Cllr Sashi Mylvaganam, Cllr Graham Tapper, Cllr Pat Tedder, Cllr Victoria Wheeler, Cllr Helen Whitcroft and Cllr Valerie White

86/E Minutes

The minutes of the meetings held on 9 December and 15 December 2020 were agreed.

87/E Questions by Members

The Leader responded to a question from Councillor Graham Alleway concerning the Department for Transport's consultation on parking restrictions on pavements.

88/E Revenue Grants 2021/22

The Executive was informed that the Council funded a number of voluntary organisations which either worked in partnership with the Council or performed functions on the Council's behalf.

Members were reminded that in 2019 a review of the Revenue Grant scheme had been undertaken to assess whether grants were being made at the correct levels, to the right organisations, and the value for money of the revenue grants realised. A revised scheme had been agreed in September 2019, to be introduced from 1 April 2020. The review had introduced ring fencing to 3 organisations who worked with the Council: Citizens Advice Surrey Heath, Blackwater Valley Partnership and the Basingstoke Canal Authority.

Service level agreements had been introduced in 2013 to enable the Council to set out targets and outcomes to be achieved throughout the year. The agreements were used to monitor the performance of organisations throughout the year. Grant payments were only made after a successful monitoring report was received.

The Executive considered the grants sought by the organisations which had applied for Revenue Grants for 2021/22, the relevant supporting information concerning those organisations, and the amounts it was proposed to award.

Members were advised that it was proposed to delegate the decision on the application from the Autism Trust UK, with a suggestion that a maximum of £5,000

be awarded following further information relating to the benefits to local Surrey Heath clients.

The Executive was informed it was proposed to decline applications from Penificent Ltd, Camberley Care Trust, Creative Minds Community, and Camberley Cricket Club and noted the reasons for these decisions, as set out in the agenda report. It was also proposed that the application from Lightwater Connected be declined that year, but a further application would be welcomed when it became a formalised group.

In response to suggestions from Members, it was agreed to consider including information in future reports on the levels of unrestricted reserves held by the organisations and the number of months they could expect to operate without a grant.

RESOLVED that

- (i) the following Revenue Grants for 2021/22 be awarded to:**
 - a. Surrey Heath Citizens Advice (CASH) – £80,000;**
 - b. Voluntary Support North Surrey - £30,000;**
 - c. Surrey Heath Age Concern - £10,000;**
 - d. Camberley Central Job Club - £7,000**
 - e. Catalyst Support - £1,500;**
 - f. The Hope Hub - £31,500;**
 - g. VSNS-Time to Talk - £10,000;**
 - h. Basingstoke Canal Authority - £10,000;**
 - i. Blackwater Valley Countryside Partnership - £10,000;**
 - j. Surrey Heath Sports Council - £3,500;**
- (ii) the other in-kind benefits provided to organisations be noted;**
- (iii) all grants be subject to Service Level Agreements;**
- (iv) the Autism Trust grant decision to be delegated to the Executive Head of Transformation in consultation with the Support & Safeguarding Portfolio Holder to clarify the local benefit of this application;**
- (v) no Revenue Grant be awarded to Penificent Ltd, Camberley Care Trust, Camberley Cricket Club, or Creative Minds Community;**
- (vi) Surrey Heath Arts Council’s decision not to apply for a Revenue Grant for 2021/22 be noted; and**
- (i) No Revenue Grant be awarded to Lightwater Connected but the organisation be invited to re-apply next year.**

Note 1: In accordance with the Members’ Code of Conduct, the following non-pecuniary interests were declared:

- (i) Councillor Paul Deach declared he was a Surrey County Council representative on Basingstoke Canal Joint Committee; and
- (ii) Councillor David Lewis declared that he was a trustee of Surrey Heath Age Concern.

Note 2: It was noted for the record that

- (i) Councillor Rodney Bates declared that his sister worked for Catalyst;
- (ii) Councillor Rebecca Jennings-Evans declared that she had volunteered for the Lightwater Resilience Plan, part of Lightwater Connected;
- (iii) Councillor Alan McClafferty declared that his wife was Chairman of Surrey Heath Age Concern; and
- (iv) Councillor Sashi Mylvaganam declared that he had been involved with Camberley Care Trust in the past.

89/E Climate Change Action - APSE and APSE Energy Membership

The Executive considered a report proposing that the Council become a member of the Association for Public Service Excellence (APSE) and APSE Energy. APSE Energy was a bespoke Local Authority Energy Collaboration that constituted a partnership of member authorities which looked to leverage and maximise the opportunities afforded to local authorities by working together on a national scale on the green energy agenda. APSE Energy was part of the wider APSE family with the specific aim of getting local authorities back into a position of influence in the local energy market.

It was reported that one of the high priority actions in the Council's draft Climate Change Action Plan was to consider the benefits of it becoming members of APSE and APSE Energy, with membership expected to assist the Council in delivering its Plan and meeting its target of making the Council carbon neutral by 2030. The Climate Change Working Group had recently considered a business case and had recommended that the Council become members of the organisations.

Members reviewed the business case for the Council to become a member of both APSE and APSE Energy. It was noted that becoming members of both organisations was cheaper than only becoming a member of APSE Energy. The current annual fee for joining APSE and APSE Energy was £4,669. It was proposed that from the start of the 2021/22 financial year membership fees would be paid from a requested Climate Change revenue budget.

RESOLVED that the Council becomes a member of APSE and APSE Energy.

90/E Wheelchair swing at Frimley Lodge Park

The Executive considered a proposal to install a wheelchair swing at Frimley Lodge Park. The installation, surfacing and fencing of the swing was expected to cost in the region of £28,000, with ongoing inspections and maintenance to be included within the grounds maintenance budget. The wheelchair swing would be funded from Community Infrastructure Levy contributions held in the Mytchett & Deepcut fund.

Members were reminded that Frimley Lodge Park had been refurbished in 2019, during which time an accessible ground level roundabout had been installed, which had proven popular. Adding a wheelchair swing would further develop this play area allowing more children to play along with their friends and family. This would be the first wheelchair accessible swing installed in a play area maintained by the Council.

The location of the swing was discussed and it was advised that it would be within the proximity of the main play area, with the actual positioning to be confirmed during the tender process. The swing would be secured and accessed with the use of a radar key and a key would be held on site by the groundsman and the cafe. The Places & Strategy Portfolio Holder also undertook to speak to the Greenspaces team about ensuring that paths within the park were suitable for disabled access.

RESOLVED that

- (i) the installation of a Wheelchair Swing at Frimley Lodge Park be agreed; and**
- (ii) the project be funded from Community Infrastructure Levy monies held within the Mytchett & Deepcut fund.**

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

91/E Draft proposal to the EM3 Local Enterprise Partnership for funding of Smart Travel project to provide electric vehicle charging points at Deepcut Mindenhurst Development

The Executive considered a report detailing a project to support the roll out of electric vehicle charging and smart travel infrastructure across the Deepcut Mindenhurst development. Skanska, as the master developer of the development was required to facilitate the delivery of 'electric vehicle and smart travel' infrastructure.

The total value of the scheme would be approximately £5,600,000, with £4,200,000 being sought from the EM3 Local Enterprise Partnership (LEP) in this bid. There was currently no LEP funding available for this work, but the LEP had indicated some support for the project and that new funding was expected to become available next year. A contribution of £10,000 'in kind' match was being

sought from the Council. It was also advised that the Council would be the accountable body for the LEP funding award.

RESOLVED that

- (i) the project to support the roll out of electric vehicle charging and smart travel infrastructure across the Deepcut Mindenhurst development be supported;**
- (ii) an EoI for a bid to the EM3 LEP for £4,200,000 to fund the works be supported;**
- (iii) authority be delegated to the Executive Head of Regulatory in consultation with the Portfolio Holder for Planning and People to submit a final bid once availability of funding is confirmed; and**
- (iv) a contribution of £10,000 ‘in kind’ match funding for the roll out of electric vehicle charging and smart travel infrastructure across the Deepcut Mindenhurst development be agreed.**

92/E Exclusion of Press and Public

In accordance with Regulation 4 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, the press and public were excluded from the meeting for the following items of business on the ground that they involved the likely disclosure of exempt information as defined in the paragraphs of Part 1 of Schedule 12A of the Local Government Act 1972 as set out below:

Minute	Paragraph(s)
93/E	3
94/E	3

93/E Executive Working Group notes

The Executive received the notes of the Working Group meetings that had taken place since November 2020.

RESOLVED that the Working Group notes be noted and that the non-exempt notes be published.

94/E Review of Exempt Items

The Executive reviewed the reports which had been considered at the meeting following the exclusion of members of the press and public, as it involved the likely disclosure of exempt information.

RESOLVED that

- (i) the Climate Change Working Group notes be made public;**
- (ii) the Poverty Working Group notes be made public;**
- (iii) the Property Investment Working Group notes remain exempt for the present time;**
- (iv) the Surrey Heath Villages Working Group notes be made public; and**
- (v) all Working Group notes remaining exempt be periodically reviewed by the Chief Executive and Monitoring Officer, with a view to making them public when appropriate.**

Chairman

General Fund Estimates 2021/22

Summary:

To consider and recommend to Council the General Fund Revenue Estimates for the Financial Year 2021/22.

Portfolio: Finance

Date Signed Off: 2 February 2021

Wards Affected: All

Recommendation

The Executive is advised to RECOMMEND to Council that the 2021/22 General Fund Revenue Budget of £14,069,625 as set out in Annex A be approved.

The Executive is asked to consider whether it wishes to make a recommendation to Full Council in respect of the level of Council Tax to be set for 2021/22.

The Executive is asked to note:

1. That a minimum revenue provision of £2,274,000 is required to repay debt;
2. That the budget includes provision for an earmarked reserve of £800,000 to offset any further deterioration in income arising from the pandemic and associated economic downturn;
3. That the budget includes the utilisation of £300,000 from the General Fund Reserve;
4. The provisional NNDR baseline of £1,568,000 and the final settlement on will be reported to Council at its meeting on 24th February 2021;
5. That a full report, setting out Council Tax proposals for 2021/22 will be presented to Council on 24th February 2021, but that for the purposes of this report it has been assumed that Council Tax will increase by £5.00 (from £223.66 to £228.66) at Band D.

1. 2021/22 Budget

- 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 November/December 2020, the Government announced in the provisional settlement 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 for a Band D property. This budget has been prepared on the assumption that the maximum Council Tax increase (£5) within these limits will be approved. The proposed increase generates an additional income to the Council of £194k compared to 2020/21.

Only Full Council can determine the level of Council Tax set.

- 1.3 The budgeted Net Cost of Services for 2021/22 has decreased by £270k compared to 2020/21. The summary budget is included at Annex B and a more detailed set of individual budgets for services – the budget book – has been published on the website and is available in the Member’s room.
- 1.4 The remainder of this covering report discusses the various assumptions and forecasts included in the overall budget calculations.

2. Provisional Financial Settlement

- 2.1 The Financial Settlement announced in December 2020 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 £11,343k.

3. Pay Award and Inflation

- 3.1 The Spending Review set out the Government’s plans for public sector pay for 2021/22, stating that ‘in order to protect jobs and ensure fairness, pay rises in the public sector will be restrained’.

3.2 For public sector organisations operating under national pay arrangements, lower paid employees (earning less than £24,000 per annum) will receive a minimum pay rise of £250. Although there will also be pay increases for NHS workers, for the rest of the public sector increases will be paused in 2021/22. The Council is not bound by these arrangements, and the draft budget for 2021/22 assumes that there will be no increase for pay awards. The Council's Medium-Term Financial Strategy had assumed an increase of 2.0% for 2021/22, equivalent to an increase of £200k on the base budget.

3.3 As regards inflation, no allowance has been made in the draft budget for inflationary increases in goods and services except for contractual obligations. In general, fees and charges have increased by CPI.

4. Use of General Fund Reserves

4.1 The draft budget requires a call-down on General Fund Reserves of £300k. It should be noted, however, that some of the savings planned for 2021/22 and set out in Section 12 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.

4.2 The minimum prudent level of General Fund Reserve for the Council is £2,000k 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.

4.3 It should be noted that the charge to reserves for the 2020/21 budget was £2,027k.

5. Adjustment for Minimum Revenue Provision (MRP)

5.1 The draft budget summarised in Annex A to this report (and set out in detail in the budget book) includes depreciation of assets based on their useful life. However, regulations require the Council to determine each financial year an amount of MRP, which it considers to be prudent by reference to a calculated Capital Financing Requirement (CFR). The Ministry of Housing, Communities and Local Government (MHCLG) also produces statutory guidance which local authorities must have regard to.

5.2 MRP is important for prudent accounting, because it allows an authority to put aside an amount of revenue that can be used towards the capital expenditure that is financed through either borrowing or credit.

5.3 MRP represents the minimum amount that must be charged to the Council's Revenue Account each year for financing of capital expenditure, which assumes it has been funded by borrowing. It is part of all Councils accounting practices and is about making sure that an authority can pay off the debts it has from buying capital assets.

5.4 Accordingly, the draft budget for 2021/22 is adjusted for the purposes of determining local taxes, fees, charges, etc., by deducting total depreciation charges (£1,780k) and replacing them with the MRP (£2,274k). This has the effect of increasing the amount of income to be collected locally by £494k.

6. Interest Earnings

6.1 Interest rates for both borrowing and investment remain at historic lows and are not forecast to increase during financial year 2021/22. For the purposes of the draft budget, total income on cash investments is estimated to remain at the 2020/21 level of £290k. This will be kept under review during the year, and further details are set out in the Treasury Management Strategy report included elsewhere on this agenda.

7. Contributions to Parishes

7.1 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 draft budget for 2021/22 assumes that these grants will remain at £20k, the same level as for 2020/21.

8. Sharing of 2020/21 Collection Fund Deficit

8.1 Losses on the Collection Fund for Council Tax to be charged to the 2021/22 budget total £231k, of which £194k relates to adjustments from financial year 2019/20.

8.2 For NNDR, there is an adjustment required for a shortfall relating to financial year 2019/20 of £1,278k which is charged against the Council's Business Rate Equalisation Fund.

8.3 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.

8.4 For Surrey Heath, the estimated deficit for 2020/21 is £445k. If £334k (75%) is met by Government, this leaves a sum of £111k to be spread over three years, of which £37k (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.

9. National Non-Domestic Rates

- 9.1 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.
- 9.2 For 2020/21 the Multiplier was 51.2 pence and the Small Business Rate Multiplier was 49.9 pence.
- 9.3 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 £432k using similar projections to financial year 2020/21.
- 9.4 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.

10. New Homes Bonus

- 10.1 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.
- 10.2 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.
- 10.3 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.

- 10.4 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.”
- 10.5 For Surrey Heath Borough Council, the estimated income from NHB of £500k and the new Lower Tier Services Grant of £140k have been included in the draft budget for 2021/22.

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

- 11.1 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.
- 11.2 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 £150k.

12. Potential Savings and Growth

- 12.1 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.
- 12.2 In addition, the draft budgets prepared by Departments have been reviewed by the Council’s Corporate Management Team and political leadership.
- 12.3 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
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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 B is stated as £1,903k, since £200k is already accounted for in the draft base budget.

12.4 12.4 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

12.5 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.

13. Exceptional Hardship Fund

- 13.1 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 £10k to £40k, and to transfer a further £40k from reserves to increase the total sum available for 2021/22 to £80k. In terms of the base budget, the increase is £30k for 2021/22.

14. Specific and Non-Ringfenced Grants

- 14.1 The following grants are included in the base budget 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
TOTAL	944

15. Special Expenses

- 15.1 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.
- 15.2 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 £185,000, the same as for 2020/21.

16. Future Resource Implications

- 16.1 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.

- 16.2 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.
- 16.3 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.
- 16.4 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.
- 16.5 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.
- 16.6 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.
- 16.7 For the moment, however the Council has adequate reserves to manage these uncertainties.

17. Key Issues

- 17.1 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 subject to confirmation.

- Includes a financial commentary on the financial challenges the Council faces in the future.
- 17.2 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.
- 17.3 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.
- 17.4 17.4 Government funding in the form of Business Rates and New Homes Bonus has been based on the provisional settlement announced in November/December 2020. This is subject to confirmation in February 2021.
- 17.5 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.
- 17.6 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.
- 17.7 The shortfall in the Collection Fund arising from financial year 2019/20 of £1,278k has been met from a call on the Council's Business Rates Equalisation Fund.
- 17.8 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 £800k (re-purposed from existing reserves) to be drawn down on in the event of any further deterioration in economic conditions.
- 17.9 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 £39k 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.
- 17.10 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 £300k. 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.

18. Next steps

18.1 The following information is required before the 2021/22 Council Tax can be proposed:

a) The Funding Settlement announced in November/December 2021 is still provisional. It is anticipated that the final settlement will be announced in Parliament towards the end of January. At this point the referendum limit will also be confirmed;

b) The County Council, Police and Crime Commissioner and Parishes need to determine their precepts for the year.

18.2 All this information should be available in time for the Council Tax setting meeting 24th February 2021.

18.3 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.

19. Options

19.1 The Executive is asked to consider and recommend to Council the 2021/22 Revenue Estimates 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.

19.2 The Executive could recommend 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.

20. Officer Comments

20.1 S151 Officer Statement:

- 20.2 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).
- 20.3 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.'
- 20.4 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.
- 20.5 The risks associated with the deliverability of this budget are detailed in 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.
- 20.6 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.
- 20.7 The Executive Head of Finance has a responsibility to ensure that the budget is delivered to plan.
- 20.8 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.
- 20.9 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.
- 20.10 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.

20.11 Any changes relating to the 2021/22 draft budget recommended by Executive will be adjusted for in the budget papers presented to Full Council on the 24th February 2021. As it is a legal requirement to present a balanced budget any reduction in income, say from a reduction in the increase in Council Tax, will have to be met by equivalent savings elsewhere in the budget.

21. Corporate Objectives and Key Priorities

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

22. Risk Management

22.1 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.

23. Environmental Impact

23.1 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: Notes Annex B: Budget Summary
Background Papers	Various working papers by the Council's Finance Team Government Spending Review December 2020
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

CONSULTATIONS, IMPLICATIONS AND ISSUES ADDRESSED

	Required	Consulted	Date
Resources			
Revenue	✓	✓	28 January 2021
Capital	✓	✓	28 January 2021
Human Resources			
Asset Management			
IT			

Other Issues			
Corporate Objectives & Key Priorities	✓	✓	25 January 2021
Policy Framework	✓	✓	December 2021
Legal	✓	✓	December 2021
Governance			
Sustainability	✓	✓	28 January 2021
Risk Management	✓	✓	25 January 2021
Equalities Impact Assessment	✓	✓	December/January 2021
Community Safety			
Human Rights			
Consultation			
P R & Marketing			

Annex A: Notes

1. General Fund Estimates 2021/22

1.1 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.

1.2 The total Net Movement between the base budget for 2020/21 and 2021/22 is a reduction of £270k.

Agreed Net Budget 2020/21	£14,339,578
Savings in draft 2021/22 Budget	-£2,647,615
Growth in draft 2021/22 Budget	£2,377,662
Draft Net Budget 2021/22	£14,069,625

1.3 The principles 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.]

1.4 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.

1.5 Community – Net Movement £138k

Contractual increases for Neighbourhood Services (£77k); Community Services (£60k).

1.6 Corporate – Net Movement £10k

Increased costs for Elections (£5k) and for Electoral Registration (£5k).

1.7 Finance – Net Movement -£83k

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

1.8 Legal & Property – Net Movement -£914k

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.

1.9 Investment & Development – Net Movement -£182k

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

1.10 Regulatory – Net Movement £160k

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: Consultants, Supplies and Professional Services (£45k).

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

1.11 Transformation – Net Movement £114k

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).

2. Core Spending Power

2.1 Core Spending Power (CSP) is a measure of the resources available to local authorities to fund service delivery. It sets out the money that has been made available to local authorities through the Local Government Finance Settlement.

2.2 For Surrey Heath Borough Council, the assumptions are as follows:

	Actual 2020/21 £000	Provisional 2021/22 £000
Settlement Funding Assessment	1,568	1,568
Compensation for under-indexing the Business Rate Multiplier	63	82
Estimated Council Tax excluding Parish Precepts	8,802	9,092
New Homes Bonus	910	461
Lower Tier Services Grant	Nil	140
TOTAL	11,343	11,343

2.3 It can be seen that there has been no increase in the Council's CSP between 2020/21 and 2021/22.

3. Funding from Business Rates

3.1 The Council receives a proportion of money collected from local businesses. In 2021/22, the “standard” 50% scheme applies which means that for every £1 collected above the baseline 50p goes to Government, 10p to Surrey CC, 20p for a safety net for less successful areas and 20p remains in Surrey Heath.

3.2 It was anticipated that 2021/22 would mark the first year of a new 75% scheme with rates being rebased to reflect the Fair Funding Review –however, this has been deferred for the time being. It is likely that when implemented it could result in a significant loss of funding to the Council. The implications of this will be explored in the Medium Term Financial Strategy, which will be presented to Full Council in October 2021.

4. Council Tax

4.1 The Council Tax levels for 2021/22 will be set by the Full Council at its meeting on the 24th February 2021

4.2 The Minister has confirmed that there will be a cap on Council Tax increases. The tax increase must be less than 2% or £5 whichever is the higher in order to escape capping.

4.3 Any Council which sets a precept above the capping limits will have to hold a local referendum on the proposed increase at its own expense.

4.4 The budget has been prepared on the assumption that Council Tax will be increased by the maximum £5 allowed, however Council can decide on any amount up to this level. Any resulting shortfall in income would need to be covered by savings or income in-year within the budget.

4.5 The current Surrey Heath Borough Council Band D Council Tax is £223.66. Taking account of the increase proposed the new Band D tax will be £228.66.

4.6 Details of Parish, Surrey County Council and Surrey Police precepts will be included within the paper for Full Council.

5. Tax Base, Parish Support and Collection Fund

5.1 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

5.2 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.

5.3 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

6. Budget Risks

6.1 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.

6.2 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.

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

6.4 National economy

6.4.1 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.

6.4.2 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.

6.5 Salaries

6.5.1 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.

6.6 Surrey County Council

6.6.1 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.

6.7 Savings Target

6.7.1 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.

6.8 Rental Income

6.8.1 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.

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ANNEX B: BUDGET SUMMARY

TOTAL	Annual Budget 2020/21 (excl b/fwd)	Budget Requirement 2021/22	Net Movement
	£	£	£
Business	1,167,225	1,653,994	486,769
Community	4,901,538	5,039,087	137,549
Corporate	1,771,732	1,782,208	10,476
Finance	1,880,424	1,797,361	-83,063
Legal & Property	- 851,798	-1,766,153	-914,355
Investment & Development	- 788,201	-970,023	-181,822
Regulatory	2,532,972	2,693,235	160,263
Transformation	3,725,686	3,839,916	114,230
TOTAL	14,339,578	14,069,625	-269,953
Add: Minimum Revenue Provision	2,213,000	2,274,000	61,000
Less: Internal assets recharged	- 2,105,870	-1,779,570	326,300
			-
NET COST OF SERVICES	14,446,708	14,564,055	117,347
Less: Interest earned	- 290,000	- 290,000	-
Add: Contribution to parishes	19,943	19,943	-
BUDGET REQUIREMENT	14,176,651	14,293,998	117,347
			-
Collection Fund Adjustment	- 169,500	231,000	400,500
Less: Business Rates baseline	- 1,568,384	- 1,568,384	-
Less: Additional Business Rates	- 1,100,000	- 432,000	668,000
Less: New Homes Bonus	- 909,995	- 500,000	409,995

Add: Transfer to Reserves	400,000	1,900	- 398,100
Less: Funding from Reserves	- 2,027,000	- 300,000	1,727,000
Add: Hardship Fund		30,000	30,000
Add: Growth		300,000	300,000
Less:Savings*		- 1,903,000	- 1,903,000
Less: Loss of Income Grant (Q1 only)		- 150,000	- 150,000
Less: Un-Ringfenced Grants		- 944,000	- 944,000
Less: Special Expenses	- 185,000	- 185,000	-
	<u>8,616,772</u>	<u>8,874,514</u>	<u>257,742</u>
COUNCIL TAX REQUIREMENT	8,616,772	8,874,514	257,742
<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	

* Excludes saving on salaries of £200,000 already deducted from Net Cost of Services

Treasury Management Strategy Report 2021/22

Summary

Report to Executive to consider and recommend to Council the Treasury Strategy for 2021/22

Portfolio - Finance

Date Portfolio Holder signed off report: 2 February 2021

Wards Affected - All

Recommendation

The Executive is advised RECOMMEND to Council the adoption of the following:

- (i) The Treasury Management Strategy for 2021/22.**
- (ii) The Treasury Management Indicators for 2021/22 at Annex C.**
- (iii) The Minimum Revenue Provision policy statement and estimated minimum revenue provision payment table at Annex F.**
- (iv) The Treasury Management Policy Statement at Annex G**

Resource Implications

1. The budget for investment income in 2021/22 is £75,000 based on an average investment portfolio of £31 million at an interest rate of 0.25%. The budget for debt interest paid in 2021/22 is £2.5 million, based on an average debt portfolio of £174 million at an average interest rate of 1.43%. If actual levels of investments and borrowing, or actual interest rates, differ from those forecast, performance against budget will be correspondingly different.
2. Where investment income exceeds budget, e.g. from higher risk investments including pooled funds, or debt interest paid falls below budget, e.g. from cheap short-term borrowing, then the revenue savings will be transferred to the Interest Equalisation reserve to cover the risk of capital losses or higher interest rates payable in future years.
3. Funding for the proposed corporate capital programme for 2021/22 – 2023/24 will be funded by capital receipts, capital reserves and government grants.
4. Any changes required to the approved treasury management indicators and strategy, say due to changes in economic conditions, will be reflected in future reports for Executive and Full Council to consider.

Key Issues

5. Treasury management is the management of the Council's cash flows, borrowing and investments, and the associated risks. The Council has borrowed and 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. The successful identification, monitoring and control of financial risk is therefore central to the Council's prudent financial management.
6. The Council's portfolio of investments comprise funds available for longer term investment and short term investments sufficient to meet cash flow requirements.
7. Treasury risk management at the Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2017 Edition (the CIPFA Code) which requires the Council to approve a treasury management strategy before the start of each financial year. This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.
8. Investments held for service purposes or for commercial profit are considered in the Investment Strategy which is on this agenda.
9. In accordance with the MHCLG Guidance, the Council will be asked to approve a revised Treasury Management Strategy Statement should the assumptions on which this report is based change significantly. Such circumstances would include, for example, a large unexpected change in interest rates, or in the Council's capital programme or in the level of its investment balance.

Options

10. The Executive can receive or amend the report, or ask for further information.
11. The Executive can approve or amend the proposed recommendations to Council.

Proposals

12. The Executive is asked to approve and recommend the Council the adoption of:
 - a) The Treasury Management Strategy for 2021/22
 - b) The Treasury Management Indicators for 2021/22 at Annex C
 - c) The Minimum Revenue Provision (MRP) Policy Statement at Annex F
 - d) The Treasury Management Policy Statement at Annex G

Supporting Information

National and International Factors which influence the Council's Treasury Strategy

13. The Council's treasury management advisors, Arlingclose Limited have provided us their assessment of the wider external factors that the Council's investment

strategy needs to take in to account in terms of the economy, interest rates and credit outlook. This is set out below:

Economic background:

14. The impact on the UK from coronavirus, together with its exit from the European Union and future trading arrangements with the bloc, will remain a major influence on the Council's treasury management strategy for 2021/22.
15. The Bank of England (BoE) maintained Bank Rate at 0.10% in November 2020 and also extended its Quantitative Easing programme by £150 billion to £895 billion. The Monetary Policy Committee voted unanimously for both, but no mention was made of the potential future use of negative interest rates. Within the latest forecasts, the Bank expects the UK economy to shrink -2% in Q4 2020 before growing by 7.25% in 2021, lower than the previous forecast of 9%. The BoE also forecasts the economy will now take until Q1 2022 to reach its pre-pandemic level rather than the end of 2021 as previously forecast.
16. UK Consumer Price Inflation (CPI) for September 2020 registered 0.5% year on year, up from 0.2% in the previous month. Core inflation, which excludes the more volatile components, rose to 1.3% from 0.9%. The most recent labour market data for the three months to August 2020 showed the unemployment rate rose to 4.5% while the employment rate fell to 75.6%. Both measures are expected to deteriorate further due to the ongoing impact of coronavirus on the jobs market, particularly when the various government job retention schemes start to be unwound in 2021, with the BoE forecasting unemployment will peak at 7.75% in Q2 2021. In August, the headline 3-month average annual growth rate for wages were 0% for total pay and 0.8% for regular pay. In real terms, after adjusting for inflation, total pay growth fell by -0.8% while regular pay was up 0.1%.
17. GDP growth fell by -19.8% in the second quarter of 2020, a much sharper contraction from -2.0% in the previous three months, with the annual rate falling -21.5% from -1.6%. All sectors fell quarter-on-quarter, with dramatic declines in construction (-35.7%), services (-19.2%) and production (-16.3%), and a more modest fall in agriculture (-5.9%). Monthly GDP estimates have shown the economy is recovering but remains well below its pre-pandemic peak. Looking ahead, the BoE's November Monetary Policy Report forecasts economic growth will rise in 2021 with GDP reaching 11% in Q4 2021, 3.1% in Q4 2022 and 1.6% in Q4 2023.
18. GDP growth in the euro zone rebounded by 12.7% in Q3 2020 after contracting by -3.7% and -11.8% in the first and second quarters, respectively. Headline inflation, however, remains extremely weak, registering -0.3% year-on-year in October, the third successive month of deflation. Core inflation registered 0.2% y/y, well below the European Central Bank's (ECB) target of 'below, but close to 2%'. The ECB is expected to continue holding its main interest rate of 0% and deposit facility rate of -0.5% for some time with further monetary stimulus expected later in 2020.

19. The US economy contracted at an annualised rate of 31.7% in Q2 2020 and then rebounded by 33.1% in Q3. The Federal Reserve maintained the Fed Funds rate at between 0% and 0.25% and announced a change to its inflation targeting regime to a more flexible form of average targeting. The Fed also provided strong indications that interest rates are unlikely to change from current levels over the next three years.
20. Former vice-president Joe Biden won the 2020 US presidential election. Mr Biden is making tackling coronavirus his immediate priority and will also be reversing several executive orders signed by his predecessor and take the US back into the Paris climate accord and the World Health Organization.

Credit Outlook:

21. After spiking in late March as coronavirus became a global pandemic, credit default swap (CDS) prices for the larger UK banks have steadily fallen back to almost pre-pandemic levels. Although uncertainly around COVID-19 related loan defaults lead to banks provisioning billions for potential losses in the first half of 2020, drastically reducing profits, reported impairments for Q3 were much reduced in some institutions. However, general bank profitability in 2020 is likely to be significantly lower than in previous years.
22. The credit ratings for many UK institutions were downgraded on the back of downgrades to the sovereign rating. Credit conditions more generally though in banks and building societies have tended to be relatively benign, despite the impact of the pandemic.
23. Looking forward, the potential for bank losses to be greater than expected when government and central bank support starts to be removed remains a risk, as does the UK not achieving a Brexit deal, suggesting a cautious approach to bank deposits in 2021/22 remains advisable.

Interest rate forecast:

24. The Council's treasury management adviser Arlingclose is forecasting that BoE Bank Rate will remain at 0.1% until at least the end of 2023. The risks to this forecast are judged to be to the downside as the BoE and UK government continue to react to the coronavirus pandemic and the Brexit transition period ends. The BoE extended its asset purchase programme to £895 billion in November while keeping Bank Rate on hold. However, further interest rate cuts to zero, or possibly negative, cannot yet be ruled out but this is not part of the Arlingclose central forecast.
25. Gilt yields are expected to remain very low in the medium-term while short-term yields are likely remain below or at zero until such time as the BoE expressly rules out the chance of negative interest rates or growth/inflation prospects improve. The central case is for 10-year and 20-year to rise to around 0.5% and 0.75% respectively over the time horizon. The risks around the gilt yield forecasts are judged to be broadly balanced between upside and downside risks, but there

will almost certainly be short-term volatility due to economic and political uncertainty and events.

26. A more detailed economic and interest rate forecast provided by Arlingclose is attached at Appendix A.
27. For the purpose of setting the budget, it has been assumed that no new treasury management investments will be made and that existing loans will be financed at an average rate of 2%.

Local Context

28. On 30th November 2020, the Council held £174 million of borrowing and £30 million of treasury investments.
29. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The Council's current strategy is to maintain borrowing below their underlying levels, sometimes known as internal borrowing subject to holding a minimum of £5 million.

Borrowing Strategy

30. The Council currently holds £174 million of loans, which it is using to fund its property acquisitions. The Council may borrow in advance to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing of £235 million however the Council will incur a cost of carry until the funds are utilised.

Objectives:

31. The Council's main objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Council's long-term plans change is a secondary objective.

Strategy:

32. Given the significant cuts to public expenditure and in particular to local government funding, the Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to continue to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead.
33. By doing so, the Council is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of short-term borrowing will be monitored regularly against the potential for incurring additional

costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. Arlingclose will assist the Authority with this 'cost of carry' and breakeven analysis. Its output may determine whether the Authority borrows additional sums at long-term fixed rates in 2021/22 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

34. The Council has previously raised the majority of its long-term borrowing from the PWLB but will consider long-term loans from other sources including banks, pensions and local authorities, and will investigate the possibility of issuing bonds and similar instruments, in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield; the Authority intends to avoid this activity in order to retain its access to PWLB loans.
35. Alternatively, the Authority may arrange forward starting loans, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.
36. In addition, the Authority may borrow further short-term loans to cover unplanned cash flow shortages.
37. In order to manage risk on its short term borrowings, the Council has arranged fixed rate forward starting loans for £50m. These will replace the short term borrowing of the same amount and are due to start in 2021 and 2022. This has enabled certainty of cost to be achieved in the future whilst taking advantage of low interest rates in the short term.

Sources of borrowing:

38. The approved sources of long-term and short-term borrowing are:
 - HM Treasury's PWLB lending facility (formerly the Public Works Loan Board)
 - Any institution approved for investments (see below)
 - Any other bank or building society authorised to operate in the UK
 - UK public and private sector pension funds (except Surrey County Council Pension Fund)
 - UK Municipal Bonds Agency plc and other special purpose companies created to enable local Council bond issues
 - Local Enterprise Partnerships
 - Any other UK public sector body

In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- Leasing
- Hire Purchase

- Private Finance Initiative
- Sale and Leaseback

Municipal Bonds Agency:

39. UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It issues bonds on the capital markets and lends the proceeds to local authorities. This is a more complicated source of finance than the PWLB for two reasons: borrowing authorities will be required to provide bond investors with a guarantee to refund their investment in the event that the agency is unable to for any reason; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will require the approval of Full Council and therefore a separate report would be required.

Short term and Variable Rate loans:

40. These loans leave the Council exposed to the risk of short term interest rate rises and are therefore subject to the interest rate exposure limits in the treasury management indicators below. Financial derivatives may be used to manage this interest rate risk (see section below)

Debt Rescheduling:

41. The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Council may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk.

Annual Minimum Revenue Provision (MRP) Statement:

42. When a Council borrows, it is required to indicate how it intends to fulfil its duty to make prudent provision for the repayment of the capital borrowed from revenue. This provision is called the Minimum Revenue Provision or MRP. Best practice guidance recommends that Authorities prepare a statement of policy on making MRP in respect of the forthcoming financial year. The Council's MRP statement will be recommended to Council by the Executive on 16th February 2021 as part of the Capital budget for 2021/22.
43. The recommended policy is attached in Annex F and the forecast MRP is £m is shown in the table below:

	2019/20 actual	2020/21 forecast	2021/22 budget	2022/23 budget	2023/24 budget
MRP Payment	2158	2213	2274	2320	2378

Treasury Investment Strategy

44. The Council holds invested funds, representing income received in advance of expenditure plus balances and reserves held. This is expected to remain at £14 million in 2021/22.

Objectives:

45. The CIPFA Code requires the Council to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest return of return, or yield. The Council'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. Where balances are expected to be invested for more than one year, the Council will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.

Negative Interest Rates:

46. The COVID-19 pandemic has increased the risk that the Bank of England will set its Bank Rate at or below zero, which is likely to feed through to negative interest rates on all low risk, short-term investment options. Since investments cannot pay negative income, negative rates will be applied by reducing the value of investments. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.

Strategy:

47. Given the increasing risk and very low returns from short-term unsecured bank investments, the majority of the Council's surplus cash is currently invested in money market funds and the UK Government. On the advice of our advisors Arlingclose. No changes are proposed to the 2021/22 investment strategy from that adopted in 2020/21.

Business Models:

48. Under the new IFRS 9 standard, the accounting for certain investments depends on the Council's "business model" for managing them. The Council aims to achieve value from its internally managed treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria

are also met, these investments will continue to be accounted for at amortised cost.

Approved Counterparties:

49. The Council’s Treasury advisors have advised that the Council may invest its surplus funds with any of the counterparty types in the table below, subject to the limits shown.

Sector	Time limit	Counterparty limit	Sector limit
The UK Government	50 years	Unlimited	n/a
Local authorities & other government entities	25 years	£3m	Unlimited
Secured investments *	25 years	£3m	Unlimited
Banks (unsecured) *	13 months	£2m	Unlimited
Building societies (unsecured) *	13 months	£2m	£5m
Registered providers (unsecured) *	5 years	£2m	£5m
Money market funds *	n/a	£5m	Unlimited
Strategic pooled funds	n/a	£3m	£5m
Real estate investment trusts	n/a	£3m	£?m
Other investments *	5 years	£2m	£?m

This table must be read in conjunction with the notes below.

* Minimum Credit Rating:

50. Treasury investments in the sectors marked with an asterisk will only be made with entities whose lowest published long-term credit rating is no lower than A. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.
51. For entities without published credit ratings, investments may be made either (a) where external advice indicates the entity to be of similar credit quality; or (b) to a maximum of £2m per counterparty as part of a diversified pool e.g. via a peer-to-peer platform.

Banks and Building Societies (unsecured):

52. Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.

Secured Investments:

53. Investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds and reverse repurchase agreements with banks and building societies are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used. The combined secured and unsecured investments with any one counterparty will not exceed the cash limit for secured investments.

Government:

54. Loans to, and bonds and bills issued or guaranteed by, national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Government are deemed to be zero credit risk due to its ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years.

Registered Providers (unsecured):

55. Loans to, and bonds issued or guaranteed by, registered providers of social housing or registered social landlords, formerly known as housing associations. These bodies are regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.

Money Market Funds:

56. Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Council will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.

Strategic Pooled Funds:

57. Bond, equity and property funds that offer enhanced returns over the longer term, but are more volatile in the short term. These allow the Council to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's investment objectives will be monitored regularly.

Real Estate Investment Trusts:

58. Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties.

Other Investments:

59. This category covers treasury investments not listed above, for example unsecured corporate bonds and company loans. Non-bank companies cannot be bailed-in but can become insolvent placing the Council's investment at risk.

Operational Bank Accounts:

60. The Council may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments, but are still subject to the risk of a bank bail-in, and balances will therefore be kept below £3 million per bank. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Council maintaining operational continuity. Deposits with the Council's current account are restricted to overnight deposits.

Risk Assessment and Credit Ratings

61. Credit ratings are obtained and monitored by the Council's treasury advisers, who will notify changes in ratings as they occur. The credit rating agencies in current use are listed in the Treasury Management Practices document. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:
- no new investments will be made,
 - any existing investments that can be recalled or sold at no cost will be, and
 - full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

62. Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as “negative watch”) so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

Other Information on the Security of Investments:

63. The Council understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from the Council’s treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.
64. When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2020, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Council’s cash balances, then the surplus will be deposited with the UK Government or with other local authorities. This will cause investment returns to fall but will protect the principal sum invested.

Investment Limits:

65. The maximum that will be lent to any one organisation (other than the UK Government) will be £3 million. A group of entities under the same ownership will be treated as a single organisation for limit purposes.
66. Credit risk exposures arising from non-treasury investments, financial derivatives and balances greater than £3 million in operational bank accounts count against the relevant investment limits.
67. Limits are also be placed on fund managers, investments in brokers’ nominee accounts and foreign countries as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries. Please refer to the table below:

	Cash limit
Any single organisation, except the UK Central Government	£3m each
UK Central Government	Unlimited
Any group of organisations under the same ownership	£3m per group
Any group of pooled funds under the same management	£5m per manager
Negotiable instruments held in a broker's nominee account	£10m per broker
Foreign countries	£2m per country
Registered Providers	£5m in total
Unsecured investments with Building Societies	£5m in total
Loans to unrated corporates	£2m in total
Money Market Funds	Unlimited

Liquidity Management:

68. The Council uses purpose-built cash flow forecasting software to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments.
69. The Council will spread its liquid cash over at a number of providers (e.g. bank accounts and money market funds) to ensure that access to cash is maintained in the event of operational difficulties at any one provider.

Other Items

70. There are a number of additional items that the Council is obliged by CIPFA or MHCLG to include in its treasury management strategy. These are shown in Annex B.

Treasury Management Indicators

71. The Council measures and manages its exposures to treasury management risks using a range of indicators which members are asked to approve. These are set out at Annex C.

Corporate Objectives and Key Priorities

72. The Treasury Management supports the Council's Key Priority 2.

Policy Framework

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

- a. New borrowing is to be 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.
- b. Investments to be made in accordance with the CLG guidance on Local Council Investments, on the basis of Fitch, Moody's and Standard & Poors credit ratings for rated institutions and as detailed in the Treasury Management Policy statement and approved schedules and practices.
- c. Sufficient funds to be available to meet the Council's estimated outgoings for any day.
- d. Investment objectives are to maximise the return to the Council, subject to the overriding need to protect the capital sum.
- e. The Council's response to interest rate changes is to minimise the net interest rate burden on borrowing and maximise returns from investments, subject to (a-d) above.

Legal Issues

74. These are addressed in the report and relate to a requirement to set and agree both a treasury management strategy and prudential indicators.

Governance Issues

75. The recommendations address best practice and are required as part of the CIPFA code.

Sustainability

76. None

Risk Management

77. Poor returns on investments could lead to a reduction in income also to support the revenue budget. However, low returns on investments should mean low rates for borrowing which could offset any potential loss. There is a risk that variable interest rates on short term borrowing could rise faster than expected leading to an increase in cost and therefore leading to savings being needed elsewhere in the Council's budget.
78. The limits proposed in this report in respect to counterparties and investments are the overall limits for agreement by Council. However from time to time these may be tightened temporarily by the Executive Head of Finance in consultation with the portfolio holder for Resources 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.

79. 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 thereby putting the Council's investments at risk.

Consultation

80. The Council's treasury advisors have been consulted and advised on the treasury strategy.

Officer Comments

81. Treasury Management, in particular the management of debt, is becoming an increasing important are for the Council. This can lead to financial benefits but also carries risks which need to be clearly understood.

Annexes	Annex A – Arlingclose Economic and Interest Rate Forecast November 2020 Annex B – 2021/22 Other Items - Treasury Management Strategy Annex C – 2021/22 Treasury Management Indicators Annex D – Investments as at 30 th November 2020 Annex E – Existing Investment and Debt Portfolio Annex F – Minimum Revenue Policy (MRP) Statement Annex G – Treasury Management Policy Statement Annex H - Glossary
Background Papers	CIPFA Code of Practice: Treasury Management in the Public Services – 2017 Edition
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Arlingclose Economic & Interest Rate Forecast – November 2020

Underlying assumptions:

- The medium-term global economic outlook remains weak. Second waves of Covid cases have prompted more restrictive measures and further lockdowns in Europe and the UK. This ebb and flow of restrictions on normal activity will continue for the foreseeable future, at least until an effective vaccine is produced and importantly, distributed.
- The global central bank and government responses have been significant and are in many cases on-going, maintaining more stable financial, economic and social conditions than otherwise.
- Although these measures supported a sizeable economic recovery in Q3, the imposition of a second national lockdown in England during November will set growth back and likely lead to a fall in GDP in Q4.
- Signs of a slowing economic recovery were already evident in UK monthly GDP and PMI data, even before the latest restrictions. Despite some extension to fiscal support measures, unemployment is expected to rise when these eventually come to an end in mid-2021.
- This situation will result in central banks maintaining low interest rates for the medium term. In the UK, Brexit is a further complication. Bank Rate is therefore likely to remain at low levels for a very long time, with a distinct possibility of being cut to zero. Money markets continue to price in a chance of negative Bank Rate.
- Longer-term yields will also remain depressed, anchored by low central bank policy rates, expectations for potentially even lower rates and insipid inflation expectations. There is a chance yields may follow a slightly different path in the medium term, depending on investor perceptions of growth and inflation, the development of a vaccine or if the UK leaves the EU without a deal.

Forecast:

- Arlingclose expects Bank Rate to remain at the current 0.10% level.
- Additional monetary loosening through increased financial asset purchases was delivered as we expected. Our central case for Bank Rate is no change, but further cuts to zero, or perhaps even into negative territory, cannot be completely ruled out.
- Gilt yields will remain low in the medium term. Shorter term gilt yields are currently negative and will remain around zero or below until either the Bank expressly rules out negative Bank Rate or growth/inflation prospects improve.
- Downside risks remain in the near term, as the government continues to react to the escalation in infection rates and the Brexit transition period comes to an end.

	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23
Official Bank Rate													
Upside risk	0.00	0.00	0.00	0.15	0.15	0.15	0.15	0.30	0.30	0.30	0.30	0.30	0.30
Arlingclose Central Case	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
Downside risk	-0.10	-0.20	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50
3-month money market rate													
Upside risk	0.05	0.05	0.05	0.10	0.10	0.15	0.20	0.30	0.30	0.30	0.30	0.30	0.30
Arlingclose Central Case	0.10	0.10	0.15	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20
Downside risk	-0.40	-0.40	-0.45	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50
5yr gilt yield													
Upside risk	0.40	0.40	0.40	0.45	0.45	0.50	0.50	0.55	0.60	0.60	0.65	0.65	0.70
Arlingclose Central Case	0.00	0.00	0.05	0.10	0.15	0.15	0.20	0.20	0.25	0.25	0.25	0.25	0.25
Downside risk	-0.30	-0.40	-0.50	-0.55	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60
10yr gilt yield													
Upside risk	0.40	0.40	0.40	0.45	0.45	0.50	0.50	0.55	0.60	0.60	0.65	0.65	0.70
Arlingclose Central Case	0.30	0.30	0.35	0.40	0.40	0.45	0.45	0.50	0.50	0.55	0.55	0.55	0.55
Downside risk	-0.30	-0.40	-0.50	-0.55	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50
20yr gilt yield													
Upside risk	0.40	0.40	0.40	0.45	0.45	0.50	0.50	0.55	0.60	0.60	0.65	0.65	0.70
Arlingclose Central Case	0.70	0.70	0.70	0.75	0.75	0.75	0.80	0.80	0.85	0.85	0.85	0.85	0.85
Downside risk	-0.20	-0.20	-0.25	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30
50yr gilt yield													
Upside risk	0.40	0.40	0.40	0.45	0.45	0.50	0.50	0.55	0.60	0.60	0.65	0.65	0.70
Arlingclose Central Case	0.60	0.60	0.60	0.65	0.65	0.65	0.70	0.70	0.75	0.75	0.75	0.75	0.75
Downside risk	-0.20	-0.20	-0.25	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30

PWLB Certainty Rate (Maturity Loans) = Gilt yield + 1.80% PWLB HRA Rate = Gilt yield + 0.80%

PWLB Infrastructure Rate (Maturity Loans) = Gilt yield + 0.60%

Other Items

There are a number of additional items that the Council is obliged by CIPFA or MHCLG to include in its Treasury Management Strategy.

1. Financial Derivatives

Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in Section 1 of the Localism Act 2011 removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).

The Council will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Council is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria, assessed using the appropriate credit rating for derivative exposures. An allowance for credit risk calculated using the methodology in the Treasury Management Practices document will count against the counterparty credit limit and the relevant foreign country limit.

In line with the CIPFA Code, the Council will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.

At the moment the Council does not hold any Financial Derivatives.

2. Investment Advisers

The Council has appointed Arlingclose Limited as treasury management advisers and receives specific advice on investment, debt and capital finance issues. This is monitored by holding regular meetings with the advisers to ensure that they continue to meet the Council's treasury management objectives. In addition, the Council's tender process for treasury management advice ensures value for money.

3. Investment of Money Borrowed in Advance of Need

The total amount borrowed will not exceed the authorised borrowing limit of £235 million. The maximum period between borrowing and expenditure is not expected to exceed two years, although the Council is not required to link particular loans with particular items of expenditure. At the moment there are no plans to borrow in advance.

Other Options Considered

The MHCLG Guidance and the CIPFA Code do not prescribe any particular treasury management strategy for local authorities to adopt. The Executive Head of Finance, having consulted the Portfolio Member, believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

Alternative	Impact on income and expenditure	Impact on risk management
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Lower chance of losses from credit related defaults, but any such losses may be greater
Invest in a wider range of counterparties and/or for longer times	Interest income will be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs may be more certain
Borrow short-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long term costs may be less certain
Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain

Markets in Financial Instruments Directive

The Council has opted up to professional client status with its providers of financial services, including advisers, banks, brokers and fund managers, allowing it access to a

greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Council's treasury management activities, The Executive Head of Finance believes this to be the most appropriate status.

Treasury Management Indicators 2021/22

The Council measures its exposure to treasury management risks using the following indicators. The Council is asked to approve these indicators:

1. Security – Average Credit Rating

The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio.

Credit Risk Indicator	Target
Portfolio average credit rating	A

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.

2. Liquidity: cash available within three months

The Council 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.

Liquidity Risk Indicator	Target
Total cash available within 3 months	£5m

3. Interest Rate Exposures:

This indicator is set to control the Council's exposure to interest rate risk. The Council holds investments of £31 million and variable rate borrowing of £174 million as at the 30th November which equates to net borrowing of £143 million. The limit on one-year revenue impact of a 1% rise in interest rates has been set at £1 million. The Council has sufficient reserves in an Interest Equalisation Reserve to mitigate the impact of an interest rate rise for 2021/22.

The Council has also fixed £50 million of these loans which are due to start in 2020/21 at an average rate of 2.88% thereby reducing its interest rate exposure.

4. Maturity Structure of Borrowing:

This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of fixed rate borrowing will be:

Refinancing rate risk indicator	Upper	Lower
Not over 1 year	100%	0%
Over 1 but not over 2 years	100%	0%
Over 2 but not over 5 years	100%	0%
Over 5 but not over 10 years	100%	0%
Over 10 but not over 15 years	100%	0%
Over 15 but not over 20 years	100%	0%
Over 20 but not over 30 years	100%	0%
Over 25 but not over 30 years	100%	0%
Over 30 but not over 40 years	100%	0%
Over 40 years	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. This table means there is total flexibility on borrowing periods to achieve the most cost effective option.

5. Principal Sums Invested for Periods Longer than a year:

The purpose of this indicator is to control the Council'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 will be:

Price Risk Indicator	2021/22	2022/23	2023/24
Limit on principal invested beyond year end	£2.5m	£2.5m	£2.5m

INVESTMENTS as at 30th November 2020

	£
Debt Management Office	14,580,000
Other Local Authorities Short Term	<u>3,000,000</u>
Total Government	<u>17,580,000</u>
Aberdeen Standard	3,000,000
Blackrock	300,000
CCLA Public Sector Deposit Fund	700,000
Federated	3,000,000
Legal and General	<u>3,000,000</u>
Total Money Market Funds	<u>10,000,000</u>
CCLA Property Fund	<u>2,054,260</u>
Total Longer Term Investments	<u>2,054,260</u>
Total Invested (excluding the NatWest Business Reserve)	<u>29,634,260</u>
NatWest Business Reserve	1,282,518
Total Invested (including NatWest Business Reserve)	<u><u>£30,916,779</u></u>

Existing Investment & Debt Portfolio

	30-Nov-20 Actual Portfolio £m	30-Nov-20 Average Rate %
External Borrowing:		
Public Works Loan Board - Long Term	53.31	2.38%
Local authorities - Short Term	121.10	0.47%
Total Gross External Debt	174.41	1.43%
Investments:		
Banks & Building societies	1.28	0.01%
Government – DMO	14.58	0.01%
Government - Other Local Authorities	3.00	0.04%
Money Market Funds	10.00	0.02%
Other Pooled Funds	2.05	4.43%
Total Treasury Investments	30.92	0.90%
Net Debt	143.49	0.53%

Minimum Revenue Policy (MRP) Statement

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. 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 its making the prudent provision that is required by the guidance.
2. 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.

Estimated economic lives of assets	Estimated economic life
Asset Class	
Land and heritage assets	50 years
Buildings and services	50 years
Vehicles and Plant	10 years
IT equipment and software	5 years
Investment property	50 years
Assets for regeneration and/or under construction	0% until development complete

3. 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. In accordance with provisions in the guidance MRP will be charged starting in the year following the date an asset becomes operational.
5. The forecast MRP in £m is shown in the table below:

	2019/20 actual	2020/21 forecast	2021/22 budget	2022/23 budget	2023/24 budget
MRP Payment	2158	2213	2274	2320	2378

Note: The Council may need to amend to MRP policy dependent on Guidance from MHCLG. If this is the case it will be submitted to members again for approval at a later date

Treasury Management Policy Statement

The Council's financial regulations require it to create and maintain a treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury activities, as a cornerstone for effective treasury management.

Definition

1. The Council defines its treasury management activities as: The management of the Council's borrowing, 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.

Risk management

2. This 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. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.

Value for money

3. This organisation acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

Borrowing policy

4. The Council greatly values revenue budget stability. Short-term and variable rate loans will only be borrowed to the extent that they either offset short-term and variable rate investments or can be shown to produce revenue savings.
5. The Council will set an affordable borrowing limit each year in compliance with the Local Government Act 2003, and will have regard to the CIPFA Prudential Code for Capital Finance in Local Authorities when setting that limit. It will also set limits on its exposure to changes in interest rates and limits on the maturity structure of its borrowing in the treasury management strategy report each year.

Investment policy

6. The Council's primary objectives for the investment of its surplus funds are to protect the principal sums invested from loss, and to ensure adequate liquidity so that funds are available for expenditure when needed. The generation of investment income to support the provision of local Council services is an important, but secondary, objective.

7. The Council will have regard to the Communities and Local Government Guidance on Local Government Investments and will approve an investment strategy each year as part of the treasury management strategy. The strategy will set criteria to determine suitable organisations with which cash may be invested, limits on the maximum duration of such investments and limits on the amount of cash that may be invested with any one organisation.

Glossary of Terms

Amortising	A loan or bond where principal is repaid over its term, rather than only on maturity.
Annuity	A method of repaying a loan where the cash payment remains constant over the life of the loan, but the proportion of interest reduces and the proportion of principal repayment increases over time. Repayment mortgages and personal loans tend to be repaid by the annuity method.
Authorised limit	The maximum amount of debt that a local Council may legally hold, set annually in advance by the Council itself. One of the Prudential Indicators.
Bail-in	A method of rescuing a failing financial institution by cancelling some of its deposits and bonds. Investors may suffer a haircut but may be given shares in the bank as part compensation. See also bail-out.
Bail-out	A method of rescuing a failing financial institution by the injection of public money. This protects investors at the expense of taxpayers. See also bail-in.
Bank of England	The central bank of the UK, based in London, sometimes just called “the Bank”.
Bank Rate	The official interest rate set by the Monetary Policy Committee, and the rate of interest paid by the Bank of England on commercial bank deposits. Colloquially termed the “base rate”.
Borrowing	Usually refers to the stock of outstanding loans owed and bonds issued.
Building society	A mutual organisation that performs similar functions to a retail bank but is owned by its customers.
Call account	A deposit account that can be called back, normally on instant access.
Capital	(1) Long-term, as in capital expenditure and capital receipt. (2) Principal, as in capital gain and capital value. (3) Investments in financial institutions that will absorb losses before senior unsecured creditors.
Capital expenditure	Expenditure on the acquisition, creation or enhancement of fixed assets that are expected to provide value for longer

than one year, such as property and equipment, plus expenditure defined as capital in legislation such as the purchase of certain investments.

Capital finance	Arranging and managing the cash required to finance capital expenditure, and the associated accounting.
Capital finance Regulations	Legislation covering local authorities' activities in capital finance, treasury management and accounting. Separate regulations are published for the four nations of the UK.
Capital financing Requirement	A local Council's underlying need to hold debt for capital purposes, representing the cumulative capital expenditure that has been incurred but not yet financed. The CFR increases with capital expenditure and decreases with capital finance and MRP.
Capital gain or loss	An increase or decrease in the capital value of an investment, for example through movements in its market price.
CET1	Core equity tier 1 - the purest form of capital for a financial institution, which is available to absorb losses while it remains a going concern, usually expressed as a ratio to risk weighted assets.
Certainty rate	Discount on PWLB rates for new loans borrowed, available to all local authorities that provide a forecast for their borrowing requirements.
Certificate of deposit (CD)	A short-term debt instrument, similar to a deposit, but that is tradable on the money markets.
CIPFA	The Chartered Institute of Public Finance and Accountancy - the professional body for accountants working in the public sector. CIPFA also sets various standards for local government
Collective investment Scheme	Scheme in which multiple investors collectively hold units or shares. The investment assets in the fund are not held directly by each investor, but as part of a pool (hence these funds are also referred to as 'pooled funds').
Cost of carry	When a loan is borrowed in advance of need, the difference between the interest payable on the loan and the income earned from investing the cash in the interim.
Counterparty	The other party to a loan, investment or other contract.

Counterparty limit	The maximum amount an investor is willing to lend to a counterparty, in order to manage credit risk.
CPI	Consumer Price Index - the measure of inflation targeted by the Monetary Policy Committee, measured on a harmonised basis across the European Union.
Credit default swap (CDS)	Derivative for swapping credit risk on a particular issuer, similar to an insurance policy where the buyer pays a premium against the risk of default. Also used as an indicator of credit risk: the higher the premium, the higher the perceived risk.
Credit rating	Formal opinion by a credit rating agency of a counterparty's future ability to meet its financial obligations. As it is only an opinion, there is no guarantee that a highly rated organisation will not default.
Credit rating agency	An organisation that publishes credit ratings. The three largest agencies are Fitch, Moody's and Standard & Poor's but there are many smaller ones.
Credit risk	The risk that a counterparty will default on its financial obligations.
Debt	(1) A contract where one party owes money to another party, such as a loan, deposit or bond. Contrast with equity. (2) In the Prudential Code, the total outstanding borrowing plus other long-term liabilities.
Default	Failure to meet an obligation under a debt contract, including the repayment of cash or compliance with a covenant, usually as a result of being in financial difficulty (rather than an administrative oversight).
Deposit	A regulated placing of cash with a financial institution. Deposits are not tradable on financial markets.
Derivative	Financial instrument whose value is derived from an underlying instrument or index, such as a swap, option or future. Derivatives can be used to gain exposure to, or to help protect against, changes in the value of the underlying. See also embedded derivative and hedge.
Discount	(1) The amount that the early repayment cost of a loan is below its principal, or the price of a bond is below its nominal value. (2) To calculate the present value of an investment taking account of the time value of money.

Diversification	The spreading of risk across a variety of exposures in order to reduce the risk. For example, investing in a range of counterparties to limit credit risk or borrowing to a range of maturity dates to limit refinancing risk.
Dividend	Income paid to investors in shares and collective investment schemes. Dividends are not contractual, and the amount is therefore not known in advance.
DMO	Debt Management Office – an executive agency of HM Treasury that deals with central government’s debt and investments.
Duration	In relation to a bond or bond fund, the weighted average time of the future cash flows from today, usually expressed in years. The longer the duration, the more the price moves for a given change in interest rates.
Equity	(1) The residual value of an entity’s assets after deducting its liabilities. (2) An investment in the residual value of an entity, for example ordinary shares.
Fair value	IFRS term for the price that would be obtained by selling an investment, or paid to transfer debt, in a market transaction.
Fiscal policy	Measures taken by government to boost or slow the economy via taxation and spending decisions. Fiscal loosening or easing refers to cuts in taxes or increases in spending, while fiscal tightening refers to the opposite. See also monetary policy.
Financial institution	A bank, building society or credit union. Sometimes the term also includes insurance companies.
Financial instrument	IFRS term for investments, borrowing and other cash payable and receivable.
Forward deal	An arrangement where a loan or deposit is arranged in advance of the cash being transferred, with the advance period being longer than the standard period (if any) for such a transaction.
Fund manager	Regulated firm that manages collective investment schemes.
GDP	Gross domestic product – the value of the national aggregate production of goods and services in the economy. Increasing GDP is known as economic growth.

General Fund	A local Council reserve that holds the accumulated surplus or deficit on revenue income and expenditure, except on council housing.
Gilt	Bond issued by the UK Government, taking its name from the gilt-edged paper they were originally printed on.
Gilt yield	Yield on gilts. Commonly used as a measure of risk-free long-term interest rates in the UK.
Guarantee	An arrangement where a third party agrees to pay the contractual payments on a loan to the lender if the borrower defaults.
IFRS	International Financial Reporting Standards, the set of accounting rules in use by UK local authorities since 2010.
Interest	Compensation for the use of cash paid by borrowers to lenders on debt instruments.
Interest rate risk	The risk that unexpected changes in interest rates cause an unplanned loss, for example by increased payments on borrowing or lower income on investments.
Internal borrowing	A local government term for when actual “external” debt is below the capital financing requirement, indicating that difference has been borrowed from internal resources instead; in reality this is not a form of borrowing.
Investment strategy	A document required by investment guidance that sets out a local Council’s investment plans and parameters for the coming year. Sometimes forms part of the Council’s treasury management strategy.
Lease	A contract where one party permits another to make use of an asset in return for a series of payments. It is economically similar to buying the asset and borrowing a loan, and therefore leases are often counted as a type of debt.
Liquidity risk	The risk that cash will not be available to meet financial obligations, for example when investments cannot be recalled and new loans cannot be borrowed.
Loan	Contract where the lender provides a sum of money (the principal) to a borrower, who agrees to repay it in the future together with interest. Loans are not normally tradable on financial markets. There are specific definitions in government investment guidance.

Loans CFR	The capital financing requirement less the amount met by other long-term liabilities; i.e. the amount to be met by borrowing.
Local infrastructure rate	Discount on PWLB rates for new loans borrowed, available to local authorities that have been successful in a bidding round.
Long-term	Usually means longer than one year.
Market risk	The risk that movements in market variables will have an unexpected impact. Usually split into interest rate risk, price risk and foreign exchange risk.
Maturity	(1) The date when an investment or borrowing is scheduled to be repaid. (2) A type of loan where the principal is only repaid on the maturity date.
MHCLG	Ministry of Housing, Communities and Local Government – the central government department that oversees local authorities in England.
MiFID II	The second Markets in Financial Instruments Directive - a legislative framework instituted by the European Union to regulate financial markets in the bloc and improve protections for investors.
Monetary policy	Measures taken by central banks to boost or slow the economy, usually via changes in interest rates. Monetary easing refers to cuts in interest rates, making it cheaper for households and businesses to borrow and hence spend more, boosting the economy, while monetary tightening refers to the opposite.
Monetary Policy Committee (MPC)	Committee of the Bank of England responsible for implementing monetary policy in the UK by changing Bank Rate and quantitative easing with the aim of keeping CPI inflation at around 2%.
Money market fund (MMF)	A collective investment scheme which invests in a range of short-term assets providing high credit quality and high liquidity. Usually refers to CNAV and LVNAV funds with a WAM under 60 days which offer instant access, but the European Union definition extends to include cash plus funds.
Money markets	The markets for short-term finance, including deposits and T-bills. See also capital markets.

MRP	Minimum revenue provision - an annual amount that local authorities are required to set aside and charge to revenue for the repayment of debt associated with capital expenditure. Local authorities are required by law to have regard to government guidance on MRP.
Municipal bonds agency	Company that issues bonds in the capital market and lends the proceeds back to local authorities. The bonds are guaranteed by the local authorities.
Net borrowing	Borrowing minus treasury investments.
Operational boundary	A prudential indicator showing the most likely, prudent, estimated level of external debt, but not the worst-case scenario. Regular breaches of the operational boundary should prompt management action.
Option	A derivative where the holder pays a premium to have the right, but not the obligation, to buy or sell a security or enter into a defined transaction.
Outlook	A credit rating agency's expected direction of travel in the long-term rating over the next two years.
Pension Fund	Ring-fenced account for the income, expenditure and investments of the local government pension scheme. Pension fund investments are not considered to be part of treasury management.
Pooled fund	See collective investment scheme.
Premium	(1) The amount that the early repayment cost of a loan is above the principal, or the price of a bond is above its nominal value. See also discount. (2) The initial payment made under a derivative.
Price risk	The risk that unexpected changes in market prices lead to an unplanned loss. Managed by diversifying across a range of investments.
Principal	The amount of money originally lent on a debt instrument.
Private Finance Initiative (PFI)	A government scheme where a private company designs, builds, finances and operates assets on behalf of the public sector, in exchange for a series of payments, typically over 30 years. Counts as a credit arrangement and debt.
Professional client	MiFID II term for a client of a regulated firm that has a higher level of experience in financial markets than a retail client, and therefore needs a lower level of protection. Local

authorities may “opt up” to be treated as professional clients if they meet certain requirements.

Property fund	A collective investment scheme that mainly invests in property. Due to the costs of buying and selling property, including stamp duty land tax, there is usually a significant fee charged on initial investment, or a significant difference between the bid and offer price.
Prudential Code	Developed by CIPFA and introduced in April 2004 as a professional code of practice to support local Council capital investment planning within a clear, affordable, prudent and sustainable framework and in accordance with good professional practice. Local authorities are required by law to have regard to the Prudential Code.
Prudential indicators	Indicators required by the Prudential Code and determined by the local Council to define its capital expenditure and asset management framework. They are designed to support and record local decision making in a manner that is publicly accountable.
PWLB	Public Works Loans Board - a statutory body operating within the DMO that lends money from the National Loans Fund to local authorities and other prescribed bodies and collects the repayments. Not available in Northern Ireland.
Quantitative easing (QE)	Process by which central banks directly increase the quantity of money in the economy in order to promote GDP growth and prevent deflation. Normally achieved by the central bank buying government bonds in exchange for newly created money. Reversing QE by selling back bonds, or allowing them to mature without replacement, is sometimes called quantitative tightening.
Rating watch	A term used by credit rating agencies to indicate that a credit rating is under review, and that a change is likely within three months. The direction of potential change is usually indicated.
Recession	A period of economic slowdown. The technical definition is two consecutive quarters of negative GDP growth.
Redemption	The process of withdrawing cash from a collective investment scheme and cancelling the units of shares. Redemptions can be suspended in certain circumstances detailed in the prospectus.
Refinancing risk	The risk that maturing loans cannot, be refinanced, or only at higher than expected interest rates leading to an

	unplanned loss. Managed by maintaining a smooth maturity profile.
Registered Provider of Social Housing (RP)	An organisation that is registered to provide social housing, such as a housing
REIT	Real estate investment trust – a company whose main activity is owning investment property and is therefore similar to a property fund in many ways.
Revenue expenditure	Expenditure to meet the ongoing cost of delivering public services including salaries and the purchase of goods and services, as opposed to capital expenditure.
Ring-fencing	The process by which large UK banks have been split into retail banks and investment banks in order to promote financial stability.
RPI	Retail prices index - an older measure of inflation that tracks the prices of goods and services including mortgage interest and rent. Index-linked gilts are uprated using RPI. See also CPI.
Security	(1) A financial instrument that can be traded on a secondary market. (2) The concept of low credit risk. (3) Collateral.
Secured investment	An investment that is backed by collateral and is therefore normally lower credit risk and lower yielding than an equivalent unsecured investment.
Share	An equity investment, which usually also confers ownership and voting rights.
Short-term	Usually means less than one year.
Strategic funds	Collective investment schemes that are designed to be held for the long-term, comprising strategic bond funds, diversified income funds, equity funds and property funds.
Supported borrowing	Borrowing for which the repayment costs are supported by government grant.
Total return	The overall return on an investment, including interest, dividends, rent, fees and capital gains and losses. See also income return.

Treasury investments	Investments made for treasury management purposes, as opposed to commercial investments and service investments.
Treasury management	The management of an organisation's cash flows, investment and borrowing, with a particular focus on the identification, control and management of risk. Specifically excludes the management of pension fund investments.
Treasury management Advisor	Regulated firm providing advice on treasury management, capital finance and related issues.
Treasury Management Code (TM Code)	CIPFA's Code of Practice for Treasury Management in the Public Services and Cross-Sectoral Guidance Notes, to which local authorities are required by law to have regard.
Treasury management Indicators	Indicators required by the Treasury Management Code to assist in the management of credit risk, interest rate risk, refinancing risk and price risk.
Treasury management policy statement	Document required by the Treasury Management Code setting out a local Council's definition of and objectives for treasury management.
Treasury management practices (TMPs)	Document required by the Treasury Management Code setting out a local Council's detailed processes and procedures for treasury management.
Treasury management Strategy	Annual report required by the Treasury Management Code covering the local Council's treasury management plans for the forthcoming year.
Treasury management System	Computer programme for recording investments, borrowing, cash flow forecasts and market data to assist with treasury management operations.
Unit	The equivalent of a share in an authorised contractual scheme or unit trust.
Unit trust	A type of collective investment scheme that is structured as a trust, where investors buy units in the trust.
Unsupported borrowing	Borrowing where the cost is self-financed by the local Council. Sometimes called prudential borrowing since it was not permitted until the introduction of the Prudential Code in 2004. See also supported borrowing.
Usable reserves	Resources available to finance future revenue and/or capital expenditure. Some usable reserves are ring-fenced by law

for certain expenditure such as on schools or council housing.

Volatility	A measure of the variability of a price or index, usually expressed as the annualised standard deviation.
Working capital	The cash surplus or deficit arising from the timing differences between income/expenditure in accounting terms and receipts/payments in cash terms.
Yield	A measure of the return on an investment, especially a bond. The yield on a fixed rate bond moves inversely with its price.
Yield curve	A chart of yields or interest rates for similar instruments over a range of maturity dates.

Corporate Capital Programme 2021/22 – 2023/24

Summary

To consider the Corporate Capital Programme for 2021/22, the Prudential Indicators for 2021/22 to 2023/24, and the provisional capital programme for 2021/22 to 2023/24.

Portfolio - Finance

Date signed off: 2 February 2021

Wards Affected

All

Recommendation

The Executive is advised to RECOMMEND to Full Council that:

- (i) the new capital bids for £1.141m in Annex A for 2021/22 be approved, and that they be incorporated into the Capital Programme;
- (ii) The Prudential Indicators summarised below and explained in Annex C, 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 Estimated £m	2022/23 Estimated £m	2023/24 Estimated £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

The Executive is also advised to note that:

- (i) the Capital Financing Requirement for this Council as at 31 March 2022 is estimated to be £182m and as such a Minimum Revenue Payment of £2.3m is required
- (ii) the provisional Capital Programme for 2021/22 to 2023/24; and
- (iii) The available capital receipts forecast shown in Annex C.

Resource Implications

1. Executive Heads of Service were required to present capital bids for 2021/22; these were considered by the Corporate Management Team on 17th November 2020 prior to submission to Executive. Bids were only considered if they met a statutory obligation or it could be demonstrated that they would be self-funding.
2. The 2021/22 Capital Programme as proposed is shown in Annex A. The Council holds surplus capital receipts and these receipts, as shown in Annex C, will be sufficient to fund the entire capital programme and therefore no existing revenue and/or borrowing will have to be used.
3. The Council is free to borrow for capital purposes only up to the level of its Capital Funding Requirement (CFR) provided that this is below the “authorised limit”. It is worth noting that for every £1m borrowed at current interest rates revenue of at least £39k pa will be required to cover the costs of interest and loan repayments over a 50 year period. If the life of the asset acquired is shorter then more revenue will be required to cover the shorter repayment period of the loan. Councils must by law make a revenue provision each year for repayment – they cannot rely on selling the asset to repay debt.
4. Additional capital receipts may be realised from the sale of Council assets and if this is the case they will be applied against capital spend thereby reducing borrowing.
5. The Revenue Capital Fund is estimated to be about £11m at 31 March 2022 and can be used to support the Capital Programme if required. However this reduces the amount of reserve available to support revenue expenditure and hence the General Fund in the future.
6. Additional capital schemes may be brought during the year for the Executive and Council to consider. These may result in a change to the prudential indicators, the Capital Financing Requirement (CFR) and the Minimum Revenue Payment (MRP). If this is the case those changes will be reflected in the relevant reports for the Executive and Council to consider.

Key Issues

7. Financial Regulations state that as part of the annual budget process the Full Council, following recommendation by the Executive, is required to approve formally the Capital Programme and its revenue implications.
8. The Council has a statutory requirement under the Local Government Act 2003 to adopt the CIPFA Prudential Code, which it has done, and to approve Prudential Indicators on an annual basis.

Options

9. The Executive has the option of agreeing, amending or rejecting the proposed recommendation to council in respect of the capital expenditure and prudential indicators. It is a statutory requirement that the Council adopts the prudential code and sets prudential indicators

Proposals

10. The Executive is advised to RECOMMEND to Council: that
- (i) The new capital bids for £1.141m in Annex A are approved for 2021/22 and that they be incorporated into the Capital Programme.
 - (ii) the Prudential Indicators summarised below, including the MRP statement, and explained in Annex C for 2021/22 to 2023/24 be approved in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Prudential Code for Capital Finance in Local Authorities.

Prudential Indicator	2021/22 Estimated £m	2022/23 Estimated £m	2023/24 Estimated £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

11. The Executive is also advised to NOTE:
- (i) The Capital Financing Requirement (CFR) for this Council as at the 31st March 2022 is estimated to be £182 m and as such a Minimum Revenue Payment (MRP) of £2.3 m is required.
 - (ii) The provisional Capital Programme for 2021/22 to 2023/24.
 - (iii) The available capital receipts forecast shown in Annex C.

Supporting Information

12. Annex A sets out the capital schemes proposed by Executive Heads/Heads of Service and approved by Management.
13. Annex B provides brief background information for schemes.

14. Annex C sets out the impact on available capital receipts and the Prudential Indicators for 2021/22 to 2023/24.

Corporate Objectives and Key Priorities

15. The adoption of the capital programme and the prudential indicators supports the corporate objective of providing services efficiently, effectively and economically.
16. In addition the affordability tests of the corporate plan link to the Council's key priority of a sustainable medium term financial plan.

Legal Implications

17. The Council has a statutory requirement under the Local Government Act 2003 to adopt the CIPFA Prudential Code 2018 and produce Prudential Indicators.

Risk Management

18. If the Council exhausts its capital receipts and hence all capital expenditure has to be financed from revenue or loans. This will mean that future programmes will need to be financed by borrowing which has an impact on revenue as both the capital (MRP) and interest need to be financed. To put this in to context for every £1m borrowed over a 50 year period at least £39,000 of revenue is required annually to fund this debt.

Annexes	Annex A – 2021/22 Proposed capital schemes Annex B – Background notes on schemes Annex C – Movement in available capital receipts. Annex D – Prudential indicators.
Background Papers	None
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Executive Head Of Service	Martin Hone – Executive Head of Finance Email : Martin.Hone@surreyheath.gov.uk

Capital Programme Schemes submitted by Executive Heads/Heads of Service.

TABLE 1 – ACTUAL AND ANTICIPATED CAPITAL SCHEMES FROM 2021/22 to 2023/24

3 YEAR CAPITAL PROGRAMME	2021/22	2022/23	2023/24	3 Year Funding Requirement
	Estimated Total	Estimated Total	Estimated Total	
	£m	£m	£m	£m
Disabled Facilities Grants	0.78	0.78	0.78	2.34
Replacement of Intranet System	0.025	0.00	0.00	0.025
XCAM360 imagery Service	0.013	0.00	0.00	0.013
Frimley Lodge Car Park Capacity Increase	0.105	0.00	0.00	0.105
Door Access System Upgrade	0.091	0.00	0.00	0.091
Traveller Site Contribution	0.127	0.00	0.00	0.127
GRAND TOTAL OF ALL SCHEMES	1.141	0.78	0.78	2.701

Executive are asked to approve and recommend to Council the schemes set out in the column headed 2021/22 which total £1.141 m.

Executive and Council will be asked to approve any carry forwards from 2020/21 later in the year under a separate report.

TABLE 2 – FUNDING OF THE 2021/22 CAPITAL PROGRAMME

FUNDING FOR 2021/22 CAPITAL PROGRAMME	Scheme Total	Grant	Other External Contribs	Other Funding Required
	£m	£m	£m	£m
Disabled Facilities Grants	0.78	0.78	0	0
Replacement of Intranet System	0.025	0.00	0.00	0.025
Xcam360 Imagery Service	0.013	0.00	0.00	0.013
Frimley Lodge Car Park Capacity Increase	0.105	0.00	0.00	0.105
Door Access System	0.091	0.00	0.00	0.091
Traveller Site Contribution	0.127	0.00	0.00	0.127
GRAND TOTAL OF ALL SCHEMES	1.141	0.78	0	0.361

Of the £1.141m schemes recommended for 2021/22, grant & other external contributions funding of £0.78m is available. For the purposes of calculating the prudential indicators, it has been assumed that the remainder will be funded from earmarked reserves and borrowing.

Executive Heads of Service have confirmed that the revenue costs (such as the repayment of principal sums (MRP) and interest) arising from borrowing (i.e.) can be funded from extra income/savings arising from the schemes

Background Notes on New Schemes

Disabled Facilities Grants

Central Government Grant to the Better Care Fund includes an element for Disabled Facilities Grant (DFG) allocated to Surrey Heath. While Government's expectation is that this money is passported to the local housing authority it is not ring-fenced. In 2017/18 the full amount was passed to the Council but it is expected that each year will involve negotiation and the Council will have to demonstrate how delivery of the service meets health and social care priorities.

Climate Change Action Plan

The council has declared a climate emergency in October 2019 and pledged to become carbon neutral by 2030. The action plan is to work towards the aim of achieving the net zero carbon emissions target by 2030 as an organisation and making the Borough net zero by 2050.

Replacement of Intranet System

Replacement of the intranet System to comply with web content accessibility guidelines, support the digital transformation of the organisation and increase in home working.

Xcam360 Imagery Service

Provision of detailed up to date and time stamped imagery of all streets across Surrey Heath enhancing the information that officers have for decision-making.

Frimley Lodge Car Park Capacity Increase

The current infrastructure is no longer capable of meeting demand therefore this project is the provision of 100 extra car park spaces at Frimley Lodge Park. This extra capacity will be achieved by converting the current overflow car park into a permanent all weather one and extending the Railway car park.

Door Access System upgrade

The objective is to replace all current door control boxes and all card readers in Surrey Heath House by upgrading them to a modern Kantech System.

Traveller Site Contribution

Capital contribution to the creation of a dedicated traveller's site in the County of Surrey.

Movement in Available Capital Receipts

	2021/22 Estimate £m	2022/23 Estimate £m	2023/24 Estimate £m
Forecast Capital Receipts 1st April	3.571	3.571	3.571
Capital Receipts during year	0.00	0.00	0.00
Capital Grants (Disabled Facilities Grant)	0.78	0.78	0.78
TOTAL AVAILABLE FUNDS	4.351	4.351	4.351
Proposed Capital Programme	1.141	0.78	0.78
TOTAL SCHEMES REQUIRING FUNDING	0.000	0.000	0.000
FUNDING REQUIREMENT	0.000	0.000	0.000

Capital Expenditure and Prudential Indicators 2021/22

The Local Government Act 2003 requires the Council to have regard to the Chartered Institute of Public Finance and Accountancy'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 Council has fulfilled these objectives, the Prudential Code sets out the following indicators that must be set and monitored each year.

Estimates of Capital Expenditure: The Council's planned capital expenditure and financing may be summarised as follows. Further detail is provided in the earlier part of this report.

Capital Expenditure and Financing	2020/21 Revised £M	2021/22 Estimate £M	2022/23 Estimate £M	2023/24 Estimate £M
Capital Program	34.221	1.141	0.78	0.78
Total Expenditure	34.221	1.141	0.78	0.78
Capital Receipts	0.00	0.00	0.00	0.00
Government Grants	1.348	0.78	0.78	0.78
Reserves	0.00	0.361	0.00	0.00
Revenue	0.00	0.00	0.00	0.00
Borrowing	32.873	0.00	0.00	0.00
Total Financing	34.221	1.141	0.78	0.78

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

Capital Financing Requirement	31.03.21 Revised £m	31.03.22 Estimate £m	31.03.23 Estimate £m	31.03.24 Estimate £m
Total CFR	184	182	179	176

The CFR is forecast to fall over the next three years as capital expenditure financed by debt is repaid and outweighs capital expenditure.

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 Council 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	31.03.21 Revised £m	31.03.22 Estimate £m	31.03.23 Estimate £m	31.03.24 Estimate £m
Borrowing	181	179	177	174
Finance leases	0.00	0.00	0.00	0.00
Total Debt	181	179	177	174

Total debt is expected to remain below the CFR during the forecast period.

Operational Boundary for External Debt: The operational boundary is based on the Council's estimate of most likely (i.e. prudent but not worst case) scenario for external debt. It links directly to the Council's estimates of capital expenditure, the capital financing requirement and cash flow requirements, and is a key management tool for in-year monitoring. Other long-term liabilities comprise finance lease and other liabilities that are not borrowing but form part of the Authority's debt.

Operational Boundary	2020/21 Revised £m	2021/22 Estimate £m	2022/23 Estimate £m	2023/24 Estimate £m
Borrowing	230	230	230	230
Other long-term liabilities	0	0	0	0
Total Debt	230	230	230	230

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 Council can legally owe. The authorised limit provides headroom over and above the operational boundary for unusual cash movements.

Authorised Limit	2020/21 Revised £m	2021/22 Estimate £m	2022/23 Estimate £m	2023/24 Estimate £m
Borrowing	235	235	235	235
Other long-term liabilities	0	0	0	0
Total Debt	235	235	235	235

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	2020/21 Revised %	2021/22 Estimate %	2022/23 Estimate %	2023/24 Estimate %
General Fund	29.6	19.2	18.7	18.2

Financing costs of Capital Investment Decisions: This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure.

Financing Costs	2020/21 Revised £m	2021/22 Estimate £m	2022/23 Estimate £m	2023/24 Estimate £m
General Fund	4	2	2	2

Adoption of the CIPFA Treasury Management Code: The Authority adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2011 Edition* in 22nd February 2013

Annual Minimum Revenue Provision (MRP) Statement 2021/22

Where the Authority finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The Local Government Act 2003 requires the Authority to have regard to the

Department for Communities and Local Government's *Guidance on Minimum Revenue Provision* (the CLG Guidance) most recently issued in 2012

The broad aim of the CLG Guidance is to ensure that debt is repaid over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.

The CLG Guidance requires the Authority to approve an Annual MRP Statement each year, and recommends a number of options for calculating a prudent amount of MRP. The following statement only incorporates options recommended in the Guidance.

In the first instance any capital expenditure incurred will be paid for with capital receipts if available.

For supported capital expenditure incurred after 31st March 2008, MRP will be determined by charging the expenditure over the expected useful life of the relevant assets as the principal repayment on an annuity with an annual interest rate of equal to the rate of borrowing on the loan, starting in the year after the asset becomes operational. MRP on purchases of freehold land will be charged over 50 years.

For unsupported capital expenditure incurred after 31st March 2008, MRP will be determined as being equal to the accounting charge for depreciation.

Capital expenditure incurred during 2021/22 will not be subject to a MRP charge until 2022/23.

Based on the Authority's latest estimate of its Capital Financing Requirement on 31st March 2021, the budget for MRP has been set as follows:

	2021/22 Estimated MRP £M
Capital expenditure before 01.04.2008	0
Supported capital expenditure after 31.03.2008	2.212
Unsupported capital expenditure after 31.03.2008	0.062
Total	2.274

Capital Strategy Report 2021/22

Summary

This Capital Strategy Report, which was introduced for the first time in 19/20, gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability. It is provided so as to enhance members' understanding of these technical areas.

Portfolio - Finance

Date Signed off – 2 February 2021

Wards Affected
All

Recommendation

The Executive is advised to RECOMMEND to Full Council that Capital Strategy, as set out at Annex A to this report, be agreed.

1. Resource Implications

- 1.1 This report summarises the capital programme, treasury strategy and investment strategy. These documents set out how the Council intends to manage its £13m of investments, £174m of borrowing **and £171m of investment property** together with approval for the 2021/22 capital programme of £1.141m.
- 1.2 The Council has acquired property for two reasons as follows:
 - Property acquired to generate an income to maintain services following years of Government Funding cuts. This property also contributes to the economic sustainability in that it primarily consists of employment sites in the borough. This income however is not without risk and despite the Council having strategies in place to manage risk this income is not guaranteed.
 - Property acquired to assist with the regeneration of Camberley Town centre and its economic vitality. These assets may not generate a return in the short term but it was vital that the Council controlled them if its development aims for the Camberley were to be moved forward.
- 1.3 In order to fund this, the Council has £174m of borrowing with annual budgeted interest costs of £2.5m. The strategy for the management of this borrowing has significant revenue implications for the Council and this is explored in more detail in this paper.

2. Key Issues

- 2.1 The Capital Strategy was a new report in 2019/20 and is intended to give a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability. It has been written with a view to enhance members' understanding and also fully complies with the Prudential Code 2017.
- 2.2 The 2017 Prudential Code stipulates that a summary Capital Strategy should be prepared which summarises the Council's Capital, Investment and Borrowing plans. This document fulfils those requirements. Members requiring further detail are advised to refer to the more detailed underlying strategies and plans which can be found elsewhere on this agenda.
- 2.3 Currently property investment has been restricted to within the borough boundary or close to as this not only generates an income but also fulfils the aim of supporting the economy of the borough by maintaining employment sites in line with Government guidance. However the number of properties available for investment in this area are limited and so the Council may need to look further afield in order to address the Council's financial pressures. Councils are permitted to depart from statutory Government Guidance, but must set out clearly the reasons for doing so and consider the risks – were this to be the case this would form the basis of a separate report to members in the future.

3. Options

- 3.1 Members can accept, reject or amend the recommendations within this paper.

4. Proposals

- 4.1 It is proposed that the Executive:
- (i) NOTE the contents of the Capital Strategy;
 - (ii) RECOMMEND approval of the Capital Strategy by Full Council

5. Supporting Information

- 5.1 The Capital strategy is included as Annex A within this paper.
- 5.2 Government guidance on Local Government Investment and the Prudential Code.

6. Corporate Objectives And Key Priorities

- 6.1 Property investment and Treasury Management not only supports the Council objectives around place in that it supports the local economy

but also prosperity in that it generates income to support services and assists with regeneration.

7. Legal Issues

7.1 The Council has to have regard to statutory guidance in respect of Local Government Investments and the Prudential Code.

8. Governance Issues

8.1 Full Council is required to approve the Capital Strategy.

9. Sustainability

9.1 Investment in property is one of the ways that the Council is not only sustaining its local economy but also maintaining Council services in the face of reductions in Government funding. This report also looks at the affordability and sustainability of the Council's capital programme and borrowings.

10. Risk Management

10.1 Investing in property and Treasury Management are not without risk. Rents and investment returns can fall and the value of investments can also fluctuate. The Council takes steps to minimise these risks by the use of professional advisors and due diligence but this is not a guarantee.

10.2 The Council maintains reserves to enable it to deal with a level of risk and in terms of property purchases with the intention of holding it for the longer term. That said the Council is not immune to the wider economy and thus service could be put at risk if the anticipated income and returns are not delivered. This risk though does need to be set against the very real risk of services being cut completely had the Council opted not to invest in property at all.

Annexes	Annex A - Capital Strategy 2021/22
Background Papers	
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Capital Strategy Report 2021/22

Introduction

1. This Capital Strategy report gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability. It has been written with the intention of enhancing members' understanding of these sometimes technical areas.
2. Decisions made in the year on capital and treasury management can have financial consequences for the Council for many years in to the future. They are therefore subject to both a national regulatory framework and to a local policy framework summarised in this report.

Capital Expenditure and Financing

3. Capital expenditure is where the Council spends money on assets, such as property or vehicles that will be used for more than one year. In local government this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets. The Council has some limited discretion on what counts as capital expenditure, for example assets costing below £25,000 are not capitalised and are charged to revenue in year.
4. In 2021/22, the Council is planning capital expenditure of £1.141m as summarised below:

Prudential Indicator: Estimates of Capital Expenditure in £ millions

	2019/20 Actual	2020/21 forecast	2021/22 budget	2022/23 budget	2023/24 budget
Capital Projects	7.4	20.5	1.1	0.8	0.8
Capital investments	0.5	0.5	0.0	0.0	0.0
TOTAL	7.9	21.0	1.1	0.8	0.8

5. The main General Fund capital projects include:
 - Disabled facilities grants – grants for improvements to enable residents to stay in their own home;
 - Car park capacity increase;
 - Upgrade to Surrey Heath House, door access system;
 - Traveller site contribution
6. The Council may also incur further capital expenditure on investments, such as improvements to the SQ shopping centre, repurposing of BHS and Hof as well as the acquisition of additional investment property. These will

be brought forward to members on a case by case basis for their consideration as required. Hence they have not been included in this report.

7. The figures do not include the implications of any schemes which may be carried forward from one year to the next. This will be considered by members on the basis of a report to be presented later in the year
8. **Governance:** Service Heads bid annually in October to include projects in the Council’s capital programme. Bids, which include business cases, are collated by finance who calculate the financing cost (which can be nil if the project is fully externally financed). The Corporate Management Team appraises all bids based on a comparison of service priorities against financing costs and makes recommendations to Executive in February which in turn makes recommendations to Council as part of the annual budget setting process.
9. Further details of the Council’s capital programme can be found in the Capital Programme Report which can be found by on the Executive agenda for February 2021.
10. All capital expenditure must be financed, either from external sources (government grants and other contributions), the Council’s own resources (revenue, reserves and capital receipts) or debt (borrowing, leasing and Private Finance Initiative). The planned financing of the above expenditure is as follows:

Capital financing in £ millions

	2019/20 actual	2020/21 forecast	2021/22 budget	2022/23 budget	2023/24 budget
External sources	0.8	4.0	0.8	0.8	0.8
Own resources	1.1	1.0	0.3	0	0
Debt	6.0	16.0	0	0	0
TOTAL	7.9	21.0	1.1	0.8	0.8

11. Debt is only a temporary source of finance, since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually from revenue which is known as “minimum revenue provision (MRP)” . Councils are required by law to make MRP transfers over the life of a loan so as ensure that Councils are able to repay debt. Alternatively, proceeds from selling capital assets (known as capital receipts) may be used to replace debt finance. Planned MRP transfers and use of capital receipts are as follows:

Replacement of debt finance in £ millions

	2019/20 actual	2020/21 forecast	2021/22 budget	2022/23 budget	2023/24 budget
MRP Payment	2.1	2.2	2.3	2.4	2.5
Use of Capital Receipts	0.2	0.2	0.0	0	0

12. The Council's full MRP statement is included within the Treasury Strategy report for 2021/22 which can be found on the February 2021 Executive agenda

13. The Council's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP and capital receipts used to replace debt. The CFR is expected **to fall by £1m** during **2021/22**. Based on the above figures for expenditure and financing, the Council's estimated CFR is as follows:

Prudential Indicator: Estimates of Capital Financing Requirement in £ millions

	31.3.2021 forecast	31.3.2022 budget	31.3.2023 budget	31.3.2024 budget
General Fund services	7	7	7	8
Capital investments	177	175	172	168
TOTAL CFR	184	182	179	176

14. **Asset management:** To ensure that capital assets continue to be of long-term use, the Council has prepared an updated asset management strategy which will be presented to member's as part of the 21/22 budget process.

15. **Asset disposals:** When a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be spent on new assets or to repay debt. Repayments of capital grants, loans and investments also generate capital receipts. The Council does not plan to receive any capital receipts from asset sales in future years.

Capital receipts in £ millions

	2019/20 actual	2020/21 forecast	2021/22 budget	2022/23 budget	2023/24 budget
Asset sales	0	0	0	0	0
TOTAL	0	0	0	0	0

Treasury Management

16. Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Council's spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. The Council is typically cash rich in the short-term as revenue income is received before it is spent, but cash poor in the long-term as capital expenditure is incurred before being financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing.
17. Due to decisions taken in the past, the Council currently has £174m borrowing at a budgeted average interest rate of 2.00% and an average of £13m treasury investments at a budgeted average interest rate of 1.0%.
18. **Borrowing strategy:** The Council's main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in future. These objectives are often conflicting, and the Council therefore seeks to strike a balance between cheap short-term loans (currently available at around 0.50%) and long-term fixed rate loans where the future cost is known but higher (currently 1.9%).
19. Following advice from the Council's Treasury advisors the Council has retained the bulk of its borrowing in short term loan so as to take advantage of low interest rates. In order to cap its exposure to interest rate rises the Council has entered in to two forward dated 40 year loans with an insurance company of £25m each with one commencing in February 2021 and the second loan in February 2022 and have fixed interest rates of 2.85% and 2.91%
20. Projected levels of the Council's total outstanding debt (which comprises borrowing, leases are shown below, compared with the capital financing requirement (see above).

Prudential Indicator: Gross Debt and the Capital Financing Requirement in £ millions

	31.3.2021 forecast	31.3.2022 budget	31.3.2023 budget	31.3.2024 budget
Gross Debt	181	179	177	174
Capital Financing Requirement	184	182	179	176

21. Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. As can be seen from table above, the Council expects to comply with this in the medium term. If the Council decides to acquire more investments these will be funded by debt and the CFR will be rise accordingly.

22. **Affordable borrowing limit:** The Council is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year. In line with statutory guidance, a lower “operational boundary” is also set as a warning level should debt approach the limit.

Prudential Indicators: Authorised limit and operational boundary for external debt in £m

	2020/21 limit	2021/22 limit	2022/23 limit	2023/24 limit
Authorised limit – total external debt	235	235	235	235
Operational boundary – total external debt	230	230	230	230

23. The authorised and operational boundaries have not been increased in 2021/22 to reflect the changes due to the change in the accounting treatment for leases as the amount is not material.

24. Further details on borrowing are included in the treasury management strategy which can be found within the February Executive agenda

25. **Investment strategy:** Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management.

26. The Council’s policy on treasury investments is to prioritise security and liquidity over yield that is to focus on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely, for example with the government, other local authorities or selected high-quality banks, to minimise the risk of loss. Money that will be held for longer terms is invested more widely, including in bonds, shares and property, to balance the risk of loss against the risk of receiving returns below inflation. Both near-term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which particular investments to buy and the Council may request its money back at short notice.

Treasury management investments in £millions

	31.3.2020 actual	31.3.2021 forecast	31.3.2022 budget	31.3.2023 budget	31.3.2024 budget
Near-term investments	11.8	12.0	11.0	11.0	11.0
Longer-term investments	2.0	2.0	2.0	2.0	2.0
TOTAL	13.8	14.0	13.0	13.0	13.0

27. Further details on treasury investments are included within the treasury management strategy which is included within the February executive agenda
28. **Governance:** Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Executive Head of Finance and staff, who must act in line with the treasury management strategy approved by Executive and Council. Half yearly reports on treasury management activity are presented to Executive and the Performance and Finance committee is responsible for scrutinising treasury management decisions.

Commercial Activities

29. With Central Government financial support for local public services declining, the Council has invested in some commercial property purely or mainly for financial gain. It has also invested in assets, especially those within Camberley Town centre, for economic development and regeneration and as a consequence has accepted a lower return and a higher risk.
30. Total commercial investments are currently valued (as at date of the last market valuation) at £108m with the largest being the SQ shopping centre and associated land holdings in Camberley. The market value includes a write down for the property in Camberley Town centre due to the current state of the retail market. As there is no intention to sell these assets in the foreseeable future these losses have not been realised.
31. With financial return being the main objective, the Council accepts higher risk on commercial investment than with treasury investments. The principal risk exposures in the short term include loss of tenants, property valuation and voids. In the medium term there are risks around maintenance. These risks are managed by a rigorous due diligence process prior to purchase to highlight any concerns and then after purchase by the use of professional managers and advisors to advise the Council on how to maintain its investment returns. In order that commercial investments remain proportionate to the size of the authority, these are currently subject to an overall maximum investment limit of £200m – however this may be reviewed depending on the Council's strategic requirements. Should investment yield fall by 2% the Council's reserves are sufficient to cover this loss for the short term until new tenants/uses are in place or the asset could as a last resort be sold.
32. **Governance:** Decisions on whether to purchase commercial investments can only be made by Full Council on the recommendation of Executive.
33. Further details on commercial investments and limits on their use are in Investment strategy which is included within the February executive agenda.

34. The Council also has limited commercial activities such as the Theatre, community services etc. which whilst being primarily operated for community benefit does expose it to some commercial risk. This risk could be significant for 2021/22 depending on the outcome of the current Covid pandemic.

Liabilities

35. In addition to debt of £174m detailed above, the Council is committed to making future payments to cover its pension fund deficit (valued at £6.3m) **It also set aside last year £0.5m to cover risks of business rates appeals and revaluations and £1.5m for bad debts. These provisions will be reviewed as part of the accounts closure process for 2020/21.**

36. **Governance:** The risk of liabilities crystallising and requiring payment is monitored by finance and reported within the annual financial statements.

Revenue Budget Implications

37. Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue, offset by any investment income receivable. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, business rates and general government grants.

Prudential Indicator: Proportion of financing costs to net revenue stream

	2020/21 forecast	2021/22 budget	2022/23 budget	2023/24 budget
Financing costs (£m)	4	2	2	2
Proportion of net revenue stream	29.6%	19.2%	18.7%	18.2%

38. Further details on the revenue implications of capital expenditure are included within the Capital programme included within the February 2021 Executive agenda.

39. **Sustainability:** Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend for up to 50 years into the future. The Executive Head of Finance is satisfied that the proposed capital programme is prudent, affordable and sustainable because it is either funded by external grant or there is sufficient revenue to cover the costs of borrowing.

Knowledge and Skills

40. The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure,

borrowing and investment decisions. For example, the Executive Head of Finance is a qualified accountant, the property department has a qualified surveyor with investment experience and the legal department has lawyers experienced in property matters.

41. Where Council staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The Council currently employs Arlingclose Limited as treasury management advisers, Montagu Evans as property consultants and Addleshaw Goddard as external lawyers. This approach is more cost effective than employing such staff directly, and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.

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Surrey Heath Community Fund Grant Review and Update from the Poverty Working Group

Summary:

To review of the Council Community Fund Grant Scheme, adopt the Poverty Working Group's Terms of Reference and note the outcome of

Portfolio: Support & Safeguarding

Date Signed Off: 07/01/2021

Wards Affected: All

The Executive is advised to RESOLVE

- (i) to retain the Community Fund Grant Scheme, simplify the application process, and continue to accept new applications twice a year;
- (ii) that a further £50,000 be allocated from the Community Fund Grant Scheme to be used to provide as an emergency food poverty grant scheme to extend this until 31st March 2022;
- (iii) to note that the Executive will review the Council's range of Community Grant schemes to ensure local needs and priorities continue to be met beyond the pandemic by November 2021; and
- (iv) to adopt the Poverty Working Group Terms of Reference and note the outcome from the consultation event in December 2020, as set out Annex B to this report.

1. Key Issues

- 1.1 The Council introduced a discretionary grant scheme over 20 years ago, whereby the aim was to provide support to local not for profit organisations with financial support up to a maximum of £25,000 for one off 'capital' type of expenditure. The grant scheme is open twice a year to receive applications which are 30th June and 31st December all of which are subject to a qualifying criteria, evaluation and approval by the Executive.
- 1.2 The funds for this scheme were originally set a side, which results in a reducing balance to operate from which at the 1st April 2020 was £167,000. The figure as at the 31st December 2020 is now 158,000.
- 1.3 It is recognised that the impact from the pandemic has affected universally and the previous poverty landscape is subject to change. The Government Furlough scheme has shielded the true picture of this local effect on our economies, and the loss of employment and the full

extent of this is becoming clearer with the need for the Council to assist where possible.

- 1.4 A Poverty Working Group was formed in November 2020 which comprises of community representatives, voluntary sector, Surrey Heath CCG, Councillors, and officers has progressed this work so far and implemented a number of local initiatives in partnership with Citizens Advice Surrey Heath, Old Dean Community Group etc. all designed to provide assistance where most required considering that the poverty landscape constantly evolves during and post pandemic.
- 1.5 A consultation event was undertaken in December 20, from which the noted outcome is available as annex B.

2. Resource Implications

- 2.1 The funds for the Community Fund Grant scheme were originally set aside, which results in a reducing balance to operate from which at the 1st April 2020 was £167,000. The figure as at the 31st December 2020 is now £158,000.
- 2.2 Over the past 4 years the scheme has averaged just under 7 applications a year with at a cost of £27,216, which equates to each application receiving an award of £3,888.
- 2.3 The Community Fund grant scheme is presently administered by the Community Partnership Officer, and is open to receive applications twice a year. In the past the scheme was open permanently, and amended to balance the staff resource and demand in this area. Other Councils offering comparable schemes invite applications once a year.
- 2.4 See Table 1 which details all grant schemes presently available together with the costs where known.

3. Options

- 3.1 The Executive has the option to:
 - i) Resolve the recommendations
 - ii) Resolve to change some or all of the recommendations

4. Risk Management

- 4.1 There is a risk that if local charitable 'not for profit' organisations are not supported it could result in some ceasing to operate which can lead to gaps with local provision, support or services.

5. Corporate Objectives and Key Priorities

- 5.1 This project supports the objective of building and encouraging communities where people can live happily and healthily. In particular, this project will be delivered through work with partners and aims to put

in place measures that will improve the health and wellbeing of the community.

6. Policy Framework

6.1 There are no issues arising at this time.

7. Legal Issues

7.1 There are no issues arising at this time.

8. Governance

8.1 To apply for any of the schemes all organisations will be asked to complete an application form available through the Council's website, and will be required to be eligible for the individual scheme selected.

9. Equalities Impact

9.1 There are no issues arising at this time

10. Human Rights

10.1 There are no issues arising at this time

11. Consultation

11.1 Consultation with local groups will form part of the promotion of the schemes.

12. PR and Marketing

12.1 Coverage will be required to promote the availability and website update of the schemes and any amendments/

13. Officer Comments

13.1 None at this time.

14. Environmental Issues

14.1 None at this time

Annexes	Annex A – Community Fund Grant Scheme Review Annex B – PWG, terms of reference and outcome from the consultation held on the 9th December 2020
Background Papers	None
Author/Contact Details	Jayne Boitout - Community Partnership Officer jayne.boitout@surreyheath.gov.uk
Service Managers	Louise Livingston - Executive Head of Transformation Jenny Rickard – Executive Head of Regulatory

Surrey Heath Community Fund Grant Scheme

Background

The Council introduced a discretionary grant scheme over 20 years ago, whereby the aim was to provide support to local not for profit organisations with financial support up to a maximum of £25,000 for one off 'capital' type of expenditure. The grant scheme invites applications twice yearly, which maximises the is open twice a year to receive applications which is 30th June and 31st December all of which are subject to a qualifying criteria, evaluation and approval by the Executive.

The funds for this scheme were originally set a side, which results in a reducing balance to operate from which at the 1st April 2020 was £167,000. The figure as at the 31st December 2020 is now £158,000.

Year	Number of Grants Awarded	Value of Grants Awarded
2011	8	7,598
2012	17	29,789
2013	12	59,784
2014	8	33,222
2015	7	38,818
2016	9	70,839
2017	12	42,693
2018	6	43,193
2019	7	17,380
2020	1 + £20,000 food poverty (to date)	22,385
Total	87	365,701

With the introduction of the Emergency Food Poverty Grant scheme which at the present time has utilised £20,000 from the Community Fund Grant scheme, the Executive are asked to give consideration to the following options:

1. To retain the Community Fund Grant Scheme to promote its availability together with it being open to accepting new applications twice a year (30th June and 31st December) Based on the previous trends it's anticipated that the Community Fund Grant Scheme has sufficient funds until 31st March 2023, thereafter further funds will be available to retain this fund.
2. To make available a further £50,000 to be used to provide as an emergency food poverty grant scheme and for this to remain open or the funds exhausted until 31st March 2022.
3. It noted that the Executive review the range of community grants, in November 21 to ensure that the Council can make sufficient budgets available and changes avialbel to meet the area's most in need.

Table 1

Scheme	Estimated Annual Grant Award Cost £	Annual Budget allocation Req'd Y or N	Resource Area
The Community Fund Grant Scheme	50,000	Yes from 01/04/23	Transformation
The Ward Councillor Grant Scheme	54,000	Yes from 01/04/22	Transformation
Hardship Scheme	10,000	Yes, from 01/04/22	Citizens Advise/ Transformation
Revenue Grant Scheme	200,000	Yes, from 01/04/22	Transformation/ Business
Emergency Food Poverty	70,000	Yes, from 01/04/22	Transformation
Total	£ 384,000		

Annex B

Poverty Working Group

Terms of Reference

The Poverty Working Group is a Working Group of the Executive.

Membership

The Group will initially be made up of the Councillors from the following Borough Wards:

- Old Dean
- St Michaels
- Watchetts

The Group will also comprise of representatives from:

- Surrey Heath Clinical Commissioning Group
- Faith Groups
- The Voluntary Sector and Community Organisations including Accent Housing, Citizens Advice Surrey Heath and the Hope Hub.

The Chairman of the Working Group will be appointed at its first meeting.

Key Objectives

- To agree the scope of a hardship fund from the repurposing of the allocated budget approved in minute 110/E of the Executive Meeting held on 24 March 2020.
- To oversee the establishment of a new Ward Councillor Community fund in line with the indicative criteria agreed at 48/E of the 20 October 2020 Executive Meeting.
- Analyse the data from Universal Credit in conjunction with further data from Citizens Advice that will be used as a basis to support a partnership approach to alleviate deprivation in areas of most need.
- To introduce a communications campaign to clearly promote the services available to assist during times of hardship.
- To aim to secure long term funding streams for organisations which alleviate poverty within the Borough: i.e. Citizens Advice, Camberley Job Club, the IT connect service; and schemes for those looking for work and requiring digital training via The Hope Hub.
- To host a community and statutory partner stakeholder event in December 2020 to identify the longer-term partnership plans to provide support in this area.
- To incorporate the outcomes of the resolved motion agreed at full Council on 4th November 2020 in Minute 47/C relating to the short and long term food poverty gaps within Surrey Heath.
- To review any Council policies that specifically relate to poverty.

Meetings

The Working Group will meet as and when needed.

Poverty Working Group – Consultation Event – 10th December 2020

Overlapping areas highlighted to meet the need

1. Communication strategy

To clearly sign post where to get help from and asking for help its ok to ask for help.

The aim is to utilise the Contain Outbreak Management Fund to recruit a dedicated Community Engagement Worker until 31st March 2022 with the aim that they will bridge the communications gap, by working collaboratively with other partners to our front line groups and individuals delivering the latest covid messages to stay safe, direct for financial help and support as a type of buddy support.

The COMF will be considered by the Executive in February 20 with a recommendation that the specifics be delegated to the Executive Head of Transformation and Executive Head of Regulatory in consultation with the Portfolio holder for Support and Safeguarding

2. To explore through a partnership approach opportunities that are available to address the inequality of education via poverty and specifically the **inability to access the online tools to home school, no laptop or no internet**. This is to be directed through a sub-working group which will consist of a multi-agency and voluntary sector membership. A working plan to be developed, supported by the PWG, and decisions delegated to the Executive Head of Transformation and Executive Head of Regulatory In-consultation with the Portfolio holder for Support and Safeguarding.
3. **Retain food parcel service** referral scheme via Citizens Advice or Frontline, and the SHBC **Emergency Food Poverty Scheme** until 31st March 2022.
4. To acknowledge that the impact of the ongoing pandemic will lead to hardship for many within Surrey Heath, above and beyond the original areas identified by the IMD data, and that a **further consultation event** be hosted during the **summer of 2021**.
This will be developed in-mind to review the actions taken so far, and the membership of the PWG.

Annex B

Feedback

Q. 1 – What are the Issues

Group 1 – Old Dean

High Level of deprivation, in education, training and skills – worst in the UK	Mental health needs – low resilience, need greater support
High Social Housing – In need	Low literacy skills in both children and adults
Zero hour contracts	Benefits of working well with the CCG
Limited fall back of funds	Lack of a children's centre, not being able to communicate with pregnant mums
Shorter life span	Recognition that Covid has worsened the situation that already existed
Working to improve overall health – better prevention	Low educational attainment through intergenerational learned behaviour
Environment	Lack of youth provision, not much for young people to do
Education- good schools	Lack of affordable housing
Some social housing clients are struggling to pay their rent	Cannot afford access to internet
Inequality of opportunity, people living hand to mouth	

Annex B

Group 2 – St Michaels and Watchetts

The ward is split in to affluence and poverty areas, which can hide the needs	Some families don't know where to go for support, for example for food parcels
Over 10% entitled to free school meals	Mental health an issue during Covid
30% over the past 3 years eligible for benefits	Lack of services for children and families
Accessibility to tech an issue, particularly during lockdown with the schools closed and the need to teach virtually	Covid has helped to lessen the stigmatisation in asking for help

Group 3 – All other Areas in Surrey Heath

Child Poverty	High alcohol and drug abuse in Chobham
Social Housing – Accent is the main RSL	Mixed population, leading to variable needs, such as older vulnerable people
Young people bored, isolated location for those who rely upon public transport	Drug issues in West End
Is not within SH CCG which can add further complications with the differing CCG area boundaries etc.	Both Chobham and Lightwater have areas of affluence

Q2. What are the services available, what do you think works, and what does not from the services provided.

Annex B

Group 1 – Old Dean

Statutory and Voluntary/community pulling together – donations for the food stall from both individuals and local businesses.	Informal advice and counselling service need within the community to work with, not doing to
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Group 2

Knowing what services are available locally, clear signposting needed to be communicated	Lack of out of hours service for those who are working
Clear communications for services as well as service users	Use parent mail as a method to communicate to parents
Grow the social prescriber service	Post out newsletters, outlining the services available to those who cannot access the internet

Group 3

The 3 Lightwater collective groups now have over 400 volunteers to help support those in need within their community	Increase in social prescribers, for them to be the glue
Citizens Advice outreach needed to resume as soon as it is safe to do so, to consider adding Lightwater and West End	Chobham location is a convergence of many statutory boundaries
Develop local for local services.	Consider some sort of buddy system to help those who have never claimed universal credit before, to promote that it is ok to ask for help
More services needed to help overcome anxiety and mental health issues	Exacerbated inequalities through language barriers

Annex B

Q. 3 What do you think the barriers are?

Group 1

Inequality of education opportunity through poverty i.e. inability to access the tools to learn from being home schooled, no laptop, no internet = reduced learning	A phone is a lifeline
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Group 2

Again the message is re-iterated – its ok to ask for help, remove the stigma in asking	Poor Communications – people not knowing
Zero hours contract, some believe this entrenches poverty	To social care and early years help.
Frimley Road divide	Services not joined up enough to know what's available

Group 3

Poor Communication – people need to know where to go. Would like to see a letter with information to be sent to each household in Surrey Heath.	

Annex B

Question 4 – What practically do you think we can do?

All Groups

Accessibility re digital information – especially with online schooling	Communications Campaign to remove the stigma associated with asking for help, but also clear simple information on where to for help – delivered to both the client and services. Look at bin hangers, letters, and all communication methods.
Retain food parcel provision via Citizens Advice, and the Emergency Food Poverty Scheme.	Look at providing a frontline service to work alongside existing services that communicates the services available and how anyone can access – visit places like the Chobham village market etc.

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Surrey Heath Local Development Scheme 2021 - 2024

Summary

Local Authorities are required to produce, and keep up to date, a Local Development Scheme (LDS) which sets out the future planning documents the Council will be producing within a three year period and the timescales for their preparation. The Council last published an LDS in 2018 covering the period to 2021.

Officers are seeking Executive approval of the updated LDS appended at Annex 1 of this report.

Portfolio: Planning and People

Date Portfolio Holder signed off report: 3.2.21

Wards Affected: All

Recommendation

The Executive is advised to RESOLVE that the Surrey Heath Local Development Scheme (LDS) attached at Annex 1 to this report, covering the period 2021-2024 be agreed.

1. Key Issues

- 1.1 A Local Development Scheme (LDS) sets out the key milestones for the preparation of local plan documents. The LDS is required under section 15 of the Planning and Compulsory Purchase Act 2004 (as amended) and must specify (among other matters) the development plan documents the Council expects to produce over a three year period. The Secretary of State can intervene to put an LDS in place where the current one is out of date.
- 1.2 The proposed LDS attached at Annex 1 focuses on the preparation of a new Surrey Heath Local Plan and sets out the milestones and timescales to adoption in 2023. It replaces the current LDS which covers the period 2018 – 2021. The key stages and dates for preparation are set out in the following table:

Local Plan preparation Stage	Date
Consultation on Issues and Preferred Options	June - July 2018
Consultation on a Draft Local Plan (Regulation 18)	October - November 2021
Consultation on a Pre-Submission Local Plan (Regulation 19)	May – June 2022
Submission to the Secretary of State for Examination	October 2022
Inspectors Report ¹	May 2023
Adoption	July 2023

1.3 The Government has set a requirement for up-to-date Local Plans to be in place by December 2023 or risk Government intervention in the plan making process.

1.4 The timetable set out in the LDS is based upon current planning policy and legislation. However, the Government is proposing significant planning reforms which if introduced within the next couple of years may impact upon the Local Plan scope and timetable. Other risk factors are set out in Section 5 of this Report and Section 7 of the LDS attached at Annex 1.

2. Resource Implications

2.1 There are no immediate resource implications arising beyond those allowed for within the 2020/21 budget. Resources will be needed in the following two financial years to deliver the Local Plan and these will be sought through the usual budget setting process. Insufficient staff and financial resources are a risk to meeting the timetable as set out elsewhere in this Report.

3. Options

3.1 The options for the Executive to consider are:

3.1.1 To AGREE the LDS set out in Annex 1.

3.1.2 To AGREE the LDS set out in Annex 1 with changes.

3.1.3 To NOT AGREE to the LDS set out in Annex 1.

4. Proposals

4.1 It is proposed that the timetable for preparing the Surrey Heath Local Plan as set out in this report be agreed and the LDS published on the Councils website.

5. Supporting Information

¹ Inspectors Report and adoption dependent on the Planning Inspectorate and the timetable for the Local Plan Examination

- 5.1 The Local Development Scheme focus is on the production of the Surrey Heath Local Plan. This will replace the current Development Plan policies in the saved Local Plan 2000, the Core Strategy and Development Management Policies Document and the Camberley Town Centre Area Action Plan.
- 5.2 A Local Plan Issues and Options/Preferred Options consultation took place in summer 2018. The LDS timetable shows a further Draft Plan consultation in 2021, final consultation on the proposed submission Plan and a Local Plan Examination in 2022 and adoption in 2023.
- 5.3 The LDS does not have to include details of any proposed Supplementary Planning Documents (SPDs), but for completeness, the draft Local Development Scheme does include a list of adopted SPDs.
- 5.4 Section 7 of the LDS sets out the risks to delivering the Local Plan timetable. Of particular note are the Government's proposed planning reforms as set out in paragraph 1.4 of this report. Another key risk to delivering the timescale is staffing capacity in the Planning Policy team, with the need to successfully recruit a full time team member to replace the Senior Planning Officer leaving the authority this month (February 2021), along with sufficient resources to fund and manage the Local Plan evidence base.
- 5.5 A further significant risk is the identification of sufficient land for development. Other risks include the ability to show that the Local Plan strategy is deliverable, specifically through sufficient Suitable Alternative Natural Greenspace (SANG) capacity to avoid any impacts on the Thames Basin Heaths SPA. The need to identify sufficient deliverable Gypsy and Traveller pitches and Travelling Showpeople plots is also included as a potential risk to meeting the proposed timetable.
- 5.6 The Draft LDS was considered and agreed by the Local Plan Member Working Group at its meeting in December 2020.

6. Corporate Objectives And Key Priorities

- 6.1 Identifying the milestones for preparing the Local Plan will help deliver the Council's objectives of making Surrey Heath a better place where people are happy to live, sustain and promote our local economy and build health communities.

7. Policy Framework

- 7.1 All of the documents identified in the LDS work programme must reflect current legislation and national planning policy. It is likely that new planning reforms will be introduced during the preparation of the Local Plan which may have an impact on the scope and timetable of the Plan.

8. Legal Issues

- 8.1 The preparation of a Local Development Scheme and Local Plan are statutory requirements of the Planning & Compulsory Planning Act 2004(as amended by the Localism Act 2011) and Town and Country Planning (Local Planning) (England) Regulations 2012. The Local Development Scheme demonstrates how the Council is progressing its Local Plan to adoption.

9. Governance

- 9.1 Governance arrangements for the preparation of the Local Plan are set out in Section 7 of the LDS.

10. Risk Management

- 10.1 The LDS identifies the risks to meeting the Local Plan milestones and sets out some mitigation to each risk.

11. Equalities Impact

- 11.1 N/A

12. Environmental Impact

- 12.1 The LDS will not give rise to any direct environmental / climate change impacts, although the content of the Draft Surrey Heath Local Plan will give rise to significant impacts, which will be assessed as part of the production of the Local Plan.

13. Human Rights

- 13.1 N/A

14. Consultation

- 14.1 The LDS itself is not subject to consultation, although this will be required on the Local Plan itself.

Annexes	Annex 1 – Local Development Scheme 2021 - 2024
Background Papers	None
Author/Contact Details	Jane Reeves – Planning Policy Manager Jane.Reeves@surreyheath.gov.uk Katie Bailey Katie.bailey@surreyheath.gov.uk
Head of Service	Jenny Rickard - Executive Head of Regulatory Services



Draft
Local Development Scheme
2021-2024

Great Place • Great Community • Great Future

Foreword

This document rolls forward the Council's current Local Development Scheme (LDS) to identify the scope and timetable for the preparation of a new Surrey Heath Local Plan.

It covers the time period 2021 – 2024 although it also identifies work done before that time where appropriate.

This document was produced by the:
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1. Introduction

- 1.1 This Local Development Scheme (LDS) sets out Surrey Heath Borough Council's programme for preparing a new Local Plan. It outlines the Local Plan content and a timetable for each stage of the Local Plan preparation. The LDS also identifies other documents that are prepared by the Council to support the Local Plan.
- 1.2 This Local Development Scheme updates the previous LDS which covered the period 2018 to 2021.
- 1.3 The Local Plan is accompanied by other planning documents including:
- Supplementary Planning Documents (SPD's)
 - Statement of Community Involvement (SCI)
 - Authority Monitoring Report (AMR)
- 1.4 Throughout this document a number of abbreviations are used in place of the full terminology. These are set out in a Glossary of Terms which can be found at the back of this document.
- 1.5 The timetable for preparing the Surrey Heath Local Plan is based on current legislation and national planning policy and guidance. However, in August 2020 the Government published a Planning White Paper seeking views on radical reforms to the planning system. At the current time there is no clarity as to whether all of the proposed reforms will be taken forward, or of the timetable for such reforms. In line with Government advice, the Council is therefore progressing with the Local Plan under current legislation until such time as it can no longer do so or it is not prudent to do so having regard to any transitional arrangements.
- 1.6 Further information on the Local Plan, supporting evidence and other related documents can be viewed on the Council's website at <https://www.surreyheath.gov.uk/residents/planning/planning-policy>

2. The Purpose and Content of the Local Development Scheme

- 2.1 The Planning and Compulsory Purchase Act 2004 (as amended) states that Local Planning Authorities must prepare and maintain a scheme to be known as the Local Development Scheme.¹ The scheme is expected to specify which documents are to be development plan documents (DPD's), the geographic areas the DPD's will cover and a timetable for their preparation and review of these documents.²
- 2.2 The LDS has 3 main purposes. These are:
- To inform the public and stakeholders of the policy documents that will make up the Local Plan and the timescales in which they can expect these documents to be prepared;
 - To establish and reflect Council priorities and to enable work-programmes to be set for preparation of the documents; and
 - To set a timetable for the review of the documents once they have been prepared.

3. The Development Plan for Surrey Heath

- 3.1 The current Development Plan for the borough, i.e. documents containing adopted planning policies is made up of the following:
- Core Strategy and Development Management Policies Development Plan Document 2011-2028, 2012;
 - Camberley Town Centre Area Action Plan (2014);
 - Saved Policies from the 2000 Surrey Heath Local Plan;
 - Saved Policy NRM6 of the South East Plan which relates to development affecting the Thames Basin Heaths Special Protection Area; and,
 - Windlesham Neighbourhood Plan, 'made' on 12 June 2019.
- 3.2 The Council is preparing a single new Local Plan to cover the period to 2038. This Local Plan will set out strategic policies on issues such as housing and employment, allocation of sites for development and Development Management policies. This plan will on adoption replace all of the current Development Plan policies, except any contained in Neighbourhood Plans.
- 3.3 Surrey Heath currently has one 'made' Neighbourhood Plan covering the Parish of Windlesham. As set out above, this Plan also forms part of the Development Plan for the borough. Two further areas are designated as Neighbourhood Plan Areas. Further information on neighbourhood planning in the borough can be found at <https://www.surreyheath.gov.uk/residents/planning/planning-policy/neighbourhood-planning> .

¹ S15 (1) of the Planning & Planning and Compulsory Purchase Act 2004 (as amended)

² S15 (2) of the Planning & Planning and Compulsory Purchase Act 2004 (as amended)

4. Other relevant planning documents

4.1 The existing Development Plan is supported by a number of Supplementary Planning Documents (SPD). These set out further information as to how policies will be implemented and the expectations from applicants in meeting policy requirements. The following SPD's have been adopted by the Council and will continue to be a significant material consideration in determining planning applications unless they are withdrawn or replaced:

- Deepcut SPD
- Developer Contributions SPD
- Infrastructure Delivery SPD
- Lightwater Village Design statement
- Local Heritage Assets SPD
- Thames Basin Heaths SPA Avoidance Strategy SPD
- Camberley Town Centre Masterplan and Public Realm SPD
- Residential Design Guide SPD
- Western Urban Area Character SPD
- Yorktown Landscape Strategy SPD
- West End Village Design Statement SPD

These documents will be carried forward to support the future Local Plan. They can be viewed at <https://www.surreyheath.gov.uk/residents/planning/planning-policy/supplementary-planning-documents>

- 4.2 The Council will consider preparing further SPD's to support the new Local Plan. Information on any new SPDs will be made available on the above webpage.
- 4.3 In preparing the Local Plan the Council must prepare a Sustainability Appraisal incorporating a Strategic Environmental Assessment (SA/SEA) and a Habitats Regulation Assessment (HRA)³ as well as appropriate evidence to support the content of the Local Plan.
- 4.4 The Council must also produce an annual Authority Monitoring Report which includes information on how the policies in the Local Plan are being delivered.

5. Statement of Community Involvement

5.1 The Statement of Community Involvement (SCI) sets out how the Council will consult the local community and other interested parties on developing planning policy for Surrey Heath, and on significant planning applications. The current SCI can be viewed at <https://www.surreyheath.gov.uk/SCI>.

³ See Glossary for further detail on these assessments

6. The Timetable for the Preparation of the Local Plan

- 6.1 **Table 1** sets out more detail on the scope of the Local Plan and the timetable for key stages of production up to adoption in 2023.
- 6.2 The Adopted Policies Map showing the policy and site allocation boundaries will be revised as necessary upon the adoption of the Local Plan.

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Table 1 Local Plan Summary Programme and Timetable 2021 – 2024

Document Profile	Surrey Heath Local Plan 2020 - 2038
Coverage Status	Borough Wide Development Plan Document (DPD)
Subject	<p>The Local Plan will set out the Council's approach to strategic policies, land allocations and detailed policies to help deliver the vision and objectives for the Borough; including;</p> <ul style="list-style-type: none">• Outlining the requirement for new housing/economic land across the borough and how these requirements will be met;• Allocating sites for housing;• Specific place based policies;• Policies relating to provision of affordable housing, specialist housing and Gypsy and Traveller and Travelling Showpeople accommodation;• Green Belt policies;• Site specific policies for employment sites;• Boundaries of retail centres, and a strategy for Camberley Town Centre;• Infrastructure provision;• Policies on green infrastructure and nature conservation;• Policies on the historic environment.

Timetable:

Local Plan Stage	Details	Date
<p>Consultation on Issues and Options and Preferred Approach; and</p> <p>Revised Scoping Report and Interim Sustainability Appraisal/Strategic Environmental Assessment</p>	<p>This is an early consultation stage seeking views on broad policy approaches and accompanied by an Interim Sustainability Appraisal.</p>	<p>June – July 2018</p>
<p>Consultation on a Draft Plan and Draft Sustainability Appraisal/Strategic Environmental Assessment</p> <p>(Regulation 18)</p>	<p>This is an early consultation stage seeking views on draft policies and site allocations and accompanied by an updated Interim Sustainability Appraisal and supporting evidence.</p>	<p>October - November 2021</p>
<p>Consultation on a Pre-Submission Plan (statutory 6 weeks) and Final Sustainability Appraisal/Strategic Environmental Assessment</p> <p>(Regulation 19)</p>	<p>The Council publishes its 'final' version of the Plan that it intends to submit for Examination. Updated/additional supporting evidence including a Sustainability Appraisal Report and Habitat Regulation Assessment is also published.</p>	<p>May - June 2022</p>
<p>Submission of the Plan and supporting evidence to the Secretary of State for Examination</p> <p>(Regulation 22)</p>	<p>The Council sends the Plan, the evidence base and any representations received from the consultation above to the Secretary of State for independent examination.</p> <p>The Plan will be assessed to see if it is legally compliant and meets tests of 'soundness' set out in national policy⁴.</p>	<p>October 2022</p>
<p>Examination Hearing sessions (subject to Inspectors availability)</p>	<p>The Examination will usually include public hearing sessions run by the Local Plan Inspector and based around matters and questions set by the Inspector.</p>	<p>January/February 2023</p>
<p>Inspectors Report (estimate)</p>	<p>The Inspector will issue a written report recommending modifications to the Local Plan.</p>	<p>May 2023</p>
<p>Local Plan Adoption</p>	<p>The Council adopts the Plan as part of the Surrey Heath Development Plan for the purposes of determining planning applications⁵.</p>	<p>July 2023</p>

⁴ See para 35 of the National Planning Policy Framework https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/810197/NPPF_Feb_2019_revised.pdf

⁵ This date is dependent upon the need to do any further consultation on Modifications to the Local Plan (prior to the Inspectors Report), and on receipt of the Inspectors Report.

7. Programme Management and Responsibilities

- 7.1 The scope and timetable for production of the Local Plan is set out in Table 1. Any essential adjustments to the programme will be made as part of the next review of the LDS.
- 7.2 The Local Plan is a key corporate project and along with other key corporate projects is monitored quarterly through the Councils internal performance monitoring systems.

Council Procedures and Reporting Protocols

- 7.3 Reporting procedures are as set out in **Table 2** below. All decisions of the Executive are subject to call in by Scrutiny Committee. In practice, however, this rarely happens. The Local Plan DPD will be reported to Full Council for approval as Policy Documents of the Council at the Pre-Submission and Adoption stages.

Table 2: Council Procedures and Reporting Protocols

Document	Executive	Council
LDS	✓	X
SCI	✓	X
Local Plan DPD	✓	✓
Background Documents	X	X

Risk Assessment

- 7.4 The main areas of risk to the proposed programme are considered to be from the following:
- Staff Changes – the loss of any member of the Policy team is a risk to the overall timetable in that local and technical knowledge is lost with that staff member, including in terms of work undertaken so far on the Local Plan as well as potential gaps in resources in the time it takes to recruit replacement staff.
 - Project Management – Whilst there is a high level of expertise within the Policy Team there are some studies that will require the use of consultants. To meet the LDS timetable there will be a need to ensure that issues such as procurement are considered at an early stage in the plan making process and there is an appropriate budget available. There will be the requirement to project manage work procured to ensure limited slippage in the process.

- Thames Basin Heaths Special Protection Area (SPA) – the Council must ensure that any long term strategy does not have a significant effect on the integrity of the SPA. The need for agreement with third parties and the need for sufficient mitigation through the provision of Suitable Alternative Natural Greenspace (SANG) to ensure that housing can be delivered will continue to be a risk.
- Delivery of Gypsy and Traveller and Travelling Showpeople Accommodation – finding acceptable and deliverable sites to meet future needs for pitches for Gypsies and Travellers and plots for Travelling Showpeople is potentially a risk to meeting the Local Plan timetable.
- Changes to planning legislation and guidance – the Government has set out its intention to radically reform the planning process including changes to the way in which local plans are prepared. The timetable for introducing these reforms, and their exact nature is not yet known so it is possible that future changes will impact on the timetable set out in this LDS.
- In many instances the delivery of the long term planning strategy is by other responsible organisations. Delivery may be affected by a range of different factors. The Council will work closely with delivery agencies through the preparation of the Local Plan documents.

7.5 In addition to the above, the long term impact of Covid-19 on the way in which consultations can be carried out and on other elements of the Local Plan preparation process remain uncertain at the time of preparing this LDS.

Monitoring and Review

- 7.6 The LDS will be reviewed through the annual Authority Monitoring Report (AMR) which will be produced to the year ending 31st March. The AMR includes:
- Progress on plan preparation milestones;
 - Information on the extent to which policies within the Development Plan are being achieved against key indicators and targets;
 - A recommendation as to whether any policies need reviewing.

Glossary of Terms

Throughout this document a number of abbreviations have been used as follows:

AAP	Area Action Plan. A Development Plan Document Plan for a specific area, such as the Camberley Town Centre AAP.
AMR	Authority Monitoring Report. An annual report which includes an update of how Local Plan policies are being delivered.
DPD	Development Plan Document. The Town and Country Planning (Local Planning) (England) Regulations 2012 refers to these as the Local Plan. It is the main planning policy document produced by the Council and forms the statutory development plan for the area.
CS&DMP DPD	Core Strategy & Development Management Policies DPD. The Council's current Local Plan and is a Development Plan Document.
LDS	Local Development Scheme. The Local Development Scheme (LDS) sets out Surrey Heath Borough Council's programme for preparing future planning documents. It outlines what documents the Council will be working on and a timetable for the production of these documents.
SA/SEA	Sustainability Appraisal incorporating a Strategic Environmental Assessment. A Sustainability Appraisal (SA) is a tool used to appraise planning policy documents in order to promote sustainable development. Social, environmental and economic aspects are all taken into consideration. Sustainability Appraisal (SA) is a compulsory requirement under the 2004 Planning and Compulsory Purchase Act and the 2001/42/EEC European Directive.
SCI	Statement of Community Involvement. The Statement of Community Involvement (SCI) sets out the Council's approach for involving the community in the preparation and revision of local development documents and planning applications.
SEA	Strategic Environmental Assessment. Strategic Environmental Assessment (SEA) is the process by which environmental considerations are required to be fully integrated into the preparation of plans and programmes. In plan making it is usually incorporated into the Sustainability Appraisal document.
SHBC	Surrey Heath Borough Council. Surrey Heath Borough Council is the Local Planning Authority.

SPD

Supplementary Planning Document

These are documents that provide further information and detail to the policies within the Local Plan and how they can be met.

DRAFT

Update on Increased Security Measures at Old Dean Recreation Ground

Summary

On 17th November 2020 The Executive received a petition requesting that the council consider improved security measures at Old Dean Recreation Ground to resist vandalism to the newly installed play area and existing pavilion as well as support the reduction in anti-social behaviour in this area. The suggested measures were: repair of existing and installation of additional lighting, installation of an alarm system for the pavilion and the installation of CCTV. Members considered the petition and agreed to support its aim and it was agreed that a report would be brought to the February 2021 Executive meeting, addressing each of the points raised by the petitioner. It was also agreed to look at options for the pavilion to be brought back into use as a community or commercial space once repaired. Although significant progress has been made to identify options for each of these measures, officers are not in a position to provide detailed options for CCTV, as they require site visits from providers which has been a challenge to facilitate during the pandemic. In agreement with stakeholders, options for CCTV will be brought to a future Executive meeting to be considered separately.

Portfolio – Places & Strategy

Date Portfolio Holder signed off report: 26 January 2021

Wards Affected

Old Dean

Recommendation

The Executive is advised to RESOLVE that

- (i) the progress on this project in terms of works already instigated be noted;
- (ii) the implementation of the individual schemes be delegated to the Executive head of Business after consultation with the Places and Strategy Portfolio Holder.
- (iii) a further report will be brought to a future meeting of the Executive to consider CCTV options.

The Executive is advised to 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).

1. Resource Implications

- 1.1 In July 2020 a new £210,000 play/recreation facility was officially opened by the Mayor at Old Dean Recreation Ground funded from planning infrastructure monies with additional contributions from Accent

Housing, Eikon Charity and the Old Dean Community Group. Since opening, this new facility has suffered from vandalism.

- 1.2 The pavilion building has been in situ for many years and was used regularly to facilitate sport on the recreation ground, predominantly as a changing facility for sports teams. Over the years this usage has declined and the building has become increasingly susceptible to unlawful entry and vandalism which has happened on numerous occasions. The most recent incident of vandalism has required extensive structural repair costing circa £44,000. The cost of this work, which has already been carried out, is covered by the council's insurers who have indicated that unless further measures are taken to protect the building it may be deemed uninsurable in the future.
- 1.3 It is calculated that over the past three years the officer time spent on dealing with issues relating to vandalism has cost the council circa £16,000 plus circa £12,000 in equipment repair and replacement costs.
- 1.4 The cost of installing a monitored alarm system for the pavilion, including annual subscription, is relatively low (circa £1,000 plus £160 pa maintenance) which has already been installed and will be incorporated into the council's existing security contract and funding within existing budgets.
- 1.5 The existing council owned lighting at the site that was out of action due to vandalism has already been repaired with more robust LED options and funded from existing budgets.
- 1.6 The proposal for additional lighting consists of six LED lamp post heads on 4m lamp posts around the perimeter of the play area, sports court and bike track controlled by a combination of photo cell and time switch. The cost of this work will require additional capital funding and will be subject to planning consent and an environmental impact assessment.

2. Key Issues

- 2.1 On 17th November 2020 the Executive receive a presentation from Mr Trefor Hogg, chairman of the Old Dean Community Group (ODCOG), on a petition submitted concerning Old Dean Recreation Ground.
- 2.2 The petition asked the Council to invest in better lighting that was able to resist vandalism and invest in CCTV to protect the playground area at Old Dean Recreation Ground so that the asset remained fully usable by the community. The petition had been available for signing on the Council's website between 9 July and 9 October 2020 and had received 520 signatures.
 - 2.2.1 Mr Hogg presented the petition, highlighting the recent investment to the play area. Members were informed about vandalism and deliberate damage to the play equipment, along with other anti-social behaviour

at the site. He asked the Executive to consider the following measures to help address these issues:

- Install lighting that worked and was robust, in order to make the footpaths safer and to deter misuse of the area at night
- Install an alarm system in the pavilion
- Install CCTV recording

2.3 Members considered the petition and agreed to support its aim. It was agreed that a report would be brought to an Executive meeting within the next 3 months, addressing each of the points raised by the petitioner. It was also agreed to look at reports that the pavilion was not currently in use as part of this work.

2.4 At the request of the Executive officers from the Business Team began researching options that would address each of the three issues raised by the petition.

2.5 In advance of this report being published a virtual key stakeholder meeting was held on 14 January 2021 between council officers, the Places & Strategy Portfolio Holder, Old Dean Ward Members and Mr Hogg to discuss the proposed options. At this meeting the various options were discussed and agreement was met on the proposals for additional lighting and a security system for the pavilion.

2.6 Although significant progress has been made to identify options for CCTV, no detailed proposal has yet been put forward as this requires further site visits from providers which has been a challenge to facilitate during the pandemic. In agreement with the key stakeholders options for CCTV will be brought to a future Executive meeting to be considered separately.

2.7 The total cost for the implementation of additional lighting will be circa £14,000 which will need to be added to the capital programme for 2021/22

2.8 This capital outlay will provide a good level of protection to council assets which will reduce revenue maintenance costs and officer hours used to address damage and vandalism (see 1.3).

2.9 The additional lighting should also act as a deterrent to some of the anti-social behaviour taking place in that area and provide a safer and more welcoming environment for the wider community, particularly in the early evenings. Although it is important to note that levels of anti-social behaviour and criminal damage associated with the Old Dean Recreation Ground are comparable to other similar sized recreation grounds in other parts of the borough.

3. Options

3.1 The options before the Executive are as follows:

- (i) To note progress on this project in terms of works already instigated;
- (ii) To AGREE the implementation of the individual schemes be delegated to the Executive head of Business after consultation with the Business and Finance Portfolio Holders.
- (iii) To PROPOSE an amendment to the recommendations
- (iv) To NOT AGREE the programme of additional security measures to be implemented
- (v) To RECOMMEND to Council that the Capital Programme from 2021/22 be increased by £14,000 for the cost the additional lighting around the new play area (subject to planning consent and environmental impact assessments).

3.2 The Executive is advised to agree options (i), (ii) and (v).

4. Corporate Objectives And Key Priorities

4.1 The proposals contained in this report support the Council's key objectives:

Place – continued focus on our vision to make Surrey Heath an even better place to live. Clean, green and safe. Where people enjoy and contribute to a high quality of life and a sustainable future.

People – to build and encourage communities where people can live happily and healthily in an environment that the Community is proud to be part of.

5. Legal Issues

5.1 Any additional lighting installed around the recreation ground will be subject to planning consent and an environmental impact assessment.

6. Sustainability

6.1 It is envisaged that capital work on the identified sites will reduce the likelihood of vandalism and anti-social behaviour thus reducing associated revenue costs.

6.2 New and replacement lighting will use modern and efficient LED technology.

7. Risk Management

7.1 The implementation of these proposed measures will reduce the risk of vandalism and anti-social behaviour.

8. Equalities Impact

8.1 An equalities impact assessment has been undertaken.

9. Consultation

9.1 This report is in response to a petition initiated by the Chair of ODCOG and received over 500 signatures. Further consultation with key stakeholders was held on 14 January 2021.

9.2 If agreed then further consultation will be required to seek local residents' views on additional lighting and as part of the required planning application.

10. PR And Marketing

10.1 If agreed the proposed measure should be welcomed by the local community and benefit from PR.

11. Officer Comments

11.1 The levels of vandalism and anti-social behaviour associated with the Old Dean Recreation ground are on a par with other similar sized parks across the borough. However, as highlighted in the petition, the community has recently benefited from the installation of a new leisure and play facility that needs to be protected and maintained for future generations. Similarly, the pavilion has the potential to be brought back into use as a viable community asset but only if it is protected from vandalism.

Annexes	None
Background Papers	None
Author/Contact Details	Daniel Harrison – Executive Head of Business Daniel.harrison@surreyheath.gov.uk
Head of Service	Daniel Harrison - Executive Head of Business

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Response to Call In for The Local Enforcement Plan

Summary

This report outlines the suggested changes that should be made to the Local Enforcement Plan recommended by the Performance and Finance Scrutiny Committee as a result to the Call In.

Wards Affected: All

Recommendation

The Executive is advised to RESOLVE that the changes to the Local Enforcement Plan recommended by the Performance & Finance Scrutiny Committee, as set out at Annex A to this report, be agreed.

1. Key Issues

- 1.1 Following on from the call in made regarding the Executive decision to agree the Local Enforcement Plan (LEP), the Performance & Finance Committee met on 5th January 2021 to discuss and consider the matters raised. (See Annex A – This tables the elements of the decision that cause concern; the outcome sought by Councillors’ ; Officers’ response and agreed outcome)

2. Resource Implications

- 2.1 There is no immediate impact on resource but the suggestion to the Executive does request that resource for Planning Enforcement is reviewed in 6 months. These suggestions have been added to the workforce plan.

3. Options

- 3.1 The Executive can agree to the suggested changes recommended by the Performance & Scrutiny Committee as a result of the call in of the Local Enforcement Plan
- 3.2 The Executive can agree to remain with their original recommendations as resolved on 17th November 2020 (Minute 63/E, attached as Annex B)
- 3.3 The Executive can agree to a combination of the original wording of the Local Enforcement Plan and some of the suggested changes

4. Proposals

- 4.1 It is proposed that the Executive decides how the Local Enforcement Plan is updated in view of the call in it received.

5. Supporting Information

- 5.1 Report sent to the Executive on 17th November 2020 which includes The Local Enforcement Plan. See Annex C

6. Corporate Objectives And Key Priorities

- 6.1.1 The Local Enforcement Plan will enable the Planning Enforcement Service to react quicker and more efficiently to breaches of planning control. This will therefore mean that we can deliver a better service in line with Objective 4 of the Corporate Plan. An improved enforcement service, by association, will also result in improvements to peoples' amenities, livelihood and wellbeing in accordance with the other Corporate Objectives.

7. Policy Framework

- 7.1 The Policy Framework for the Local Enforcement Plan is as set out in the executive report of 17th November 2020

8. Legal Issues

- 8.1 No changes can be made to the Local Enforcement Plan that would contravene all relevant law associated with the plan.

9. Governance

- 9.1 No matters arising

10. Risk Management

- 10.1 A clear enforcement strategy minimises risks of challenge to the Council where action is or is not taken.

11. Equalities Impact

- 11.1 Equalities impact is as detailed in the Executive report of 17th November 2020

12. Human Rights

- 12.1 Human rights is as detailed in the Executive report of 17th November 2020

13. Environmental Impact

- 13.1 No issues identified see original report for Local Enforcement Plan on 17th November 2021 for the impact.

14. Consultation

14.1 As per the constitution the Call in was taken the Performance & Finance Scrutiny Committee to make recommendations back to the Executive pertaining the Local Enforcement Plan.

15. PR & Marketing

15.1 No matters arising

16. Officer Comments

16.1 Please see Annex A for officer comments regards the suggestions made to change the Local Enforcement Plan

Annexes	Annex A – Table of suggested changes to the Local Enforcement Plan Annex B – The amended LEP flow chart Annex C – Report including a full copy of the Local Enforcement Plan as sent to the Executive on 17 th November 2020.
Background Papers	Minutes of the Executive meeting held on
Author/Contact Details	Julia Greenfield – Corporate Enforcement Manager Julia.greenfield@surreyheath.gov.uk
Head of Service	Louise Livingston – Executive Head Transformation Louise.livingston@surreyheath.gov.uk Jenny Rickard – Executive Head of Regulatory Jenny.rickard@surreyheath.gov.uk

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ANNEX A

LOCAL ENFORCEMENT PLAN 2020 –

Reason for requesting call-in and agreed outcomes and Officer comments, rising from the meeting of the Performance and Finance Scrutiny Committee on 5th January 2021.

A number of recommendations were made to remedy these desires that were not deemed illegal, and would allow ward councillors to represent residents and their concerns, allow ward councillors to view progress of enforcement, ensure accountability for decisions, and ensure the integrity of the Planning System is maintained with member oversight.

The Planning System is a Council process that Ward Councillors are expected to partake in according to LGA. Enforcement is not excluded

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Element(s) of the decision which cause concern (Plan paragraph numbers)	Outcome sought by Councillors'	Officer's response to Executive Call in	Agreed Outcome
1.0 The Plan (1.6) appears to not address monitoring of Planning decisions as NPPF para 58.	1.0 insert 1.2a The Implementation of Planning Decisions/Notices will be monitored to ensure compliance and maintain the integrity of the Planning System.	1.0 - Agreed, monitoring of conditions are not referred to as set out in Para. 58 of the NPPF. <u>Para. 58 of NPPF</u> - Effective enforcement is important to maintain public confidence in the planning system. Enforcement action is discretionary, and local planning authorities should act proportionately in responding to suspected breaches of planning control. They should consider publishing a local	1.0 - Paragraph 58 of the NPPF sets out that effective enforcement is important in maintaining public confidence in the planning system, that enforcement action is discretionary and local planning authorities should act proportionately when responding to suspected breaches of planning control. The NPPF also states that Planning Authorities should use Local Enforcement Plans to proactively manage

enforcement plan to manage enforcement proactively, in a way that is appropriate to their area. This should set out how they will monitor the implementation of planning permissions, investigate alleged cases of unauthorised development and take action where appropriate.

At present the Council does not have a Compliance Officer to undertake this work, as this role was deleted a number of years ago. Breach of conditions where notified are investigated but planning permissions are not routinely monitored for compliance. If the Council wishes routine monitoring to be undertaken this would significantly impact on the current enforcement work unless additional staffing resources are put in place. Complaints that conditions have been breached are already investigated in accordance with the priorities set out above. Other conditions will generally be monitored by planning officers on site visits **where resources are available**. In such cases the breach of condition will be investigated as for any other alleged breach of planning control and, if deemed appropriate and necessary, enforcement action will be taken accordingly.

enforcement in a way that was appropriate for their area including how they would monitor the implementation of planning permissions.

A request for the implementation of a register of planning conditions that have been determined at PAC, so that any breaches could be routinely monitored was agreed. It was stressed that there was no evidence of significant or widespread breaches of planning conditions in the Borough. Consequently, any monitoring and enforcement activity should be proportionate to the scale of the issue in Surrey Heath. Furthermore, the routine monitoring of all planning conditions would significantly impact on the current resources of the planning enforcement team and significant additional resources would need to be identified to deal with this additional work.

It was proposed that a report detailing the progress of any enforcement activities would be taken to the Planning Applications Committee on a quarterly basis to enable any breaches to be monitored by councillors.

OUTCOME:

It was agreed that we would take this matter back to the Planning Applications Committee in 6 months' time

			<u>Officer Comment</u>
			<i>Members need to note that there is no budget for additional resource and that this would inevitably result in potential reductions to other services.</i>
2.3 The statement makes no reference to ward councillor input on behalf of residents when deciding the extent of public amenity impact	2.3 Insert: The Ward Councillor will be consulted to ensure any local knowledge is contributed, and concerns of impacted residents duly taken account of	2.3 – Ward Councillors represent their Wards (complainants and contraveners alike). They cannot form part of the decision making process as if acting in response to a complainant there is a risk of bias in any decision which must be avoided especially if subsequently there is a planning application which must be considered on its merits. Moreover Councillors also still represent the accused and may also be approached by them, for this reason it is better if they do not participate in any decision outside of PAC.	2.3 - It was acknowledged that ward councillors provided a key source of knowledge with regard to the areas they represented. However care had to be taken to ensure that councillors did not leave themselves open to accusations of bias when making planning decisions which must be considered on their individual merits regardless of the strength of local public feeling. <u>OUTCOME:</u> It was agreed that ward members would be kept informed of any enforcement activity in their ward (in accordance with GDPR). Local ward councillors will have the opportunity to direct the officer to local knowledge and any other material consideration sources.
4.5 Councillors access to up to date progress or status of activity appears missing, and currently means we have to chase officers for updates	4.5 Ward Councillors shall have access to the activity schedule (personal data omitted) in order communicate progress to residents with agreement of officers	4.5 – This has been dealt with through the Data Protection and Freedom of Information discussions recently. When DPA allows, Councillors are informed when a new complaint is received in their ward. If	4.5 - Advice from the Council's Information Governance Officer had cautioned against the sharing of information that could lead the Council to be non-compliant with GDPR legislation.

	to avoid compromising enforcement actions.	Councillors would like to be kept updated, they just need to contact the Officer assigned to the case to advise them of this.	<p>It was considered that the proposed quarterly monitoring report to the Planning Applications Committee would provide sufficient information to monitor the progress of enforcement activities.</p> <p><u>Officer Comment</u></p> <p><i>Following the meeting with the Council's Information Governance Officer progress has been made. However, Councillors and Officers are engaged in ongoing discussions to resolve this matter to the mutual satisfaction of all concerned.</i></p>
<p>5.6 The section does not assert that retrospective applications are not an alternative way to acquire planning permission, and especially where it is deliberate and habitual that undermines the due process.</p> <p>The due process of application prior to implementation as the majority of residents abide by should be emphasised.</p>	<p>5.6 Remove: "Many breaches of planning control occur because the applicant simply did not realise permission was required Insert: Applicants are highly recommended to seek planning advice when contemplating development".</p>	<p>5.6 - Retrospective planning applications are a legitimate but risky means of gaining planning permission. See Section 73A (1) of the Act "On an application made to a local planning authority, the planning permission which may be granted includes planning permission for development carried out before the date of the application". Although a local planning authority may invite an application, it cannot be assumed that permission will be granted, and the local planning authority should take care not to fetter its discretion prior to the determination of any application for planning permission – such an application must be considered in the normal way and on its merits even if retrospective. In addition the NPPG for enforcement recognises this as a legitimate way of resolving enforcement concerns.</p>	<p>5.6 - Retrospective planning applications were a legitimate, albeit risky, means of gaining planning permission. Any applications receive for retrospective permission are determined in the same way as normal planning applications and each application was considered on its own merits. Furthermore, national planning guidance on enforcement recognised that retrospective planning applications could be legitimately used to resolve enforcement concerns.</p> <p>It was stressed that the Plan did not remove a councillor's right to call in any planning application. Retrospective planning applications were included in the Planning Applications Weekly List which was circulated to a range of individuals including all ward councillors and</p>

			<p>councillors could within the proscribed time frames continue to call in retrospective planning applications.</p> <p>It was agreed that the following wording from paragraph 5.6 of the policy “many breaches of planning control occur because the applicant simply did not realise permission was required” would be removed and replaced with “Applicants are highly recommended to seek planning advice when contemplating development.</p> <p><u>OUTCOME</u></p> <p>It was agreed to remove paragraph and insert Councillors’ recommendation.</p>
<p>5.8 The granting of Planning permission does not appear to afford Planning Committee the option of scrutiny just like most other planning applications</p>	<p>5.8 insert: The proposal to grant planning permission will be subject to councillor call in for Planning Committee scrutiny.</p>	<p>5.8 - Councillors can call in planning applications in accordance with the constitution and nothing in the LEP changes this.</p>	<p>5.8 - It was reiterated that details of retrospective planning applications received were published on a weekly basis alongside applications for proposed developments and there was nothing in the Plan that changed or removed a councillor’s right to call in a retrospective planning application.</p> <p><u>OUTCOME</u></p> <p>Withdrawn at the call-in by Councillor Alleway</p>
<p>5.16 There is no councillor communication in the process and many residents will not</p>	<p>5.16. Insert: The officer will engage with the ward councillor to convey their</p>	<p>5.16 – If a third party contacts their local ward councillor asking for them to act as a conduit, the case officer will liaise with the ward councillor, keep them updated and</p>	<p>5.16 - It was agreed that the plan would be updated to reflect that if a third party contacted their ward councillor asking them to act as a conduit then the case</p>

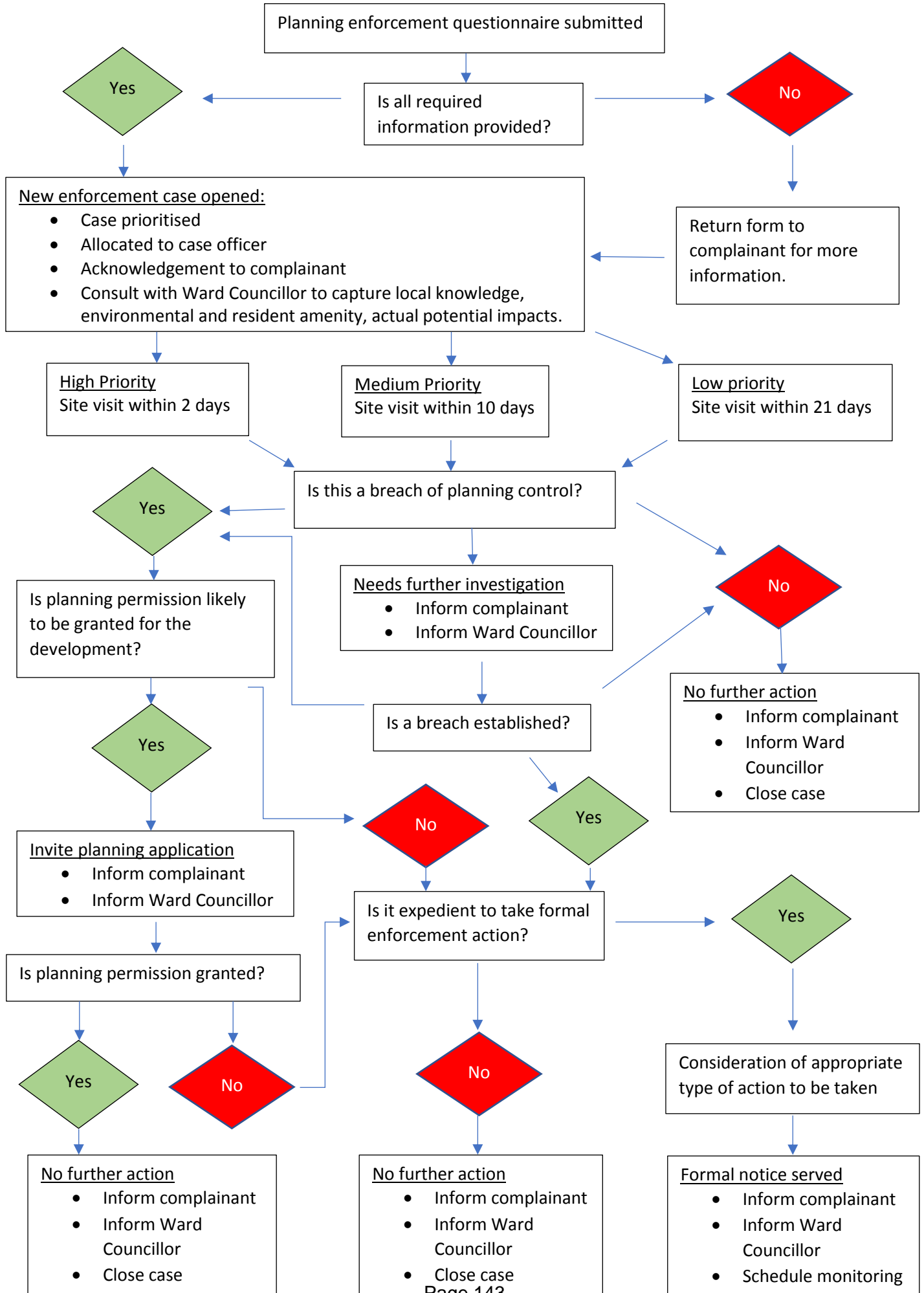
directly engage with council, only via their elected representative.	conclusions where the complainant has chosen this avenue for representation.	inform them of the outcome of the investigation. See 4.5 above.	officer would liaise with the ward councillor and keep them updated on the outcomes of any enforcement investigations. The flow chart in Appendix 1 would be amended to reflect this. <u>OUTCOME</u> Agreed.
5.18/19 4 and 10 year rules can be used to attempt to circumvent due planning process by concealing or where public/interested parties would not normally have sight of development.	Add 5.19a The 4 and 10 year rules may only apply when the development has not been deliberately concealed. A number of other reasons for not discovering a breach such as remoteness of location, not readily visible, or public unaware that the development is a breach, and legality of use, are considerations along with harm to amenity and planning policy violation.	5.18/19 – 4/10 year rule is set out in the Localism Act 2011, no need to make reference to this. Additional wording is unacceptable as some elements are not material planning considerations and by including it in our plan we open ourselves up to legal challenge by way of JR's / Ombudsman complaints and potentially fetter our discretion to act.	5.18/19 - The Committee was informed that the four and ten year rules were set out in the Localism Act 2011. The assessment of deliberate concealment of a development was set at a high level and consequently any matters dealt with relating to concealment were considered on a case by case basis with direct legal input. <u>OUTCOME</u> Officer explanation accepted, no amendment to LEP
Appendix 1 Flow Chart – Process excludes Councillors	Appendix 1 Flow Chart – Amend to include reference to Ward Councillors as elected representative of the complainant.	Appendix 1 Flow Chart - see 5.16 above. Councillors will be added to the flow chart.	Appendix 1 Flow Chart – <u>OUTCOME</u> Amendments made
General. The policy appears not to be subject of routine audit by members for application consistency, contemporary status,	General: The plan shall be subject to routine audit to review fitness for purpose and expected performance	General - As members are aware, the Corporate Enforcement team have undergone a number of changes this year. It	General - The proposed quarterly monitoring report which would be considered by the Planning Applications

<p>performance against expected outcomes and opportunities for improvement</p>		<p>is recommended the team be given time for new members of the team to bed in and to review the policy at PAC in 18 months' time.</p> <p>Reports will be provided to PAC on a quarterly basis identifying numbers and types of enforcement cases by parish/ ward and progress on resolving these.</p>	<p>Committee would provide regular opportunities for members to monitor the progress of enforcement activities.</p> <p>It was agreed that the Plan would be reviewed on an annual basis to ensure that it remained up to date and policies were aligned with statutory guidance and regulations.</p> <p>NB: Agreed to remove Appendix 2 and 3 from the Plan due to regular reviewing as these are live documents.</p>
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Planning Enforcement Investigation Flow Chart

Annex B



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Local Enforcement Plan

Summary

This revised Local Enforcement Plan updates the 2014 Local Enforcement Plan to provide a framework of local guidance for the investigation and assessment of breaches of planning control in line with current national policy.

Portfolio – Planning & People

Date Portfolio Holder signed off report: 22 October 2020

Wards Affected

ALL

Recommendation

The Executive is advised to RESOLVE that the Surrey Heath Local Enforcement Plan, as attached at Annex B to this report, be agreed

1. Resource Implications

- 1.1. The implementation of the Local Enforcement Plan will be undertaken within the agreed budget for 2020/21 and subsequent years for the development Management and Corporate Enforcement Services. The Plan will assist in directing these resources by identifying the highest priority breaches of planning control.

2. Key Issues

- 2.1 The Council's existing policy for the consideration of breaches of planning control was contained in a Local Enforcement Plan (LEP) produced in 2014. As national policy has been revised and delivery of the enforcement function has changed it was felt that the Plan needed reviewing.
- 2.2 In line with current national policy it is considered that the implementation of a Local Enforcement Plan will enable the Council to establish priorities and procedures for the investigation of alleged breaches of planning control. It will also enable the Council to effectively manage and prioritise its planning enforcement resources which is delivered through the Corporate Enforcement Team and is also now supported by a Senior Planning Enforcement Officer. The Plan will also provide clear and concise information to the public and developers about what they can expect from the Council's Planning Enforcement Service.
- 2.3 The Plan seeks to identify local priorities for enforcement action so that the Council's enforcement resources can be put to the best use in

Annex C - report to Executive in November 2020

dealing with breaches of planning control that threaten the quality of the local environment or the amenities of residents.

- 2.4 The Plan also gives advice to the public and developers as to the enforcement measures available to the Council and in what circumstances the Council will consider taking formal enforcement action.
- 2.5 By having a clear and transparent approach as to how enforcement matters are investigated this will give the public realistic expectations as to what action can or will be taken. Given that enforcement action is discretionary one of the key objectives is to filter out non-planning related, frivolous or vexatious complaints. Such complaints impact significantly on limited resources preventing or delaying investigation of the highest-priority and most damaging cases.
- 2.6 All Councillors were consulted on the draft LEP and comments have been incorporated. Comments received have been set out in Annex A.

3. Options

- 3.1 The options available to the Executive are:
 - (i) To not agree Surrey Heath Local Enforcement Plan, or
 - (ii) To agree to the Surrey Heath Local Enforcement Plan.
- 3.2 The Executive is asked to agree the Local Enforcement Plan as revised.

4. Proposals

- 4.1 It is proposed that the current Local Enforcement Plan 2014 be replaced as it no longer reflects updated government guidance or the delivery of planning enforcement in the Borough and that a new Local Enforcement Plan be agreed.
- 4.2 The key changes are:
 - Clarification of site visit response times to reflect resources within the service
 - Clear procedures for reporting breaches of planning control
 - To clarify the powers and approaches available to the Council
- 4.3 A copy of the revised Local Enforcement Plan will be circulated with the agenda.

5. Corporate Objectives and Key Priorities

- 5.1 The Local Enforcement Plan will enable the Planning Enforcement Service to react quicker and more efficiently to breaches of planning control. This will therefore mean that we can deliver a better service in line with Objective 4 of the Corporate Plan. An improved enforcement

service, by association, will also result in improvements to peoples' amenities, livelihood and wellbeing in accordance with the other Corporate Objectives.

6. Policy Framework

6.1 The main policy framework is contained within the National Planning Policy Framework and its associated Planning Practice Guidance.

6.2 Paragraph 58 of the NPPF states:

Effective enforcement is important to maintain public confidence in the planning system. Enforcement action is discretionary, and local planning authorities should act proportionately in responding to suspected breaches of planning control. They should consider publishing a local enforcement plan to manage enforcement proactively, in a way that is appropriate to their area. This should set out how they will monitor the implementation of planning permissions, investigate alleged cases of unauthorised development and take action where appropriate.

6.3 Paragraph 006, of the NPPG states that the preparation and adoption of a local enforcement plan is important because it:

- *allows engagement in the process of defining objectives and priorities which are tailored to local circumstances;*
- *sets out the priorities for enforcement action, which will inform decisions about when to take enforcement action;*
- *provides greater transparency and accountability about how the local planning authority will decide if it is expedient to exercise its discretionary powers;*
- *provides greater certainty for all parties engaged in the development process.*

7. Legal Issues

7.1 No matters arising.

8. Governance Issues

8.1 No matters arising.

9. Sustainability

9.1 The Council's existing policy for the consideration of breaches of planning control was contained in a Planning Enforcement Policy and Practice Statement. This statement contains out of date policy and is therefore no longer sustainable. In contrast, the proposed new Local Enforcement Plan is fully in line with current government policy and sets a clear framework and strategy for the future.

10. Risk Management

- 10.1 A clear enforcement strategy minimises risks of challenge to the Council where action is or is not taken.

11. Equalities Impact

- 12.1 See Human Rights below.

11 Human Rights

- 11.1 Paragraph 003 of ID: 17b of the PPG states the following:

'The provisions of the European Convention on Human Rights such as Article 1 of the First Protocol, Article 8 and Article 14 are relevant when considering enforcement action. There is a clear public interest in enforcing planning law and planning regulation in a proportionate way. In deciding whether enforcement action is taken, local planning authorities should, where relevant, have regard to the potential impact on the health, housing needs and welfare of those affected by the proposed action, and those who are affected by a breach of planning control.'

- 11.2 The Local Enforcement Plan will therefore help to facilitate proportionate responses to breaches in accordance with Human Rights and impacts on Equalities.

12. Community Safety

- 12.1 No issues identified but an effective enforcement strategy supports a safer community.

13. Environmental Impact

- 13.1 No issues identified but an effective enforcement strategy supports environmental protection where relevant.

14. Consultation

- 14.1 No matters arising

15. PR and Marketing

- 15.1 No matters arising.

16. Officer Comments

- 16.1 For the reasons outlined above it is important that an up to date Local Enforcement Plan is adopted so that officers can undertake the investigation of enforcement cases in the most efficient manner.

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16.2 The Plan will be kept under review to ensure compliance with national policy. It is recommended that changes to the Plan are agreed with the Executive Head of Regulatory. However, any material changes to the Plan will be reported back to the Planning Applications Committee only.

Annexes	Annex A – Councillor Responses Annex B – Local Enforcement Plan
Background Papers	None
Author/Contact Details	Helen Lolley Helen.lolley@surreyheath.gov.uk
Head of Service	Jenny Rickard – Executive Head of Regulatory

Consultations, Implications and Issues Addressed

Resources	Required	Consulted
Revenue	✓	<u>16th October 2020</u>
Capital		
Human Resources		
Asset Management		
IT		
Other Issues	Required	Consulted
Corporate Objectives & Key Priorities	✓	<u>16th October 2020</u>
Policy Framework		
Legal	✓	<u>16th October 2020</u>
Governance		
Sustainability		
Risk Management		
Equalities Impact Assessment		
Community Safety		
Human Rights	✓	<u>16th October 2020</u>
Consultation		
P R & Marketing		

**Annex A - Surrey Heath Borough Council – Local Enforcement Plan
Councillor Comments on draft LEP- October 2020**

LEP - Paragraph	Councillor Comments	Councillor	Response
Introduction			
1.1	Add in – ‘nothing within this document should be taken as condoning a wilful breach of planning control’	Alleway 1	Agreed- LEP to be amended.
1.2	Insert after Heath-To carry out the councils statutory responsibility	Alleway 2	Agreed
1.3	Ensure the Countryside, Greenbelt, Special Protection areas, Trees and Open Spaces are robust protected with enforcement to meet Climate Change,	Alleway 3	Agreed
1.4	To work with other teams in the Council to address problems in a holistic manner.	Alleway 4	Agreed
1.10	Refused permissions will be monitored to ensure compliance	Alleway 5	Not Agreed. We are unable to agree to this as there is no legal requirement to monitor- and we do not have the resources to do this.
Principles of Good Enforcement			
2.3	The Planning Enforcement team will consult with the Ward Councillor to ensure Local Knowledge and impact is fully accounted for in the agreed enforcement decision process	Alleway 6	Part Agreed. Already integral part of decision process i.e. officers can take into account local

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			situation– although may be limited by Legislation as to how far we can go.
2.6	The Council will assert all reasonable powers to recover enforcement costs where wilful non-compliance occurs, and legal compliance has not been complied with. This is to protect the public funds.	Alleyway 7	Not Agreed. Unable to recover costs of investigation and enforcement action – except in circumstances where an Enforcement Notice has been served and work is carried out in default of the notice recipient. Or where we successfully prosecuted and our costs may be recoverable.
2.20	It should be noted that Enforcement Officers have powers to enter land to assess whether there has been a breach of planning control under Section 196a of the Town and Country Planning Act (as amended)	Alleyway 8	Agreed. This is covered under Breaches of Planning Control section – however we will provide more details of this – Powers of Entry.
	Once an EN has taken effect and the compliance period (stipulated on an	Alleyway 9	Agreed. Covered in section 6 -

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	<p>EN has expired a site visit will be undertaken by Officers to check compliance with the requirements of the Notice. Recipient. Recipients of a Notice should consider carefully the consequences of not complying with the requirements as it is a criminal offence for which they can be liable to prosecution proceedings being taken against them, resulting in heavy fines or even imprisonment. In circumstances where there is non-compliance with the requirements of a Notice, the Council will consider commencing prosecution proceedings where there is sufficient evidence and it is in the public interest to do so. There is also the possibility that the Council will take steps to remedy the breach of planning control by taking direct action.</p>		<p>taking Formal Enforcement Action.</p> <p>Section 6 Covers Prosecution and Direct Action etc.</p> <p>Visits are arranged as indicated in Appendix 1. To check compliance and progress where for example work has started as required by EN.</p>
	<p>In certain circumstances Development Management Officers may also make specific requests of the Planning Enforcement Team to check compliance with conditions.</p> <p>To check for example that obscure glazing, flood protection measures or renewable energy measures have been</p>	<p>Alleway 10</p>	<p>Agreed. This is addressed in section 5.28- working with other services and agencies.</p>

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	<p>installed where required or ensuring that s use granted for a temporary permission had ceased at the end of the relevant period. Another example would be to check that there had been the removal of buildings in the Green Belt where it was justified in order to grant planning permission for a development. In such circumstances Officers will undertake a site visit to check the development against the permission and approved drawings.</p>		
<p>Breaches of Planning Control</p> <p>3.6</p>	<p>Neglecting land or buildings to an extent which causes harm to local amenity.</p>	<p>Alleyway 11</p>	<p>Not Agreed. Not a Planning Breach – however covered by 6.18 (Sec 215 TCPAct 1990)</p>
<p>3.7</p>	<p>The Planning Enforcement Team also investigate requests into High Hedges which fall under Part 8 of the Anti-Social Behaviour Act 2003. A separate national remediation and enforcement procedure is in place to deal with this matter.</p>		<p>Agreed but not a Planning Breach- We will add this to section 7. Other Controls.</p>
	<p>To find out whether there is an existing planning histories can be viewed through the application search link on the</p>	<p>Alleyway 13</p>	<p>Not agreed. Not relevant to LEP</p>

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	Council's website under the planning application register.		
3.8	Priorities will be established in consultation with ward councillors to ensure local knowledge impact is accounted for.	Alleyway 14	<p>Not agreed. This could affect consistency of approach and compromise officer decision.</p> <p>Priorities are set out in the LEP as a standard that can be referred to if challenged at a later date.</p> <p>Cases can move between priorities based on the officer's findings during an inspection.</p>
	Visits will be arranged on receipt of report of breaches and reasonable evidence provided to substantiate. This is to facilitate immediate Stop Notice where appropriate.	Alleyway 15	<p>Agreed. An initial assessment of each case is made by the Corporate Enforcement Team and responses prioritised accordingly.</p> <p>Visits will be made in accordance with the priority of the case.</p>
			Agreed.

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Table of Priorities. Page 10	High Priority- Or to be inserted.	Alleway 16	And/or to be inserted.
	Medium priority- first example to be moved to High Priority.	Alleway 17	Agreed.
	Medium priority-second example to be moved to High Priority.	Alleway 18	Not Agreed Each case will be considered on its merits.
3.9	Reviewed for categorisation and in respect to ward councillor consultation.	Alleway 19	Not Agreed Established procedure involves completion of a questionnaire. This allows officers to treat each case fairly and transparently. If challenged at a later date we would be in a position to defend our decisions. In addition it allows us to sieve out cases where we are unable to assist – and can save time in process.
3.10	This is to be reworded because if video or photographic evidence is provided with initial report	Alleway 20	See notes above.

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	there is no need to delay, immediate damage limitation intervention must be afforded where the initial fact finding verification visit.		
	But will give due regard to the evidence provided and act accordingly should the complainant feel at risk.	Alleway 21	<p>Part Agreed. Complainant details are confidential and therefore it should not prevent these details being given. In addition it is important that we do not become inadvertently involved in neighbour disputes or complaints of a malicious nature.</p> <p>In some cases we may respond if the case is considered high priority or in public interest.</p>
4.5	Councillors access to status register to monitor progress, not wait six months, or keep chasing officers.	Alleway 22	<p>Not Agreed. New procedure has been set up in line with GDPR. Quarterly reporting to Planning Applications Committee.</p>

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<p>Resolving Breaches of Planning Control.</p> <p>5.6</p>	<p>Ignorance of the law is no defence. The case for the negligence must be reviewed on history, probability and circumstance. Retrospective applications are not supported in principle.</p>	<p>Alleway 23</p>	<p>No Agreed. This is enshrined in the legal process.</p> <p>In some cases retrospective applications may be the appropriate way forward to regularise the situation and this is recognised in government guidance.</p>
<p>5.8</p>	<p>This must be subject to scrutiny and review if it is to be proposed.</p>	<p>Alleway 24</p>	<p>No Agreed. – it is a consideration and part of the legal process.</p>
<p>5.15</p>	<p>Compliance to drawing dimensions will be robustly applied and for avoidance of doubt the owner or developer is responsible to rectify at their costs.</p>	<p>Alleway 25</p>	<p>Not Agreed. Each case will be assessed on its merits. Costs always sit with the applicant for any redrawing required.</p>
<p>5.16</p>	<p>In consultation with the ward councillors.</p>	<p>Alleway 26</p>	<p>Not Agreed. This is an officer decision but officers will always discuss with Councillors</p>

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			where an explanation is required.
5.18	Where there has been deliberate or contrived concealment, or the development is not visible to interested parties the time limits shall not apply.	Alleyway 27	Not Agreed. There is significant case law on this issue and the application of time limits must be applied on the evidence of each case.
5.19	Where the use is illegal or presents residential amenity issues or safety concerns the time limits shall not apply.	Alleyway 28	Not Agreed. The Council has no discretion in this case – time limits are a matter of law. Safety concerns can be addressed under other legislation.
5.23	Or significant harm to environmental, green belt policy or future amenity is apparent.	Alleyway 29	Not Agreed. Cannot be include as may not be lawful.
Appendix 1 Planning Investigation flow chart	Note: there have been a number of suggested amendments to this – the flow chart with suggested amendments is attached to the main document.		These largely relate to the involvement of ward councillors which has been covered in comments above

Surrey Heath Borough Council



Local Enforcement Plan PLANNING

November 2020



Great Place • Great Community • Great Future

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Appendices:

APPENDIX 1: Planning enforcement investigation flow chart

APPENDIX 2: Planning Enforcement Investigation Questionnaire

APPENDIX 3: Enforcement Case Closure Report

1. Introduction

- 1.1 As a public authority, the Council has a responsibility to deliver services with fairness, openness and proportionality when considering interventions such as planning enforcement. Nothing in this document should be taken as condoning a wilful breach of planning control.
- 1.2 This document, Surrey Heath Borough Council's Local Enforcement Plan (The Plan), sets out the approach we will take in relation to breaches of planning rules in Surrey Heath, this is to ensure we carry out the Council's statutory duties. When considering enforcement we must take into account the Council's Corporate Priorities, where appropriate.
- 1.3 Relevant Council priorities are:
- Deliver an improved Camberley Town Centre for the benefit of all residents of the Borough
 - Encourage sustainable living and construction by promoting high quality building and design standards
 - Work with key partners to keep the Borough a very safe place to live.
 - Ensure the Countryside, Green Belt, Special Protection Areas, Trees and Open Spaces are robustly protected with enforcement to meet Climate Change reduction.
- 1.4 Against this The Plan identifies local priorities for enforcement so that the Council's planning enforcement resources are put to the best use in dealing with breaches of planning control that threaten the quality of the local environment or the amenities of the residents. Working with other teams in the Council to address problems in a holistic manner.
- 1.5 The Plan has been formulated in accordance with the advice contained in the National Planning Policy Framework (NPPF) issued by the Department for Communities and Local Government.
- 1.6 Paragraph 58 of the NPPF states that:
- "Effective enforcement is important to maintain public confidence in the planning system. Enforcement action is discretionary, and local planning authorities should act proportionately in responding to suspected breaches of planning control. They should consider publishing a local enforcement plan to manage enforcement proactively, in a way that is appropriate to their area. This should set out how they will monitor the implementation of planning permissions, investigate alleged cases of unauthorised development and take action where appropriate."*
- 1.7 The publication of a Local Enforcement Plan is supported by the Planning Guidance note on enforcement and post permission matters.
- 1.8 The Plan recognises the importance of:
- Defining objectives and priorities which are tailored to local circumstances
 - Setting priorities for enforcement action which in turn inform decisions about when to take enforcement action
 - Ensuring transparency and accountability of how we will decide if it's expedient to exercise our discretionary powers
 - Providing greater certainty for all parties engaged in the development process.

1.9 Nationally, the planning enforcement system is based on two important principles:

1. A breach of planning control is NOT a criminal offence, except for:

- Unauthorised works to listed buildings
- Illegal advertisements (such as illuminated poster hoardings) and
- Felling of protected trees.

1.10 A criminal offence only arises when an Enforcement Notice has been served and has not been complied with.

It is at the Council's discretion whether action will be taken, any action must be proportionate to the harm caused by the breach.

1.11 The aim and objectives of this Plan are therefore as follows:

- To identify the enforcement priorities for the Council
- To provide a framework for the investigation of alleged breaches of planning control
- To set out the range of action that can be taken where it is considered appropriate to do so.

1.12 This plan will be kept under review and will be amended as and when it is required to take into account changes in legislation, resources or priorities.

This Plan replaces the 2014 version which was agreed by the Executive on the 9th September 2014. Although there have been no substantial changes since then this version provides our current approach to enforcement and reflects the establishment of our dedicated Corporate Enforcement team.

2. Principles of Good Enforcement

2.1 The Council takes breaches of planning control extremely seriously. However there is often a misconception that all breaches of planning control will result in the Local Planning Authority taking formal enforcement. In practice the Council must carefully consider the relative merits of taking enforcement action and in many cases will seek to resolve breaches without taking formal enforcement action. In making any decision as to an appropriate course of action the Council will adhere to the following principles.

Expediency

2.2 Enforcement action is only taken when it is proportionate to the breach of planning control to which it relates and when it is considered **expedient** to do so. Formal enforcement action will not be instigated solely to regularise breaches in planning control. In taking formal enforcement action the Council will consider the use of enforcement powers commensurate with the seriousness of the breach.

2.3 In considering whether it is expedient to take enforcement action the decisive issue will be whether the breach of planning control unacceptably affects public amenity, existing land uses and buildings which merit protection in the public interest, or the natural environment. The Council will also have regard to the Development Plan and to any other material considerations including the national policies set out in the National Planning Policy Framework.

2.4 We will **not** take formal action where:

- There is a trivial or technical breach which causes no material harm or adverse impact on the amenity of the site or surrounding area
- Development is acceptable on its planning merits and formal action would solely be to regularise the development
- Where we consider an application is the appropriate way forward to regularise the situation for example, where planning conditions may need to be imposed.

Proportionality

2.5 The Council will use powers that are appropriate and proportionate to the issue when conducting investigations (this includes appropriate negotiations and the options of seeking retrospective planning permission) and where appropriate take immediate action.

2.6 The Council will seek to minimise the costs of compliance by ensuring that any action it requires are proportionate to the harm arising from the breach of planning control, although the cost of undertaking action will not in itself be a reason not to remedy a breach of planning control.

2.7 The Council will take particular care to work with small businesses and voluntary and community organisations so that they can meet their legal obligations without unnecessary expense, where practicable.

Consistency

- 2.8 The Council will carry out its duties in a fair, equitable and consistent manner. While Officers are expected to exercise judgement in individual cases, the Council will undertake internal reviews of cases to ensure that decisions are consistent. This will also include liaison with other local authorities and enforcement bodies.
- 2.9 While the Council will consider each individual matter on its merits, there will be a consistent approach to enforcement action against breaches of similar nature and circumstance.

Standards

- 2.10 The Council will draw up clear standards, setting out the level of service and performance that customers can expect to receive. The enforcement plan will be subject to review at least every three years, but the plan may be reviewed on a more regular basis if circumstances dictate.

Openness

- 2.11 Information and advice will be provided in plain language on the rules that the Council applies and will publish this as widely as possible. The policy and procedures will be available to view on the Council's website and at the Council offices.
- 2.12 We will maintain a Public Register of enforcement and stop notices. Details of the following action is recorded on the register:
- Planning enforcement notices
 - Stop notices
 - Breach of condition notices.

Helpfulness

- 2.13 The Council will discuss general issues, specific compliance failures or other problems with anyone with an interest with our service if it is appropriate to do so, in accordance with Data Protection legislation.
- 2.14 Officers will provide a courteous, prompt and efficient service and letters will provide a contact point and telephone number for customers to contact when seeking advice and information.
- 2.15 Officers will not tolerate abusive language or behaviour either in person or in correspondence.

Human Rights

- 2.16 We recognise that the provisions of the European Convention on Human Rights including Article I of the First Protocol and Article 8 and Article 14 may be relevant. In some instances there is a clear public interest in taking action to address breaches of planning control when considering. This is particularly relevant when considering the use of Stop Notices.

Complaints about the service

- 2.17 The Council has a complaints procedure and any complaints about the service will be

investigated in a fair and balanced nature. Details of our complaint procedures can be found on our website.

Other Considerations

- 2.18 We will have regard to other relevant Council policies including the Corporate Enforcement Policy.

<https://www.surreyheath.gov.uk/sites/default/files/documents/residents/environmental-services/Corporate%20Enforcement%20Policy%20-%20April%202019.pdf>

- 2.19 This reinforces our commitment to the following when considering enforcement action. The requirement to be-

- Transparent
- Accountable
- Proportionate
- Consistent
- Targeted at cases where action is needed.

- 2.20 This Plan will be supported by procedures which provide details of how we will undertake planning enforcement in accordance with this Plan. Officers will have regard to both policies and procedures when undertaking their role. The procedures will set standards for the service we provide.

3. Breaches of Planning Control

- 3.1 The basic principle of planning law is that it is not an offence to carry out works without planning permission. Whilst such development is unauthorised, councils must consider the expediency of taking formal action. This is important to remember as members of the public often refer to illegal development or works. This is incorrect as although development may well be unauthorised, it will not be illegal unless a statutory notice has first been issued and the owner or occupier has failed to comply.

Legislative background

- 3.2 The primary legislation for planning enforcement is set out in Part VII of the Town and Country Planning Act 1990, which has been subsequently amended by the Planning and Compensation Act 1991, the Planning and Compulsory Purchase Act 2004 and the Localism Act 2011.

- 3.3 The Town and Country Planning Act 1990 (as amended) sets out that planning permission is required for development. Section 55 of the Act defines development as:

“The carrying out of building, engineering, mining or other operations in, on, over or under land, or the making of any material change in the use of any buildings or other land.”

What is a breach of planning control?

- 3.5 A breach of planning control is defined in section 171A of the Town and Country Planning Act 1990 as:

- The carrying out of development without the required planning permission: or
- Failing to comply with any condition or limitation subject to which planning permission has been granted.

- 3.6 The majority of planning enforcement investigations involve one of the following alleged breaches:

- Development (either operational or a material change in use of land) that has taken place without planning permission and is not permitted development
- Development has not been carried out in accordance with an approved planning permission
- Failure to comply with a condition, limitation or legal agreement attached to a planning permission.

- 3.7 Other matters which also fall under the scope of planning control are:

- Demolition taking place in conservation areas, without conservation area consent, when it is required
- Works carried out to a listed building which affect the historic character or setting, without listed building consent being granted
- Removal of, or works carried out, to protected trees and hedgerows without consent being granted or proper notification given
- Advertisements, which require consent under the advertisement regulations, which

are displayed without express consent

- Failure to comply with the requirements of a planning notice, e.g. enforcement, discontinuance, stop notice, breach of condition notice, or other statutory notice.

What is not a breach of planning control?

3.7 The Council often receives complaints regarding matters that are not breaches of planning control. Often this is where other legislation covers and controls the matter. The following are examples of complaints not covered by the planning enforcement service:

- Neighbour nuisance/boundary and land ownership disputes
- Parking restrictions, obstruction of the highway and highway works
- Dangerous structures
- Fly tipping or the disposal of waste
- Felling of trees under Forestry Commission licence
- Any matter covered by other legislation such as noise and smell.

We will ensure that complaints which we are unable to consider are referred on to the appropriate service or agency. We will also ensure that complainants are advised that we are unable to consider their complaint under the planning regime at the earliest opportunity and that we have referred their concern to the appropriate service or Agency.

Priorities

3.8 To make the most effective use of resources, all allegations of breaches of planning control will be investigated and progressed in accordance with the priority rating below. This is not an exhaustive list. Visits where necessary will be made having regards to the targets outlined in the following table.

High priority:

- Any unauthorised development which is causing immediate and/or irreparable harm to the environment or public safety. This includes work to especially sensitive sites such as Sites of Special Scientific Interest.
- Demolition or alterations to a listed building
- Demolition in a conservation area
- Works that are currently in progress to trees subject to a Tree Preservation Order or within a conservation area.
- Breaches that are contrary to well established planning policies such as Green Belt

OUR TARGET IS TO VISIT WITHIN 2 WORKING DAYS

Medium priority:

- Development that causes serious harm to the amenities of neighbours or that is contrary to policies in the Development Plan
- Unsightly buildings or untidy land that is causing serious harm to amenity
- Development not in accordance with the plans during the build process.

OUR TARGET IS TO VISIT WITHIN 10 WORKING DAYS

Low priority:

- Advertisements causing harm to amenity
- Businesses being operated from home
- Any alleged breaches causing a limited degree of harm to local residents or the environment
- Untidy land.

OUR TARGET IS TO VISIT WITHIN 21 WORKING DAYS

3.9 Cases will be categorised on receipt of a Planning Enforcement Investigation Questionnaire and categorisation will be at the discretion of the Corporate Enforcement Manager. Cases may be re-prioritised as the investigation progresses and as new evidence comes to light.

3.10 We will be unable to give consideration to complaints until the receipt of a completed questionnaire. We are unable to respond to anonymous complaints.

4. Reporting a Suspected Breach of Planning Control

- 4.1 In order to ensure that allegations of breaches of planning control can be investigated efficiently the Council will require complainants to complete a Planning Enforcement Investigation Questionnaire. Only in exceptional circumstances will a complaint be considered without the completion of a questionnaire and this discretion lies with the Council. The questionnaire can be found on the planning enforcement pages of the Councils website. You can also obtain a questionnaire by contacting us in the following ways:
- 4.2
- By email to corporate.enforcement@surreyheath.gov.uk
 - By calling on (01276) 707702
 - By writing to Corporate Enforcement, Surrey Heath Borough Council
 - By visiting the Contact Centre at the Council Offices.
- 4.3 When a complaint is received it will be logged on our enforcement database, so it is important that the following information is provided:
- Full name and contact details (address, phone number or email) of the complainant
 - Full address of the alleged breach of planning control
 - Nature of the alleged breach and the harm it may be causing.

The complainant's identity will be treated confidentially and will not be disclosed outside of the Council unless the Council is required to do so for court or appeal proceedings. To avoid the unnecessary use of resources, anonymous reports of suspected breaches of planning control will not normally be pursued unless there is other evidence to suggest that the breach is causing serious harm to the environment or the amenities of residents.

- 4.4 When an enforcement case is generated it will be given a unique case number which will enable details and the progress of the case to be logged. The Council will send an acknowledgement to the complainant giving the unique case number which should then be used in all future communication in respect of that investigation.
- 4.5 It is our policy to monitor the progress of planning enforcement cases and provide reports on our activity to the Council's Planning Application Committee on a quarterly basis. This may include ward based reports.

Powers to investigate breaches of planning control

- 4.6 In addition to traditional investigation, there are three principle statutory provisions by which the Council can require information to be provided. These are:
- Section 171C of the Town and County Planning Act (as amended):
This enables the service of a Planning Contravention Notice (PCN). This can be served on the owner or occupier of the land in question or a person who is carrying out operations in, on, over or under the land or is using it for any purpose and where a suspected breach of planning is believed to exist. The PCN will require the recipient to provide the information requested within 21 days relating to the breach of planning control alleged. Failure to comply with any aspect of the PCN is an offence for which the recipient can be prosecuted with the maximum fine of £1,000.

To knowingly provide false information on a PCN can result in an unlimited fine.

- Section 330 of the Town and County Planning Act (as amended):

This power enables information to be obtained by serving a notice on either the occupier of the premises or the person receiving rent for the premises.

- Section 16 of the Local Government (Miscellaneous Provisions) Act 1976:

These provisions are primarily intended to enable an authority to establish the facts about the ownership of land.

- 4.7 In addition to the investigative powers outlined above, Section 196A of the Town and Country Planning Act (as amended) grants officers the right of entry on to land and buildings when pursuing effective planning control however twenty-four hours' notice must be given for access to a residential property. If access is denied or the matter is urgent a warrant can be applied for from the Magistrates Court. Officers will exercise these powers where appropriate particularly where their use is essential to the collection of evidence relating to an alleged breach of planning control. An obstruction of these powers is an offence which is subject to prosecution.

Time frame for site visit

- 4.8 A site visit will normally be required to establish whether or not a breach of planning control has occurred however there is likely to be some research around the case undertaken prior to a site visit.
- 4.9 The initial site visit (where necessary) will be conducted within the following timescales after receipt of a completed Planning Enforcement Investigation Questionnaire. There may be exceptions to this, particularly in respect of very urgent matters.
- High priority cases – within 2 working days
 - Medium priority cases – within 10 working days
 - Low priority cases – within 21 working days.

- 4.10 The Council will aim to meet these timescales in all cases investigated to ensure cases progress without undue delay from the outset. These targets allow officers to carry out the required level of research before visiting a site. If carrying out the initial site visit within these time frames is not possible on a specific case the officer will notify the complainant.

- 4.11 On completion of the initial site visit, the findings will be assessed and a view taken as to how the investigation will proceed. This may include require taking legal advice about the case or liaising with other departments or statutory bodies.

If no breach of planning control is established

- 4.12 A significant number of investigations are closed as there is no breach of planning control established. This can occur for a number of reasons, for example:
- There is no evidence of the allegation
 - The matters are not development and/or do not fall within the scope of planning control
 - Development has taken place but planning permission is not required
 - The development already benefits from planning permission granted by the Council.

- 4.13 Where this is the case the person who reported the suspected breach of control will usually be notified either verbally or in writing **within 10 working days** of the initial site visit that there is no breach of planning control and that no further action will be taken.

Where further investigation is required

- 4.14 There are often cases where the initial site visit does not provide sufficient evidence to prove whether a breach of planning control has taken place. Examples of these could include:
- Business operated from home and whether this constitutes a material change of use This will often depend on the level of intensity and this may not be immediately apparent from the initial site visit
 - Alleged breaches of working hours conditions and the operator denies the activity
 - Operations or uses of land which are permitted for a temporary period but may exceed what is permitted
 - The works may have gained immunity from Enforcement Action.
- 4.15 In these cases the person reporting the suspected breach of control will usually be notified **within 10 working days** of the initial site visit that further investigation is required. Officers will also advise what further investigation may involve, such as additional site visits, documentary research, seeking advice from other services or agencies, seeking information from the person carrying out the work.
- 4.16 In some cases, the Council may ask the person reporting the suspected breach for further details. If the person reporting the suspected breach of planning control is unwilling to assist, this may result in the Council not being able to pursue the investigation due to insufficient evidence.
- 4.17 The Council will consider serving a Planning Contravention Notice to obtain information relating to the suspected breach. In certain circumstances the Council may also determine that Covert Surveillance is required. However this will only be undertaken in accordance with the Regulation of Investigatory Powers Act 2000 and where such action has been duly authorised.

Where there is a breach of planning control

- 4.18 Where a breach of planning control is established at the initial site visit the person who reported the initial complaint will usually be notified **within 10 working days** of the site visit that a breach of planning control has been detected. Normally further consideration of an appropriate course of action will be required and the likely options will be explained to the complainant.

Powers of Entry

- 4.19 Where there is reasonable grounds for entering land officers are authorised to enter the land. In addition Justices of the Peace may authorise named officers to enter land specifically for enforcement purposes. (sections 196A, 196B and 196C of the Town and Country Planning Act 1990).
- 4.20 The Act specifies the purposes for which land may be authorised (section 196C) namely

- To ascertain whether there is or has been any breach of planning control on the land, or any other land
- To determine whether any of the local authority's enforcement powers should be exercised in relation to the land, or any other land
- To determine how any such power should be exercised and
- To ascertain whether there has been compliance with any requirement arising from earlier enforcement action in relation to the land, or any other land.

We will use these powers where necessary to ascertain the facts of a case.

5. Resolving Breaches of Planning Control

5.1 There are a number of options to be considered where a breach of planning control has been detected and most breaches will not involve taking formal enforcement action. The decision to take enforcement action is discretionary and the appropriate course of action will be determined by the investigating officer in consultation with the Corporate Enforcement Manager.

5.2 The options available to us are:

- No formal action
- Retrospective planning application
- Negotiation
- Planning Contravention Notice
- Enforcement Notice
- Planning Enforcement Order
- Stop Notice
- Temporary Stop Notice
- Breach of Condition Notice
- Injunction
- Rights of Entry
- Enforcement on Crown Land
- Listed Building Enforcement
- Enforcement of hazardous substances control
- Unauthorised advertisements
- Enforcement and protected trees
- Completion Notices
- Discontinuance notice
- Revocation of planning permission

(Details of the most commonly used measures is provided)

5.3 We will wherever possible contact the owner or occupier of the site in question as early as possible to establish the facts of the case. The timing of our initial visit will be in accordance with the priority category assigned to the case.

No formal action

5.4 We will keep records of informal action, including a decision not to take formal action, in line with the Council's retention policy.

Retrospective planning applications

5.5 Where officers consider that planning permission is likely to be granted for an unauthorised development, or that the imposition of conditions could sufficiently reduce the harm to amenity so as to make a development acceptable in planning terms, a retrospective planning application will be requested for the development.

- 5.6 In determining retrospective planning applications the Council cannot refuse an application simply because the development has already been carried out. Many breaches of planning control occur because the applicant simply did not realise permission was required. A retrospective planning application enables the Council to regularise acceptable development without arbitrarily penalising the applicant.
- 5.7 Generally the Council will not invite a retrospective planning application if it feels the development is unacceptable. However, there are cases where it is initially unclear as to whether a development is acceptable in planning terms. Once an application is received it will be considered on its merits against the policies of the National Planning Policy Framework and Development Plan. An invitation of a planning application is therefore not a guarantee that a development is acceptable in planning terms.
- 5.8 Section 70C of the Town and Country Planning Act 1990 (as amended) enables a Local Planning Authority to decline to accept a retrospective planning application where the application is for planning permission for a development which is the subject of a pre-existing Enforcement Notice. The Council will use these powers where appropriate to prevent delays in cases where enforcement action is being taken. However it will also have regard to each specific case and consider whether granting permission for part of the development would result in an acceptable resolution.

Negotiation

- 5.9 Where it is considered that the breach of planning control is unacceptable, officers will initially attempt to negotiate a solution without recourse to formal enforcement action, unless the breach is causing irreparable harm to amenity. Negotiations may involve the reduction or cessation of an unauthorised use or activity, or the modification or removal of unauthorised operational development.
- 5.10 In carrying out negotiations officers will have regard to the specific circumstances of the individual case. For example, where there is an unauthorised business activity, officers will consider whether relocation is possible and if so will seek to put a reasonable timescale in place.
- 5.11 Where initial attempts at negotiation fail, formal action will be considered to prevent a protracted process. The Council will also consider using Temporary Stop Notices to prevent the breach becoming more severe or to allow a period of time for further assessment or negotiation.
- 5.12 Where the Council is unable to negotiate an acceptable solution within a reasonable timescale, or it is clear at the outset that the breach is not capable of being remedied through negotiation, the Council will proceed with formal enforcement action where it is expedient to do so.

Not expedient to pursue formal action

- 5.13 Where a breach of planning control is established, the first step is to consider whether it would be expedient to take formal enforcement action. Expediency is a test of whether the unauthorised activities are causing serious harm having regard to the National Planning Policy Framework and Development Plan policies and other material planning

considerations.

- 5.14 While it is clearly unsatisfactory for anyone to carry out development without first obtaining the required planning permission, an Enforcement Notice should not be issued solely to regularise development which is acceptable on its planning merits, but for which permission has not been sought. In such circumstances the Council will seek to persuade an owner or occupier to seek permission. However, it is generally regarded as unreasonable for a council to issue an Enforcement Notice solely to remedy the absence of a valid planning permission if there is no significant planning objection to the breach of planning control.
- 5.15 Another criterion of expediency is to ensure that any action is proportionate to the breach. The Council investigates many technical breaches of planning control, for example where a development is very marginally larger than would have been allowed under permitted development regulations. In these cases it would clearly not be proportionate to require the removal of an entire building or fence where a slightly lower structure could be constructed without permission. As such the expediency test for taking action would not be met. The Council will work with owners to regularise or remedy the works but ultimately it is highly unlikely that formal action could be warranted in the case of a technical breach of planning control.
- 5.16 Where officers conclude that it is not expedient to take action the case will be closed and no further action will be taken. In these circumstances the investigating officer will contact the complainant prior to closing the case to explain the decision and to advise that no further action will be taken.
- 5.17 In all cases where it is not expedient to take action officers are required to complete an Enforcement Case Closure Report setting out the reasons for their decision. These reports will be kept on file to allow us to respond to any challenge of our decision.

Time limits for taking formal action

- 5.18 Section 171B of the Town and Country Planning Act 1990 (as amended) sets out time limits for taking enforcement action. The Council cannot serve a notice after four years where the breach of planning control involves building operations, for example extensions to dwellings, new buildings and laying hard standings; or the change of use of any building to a single dwelling house, from the commencement of the breach.
- 5.19 Other unauthorised changes of use and breaches of conditions are subject to a 10 year time limit. After these periods the Council cannot take action and the use becomes lawful.
- 5.20 The landowner can apply for a Lawful Development Certificate (LDC) after this period and if the evidence is clear this would regularise the use of the development of the land. Where a landowner alleges that the development is immune from enforcement action the Council will encourage them to submit a LDC application so that the matter can be formally determined. The Council will not cease the investigation of a breach of planning control in the absence of a LDC unless the evidence submitted as part of the investigation is robust.

- 5.21 Serving an enforcement notice in respect of a particular development stops the clock in relation to these time limits. Where the Council feels a breach may be close to the relevant time limit it may seek to take urgent enforcement action to prevent a lawful development situation.

Planning Enforcement Order

- 5.22 We would consider the use of a Planning Enforcement Order if the circumstances and evidence supports this.
- 5.23 The Localism Act 2011 has introduced a new enforcement power in relation to time limits. This allows Councils the possibility to take action against breaches of planning control even after the usual time limit for enforcement has expired where there has been concealment of the unauthorised development.
- 5.24 The Council can, within six months of a breach coming to their attention, apply to the magistrate's court for a Planning Enforcement Order. This gives the Council one year to then take enforcement action. To agree an order the court need only be satisfied, on the balance of probabilities, that the apparent breach, or any of the matters constituting the apparent breach, has (to any extent) been deliberately concealed by any person or persons.
- 5.25 In the event that the time limit for taking enforcement action has passed, and there has been no concealment, it will not be possible to take enforcement action and the case will be closed.

Dispute Resolution

- 5.26 Only the Council can instigate planning enforcement action and there is no right of appeal for a complainant in the event that they are dissatisfied with the actions or the lack of formal action taken by the Council.
- 5.27 In the event that a complainant is dissatisfied with the outcome of a planning enforcement investigation they may have the case reviewed by writing to the Corporate Enforcement Manager. If the complainant remains dissatisfied with the outcome of the investigation then they will need to escalate their complaint using the Council's complaints procedure.

Liaison with other Regulatory Bodies and Enforcement Agencies

- 5.28 Where there are breaches of wider regulations (e.g. noise nuisance), enforcement will be co-ordinated with other services and agencies to maximise the effectiveness of our interventions.
- 5.29 Where an enforcement matter has impacts beyond the Borough boundaries, or involves enforcement by one or more local authorities or organisations, where appropriate all relevant organisations will be informed of the matter as soon as possible and all enforcement activity coordinated with them.

Why is effective enforcement important?

5.30 We recognise that effective enforcement is important to:

- Tackle breaches of planning control which would otherwise have unacceptable impact on the amenity of the area
- Maintain the integrity of the decision making process
- Help ensure that public acceptance of the decision-making process is maintained.

5.31 And will have regard to this when making our decisions including where a decision is made that no further action will be taken.

6. Taking Formal Enforcement Action

- 6.1 Once the decision to take formal action has been made the Council will usually tell the complainant verbally or in writing **within 10 working days** from the date on which the decision to take action was made. The Council will seek a balance to achieve the most proportionate and expedient resolution through the use of powers available.
- 6.2 A varied planning enforcement toolkit is available to officers taking formal action if required. The use of these can vary depending on the nature of the breach and the level of harm caused. The most common measures are set out below.

Enforcement Notice

- 6.3 Section 172 of The Town and Country Planning Act 1990 (as amended) allows the Council to serve an enforcement notice where unauthorised operational development or a change of use has taken place and it is considered expedient to do so. The Council is required to serve enforcement notices on the owner, occupier and any other person with a legal interest in the land which is materially affected by the notice.
- 6.4 An enforcement notice will enable every person who receives a copy to know:
- Exactly what in the view of the planning authority constitutes the breach of planning control; and
 - What steps the local planning authority require to be taken, or what activities are required to cease to remedy the breach
- 6.5 An enforcement notice shall specify the steps which are required to be taken, or the activities which are required to cease, in order to achieve, wholly or partly, any of the following purposes:
- Remedying the breach by making any development comply with the terms (including conditions and limitations) of any planning permission which has been granted in respect of the land, by discontinuing any use of the land or by restoring the land to its condition before the breach took place; or
 - Remedying any injury to amenity which has been caused by the breach
 - The notice will also include information on how the recipient can appeal.

www.gov.uk/government/publications/enforcement-appeal-information-sheet-for-local-planning-authorities

- 6.6 The notice will specify time periods for compliance for each of the steps from the date on which the notice comes into effect. A notice comes into effect after a minimum period of 28 days following service. There is a statutory right of appeal against the notice during this period to the Planning Inspectorate. Once the Planning Inspectorate has received a valid appeal, the enforcement notice has no effect until the appeal has been determined.
- 6.7 There are seven grounds of appeal against an enforcement notice. Any appeal may include one or all of these grounds:

- (a) That, in respect of any breach of planning control which may be constituted by the matters stated in the notice, planning permission ought to be granted or, as the case may be, the condition or limitation concerned ought to be discharged
- (b) That those matters have not occurred
- (c) That those matters (if they occurred) do not constitute a breach of planning control
- (d) That, at the date when the notice was issued, no enforcement action could be taken in respect of any breach of planning control which may be constituted by those matters
- (e) That copies of the enforcement notice were not served as required by section 172
- (f) That the steps required by the notice to be taken, or the activities required by the notice to cease, exceed what is necessary to remedy any breach of planning control which may be constituted by those matters or, as the case may be, to remedy any injury to amenity which has been caused by any such breach
- (g) That any period specified in the notice in accordance with section 173(9) falls short of what should reasonably be allowed.

6.8 Given these rights of appeal it is important that all relevant matters are taken into account before serving an enforcement notice. This includes being clear in respect of; the specific breach of planning control; the steps required to remedy the breach; and the time required for compliance. An enforcement report will be produced by officers specifically to consider these issues. As with an appeal against a planning application, costs can be applied for in cases where the other party has acted unreasonably.

6.9 If the breach of planning control relates to a listed building, or unauthorised demolition within a conservation area, the Council will consider the expediency of serving a listed building enforcement notice and where appropriate, commence a prosecution in the Courts. The enforcement notice will specify the reason(s) for its service, the steps required to remedy the breach, the date that it takes effect and the time period for compliance.

Breach of condition notice (BCN)

6.10 Section 187A of the Town and Country Planning Act 1990 (as amended) provides the power to serve a breach of condition notice (BCN) where a planning condition has not been complied with. Consideration should be given to the type of condition and the steps required to secure compliance with the condition. Once issued the notice does not take effect for 28 days. There is no appeal against a BCN and therefore this can offer a more expedient course of action than issuing an enforcement notice. The failure to comply with the notice is dealt with by a prosecution in the Magistrates Court. The maximum fine has recently been increased to a level 4 fine (£2,500). The BCN is ideal for matters where the steps to be taken are relatively simple and can be readily achieved.

6.11 Where the breach of planning control relates to non-compliance with a condition on a planning permission or a limitation on a deemed planning permission has been exceeded, the Council will consider the expediency of serving a BCN. The BCN will specify the steps required to comply with the condition(s) or limitation(s), the date that

it takes effect and the time period for compliance.

Stop notice

- 6.12 Section 183 of the Town and Country Planning Act 1990 (as amended) provides for the service of a stop notice. A stop notice must be served at the same time or after the service of an enforcement notice. The Council will consider serving a stop notice where urgent action is necessary to bring about a cessation of a relevant activity before the expiry of the period of compliance of the related enforcement notice.
- 6.13 The stop notice must refer to the enforcement notice, specify the activity or activities that are required to cease and the date that it takes effect. Failure to comply with the notice is an offence. The maximum fine on summary conviction is £20,000.
- 6.14 There is no right of appeal to the Secretary of State against the prohibitions in a stop notice. The validity of a stop notice, and the propriety of the decision to issue a stop notice may be challenged by application to the High Court for judicial review.
- 6.15 The Council must consider the use of stop notices carefully as they carry with them significant statutory compensation provisions.

Temporary stop notice (TSN)

- 6.16 Section 171E of the Town and Country Planning Act 1990 (as amended) provides councils with the power to serve a temporary stop notice (TSN). A TSN which can be issued without the need to issue an enforcement notice and is designed to halt breaches of planning control for a period of up to 28 days.
- 6.17 Restrictions on the use of TSNs mean that they cannot be considered where for example positive action is required. The 'immediate' cessation of activities should allow for the shutting down and making safe an activity. We cannot use it to prohibit the use of a building as a dwelling house.

Section 215 notice (S215)

- 6.18 Section 215 of the Town and Country Planning Act 1990 (as amended) provides councils with the power to serve a Section 215 Notice (S215) where the amenity of an area is adversely affected by the condition of land or buildings. The notice will specify the steps required to be taken to remedy the condition of the land or buildings, the time period within which the steps must be taken and the date that it takes effect. A S215 notice takes effect after 28 days service during which time an appeal can be made in the Magistrates Court.
- 6.19 In deciding whether it is appropriate to consider a 215 notice we will have regard to the Best Practice Guidance issued by the Office of the Deputy Prime Minister.

Failure to comply with formal notices

- 6.20 Where a notice has been served and has not been complied with there are three main options available to the Council to pursue to attempt to resolve the breach.

Prosecution

- 6.21 The Council will consider commencing a prosecution in the Courts against any person who has failed to comply with the requirement(s) of any formal notice having been issued where the date for compliance has passed and the requirements have not been complied with.
- 6.22 Cases involving unauthorised works carried out to a listed building and unauthorised demolition in a conservation area also constitutes an offence in their own rights. The Council will consider whether it would be expedient to prosecute for these works rather than issuing a notice on a case by case basis.
- 6.23 Before commencing any legal proceedings the Council will need to be satisfied that there is sufficient evidence to offer a realistic prospect of conviction and that the legal proceedings are in the public interest.

Direct action

- 6.24 Where any steps required by an enforcement notice or section 215 notice have not been taken within the specified compliance period, the Council will consider whether it is expedient to exercise its powers under Section 178 of the Town and Country Planning Act 1990 (as amended) to:
- Enter the land and take the steps to remedy the harm; and
 - Recover from the person who is then the owner of the land any expenses reasonably incurred by them in doing so.
- 6.25 In most cases the Council will seek to prosecute the failure to comply with a notice before seeking to initiate direct action however there may be circumstances when it is considered that direct action is a more appropriate course of action. Such decision will be made on a case by case basis.
- 6.26 When considering whether to prosecute we will have regards to the Attorney General's Code for Crown Prosecution which means that the following criteria will be considered:
- Whether the standard of evidence is sufficient for there to be a realistic prospect of conviction
 - Whether the prosecution is in the public interest
 - Whether the imposition of a fine (up to £20K in the Magistrate's Court, limitless in the Crown Court) will act as a deterrent to other possible offenders.
- 6.27 Proceeds of Crime Act (POCA) - we will where appropriate use the provisions of POCA as part of our approach to dealing with failure to comply with enforcement action.

Injunction

- 6.28 Where an enforcement notice has not been complied with and because of the special circumstances of the case, either direct action or prosecution would not be an effective remedy, the Council will consider applying to the Court for an Injunction under Section 187B of the Town and Country Planning Act (as amended).

- 6.29 An injunction can also be applied for where there is clear evidence that a breach of planning control is anticipated but has not actually occurred. Such action will only be considered if the breach, actual or anticipated, is particularly serious and is causing or likely to cause exceptional harm.

7. Other Controls

- 7.1 There are other matters which are investigated by the Planning Enforcement service and these will be investigated in accordance with the procedures set out in this Plan.

Advertisements

- 7.2 The display of advertisements without consent is an offence liable to prosecution. However in most cases the Council will not initiate prosecutions without first giving the person responsible the opportunity to remove the offending advert. In order to effectively control unauthorised advertisements the Council will consider the following courses of action when an offence is detected:

- Voluntary Compliance – In most cases of a first offence the Council will write to the offender giving a period of **not less than 48 hours** to remove the offending advert.
- Direct Action – If the advert is not removed in the required period the Council may use its powers under Section 225 of the Town and Country Planning Act 1990 (as amended) to remove or obliterate posters and placards and may seek to recover its costs in taking such action from the person responsible for the display or benefiting from the advert.
- Issuing a formal Caution – Where there is evidence of persistent offending the Council will consider issuing a formal Caution as an alternative to prosecution. The offender will be made aware that the Caution will be made available at any subsequent prosecution of further offences.
- Prosecution – In the most serious cases or where there is evidence of persistence offending the Council will seek to prosecute the display of illegal advertisements where it is in the public interest to do so.

- 7.3 The Localism Act 2011 (as amended) introduced provisions in respect of dealing with structures used for the unauthorised display of advertisements. These are Removal Notices and the powers to remedy the defacement of property. Each provision includes rights of appeal to the Magistrates Court. The Council will seek to use these powers if it is considered appropriate to do so and will have regard to the harm caused by the advert, the proportionality of the action and the likelihood of securing a satisfactory outcome.

- 7.4 The Council will not use its power to control advertisements to investigate allegations of breaches from other competing business where the aim of the complaint is to limit the operation of a commercial rival or for the complaint to gain a complete advantage.

Trees

- 7.5 Legislation protects trees which are the subject of Tree Preservation Orders (TPOs) or are within a conservation area from felling or other works unless appropriate consent is first obtained from the Local Planning Authority. Such works are an offence and therefore prosecution can be sought without the requirement to issue a notice.

- 7.6 Where there is evidence that works to protected trees have been undertaken without consent the Council will consider the following courses of action:

- Informal warning – For very minor works, such as pruning, which would have been acceptable had consent been sought and where the offence is a genuine error the Council will consider giving an informal warning. This may be verbal or in writing.
- Replacement Notice – Section 207 of the Town and Country Planning Act (as amended) provides for a replacement notice to be issued. This will require an appropriate replacement tree to be planted where a tree covered by a TPO has been removed.
- Issuing a Caution – For works which would otherwise result in a prosecution, the Council may decide it is not in the public interest to seek to prosecute where the offender is willing to accept a formal Caution. The offender will be made aware that the Caution will be made available at any subsequent prosecution of further offences.
- Prosecution – For the more serious offences, or where an offender is unwilling to accept a formal Caution, the Council will seek prosecution where it is in the public interest to do so.

7.7 In considering the appropriate course of action the Council will have regard to quality and the amenity value of the tree concerned as well as the intention or commercial benefit of the person who instigated the works.

Hazardous Substances Control

7.8 The storage or use of controlled quantities of hazardous substance on land requires Hazardous Substances Consent by virtue of The Planning (Hazardous Substances) Act 1990. These are substances which are generally used in industrial or commercial processes and this control does not extend to include smaller quantities of petrol, diesel or other chemicals which would be associated with domestic use.

7.9 Due to the nature of the land uses in Surrey Heath there are very few sites which have the benefit of Hazardous Substances Consent and allegations of breaches are rare. However provisions for enforcing against breaches of control generally follow the planning enforcement provisions and a contravention of hazardous substances control is an offence liable to prosecution.

High Hedges.

7.10 Party 8 of the Anti-social Behaviour Act 2003 allows local councils to deal with complaints about high hedges whose area contains the land on which the hedge is situated.

Data Protection

7.11 Any personal or confidential information provided and held by the Council as part of Planning Complaints and Enforcement will be kept secure and managed in accordance with Data Protection legislation, no personal identifiable information will be shared outside of the Council unless there is a lawful basis and the Council is required to. For

more information on how and where the Council uses your information visit the SBHC website at <https://surreyheath.gov.uk/council/information-governance/how-we-use-your-data>

References:

Appendices:

APPENDIX 1: Planning Enforcement Investigation Flow Chart

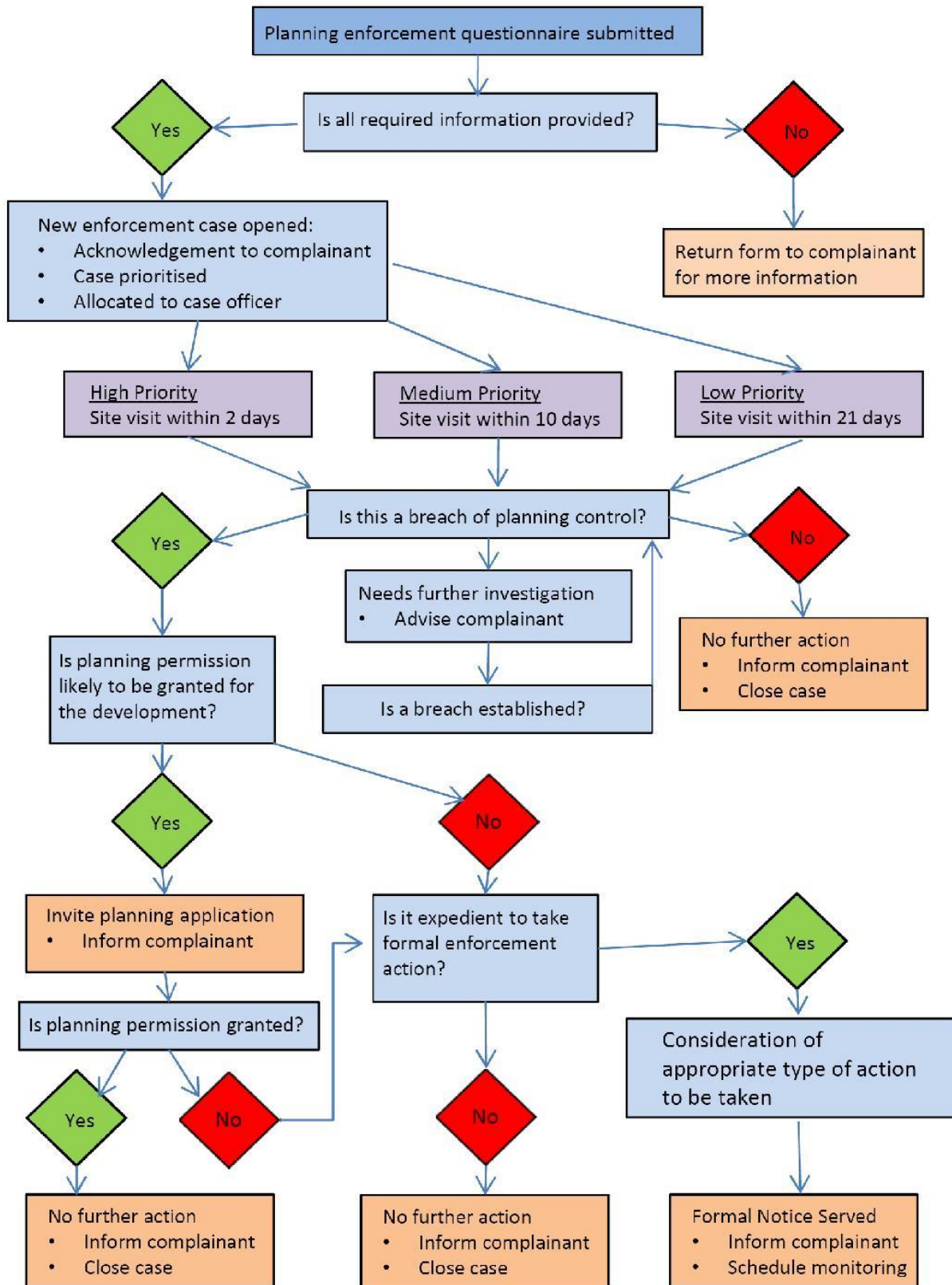
APPENDIX 2: Planning Enforcement Investigation Questionnaire

APPENDIX 3: Enforcement Case Closure Report

Contact: Julia Greenfield Julia.greenfield@surreyheath.gov.uk

Next Review Date: November 2023

APPENDIX 1: Planning enforcement investigation flow chart



APPENDIX 2: Planning Enforcement Investigation Questionnaire



Planning Enforcement Investigation Questionnaire

Please complete this form and return it to: Surrey Heath Borough Council
 Surrey Heath House
 Knoll Road
 Camberley GU15 3HD

Or by email to; corporateenforcement@surreyheath.gov.uk

Before completing this form please read the notes on the final page.

Your Details	
Name:*	
Address:*	
Post Code:*	
Contact Number:	
Email Address:	

Details of the site you are complaining about:	
Address:*	
Post Code:	
Owner / Occupier(s):	
Contact Number:	
Email Address:	

The alleged breach of planning control	
Does your complaint relate to (tick all that apply)?	
A change of use of land or a building	
Physical development, e.g. construction or alteration to a building	
Failure to comply with approved plans	
Failure to comply with a planning condition	
The display of a sign or advert	
Works to a Listed Building	
Other (please specify)	
Please provide details of the alleged breach of planning control	
Why do you consider this to be a breach of planning control?	
How does the alleged breach impact on you or the local area?	

When did the alleged breach of planning control commence?	
If your complaint relates to physical development, is construction continuing or if not when was the development completed?	
Is there any other information which would assist the Local Planning Authority in investigating this alleged breach of planning control?	
Please confirm if any attachments are to be included with this questionnaire:	
Number of attached photographs	
Pages of additional documents	

Declaration		
I have read the notes page of this form. I am aware that cases will be prioritised and that the decision to take enforcement action is discretionary.		
I understand that Surrey Heath Borough Council reserves the right not to investigate my complaint if I have not provided the mandatory information required by this questionnaire.		
I understand any information provided within this questionnaire may be passed to other service areas within Surrey Heath Borough Council or to other public bodies with investigative powers, such as but not limited to Surrey County Council, Surrey Police and The Environment Agency		
I confirm the information provided is true to the best of my knowledge		
Signed:		Date:
Print Name:		

Notes on dealing with alleged breaches of Planning Control:

If you have a complaint regarding a potential breach of planning control you will need to complete and return a Planning Enforcement Investigation Questionnaire in order that an investigation may commence.

Please complete the questionnaire as fully as possible so that we can investigate your complaint as failure to provide the required information may result in your complaint not being investigated. Please also attach any supporting evidence (e.g. photos, drawings) that you think may assist in explaining your complaint while retaining a copy for your own records.

In order to prevent submitting unnecessary enquiries, before making a Planning Enforcement complaint you should consider the following:

- Is planning permission required for the development?
- Is the work “permitted development”?
- Has planning permission been granted for the development?

Surrey Heath Borough Council will not normally investigate anonymous complaints. Your name and any personal or confidential information provided to the Council as part of your complaint will be managed in accordance with the Data Protection Act 2018 further information on how the Council uses and share personal information can be found on the SHBC Website at <https://surreyheath.gov.uk/council/information-governance/how-we-use-your-data>. Under the Freedom of Information Act 2000, the Council have to make available certain information to the public, including information about complaints however the identity of the complainant or information which may identify the complainant will not be disclosed.

On receipt of a completed questionnaire we will send you an acknowledgement within 1 week which will include a Planning Enforcement reference number which you should use in all future correspondence relating to this breach of planning control. Your complaint will be investigated in accordance with our adopted policies and enforcement cases will be prioritised based on their severity and the impact of the alleged breach. We may contact you during the investigation to seek further information or clarifications on the information provided.

The Corporate Enforcement team does not deal with complaints related to:

- Neighbour disputes including works to party walls land ownership issues or covenant issues
- Issues related to the highway or vehicles parked on the highway including non-taxed vehicles
- Smoke/dust/noise/vibration or odour
- Breach of licenses for business premises or beaches of licensing conditions
- Transfer of waste or household waste sites
- Dangerous Structures

When we have concluded our investigation we will contact you to advise you of the outcome of the investigation and of any action, if any, is to be taken by the Local Planning Authority. It should be noted that Enforcement Action is discretionary it will not always be appropriate to take Enforcement Action even if a there has been a breach of planning control.

For more information please contact the Corporate Enforcement Manager

corporateenforcement@surreyheath.gov.uk

APPENDIX 3: ENFORCEMENT CASE CLOSURE REPORT

Section A (complete in all cases)

Case Reference no.				Linked Case(s) no.		
Date Case Opened				Date Case Resolved		
Final Priority Level	H	M	L	Breach Identified	NO	YES

Section B (complete only when no breach identified)

Summary of reasoning for decision	
Action taken	

Section C (complete only when breach identified)

EXPEDIENCY TEST	
Summary of breach	
Adopted Plan Policies	
Public interest assessment	

Any other material considerations						
Action taken to resolve breach (tick all applicable)	Negotiation	PCN	Retrospective Application (state ref #)	Other (state)	No further action	Formal action

Section D (complete only when formal action taken)

Date of Issue	EN	BCN	Other
Appeal decision			
Date Complied			
Other information			

Section E (complete in all cases)

Enforcement Officer (signature)	Date
Corporate Enforcement Manager (signature)	Closure Date