

SURREY HEATH BOROUGH COUNCIL

Surrey Heath House
Knoll Road
Camberley
Surrey
GU15 3HD

Tuesday, 15 February 2022

To: The Members of the Surrey Heath Borough Council

Dear Councillor,

You are hereby summoned to attend a meeting of Surrey Heath Borough Council to be held in the Council Chamber, Surrey Heath House on Wednesday, 23 February 2022 at 7.00 pm. The business which it is proposed to transact at the meeting is set out below.

Please note that this meeting will be recorded.

Yours sincerely

Damian Roberts

Chief Executive

1. **Suspension of Council Procedure Rules**

The Mayor to move that, due to the Covid-19 pandemic, Council Procedure Rule 21.2 (requirement to stand) be suspended for the meeting.

2. **Apologies for Absence**

To report apologies for absence.

3. **Minutes**

To approve as a correct record, the open minutes of the meeting of the Council held on 15 December 2021.

4. **Mayor's Announcements**

5. **Leader's Announcements**

6. **Declarations of Interest**

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

7. Questions from Members of the Public

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

8. Questions from Councillors

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

9. Medium Term Financial Strategy 2022/23 - 2025/26 and Annual Budget 2022/23 (Pages 7 - 86)

10. Setting of Council Tax 2022/23 (Pages 87 - 94)

11. Executive, Committees and Other Bodies

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

- (a) Executive – 25 January and 15 February 2022

At its meeting on 15 February 2022, the Executive will be asked to consider the following recommendation:

95/E Review of the Local Council Tax Support Scheme

The Executive will be advised to RECOMMENDED to Full Council that

- (i) The revised Local Council Tax Support Scheme, as set out at Annex A to the Executive agenda report, replace the existing Local Council Tax Support Scheme from 1 April 2022;**
- (ii) Transitional protection for those impacted by more than a £5 per week reduction in support in payments of council tax due to the introduction of the revised scheme from 1 April 2022; and**
- (iii) Transitional protection from the new capital limit for those current vulnerable group claimants with over £6000 but less than £16,001 capital for the period 1 April 2022 to 30 September 2022.**

Note: the recommendations of the Executive relating to the Revenue

Budget 2022/23, Medium Term Financial Strategy 2022/23 to 2025/26, Treasury Management Strategy 2022/23, Capital Strategy 2022/23 to 2025/26 and Capital Programme 2022/23 are dealt with at Item 9 - Medium Term Financial Strategy 2022/23 - 2025/26 and Annual Budget 2022/23.

- (b) Planning Applications Committee – 9 December 2021, 20 January and 10 February 2022
- (c) Licensing Committee – 15 December 2021 and 16 February 2022

At its meeting on 16 February 2022, the Licensing Committee will be asked to consider the following recommendation:

20/L Gambling Act 2005- Draft revised Statement of Principles 2022-2025

The Committee will be advised to RECOMMEND to Full Council that the revised Statement of Principles 2022-2025 in relation to exercising functions under the Gambling Act 2005, as set out at Annex B to the Licensing Committee agenda report, be adopted.

- (d) Performance and Finance Scrutiny Committee – 19 January 2022
- (e) Employment Committee – 8 February 2022

23/EC Pay Settlement 2022/23

RECOMMENDED to Full Council that a consolidated increase of £500 on all pay scale points be agreed as the Pay Award for 2022/23.

30/EC Joint Staff Consultative Group Constitution

RECOMMENDED to Full Council that the revised Joint Staff Consultative Group Constitution, as attached at Annex A to this report, as amended, be adopted.

- (f) Joint Staff Consultative Group – 13 January and 3 February 2022

12. Motions

Councillor Sharon Galliford to move that:

“this Council

- (i) notes that
 - a. the pressure on organisations to pay the right amount of tax in the

- right place at the right time has never been stronger;
 - b. polling from the Institute for Business Ethics finds that “corporate tax avoidance” has, since 2013, been the clear number one concern of the British public when it comes to business conduct;
 - c. almost two-thirds (63%) of the public agree that the Government and local councils should consider a company’s ethics and how they pay their tax as well as value for money and quality of service provided, when undertaking procurement;
 - d. around 17.5% of public contracts in the UK have been won by companies with links to tax havens;
 - e. it has been conservatively estimated that losses from multinational profit-shifting (just one form of tax avoidance) could be costing the UK some £7bn per annum in lost corporation tax revenues;
 - f. the Fair Tax Mark offers a means for business to demonstrate good tax conduct, and has been secured by a wide range of businesses across the UK, including FTSE-listed PLCs, co-operatives, social enterprises and large private businesses;
- (ii) believes that
- a. paying tax is often presented as a burden, but it shouldn’t be;
 - b. tax enables us to provide services from education, health and social care, to flood defence, roads, policing and defence. It also helps to counter financial inequalities and rebalance distorted economies;
 - c. as recipients of significant public funding, local authorities should take the lead in the promotion of exemplary tax conduct; be that by ensuring contractors are paying their proper share of tax, or by refusing to go along with offshore tax dodging when buying land and property;
 - d. where substantive stakes are held in private enterprises, then influence should be wielded to ensure that such businesses are exemplars of tax transparency and tax avoidance is shunned - e.g., no use of marketed schemes requiring disclosure under DOTAS regulations (Disclosure Of Tax Avoidance Schemes) or arrangements that might fall foul of the General Anti-Abuse Rule;
 - e. more action is needed, however, current law significantly restricts councils’ ability to either penalise poor tax conduct or reward good tax conduct, when buying goods or services;
 - f. UK cities, counties and towns can and should stand up for responsible tax conduct - doing what they can within existing frameworks and pledging to do more given the opportunity, as active supporters of international tax justice;
- (iii) approves the Council’s for Fair Tax Declaration;
- (iv) leads by example and demonstrates good practice in our tax conduct, right across its activities;
- (v) will prompt contractors and ensure agency contractors implement IR35

robustly and pay a fair share of employment taxes;

- (vi) commits to not use offshore vehicles for the purchase of land and property, especially where this leads to reduced payments of stamp duty;
- (vii) undertakes due diligence to ensure that not-for-profit structures are not being used inappropriately as an artificial device to reduce the payment of tax and business rates;
- (viii) demands clarity on the ultimate beneficial ownership of suppliers and their consolidated profit & loss position;
- (ix) promotes Fair Tax Mark certification for any business in which we have a significant stake and where corporation tax is due;
- (x) supports Fair Tax Week events in the area, and celebrates the tax contribution made by responsible businesses who say what they pay with pride; and
- (xi) supports calls for urgent reform of EU and UK law to enable local authorities to better penalise poor tax conduct and reward good tax conduct through their procurement policies.”

13. Governance Working Group (Pages 95 - 152)

To consider the report of the Head of Legal & Democratic Services (attached).

14. ISO 9001 (Pages 153 - 164)

To consider the report of the Chief Executive (attached).

15. Leader's Question Time

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

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Surrey Heath Borough Council
Council
23 February 2022

Medium Term Financial Strategy 2022/23 - 2025/26
and Annual Budget 2022/23

Portfolio Holder:	Cllr Robin Perry - Finance
Strategic Director	Bob Watson - Finance and Customer Service
Report Author:	As above
Key Decision:	Yes
Wards Affected:	All

Summary and purpose

This report covers the Medium Term Financial Strategy (MTFS) which covers:

- the revenue budget estimates for the next financial year (2022/23) and the indicative estimates for the period 2023/24 to 2025/26
- the annual Treasury Management Strategy
- the capital strategy and four-year capital programme

The report also provides the statutory Chief Finance Officer report under Section 25 of the Local Government Act 2003 on the adequacy of financial reserves and balances, and robustness of the budget estimates.

Recommendation

The Council is advised to RESOLVE that the Medium Term Financial Strategy, as set out at Annex A to this report, be agreed, comprising:

- (i) the Revenue Budget Estimates covering the period 2022/23 to 2025/26 as follows:
 - (i) the 2022/23 budget estimates giving a net cost of services revenue budget for the Council of **£14.788 million** as shown in Appendix 1 to the Medium Term Financial Strategy;
 - (ii) the unavoidable and service pressures of **£4.791 million** shown in Appendix 1 and in more detail in Appendix 1-1 to the Medium Term Financial Strategy;

- (iii) the revenue efficiencies of **£2.413 million** shown in Appendix 1 and in more detail in Appendix 1-2 to the Medium Term Financial Strategy;
 - (iv) the recommendation from the Executive that a sum of up to £7.500 million of earmarked reserves at this stage be repurposed to the general revenue fund balance to support the revenue budget over the period of the Medium Term Financial Strategy and provide a sustainable budget for the Council and that authority be delegated to the Strategic Director of Finance & Customer Services, in consultation with the Chief Executive and the Portfolio Holder for Finance, to identify which reserve(s) this sum is to be drawn from and the eventual amount to be re-purposed;
 - (v) that the Surrey Heath Borough Council element of the annual precept be increased by **£5.00 per Band D property** and in the appropriate statutory proportions for other properties; and
 - (vi) that a total of £0.270 million of earmarked reserves be allocated to support budgets in the services these earmarked reserves were set aside for;
- (ii) the Capital Strategy, as set out at Annex A, Appendix 2 to this report, and associated Capital Programme (appendix 2-1) covering the period 2022/23 to 2025/26 which includes:
- a) the new capital bids for £1.139 million in Appendix 1 to Annex A for 2022/23 be approved, and that they be incorporated into the Capital Programme; and
 - b) The Prudential Indicators summarised below and explained in Annex A for 2022/23 to 2025/26 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	2022/23 Proposed £m	2023/24 Estimated £m	2024/25 Estimated £m	2025/26 Estimated £m
Capital Expenditure	1.139	1.428	1.428	0.928
Capital Financing Requirement	174	171	167	164
Ratio of net financing costs to net revenue stream	28.22%	27.54%	26.89%	26.30%
Financing Costs	3	3	3	3
Operational Boundary	230	230	230	230
Authorised Limit	235	235	235	235

- (iii) The Treasury Management Strategy for 2022/23 shown at Annex A, Appendix 3 to this report, including;
 - a) The Treasury Management Indicators for 2022/23 at Annex C to the Strategy;
 - b) The Minimum Revenue Provision policy statement and estimated minimum revenue provision payment table at Annex F to the Strategy; and
 - c) the Treasury Management Policy Statement at Annex G to the Strategy.

The Council is also asked to note:

- (i) the forecast level of reserve balances shown at Appendix 4 to the Medium Term Financial Strategy. It should further be noted that these will be subject to confirmation once the outturn position for the current financial year (2021/22) is known and this will be reported in the revenue outturn report which will be considered by the Performance and Finance Scrutiny Committee and the Executive early in the new financial year;
- (ii) the Council Tax base for Surrey Heath Borough Council is 38,976.2 as set at Council on 15 December 2021;
- (iii) the Medium Term Financial Strategy contains a savings target of £1.350 million over the period of the strategy which will be achieved through a combination of further services efficiencies, increases in income and potentially service reductions to be identified through a output-based budget review for all services of the Council and subject to a Star Chamber challenge review that will commence in March 2022 and
- (iv) The statement of the Chief Financial Officer (Strategic Director Finance and Customer Services) on the robustness of estimates and sustainability of balances.

1. Background and Supporting Information

- 1.1 This report and the Medium Term Financial Strategy which this report covers provide an overview of how the Council's revenue and capital expenditure and income are used for the activities of the Council and its provision of local statutory and non-statutory services to residents and businesses of Surrey Heath Borough.
- 1.2 The Medium Term Financial Strategy consists:
 - o Revenue budget estimates for 2022/23 and indicative estimates for 2023/24,2024/25 and 2025/26.
 - o Capital Strategy

- Capital programme for 2022/23 to 2025/26
 - Treasury Management Strategy
- 1.3 The Capital Strategy was introduced as a new report in 2019/20 to give a high-level overview of how the Council's capital expenditure, capital financing and treasury management activities all contribute to the provision of local services and also provide an overview of how the associated risk is managed along with the implications for future financial sustainability of the Council. It has been written with a view to enhance members' understanding and also fully complies with the Prudential Code 2017.
- 1.4 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.
- 1.5 The Council's portfolio of investments comprise funds available for longer term investment and short term investments sufficient to meet cash flow requirements

2. Reasons for Recommendation

- 2.1 The Council is required to set a budget each year at Budget Council (normally the February preceding the commencement of the financial year on 1 April).
- 2.2 It is considered sound financial management that as well as setting an annual budget, the Council should produce and approve a strategy showing indicative budgets for the following three years.
- 2.3 The 2017 Prudential Code stipulates that a Capital Strategy should be prepared which summarises the Council's Capital, Investment and Borrowing plans.
- 2.4 Treasury 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'.
- 2.5 In accordance with the DLUHC Guidance, the Council will be asked to approve any further revision to the Treasury Management Strategy Statement should any of 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.

3. Proposal and Alternative Options

- 3.1 The Council is requested to approve the Medium Term Financial Strategy and the annual revenue budget for 2022/23; the Treasury Management Strategy for 2022/23 and the capital strategy and capital budget estimates for the period 2022/23 to 2025/26. It should be noted that the Capital Strategy and programme will be reviewed and revised annually and presented to budget Council each year.
- 3.2 The Council should note that Item 11 of this agenda will consider the pay award for Council staff. The proposal put forward is within the budgets estimates contained in the revenue budget and these will be adjusted in the budget following the approval of Agenda Item 11.
- 3.3 If the Council does not approve the Medium Term Financial Strategy and the revenue and capital estimates, and alternative budget would have to proposed and adopted by Council prior to the new financial year (1 April 2022). Failing this the previously adopted budget set in February 2021 would continue (subject the sustainability of estimates).

4. Contribution to the Council's Five Year Strategy

- 4.1 The budgets are set in support the delivery of the Council's Five Year Strategy.

5. Resource Implications

- 5.1 The revenue and capital resource implications for 2022/23 are contained within the Medium Term Financial Strategy and the Capital Strategy.
- 5.2 The budgeted target for investment income in 2022/23 is £75,000 based on an average investment portfolio of £13 million at a weighted average interest rate of 0.58%. The budget for interest paid on debt in 2022/23 is £2.920 million, based on an average debt portfolio of £147 million and an average interest rate of 2%. If the actual level of investments and borrowing vary, or actual interest rates change from those forecast, then performance against budget will be different. The forecast position on both treasury investment earnings and debt financing will be reported in the Treasury mid-year report.
- 5.3 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 benefits will be transferred to the Interest Equalisation earmarked reserve to cover the risk of debt financing rates increasing in future years.
- 5.4 Financing for the corporate capital programme for 2022/23 – 2025/26 is anticipated to be funded by capital receipts and contributions, capital reserves and government grants. There is no planned increase in capital borrowing over this period.

5.5 Any changes required to the approved treasury management indicators and strategy, due to changes in economic conditions or from an increased capital programme, will be reflected in future reports for Executive and Council to consider.

6. Section 151 Officer Comments:

6.1 This element of the report forms the Council’s Section 151 Officer statement on the budget estimates and adequacy of reserves; the specific requirements upon the Section 151 officer are contained in Section 25 of the Local Government Act 2003:

‘... 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.’

6.2 The Strategic Director Finance and Customer Services is the Council’s Chief Finance Officer (Section 151 Officer), and 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 Five-Year Strategic Plan. The achievement of this balanced budget, will be through the use of tight fiscal management controls and the success of delivering on the savings programmes, resulting from the root and branch review of budgets and outputs, ‘star chamber’ reviews and strong budget management, with robust monitoring and reporting through the financial year.

6.3 The risks associated with the deliverability of this budget are detailed in Section 10 of Medium Term Financial Strategy (Appendix 1), and close control of the issues outlined are a necessary factor in ensuring balances are maintained, at the agreed limit set by Council.

6.4 Over the past few years the Council has applied some of its reserve balances to support regeneration and delivery of services to the local residents and businesses; however, this use of reserves is not sustainable in perpetuity and as such the Medium Term Financial Strategy contains a savings and efficiencies target to balance the budget by keeping within the financing resources available.

6.5 These targets will be met from a combination of further service efficiencies, looking at ways of increasing income and potential non-statutory service reductions are spread over the four-years of the strategy as follows:

£'000	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>
Zero-base budget review	(475)	(425)	(300)	(150)

- 6.6 In addition, over the period of the Medium Term Financial Strategy, all services are expected to remain within departmental expenditure limits and any growth is off-set by service efficiencies, unless funded by 'new burdens' financing.
- 6.7 All Strategic Directors and Heads of Service have a responsibility to ensure that the budgets under their areas of responsibility are delivered to plan. The Strategic Director Finance and Customer Service is responsible for the overall delivery of budgets across the Council and proper management thereof.
- 6.8 In the opinion of the Section 151 Officer this report and budget complies with the Local Government Finance Act 1992 and the Local Government Act 2003. The Council is forecast to have sufficient reserves to facilitate the delivery of its financial plans for 2022/23.
- 6.9 The planned repurposing of up to £7.500 million of the Council's earmarked reserve balances as set out in the recommendation 'iv' above would leave the Council's reserves above the previously identified minimum level of £2 million for the next two financial years and will allow the Council time to realise the full impact of the budgetary review and star chamber process. Whilst the Council has adequate balances and earmarked reserves to manage cost pressures over the period of the Medium Term Financial Strategy, it will need to return to a position where it can manage annual budgets without further depletion of the reserve levels.
- 6.10 The Department for Levelling Up, Housing and Communities (DLUHC, formerly MHCLG) makes an assumption of all Local Authorities Core Spending Power. In doing this, it assumes that councils will always uplift their Council Tax requirements by the maximum allowable without triggering the requirement for a local referendum. Therefore the Medium Term Financial Strategy includes the assumption that the recommended increase in the Surrey Heath Borough Council element of the Council Tax precept demand will be £5.00 for a Band D property for 2022/23. Even at £5.00 the Surrey Heath Borough Council increase (in both cash and percentage terms) will be significantly less than both the Surrey County Council and the Surrey Police increases.
- 6.11 Of all the income streams the Council has, Council Tax is least volatile and most reliable, therefore is the only one that can provide a stable funding base for services. For that reason the Section 151 officer's recommendation is that Council Tax uplifts are in line with the central Government assessment of Core Spending Power over the period of the Medium Term Financial Strategy.
- 6.12 In summary, with due regard to the budgets and strategic aims contained within the Medium Term Financial Strategy, the Council's Chief Finance Officer (Section 151 Officer) is confident that the estimates of expenditure and income are robust and the adequacy of reserves is sufficient, provided the items in the Medium Term Financial Strategy are approved at budget Council. If these are not agreed then this statement would need to be reviewed in the light of any alternative budget and cannot be relied upon until such a review has taken place.

- 6.13 Following approval by budget Council, these budgets will be loaded on the Council's general ledger system and a more detailed set of individual budgets for services – the 'budget book' – will be published.

7. Legal and Governance Issues

- 7.1 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. The Council is also permitted to use balances to smooth the one-off impact of budgetary pressures on the local tax paying populace.

- 7.2 On 9th February 2022, the Government confirmed the provisional Local Government Finance Settlement for 2022/23 that was previously announced on 17 December 2021. It also confirmed that authorities would need to hold a referendum if their planned increase in Council Tax is not below 2.00% or above £5.00 for a Band D property (whichever is the greater). This budget has been prepared on the assumption that the maximum Council Tax increase (£5.00) within these limits will be approved.

8. Monitoring Officer Comments:

- 8.1 Approval of the annual Budget is a full Council function under Article 4.2 (b) of the Council's Constitution.

9. Other Considerations and Impacts

Environment and Climate Change

- 9.1 The annual budgets provide funding for services, which will allow them to deliver the environmental and climate change objectives of their services.

Equalities and Human Rights

- 9.2 The annual budgets provide funding for services. Individual services will have their own equalities impact assessments when delivering services within these budgets.

Risk Management

- 9.3 Section 10 of the Medium Term Financial Strategy highlights the risks around these budgets. Services will have their own service risk registers which contribute to the Council's corporate risk register.

Community Engagement

- 9.4 The annual budget and Medium Term Financial Strategy are both aligned to the delivery of the Council's Five Year Strategy agreed in the summer of 2021,

which was subject to an extensive consultation and engagement process with local residents and stakeholders.

Attachments:

Annex A - Medium Tern Financial Strategy

Appendices

Appendix 1 – Revenue Budget Estimates

Appendix 1-1 – Budgetary growth

Appendix 1-2 - Efficiencies

Appendix 2 – Capital Strategy

Appendix 2-1 – Capital Programme

Appendix 3 – Treasury Management Strategy

Annex A – 2022/23 Treasury Management Strategy

Annex B – 2022/23 Treasury Management Strategy - Other Items

Annex C – 2022/23 Treasury Management Indicators

Annex D – Treasury Investments as at 30th November 2021

Annex E – Existing Investment and Debt Portfolio

Annex F – Minimum Revenue Policy (MRP) Statement

Annex G – Treasury Management Policy Statement

Appendix 4 – Reserves

Background Papers

CIPFA Code of Practice: Treasury Management in the Public Services – 2017 Edition

Agenda items 5, 6 and 7 of the Executive Committee held on 15 February 2022

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MEDIUM TERM FINANCIAL STRATEGY AND FORECAST

2022/23 – 2025/26

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EXECUTIVE SUMMARY

- 1.1 The Medium Term Financial Strategy (MTFS) provides a clear approach to delivering a much more sustainable financial position for the Council over the next four years, one that supports the delivery of priority services and the outcomes set out in the Council's Five Year Strategy. It recognises that all Councils are having to operate within a very dynamic environment with changes in the economy, service demand, and legislation that is and will continue to impact significantly on the Council's income and expenditure. The strategy also sets the budget for financial year 2022/23 and shows indicative budgets for the following three years.
- 1.2 Surrey Heath Borough Council (SHBC), along with most local authorities, continues to face significant challenges in providing essential services to meet the needs of residents within the level of resources it has at its disposal. This is exacerbated by a combination of increasing and more complex local demand and uncertainty over future government funding arrangements. In addition, these issues took on a whole new dimension with the impact of Covid-19 locally, which significantly affected a number of major income streams for the Council, including cultural and leisure activities, car parking and property rental income.
- 1.3 The Medium Term Financial Strategy brings together both the national and local context and their effect on the Council's overall financial position, and provides a forecast covering the four financial years 2022/23 through to 2025/26. It highlights the scale of the financial challenge that the Council will face over the period. The forecast contains broad assumptions and estimates, to provide an indicative picture to help the Council shape its detailed budget setting activities, supporting it to deliver a sustainable financial position over the medium term. Decisions on the Council Tax level for example, are taken during the annual budget setting process and figures used for modelling purposes in the medium-term financial forecast are simply illustrative for this purpose and should not be taken as policy decisions.
- 1.4 Regular budget monitoring reports are presented to reported formerly on a quarterly basis to Performance and Finance (P&F) Scrutiny Committee throughout the year and to budget managers and Directors and Service Heads on a more frequent basis. The latest budget monitoring report is available as at the end of December (Period 9/Quarter 3).
- 1.5 Each year as part of the Medium Term Financial Strategy, the Council is required to set a realistic, achievable budget for the forthcoming year and indicative budgets for the following three years. With the removal of the Government's core revenue support grant funding, budget and service managers have been required to deliver within expenditure targets, find efficiency savings, achieve additional income and minimise service growth in order to continue to provide effective and efficient value for money services to the public.
- 1.6 This document incorporates as appendices the following:

- 1.6.1 The revenue budget estimates for 2022/23 and indicative estimates for the period 2023/24 to 2025/26.
- 1.6.2 The Capital Strategy for the Medium Term Financial Strategy (MTFS) period and includes the capital programme of expenditure and the proposed funding of the programme.
- 1.6.3 The Treasury Management Strategy.

2. **Revenue Budget Strategy**

2.1 The Medium Term Financial Strategy (MTFS) looks forward, anticipating as far as possible, the spending pressures faced by the Council, the impact of decisions already made and those in the pipeline, to give an indication of the level of future savings/income required to maintain a balanced budget. This will mean that the Council can plan now for future challenges rather than waiting until they happen.

2.2 Surrey Heath Borough Council has traditionally set budgets that have been balanced and allowed for a small return of in-year surpluses to the general fund balance. However, since 2018/19 there has been a budgeted drawdown on reserves. The impact of Covid-19 on the Council has also meant that additional larger in-year drawdowns of the general fund balance have also been required.

2.3 There is expected to be an additional unplanned draw on balances by the end of Financial Year (FY) 2021/22, mainly from the pressures generated by the pandemic impacting on budgeted income levels. Due to the continued downward pressure on income levels in the aftermath of the pandemic and the inherent uncertainty about when these may recover, there will need to be a similar drawdown of balances through the 22/23 period. There is an estimated pre-budget pressure on the Council of £4.3 million at the start of the next financial year (2022/23) when inescapable growth (growth that is legislative, contractually committed or is required to mitigate larger future costs) is taken into account. This is not sustainable and as such there is a need for a clear and ambitious strategy to reduce the budget deficit through a combination of service efficiencies, increased income, and service reductions in lower priority areas. It is also imperative that new growth is kept to a minimum unless additional funding streams can be identified such as external grant, or from future efficiencies or income arising from that growth. Any growth funded by new income must be contained within the level of funding and the duration that the funding is awarded.

2.4 Services have reviewed the level of growth needed to maintain service levels to the residents and businesses of the borough and also identified opportunities for service efficiencies and increased income. The outcome of the service work is shown in summary below and in more detail in Appendix 1, and Annexes 1.1 and 1.2.

Summary of revenue budget estimates

Forecast budgets (£'000)	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>
Chief Executive	162	162	162	162
Environment and Community	7,346	7,290	7,118	6,756
Finance and Customer Service	3,679	3,559	3,544	3,524
HR, Performance and Communications	3,736	3,724	3,724	3,724
Investment and development	(1,395)	(1,948)	(2,415)	(2,615)
Legal and Democratic Services	1,191	1,301	1,221	1,221
Corporate Inflation	69	(47)	(63)	90
	14,788	14,039	13,290	12,861

3. Service outputs

3.1 The Medium Term Financial Strategy (MTFS) is closely aligned to and provides resources to support the Council's published five-year strategy. The 2022/23 budget will also support the Council's annual service plan, and the key outputs of each service area are detailed in the following paragraphs. This is not intended to replace the annual plans but to provide the reader with a high-level summary of the functions carried out by the Council and what they provide:

3.2 Environment and Community

Annual budget 2021/22 £7,014,844

Annual budget 2022/23 £7,345,786

Number of employees (fte) 120.6

- Refuse collection and recycling and the Joint Waste Contract
- Street Cleaning and street bins
- Environmental Health and Licencing
- Housing Register, Housing options, and Homelessness
- Family Support
- Corporate Enforcement
- Grounds maintenance and verge cutting
- Parks and open space management
- Leisure Centre and recreation services
- Theatre
- Community Services including:
 - meals at home
 - community centre

- community transport
- telecare
- Emergency Planning and Health and Safety

3.3 Finance and Customer Services

Annual budget 2021/22	£3,518,014
Annual budget 2022/23	£3,678,789
Number of employees (fte)	89.1

Corporate Finance

- statutory financial accounts
- production and maintenance of the Medium Term Financial Strategy
- annual budget setting
- in-year budget management
- transactional finance
- treasury management,
- accounts payable and receivable
- financial reconciliations.

Revenue and Benefits

- collection of Council tax,
- Business rates and the
- payment of housing benefits and
- providing council tax and business rate reliefs.

Over the past two years and for the foreseeable future this department also administers and processes the various Covid-19 support grants to local residents and businesses

Planning

- development management for the Council
- planning policy development of the Local Plan statutory and discretionary building control services for the residents and businesses of the Borough

Customer Services

- front-line contact centre for the residents and businesses of the Borough.
- maintains a reception service
- acts as first point of triage support to the Council and the other public sector bodies working out of Surrey Heath House.

- provides the Council's mail processing centre
- oversees the Council's complaints process.

Procurement services

- support to services in contract tendering
- support and guidance on contract management
- maintain the contracts register
- manages the procurement pipeline

3.4 Human Resources, Performance and Communications

Annual budget 2021/22	£3,842,357
Annual budget 2022/23	£3,735,787
Number of employees (fte)	37.3

Human Resources

- Payroll
- employee relations matters
- performance management
- recruitment.
- provides an automated, self-service portal for staff to
 - view and book annual leave,
 - flexitime,
 - submit timesheets for overtime
 - claim expenses
 - record sickness absence
- Publish and review and keeps HR Policies current and up to date with legislation changes.

Performance – Organisational Development

- corporate strategy and performance
- project management across the Council, for example the creation and monitoring of the Council's Five Year Strategy and Annual Plan. The team are also
- responsible for staff learning and development
- talent management
- culture change projects.

Communications and Engagement

- marketing and communication content
- enhancement of brand reputation for the Council and Camberley Theatre
- organise and promote a range of events and physical activity/wellbeing initiatives to improve community cohesion and encourage behaviour change for healthier lifestyles.
- engagement with residents, partners and local businesses on key Council issues
- close collaboration with Corporate Property and Legal to manage leases for leisure and community facilities across the Borough.

Community Safety and Community Development

- Statutory responsibilities for the Community Safety Service ranging from:
 - strategic through the Surrey Heath Partnership
 - people/place operational cases
 - multi-agency links and collaborations which are crucial to delivery
- Community Development
 - 8 operational grant schemes
 - community support to those who are in need,
 - Containment Outbreak Management Fund
 - Household Support Fund
 - Community Support WG
 - Member Equality Working Group
 - Surrey Heath Lottery
 - food parcels and signposting as a welfare legacy from the pandemic

Information Technology (IT)

- Delivery of the Council's digital strategy
- support to all end-users including Surrey Heath Borough Council staff and Councillors and the Joint Waste Solutions service.
- ensuring that the technology provides a good customer experience for Surrey Heath residents and businesses.
- ensuring the Council remains compliant with the Public Sector Network
- reprographics
- door access controls (including tenants)
- training

3.5 Investment and Development

Annual budget 2021/22	(£3,272,419)
Annual budget 2022/23	(£1,394,617)
Number of employees (fte)	20.6

Investment

- Management of the Council's property portfolio
- Undertaking contractual lease events (eg: rent reviews, lease renewals)
- Letting vacant space to derive income
- Rents collection
- Acquisitions and disposals of Council property

Development

- Strategy for the borough's regeneration objectives
- Instigation and management of the Council's property development projects
- Specialist procurement management to support development activities

Facilities Management

- Compliance, engineering and maintenance of specific Council properties
- Facilities management of specific Council properties eg Surrey Heath House

Economic Development

- Economic development strategy and support within the borough
- Business stakeholder engagement and management
- Administration of business grants
- Development and management of economic functions in the community eg Youth Hub

3.6 Legal and Democratic Services

Annual budget 2021/22	£1,145,179
Annual budget 2022/23	£1,190,540
Number of employees (fte)	15.9

Legal services

- Transactional work for the Council's commercial property
- Disposal and acquisitions of property
- Debt recovering work for rent arrears

- Planning agreements and advice
- Enforcement notices for enforcement activity.
- Enforcement proceedings being either prosecutions or injunctions.
- Drafting contracts for services that the Council procures
- Lead solicitors for Joint Waste Solutions; providing all legal support.

Democratic services

- Has conduct of general and local elections.
- Manages the annual canvass
- Organises the Council's Committee meetings and agendas
- Clerks Committee meetings and Working Group Meetings
- Maintains the Electoral Register

Freedom of Information (FOI)

- Process Freedom of Information (FOI) and Environmental Information Regulations (EIR) requests
- Information management

Audit

- Administration and completion of internal audits.
- Reporting audit and standards on relevant matters
- Internal reviews and investigations

3.7 Corporate inflation. To be added to the above 2022/23 budgets is an element of unavoidable pressures that are identified corporately and will be directly attributed to service budgets when these are finalised. These are:

- The impact of the 1.25% increase in employers' national insurance as announced in the Government's Autumn 2021 spending review.
- The annual in-year impact in 2022/23 of the Council five-year strategy that was agreed in 2021.
- The pay award (subject to agreement) for Council staff (this was 0% in 2021/22 for the majority of staff).

3.8 Corporate savings target. In order to address the ongoing budgetary pressures the Council will make use of a 'zero-based budgeting' approach as part of a new Star Chamber. This will commence in the new financial year with a process of a full 'root and branch' base budget review focusing of deliverable outputs and the costs therein; these findings will then be subjected to a challenge process in 'star chamber' format. This will

include all Council services and is anticipated to deliver the following savings targets over the next four years:

£'000	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>
Zero-base budget review	(475)	(425)	(300)	(150)

3.9 The figures for both the Corporate inflation target and the Corporate Savings Targets re shown separately in the budget summary but will in practice be incorporated into the individual service areas as they become identified and required.

4. **Revenue funding and financing**

4.1 The Council will fund its net expenditure (expenditure less income from fees and charges) from the following sources:

- Council tax
- Business Rates
- Other Government grants (non-service specific)
- Balances on the collection fund and special precepts.

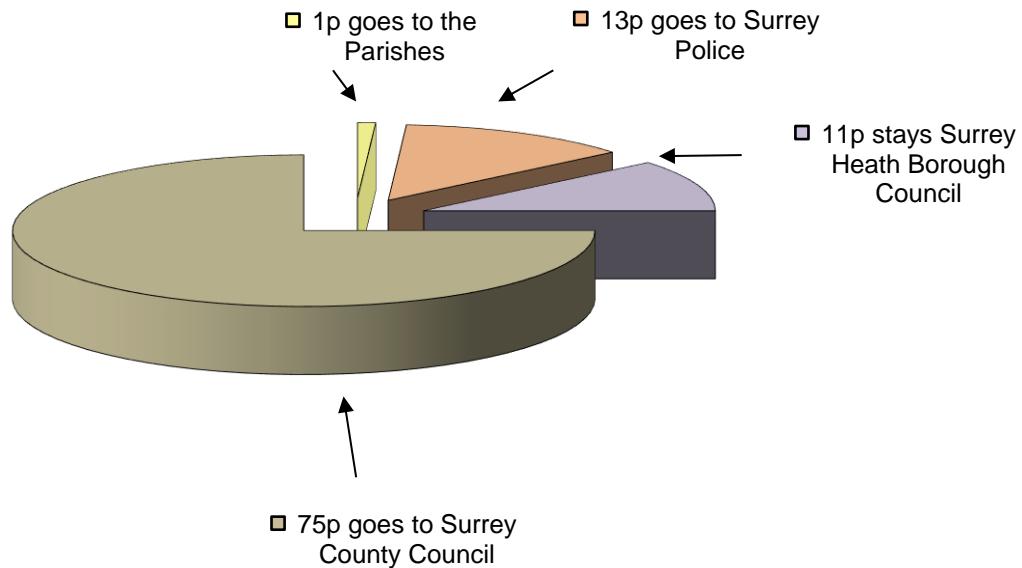
4.2 **Council tax.** The central Government makes an assessment of the core spending power (CSP) of all local authorities, and uses this to base its assumptions around relative need and funding support. In making this assessment, the Department for Levelling up, Housing and Communities (DLUHC) assumes that Councils will increase Council Tax demands by the maximum amount allowed without having to hold a local referendum. Accordingly, Surrey Heath Borough Council has assumed that it will continue to increase the Council Tax level over the medium term by £5 per band D property. It is also assuming an annual growth in the tax base of one per cent each year. The forecast receipt from Council Tax for the net for years is shown in the table below:

<u>2021/22</u>		<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>
38810.6	Council tax base	38976.2	39365.9	39759.6	40157.2
£228.66	Charge per Band D	£233.66	£238.66	£243.66	£248.66
£8,874,423	Council tax income	£9,107,172	£9,395,073	£9,687,822	£9,985,486

4.3 Surrey Heath Borough Council is classed as a collection authority; this means that it will also collect and disburse council tax revenues on behalf of other precepting authorities. These are

- Surrey County Council
- Surrey Police and Crime Commissioner
- Local parishes within Surrey Heath

For every £1 collected ...



4.4 **Business Rates** (formerly Non Domestic Rates) are set centrally by government, but collected locally by collection authorities. These are then distributed to central government (50%), County council (10%) and the District Council (40%). District Councils are then subjected to a top-up amount or a tariff amount from central government based in the assessment of deprivation and relative need. Surrey Heath BC is deemed to be a tariff authority which means that it will pay an element of its share of the collected business rates to central government for re-distribution. The tariff for 2022/23 is £12.58 million leaving the Council with £1.947 million. Collection authorities are allowed to retain any growth since the Business Rate baseline was last reset (2013). It is anticipated that there will be a baseline rest in 2023/24 and therefore the forecast of retained business rate income over the four-year MTFS is shown below:

<u>Retained Business Rates</u>		<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>
	(£ million)	1.858	1.953	1.588	1.663	1.696
	Business rates					

4.5 The Council receives a small amount of grants for non-specific purposes to support services to the residents and businesses of the borough. They are usually associated with the service pressures arising from new legislation although are seldom sufficient to cover these types of costs and often are one-off or time-limited although the cost burden remains. Service specific grants are shown in the net cost of services.

4.6 The Council collects revenues on behalf of itself and the other preceptors. This is known as the collection fund. This fund will normally make a surplus or a deficit over the financial year and this is shared amongst the major preceptors the following year. As it is difficult to estimate long term the amount shown in the Medium Term Financial Strategy (MTFS) is only for the next financial year (2022/23). The share for Surrey Heath Borough Council is budgeted at £220,813 in 2022/23.

5. **Property income**

5.1 The Council holds a significant portfolio of property, mostly within the borough. This is held to support the Council's economic and social outcomes including the attraction and retention of local businesses, provision of community services, development of housing and to support wider regeneration. These properties also generate income which is used to offset the costs of managing these assets and is used to support Council services.

5.2 The Council's property holdings are in the industrial, office and retail sectors. Industrial has held up well in the covid climate, with the properties virtually fully let and income producing. Office properties have been more heavily impacted as the move to home working has reduced demand. The Council owns two large office buildings within the borough, one of which has now been successfully let and the focus now is on achieving this for the other.

5.3 Covid has more heavily impacted the retail sector. The Council has done well in maintaining a high level of occupancy, but has been exposed to a reduction in the overall level of rents and in increased rent arrears. This trend has impacted on the 2021/22 accounts and will continue to have an adverse effect in the period of the Medium Term Financial Strategy (MTFS), until the structural change in town centres settles down. For this reason, the Council has considered it prudent to reset its income targets accordingly - these are shown in the growth section of the appendices (reducing income budgets is treated as budget growth). These will be reviewed annually and budget and service managers are working hard to ensure these properties continue to support the town centre and maximise the benefit to the local taxpayer. Whilst these properties are not held primarily for investment it is expected that they will make sufficient return to cover their costs of capital and also make a contribution to support the continuation of the Council's services to residents in the current financial climate of reducing central government support.

5.4 The Council also holds a number of properties, principally within Camberley town centre, which have been acquired for a programme of regeneration and economic development. In the main, these are not income producing and so the focus must be on bringing these to a stage of early redevelopment to reduce the Council's long term exposure to holding costs. For this, the Council's role will be to undertake site assembly,

engage with the development market, pump prime the development schemes up to the stage where it has established what it would like to achieve from the developments and to open up options for delivery, either by the Council itself or by third party developers. Where the latter, the Council will be able to decide if it wishes to take out land value as capital proceeds or to secure a longer term income stream.

5.5 The Council will continue to review its portfolio and would seek to divest from or add to at the most financially opportune point in time, although there are currently no new capital property acquisitions forecast over the next four years.

6 Capital

6.1 The Capital Strategy at Appendix 2 to this Strategy sets the framework for the Council's investment in its capital assets and this is supported by the detailed capital programme each year.

6.2 Capital is treated differently from the annual revenue budget and as such projects and programmes could span two or more financial years. The Council therefore maintains a long-term capital outlook and this is covered in the four-year medium term financial strategy.

6.3 The Council has very limited capital receipts and most significant capital funding is now either from developer contributions, grants or through internal and external borrowing.

6.4 The Council has reviewed its capital programme going forward with a significant drop in capital expenditure. This is to primarily reduce the cost to the local taxpayer and reduce the level of debt the Council holds. All new expenditure over the period of this Medium Term Financial Strategy (MTFS) is sustainable, affordable and prudent and can be funded from retained capital receipts and balances. This will also allow the Council to complete many of the projects that are still ongoing from the previous capital programme set in 2021/22 and subsequently reprofiled to later years. This reprofiling amounts to £8.499 million.

7 Treasury Management

7.1 The Council's annual Treasury Management Strategy is attached at Appendix 3 to this strategy. The Council manages its cashflow and balances in accordance with this strategy.

7.2 The Council will invest its short-term surplus balances with a regard for the security of the investment and the planned cashflow need for funds (liquidity); these investments

will make a limited return on investment (yield), but this is always considered after the need for security and liquidity.

7.3 In order to refund its ambitious regeneration programme (see Section 5), the Council has also taken out a significant amount of external borrowing, which currently stands at £147.2 million – of which £70.0 million is short-term borrowing.

7.4 The Council has entered into two longer term fixed interest forward deals of £25 million in 2022 and £25 million in 2023 in order to reduce the exposure to interest rate risk; it should be noted that if rates were to rise sharply, each one per cent rise would cost the Council an additional amount in excess of £1 million each year, placing greater strain on the already limited budgets. Over this strategy period, the Council will aim to keep its average interest for debt between 2.0% and 2.5%.

8 Level of Reserves and General Fund

8.1 Local authorities are required, when considering their budget setting, to “have regard to the level of reserves needed for meeting estimated future expenditure” and to ensure that the Council has a sustainable financial position and is able to meet its ongoing and future requirements. It is the responsibility of the Council, together with its Section 151 Officer, to ensure a prudent approach is taken in the administration of financial affairs and that there are sufficient reserves to meet the anticipated demands and requirements of the authority.

8.2 The Council holds reserves for four overriding reasons:

- As a working balance to help cushion the impact of uneven cash flows, which avoids unnecessary fluctuations in the Council tax demand – this forms part of the general fund balance.
- A contingency to cushion the impact of unexpected events or emergencies, which is also in the general fund balance.
- A means of building up specific funds often referred to as ‘earmarked reserves’, to meet known or anticipated requirements. An example is the ongoing maintenance of a SANG.
- To provide resources to temporarily fund the revenue costs of capital projects due to timings of cash flows (equalisation reserves) such an example would be the Camberley Leisure centre

8.3 The Council has had to drawdown on its reserves and balances over the past three years. Given the current level of the gap between planned expenditure and forecast financing streams, there is anticipated to be a further drawdown on reserves in financial year 2022/23. Longer term (and over the period of this strategy) the Council expects to

reduce this deficit gap and will by financial year 26/27 be in a position where the budgets are balanced and the Council will start again to replenish its reserve balances.

8.4 There is no mandated amount for a general fund balance and is the responsibility of the Council's Chief Finance Officer (Section 151 Officer¹) to ensure a suitable and prudent level of general fund balance is held to act as a contingency for unexpected events and having regard to the risks the authority faces in the foreseeable future. In practice, this is normally considered to be between 5% and 10% of the net annual revenue budget.

8.5 The Section 151 Officer is required to report at budget setting time on the adequacy of the reserves and whether they are sufficient for the operation of the Council. Currently the Council holds approximately £44.2 million in earmarked and non-earmarked reserves.

8.6 A summary of the Council's reserves and balances is attached at Appendix 4 to this strategy.

9. **Assumptions**

9.1 In compiling this strategy, it has been necessary to make some assumptions around future costs and funding streams. Some of these are within the Council's control through its decision making process and as such should be considered as indicative and not firm policy until approved at the annual budget Council for that financial year. The key assumptions are:

9.1.1 In line with the Government assessment of core spending power, the borough element of Council Tax will increase in line with inflation but will be capped at £5 per Band D equivalent.

9.1.2 The tax base for the Borough is anticipated to increase by one per cent each year; this is also in line with the Government's assessment on core spending power.

9.1.3 An annual pay award for Council staff and Councillors has been included in the corporate inflation figure based on a 2% annual increase. This is subject to annual review and agreement, but it is prudent to include an inflationary uplift in the budget estimates.

9.1.4 Government grants are based on known amounts and flatlined where it is anticipated that the grant will continue. Otherwise grant funding is assumed to be paid only in the year it is awarded.

9.1.5 Business rates are assumed to reset in 2023/24 and therefore all accrued growth by the Council will be forfeited and the amount the Council is allowed to retain will be

¹ The officer appointed under Section 151 of the Local Government Act 1972 to administer the financial affairs of the Council.

the baseline funding amount from 2023/24 onwards uplifted annually in line with assumed increases in the Business Rates multiplier.

10 **Risks**

10.1 Over the four year period of the Medium Term Financial Strategy there a number of potential risks that could cause budgetary pressures. Some of the key ones relate to the assumptions in paragraph 9 and these and other key risks are articulated below:

10.1.1 Government 'fairer funding' review. The Department for Levelling Up, Housing and Communities (DLUHC) has indicated that the fairer funding review originally planned for 2017 is still planned albeit in a revised format to take account of the Levelling Up agenda. This may see the inclusion of an additional tariff (aka negative Support Grant) on the amount of business rates the Council is allowed to retain to fund its services. There is no amount for this included in the Budget Estimates, but if this were to materialise, based on previous numbers, it could be a cost to the local taxpayer of £0.6 million each year.

10.1.2 Interest rate increases. Interest rates have been held at unprecedented low levels since 2012 and have only recently in December 2021 been increased. They are still at a very low level, but the financial sector is expecting them to rise over the next few years, albeit not to the levels they were before the 2008 recession. The Council limits its exposure to interest rate increases by acquiring longer-term debt at fixed rates, which gives certainty over the cost of debt financing.

10.1.3 Longer term impact of the Covid-19 pandemic. The Council is gradually returning to a 'business as usual' model that has adapted to the longer term legacy of the pandemic, which is not over yet. There is a risk that there will be an annual cycle of winter outbreaks and as such the Council will need to react to support its residents and businesses as it has done previously. It is anticipated that there will be government support for any future outbreaks, but the Council also holds a sufficient amount of balances to temporarily cover the costs of any additional out breaks.

11 **Summary**

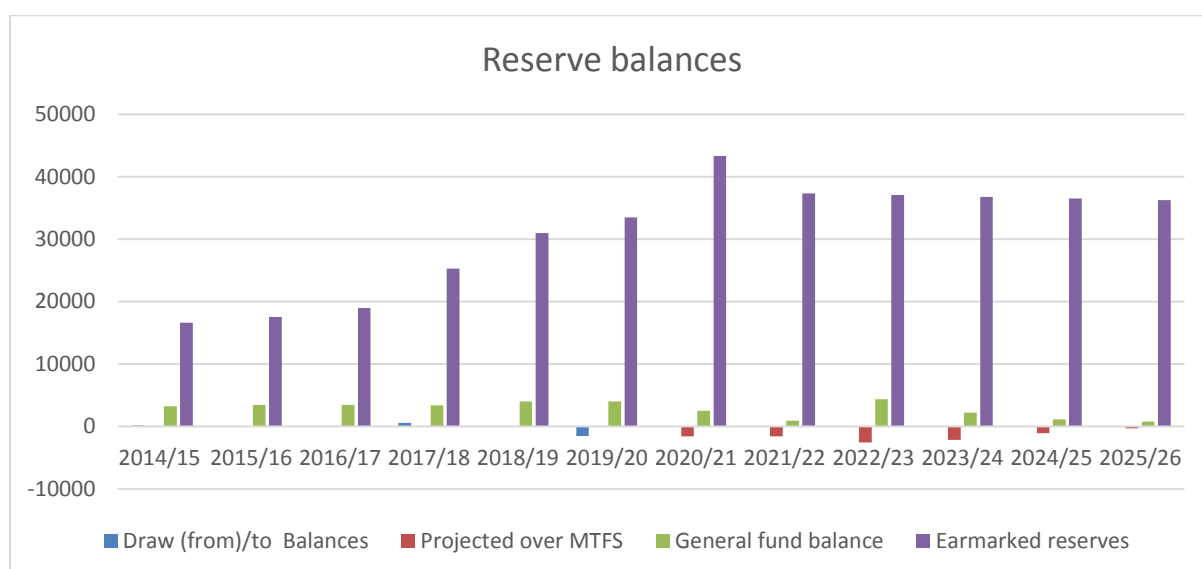
11.1 This strategy along with the supporting appendices form part of the annual budget presented to Budget Council in February each year. Although it contains a four-year medium term outlook, it is refreshed each year as the revenue estimates only cover a 12 month budget cycle and the latter three years are shown as indicative.

11.2 The capital strategy and programme are reviewed each year to ensure they are still aligned with the Council's published Five Year Strategy.

11.3 The Treasury Strategy is required to be set each year by Council.

11.4 The Medium Term Financial Strategy shows a use of the Council’s reserve balances. This is permissible in order to smooth the impact of budget pressures on the local tax payer, and whilst it is prudent to hold a sustainable level of reserves, the Council holding large levels of balances are not always in the best interest of the local residents and businesses.

11.5 If the budget is approved then the longer-term outlook for the contributions to reserve balances is more sustainable with a clear indication that the direction of travel will see a return to the Council starting to replenish the general fund balance and deliver of more services to residents and businesses by 2026/27.



List of Appendices

Appendix 1	Revenue Budget Estimates
Appendix 1-1	Revenue budget growth items
Appendix 1-2	Revenue budget efficiencies
Appendix 2	Capital Strategy
Appendix 2-1	Capital Programme 2022/23 – 2025/26
Appendix 3	Treasury Management Strategy
Appendix 4	General Fund Balance and Earmarked Reserve Summary

Revenue Budget Estimates		(all values in £'000)				
Net cost of services		2022/23	2023/24	2024/25	2025/26	Notes
Opening budgets		12,410	14,788	14,039	13,290	1
Chief Executive		162	162	162	162	
Environment and Community		7,015	7,346	7,290	7,118	
Finance and Customer Service		3,518	3,679	3,559	3,544	
HR, Performance and Communications		3,842	3,736	3,724	3,724	
Investment and development		(3,272)	(1,395)	(1,948)	(2,415)	
Legal and Democratic Services		1,145	1,191	1,301	1,221	
Corporate Inflation		0	69	(47)	(63)	2 & 3
Growth (see Appendix 1-1)		4,791	(305)	59	418	4
Efficiencies (see Appendix 1-2)		(2,413)	(374)	(856)	(908)	5
Restated budgets						
Chief Executive		162	162	162	162	
Environment and Community		7,346	7,290	7,118	6,756	
Finance and Customer Service		3,679	3,559	3,544	3,524	
HR, Performance and Communications		3,736	3,724	3,724	3,724	
Investment and development		(1,395)	(1,948)	(2,415)	(2,615)	
Legal and Democratic Services		1,191	1,301	1,221	1,221	
Corporate		69	(47)	(63)	90	
Total Net Cost of the Provision of Services		14,788	14,039	13,290	12,861	6
Funded by						
Council Tax		9,107	9,395	9,688	9,985	7
Business rates		1,947	1,588	1,622	1,655	8 & 9
Collection fund surplus/(deficit)		221	0	0	0	10
<u>Non-specific government grants</u>						
New Homes Bonus		329	251	251	251	11
Lower tier Services		70	70	70	70	12
Service Grant		108	108	108	108	13
Special expenses		187	189	191	193	14
		11,970	11,601	11,930	12,262	15
Summary						
Net cost of services		14,788	14,039	13,290	12,861	
Funding		(11,970)	(11,601)	(11,930)	(12,262)	
<u>Use of earmarked reserves</u>						
From Homelessness Reserve		(170)	(170)	(170)	(170)	16
From CIL Admin reserve		(100)	(100)	(100)	(100)	17
Contribution (from)/to reserves and balances		(2,548)	(2,168)	(1,089)	(329)	18
Reserves and balances						
<u>Opening balances</u>						
General fund		6,906	4,358	2,190	1,101	
Earmarked reserves		37,317	37,047	36,777	36,507	
<u>Closing balances</u>						
General fund		4,358	2,190	1,101	771	19
Earmarked reserves		37,047	36,777	36,507	36,237	20

Notes

Figures shown in £'000 - all budgets will be loaded as exact numbers

- 1 These represent the base budget after adjusting for one-off growth and savings
- 2 Annual inflationary pressures across the Council
- 3 These will be allocated to services when budgets are loaded
- 4 Service budget growth required to maintain services to residents and businesses
- 5 Service efficiencies identified that result in no decrease in the level of services to residents
- 6 Includes all service expenditure and income netted off
- 7 Assumed ongoing £5 increase per annum and 1% growth in tax base
- 8 Central government business rate reset anticipated for 2023/24
- 9 No additional tariff built into the model, but remains a possibility
- 10 Fluctuates year on year based on collection rates. Only confirmed figure is for 2022/23
- 11 Based on Local Government settlement for 2022/23 and forecast based on current projections
- 12 Based on Local Government settlement for 2022/23 and forecast based on current projections
- 13 Based on Local Government settlement for 2022/23 and forecast based on current projections
- 14 Assumed growth of 2% per annum based on tax base and precept rises
- 15 Total financing to support the revenue budget
- 16 Budgeted drawdown of earmarked reserve to support service expenditure
- 17 Budgeted drawdown of earmarked reserve to support service expenditure
- 18 Represents the annual draw on or contribution to balances
- 19 Estimate of balance on general fund based on budget projections
- 20 Estimate of balance on earmarked reserves based on budget projections

(all figures in £'000 - exact budgets will be loaded)

<u>Service and Bid name</u>	<u>Amount in year</u>				<u>Further detail</u>
	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>	
Environment and Community					
Climate change Insulation report	2	0	0	0	
Recycling increased compliance checks	17	0	0	0	Increased cost of recycling compliance check - income offset
Joint Waste Service (JWS) - increases in costs					
Increases in costs and reduced income	57	0	0	0	Lost income on textiles and bulk waste. Increased cost of contaminated loads
Annual contractual increase at 4%	215	224	233	242	The Council is contractually committed to this increase each year
Cost of HGV drivers retention and recruitment	58	0	0	0	Increased costs to retain and recruit drivers due to national shortage
Reduced income on Garden Waste - due to rebates on non-delivery	300	(300)	0	0	Rebates due to customers following suspension of collections in 2021/22
Syrian Refugee increased costs	5	0	0	0	Government initiative
Syrian Home Office grant reduced	29	(29)	0	0	Government initiative
Afghan increased costs	25	(25)	0	0	Government initiative
Homelessness software	16	0	0	0	Formerly in IT budgets
Connaught Court rentals	11	(11)	0	0	One-off cost of rental
Car parking increased costs	20	0	0	0	Contractual uplifts and cost of mobile telecommunications
Car parking reduced income	426	(50)	(50)	(50)	Reduced car parks footfall - assumed gradual recover over MTF5 period.
Parks water charges increased	5	1	1	1	Inflationary increase
Parks increase in maintenance contract	3	3	3	4	Contractual increase
Frimley Lodge Park increase in maintenance contract	41	42	44	45	Contractual increase
Frimley Lodge Park increase in costs/reduced income	14	0	0	0	Bike hub closing and reduced income through traded activities
Places Leisure fee year 2	34	(34)			This is the last year of the management charge SHBC will pay to Places Leisure
Gambling licensing reduced premises	1	0	0	0	Less premises requiring licences
Museum reduced income	4	0	0	0	Reduced footfall in the museum
Theatre running costs increase	12	0	0	0	Contractual increase and ticket protection fees
Theatre increased Artist Fees	37	0	0	0	
Arena classes no longer running at theatre	5	0	0	0	As part of the 'exclusivity' agreement with Places Leisure
Total Environment and Community Growth	1,336	(176)	233	244	
HR, Performance and Communications					
Apprenticeship Levy	7	0	0	0	Increase in levy payments
Total HR, Performance and Communications Growth	7	0	0	0	

(all figures in £'000 - exact budgets will be loaded)

<u>Service and Bid name</u>	<u>Amount in year</u>				<u>Further detail</u>
	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>	
Finance and Customer Services					
Building Control service restructure (Runnymede)	95	0	0	0	0 Creating capacity for management support to Runnymede Borough Council.
Planning Deepcut PPA Engagement of Contractors	100	(100)	0	0	0 Fully offset by income
Council tax increase in properties	5	0	5	0	0 Growth in the taxbase creates more cost for the collections team
Council tax increase in IT licences	93	0	0	0	0 Refresh of Revenues software
NNDR increase in IT licences	27	0	0	0	0 Refresh of Revenues software
Housing Benefit increase in IT licences	9	0	0	0	0 Refresh of Revenues software
Local Plan - Legal and Counsel fees	100	(100)	0	0	0 Legal fees for challenges around the local plan
Planning (DM) restructure	80	0	0	0	0 Review of planning service - growth funded through increased income
Total Finance and Customer Services Growth	510	(200)	5	0	
Legal and Democratic					
Committee Clerks - additional Grade 6 posts	45	0	0	0	0 Increase in Democratic team due to increased work requirements
Election equalisation funding	0	0	30	0	0 An annual equalisation budget to spread the cost of the election cycle
Cost of May 2023 local elections	0	110	(110)	0	0 One -off cost of the May 2023 local elections
Total Legal & Democratic Growth	45	110	(80)	0	
Investment and Development					
Reduction in town centre income	1,200	(200)	(200)	(200)	Rebalance of base budget and assumption of upturn (to be reviewed yearly)
Annual engineering inspection linked with insurance contracts	1				Contractual growth
Increase of CCTV preventative maintenance cost	1	1	1	1	1 Contractual growth of 2% each year
Increase in gas utilities costs for Surrey Heath House	12	0	0	0	0 Predicting a 50% increase
Theta increased service charges	86	(43)	(43)	0	0 Tenant served notice - cost of voids - assumed relet in 2023
Theta reduced rent	299	(75)	(225)	0	0 Tenant served notice - lost rental income - assumed relet in 2024
London Rd reduced rent	3	0	0	0	0 Rental adjustments
Albany increased service charge	10	(10)	0	0	0 Tenant served notice - cost of voids - assumed relet in 2023
Albany reduced rent	218	(218)	0	0	0 Tenant served notice - lost rental income - assumed relet in 2024
Corporate reduced rents - budget adjustment	311	0	0	0	0 Groundlease on the Square and the Atrium
Retail and Industrial asset manager post	72	0	0	0	0 Creation of permanent post required to manage the portfolio
Regeneration contributions	10	0	0	0	0 Various promotions to increase footfall in town centre
Total Investment and Development Growth	2,222	(545)	(467)	(199)	

(all figures in £'000 - exact budgets will be loaded)

<u>Service and Bid name</u>	<u>Amount in year</u>				<u>Further detail</u>
	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>	
Corporate inflation					
Annual pay award - staff/members	234	239	243	248	Assumed 2% increases each year - subject to approval
Increased Employer's National Insurance Contributions	139	143	0	0	Increase of 1.25% employer's ERNIC to fund NHS and Social Care
Impact of annual plan and Five-year strategy	125	125	125	125	Cost of £0.5 million over the MTF5 period
<u>Establishment and Incremental drift</u>					
Increases in Establishment	473				Establishment growth over the previous 12 months
Contra of 2021/22 budget	(300)				Budget agreed previously for establishment growth
	670	506	368	373	
	4,791	(305)	59	418	

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(all figures in £'000 - exact budgets will be loaded)

<u>Service and Bid name</u>	<u>Amount in year</u>				<u>Further detail</u>
	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>	
Environment and Community					
Churches reduced grant paid	(2)	0	0	0	Reduction in grant paid
Recycling reduced rent based on current year	(5)	0	0	0	Budget reduction based on previous performance
Joint Waste Service - income/efficiencies					
Increase recycling credits	(18)	0	0	0	Additional credit from improved recycling figures
Domestic waste	(15)	0	0	0	Increase in income from Domestic Waste
Variable items reduced contract	(241)	0	0	0	
Climate change reduced consultants	(2)	0	0	0	Service saving on consultancy costs
Vehicle transferred to parking	(3)	0	0	0	Costs absorbed in parking
Reduction in Supporting People costs	(36)	0	0	0	Reduction in cost following in-year efficiency review
Syrian salaries recharged	(62)	20	21	21	Government initiative phased out
British Armed Forces Home Office grant	(137)	137	0	0	Government initiative - one-off funding
British Armed Forces Home Salary recharge	(35)	0	0	0	Government initiative - one off funding
Connaught Court rent income	(23)	0	0	0	Increased rental income
Housing increased recharges	(51)	0	0	0	Income from Surrey County Council
Parking contract savings	(10)	0	0	0	Service efficiency following in-year review
Car parking income increase	(290)	0	(12)	0	From increasing parking fees as per Executive Decision
Parks contractual inflation	(5)	0	0	0	Reduction in costs - revised contract mechanism
Parks contractual inflation	(9)	0	0	0	Reduction in costs - revised contract mechanism
Places Leisure management fee mechanism	0	(37)	(414)	(626)	From year 3 of the contract the Council receives a fee from Places Leisure
Lightwater Country Park - income from miniature golf course	(8)	0	0	0	This is a new income generating initiative
Review of leisure contract costs	(4)	0	0	0	Cost reduction following in-year review
Theatre new income stream	(13)	0	0	0	Ticket surcharge to fund theatre restoration capital fund
Theatre increased income	(18)	0	0	0	Increased number of booking to generate more income
Charging for car parks in the parks	(10)	0	0	0	New income stream to fund capital investment
Reduced Runnymede BC community services partnership costs	(10)	0	0	0	Service efficiencies
Total Environment and Community service efficiencies	(1,005)	120	(405)	(605)	

(all figures in £'000 - exact budgets will be loaded)

<u>Service and Bid name</u>	<u>Amount in year</u>				<u>Further detail</u>
	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>	
HR, Performance and Communications					
HR - budget reduction following base budget challenge	(1)	0	0	0	0 Service efficiency following in-year review of base budgets
IT training reduced	(4)	0	0	0	0 Training cost efficiencies with no reduction in service
Electronic Archiving reduced	(10)	0	0	0	0 Reduction in archiving requirements
Increase in external income	(28)	0	0	0	0 Increased recharge income from Woking and JWS
Service efficiencies in the Reprographic service	(5)	0	0	0	0 Service efficiency following in-year review of base budgets
Communications service efficiencies	(1)	0	0	0	0 Service efficiency following in-year review of base budgets
Reduction in training budget	(5)	0	0	0	0 Reduce the spend on corporate training
Remove one graduate post (from 3 to 2)	(6)	0	0	0	0 Reduced fee payable to Local Government Association
One-year hold on internship programme	(25)	25	0	0	0 Temporary hold on the intern programme for 2022/23
Web Licence removed	(6)	0	0	0	0 Service no longer required
Business Breakfast Catering	(4)	0	0	0	0 Service no longer required
Review the staff private medical scheme	0	(37)	0	0	0 Year 2 proposal as will require consultation
Removal of apprentice post in IT	(20)	0	0	0	0 Street naming/numbering role has been absorbed in Planning
Total HR, Performance and Communications service efficiencies	(114)	(12)	0	0	
Finance and Customer Services					
Planning income increase (PPA etc)	(100)	(20)	(20)	(20)	0 Development Management income based on previous performance
Planning Deepcut PPA	(100)	100	0	0	0 Income matching growth item
Increased income in Building Control Services	(110)	0	0	0	0 Increased services and funding from Runnymede BC - exceeds growth
Housing benefit increased income	(29)	0	0	0	0 Through improved overpayment recovery
Customer services - savings in postage costs	(10)	0	0	0	0 Channel shift to email communications and on-line self-serve
Total Finance and Customer Services service efficiencies	(349)	80	(20)	(20)	
Investment and Development					
Youth hub programme and flexible support grants for staffing	(10)	10	0	0	0 One off Government (DWP) grant
Vulcan Lease event	(34)	0	0	0	0 Increased rents and lettings
Income from licences moved to wayleaves	(10)	0	0	0	0 Income from licences moved to wayleaves
Trade City lease events	(3)	0	0	0	0 Increased rents and lettings
St Georges increased rent	(7)	0	0	0	0 Increased rents and lettings
Ashwood House increased rents	(161)	(19)	0	0	0 Increased rents and lettings
Maintenance transferred to Capital budget	(110)	0	0	0	0 Revenue saving from correction of accounting treatment
Reduced repairs and maintenance budget	(10)	0	0	0	0 Service efficiencies
Total Investment and Development service efficiencies	(345)	(9)	0	0	

(all figures in £'000 - exact budgets will be loaded)

<u>Service and Bid name</u>	<u>Amount in year</u>				<u>Further detail</u>
	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>	
Corporate Savings					
Increase in discretionary fee income in line with inflation	(126)	(129)	(131)	(134)	2% uplift on service budgets; fees and charges set individually
Star chamber and base budget review	(475)	(425)	(300)	(150)	Process to start in March to maximise 2022/23 savings
Total Corporate savings	(601)	(554)	(431)	(284)	
Total Service Efficiencies including corporate savings	(2,413)	(374)	(856)	(908)	

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Capital Strategy 2022/23 – 2025/26

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 deliver an economic benefit for more than one year. In local government this could include expenditure 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 £10,000 are not capitalised and are charged to revenue in year.
4. In 2022/23, the Council is planning capital expenditure of £1.139 million as summarised below:

Prudential Indicator: Estimates of Capital Expenditure in £ millions

	2020/21 Actual	2021/22 forecast	2022/23 budget	2023/24 budget	2024/25 budget	2025/26 budget
Capital Projects	23.552	13.433	1.139	1.428	1.428	0.928
Capital investments	0.5	0.5	0.0	0.0	0.0	0.0
TOTAL	24.052	13.933	1.139	1.428	1.428	0.928

5. The main General Fund capital projects include:
 - Disabled facilities grants – grants for improvements to enable residents to stay in their own home;
 - Replacement of Electrical Distribution boards at Surrey Heath House.
 - Refurbishment of Unit 5 Albany Park, Frimley
 - Rebuild of SHBC, Theatre and Building Control Websites and CRM System.
 - Restoration fund for Camberley Theatre (formerly revenue funded)

- Creation of a capital property maintenance programme (formerly revenue funded)
 - Provision of budget for Gypsy, Traveller and Travelling Show people sites as mandated in the new Local Plan
6. The figures do not include the implications of any schemes which may be carried forward from one year to the next. Currently (as at 31 December 2021, there is a proposed reprofiling of capital schemes to 2022/23 totalling £8.499 million (£9.732 million was reprofiled into 2021/22); this will be considered by members on the basis of the Capital Outturn report to be presented later in the year. Some of these projects may no longer proceed subject to a viability and affordability review following the recent hyper-inflation in costs of labour and materials, and again this will be reported to Executive for agreement. Indicative reprofiling numbers are shown within the Capital Programme (Appendix 1, Table 3) for completeness.

Governance

7. Service Heads will 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 (CMT) appraises all bids based on their contribution to the Five Year Plan as well as a comparison of service priorities against available financing resources. CMT will make recommendations to Executive through the budget papers in February; Executive will in turn make a recommendation to Council as part of the annual budget setting process.
8. Further details of the Council's capital programme can be found in the Capital Programme which is at Appendix 1 to this report.
9. 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 (prudential borrowing, leasing and/or Private Finance Initiatives). The planned financing of the above expenditure is as follows:

Capital financing in £ millions

	2020/21 actual	2021/22 forecast	2022/23 budget	2023/24 budget	2024/25 budget	2024/25 budget
External sources	4.180	1.535	0.780	0.780	0.780	0.78
Own resources	2.992	0	0.359	0.648	0.648	0.148
Debt finance	16.880	12.398	0	0	0	0
TOTAL	24.052	13.933	1.139	1.428	1.428	0.928

10. 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 statute to make revenue provision transfers over the life of a loan to ensure that they have sufficient resources to repay debt. Alternatively, proceeds from selling capital assets (known as capital receipts) may be used to replace debt finance, but councils are not allowed to offset provisions against future or anticipated receipts. Planned MRP transfers and use of capital receipts to repay debt are as follows:

Replacement of debt finance in £ millions

	2020/21 actual	2021/22 forecast	2022/23 budget	2023/24 budget	2024/25 budget	2025/26 budget
MRP Payment	2.2	2.3	2.3	2.4	2.4	2.4
Use of Capital Receipts	0.0	0.0	0.0	0.0	0.0	0.0

11. The Council’s full MRP statement is included within the Treasury Strategy report for 2022/23 which can be found on the February 2022 Executive agenda
12. The Council’s cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR) – its underlying need to borrow. 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 £3m during 2022/23. 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

	31.3.2022 forecast	31.3.2023 budget	31.3.2024 budget	31.3.2025 budget	31.3.2026 budget
General Fund services	7	7	7	8	8
Capital investments	170	167	164	159	156
TOTAL CFR	177	174	171	167	164

13. **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

	2020/21 actual	2021/22 forecast	2022/23 budget	2023/24 budget	2024/25 budget	2025/26 budget
Asset sales	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

Treasury Management

14. Treasury management is concerned with keeping sufficient but not excessive cash balances available to meet the Council's short-term spending needs, whilst managing the risks involved. Surplus cash balances are invested until required, while a temporary shortage of cash will be met by short-term borrowing, to avoid excessive credit balances or overdrafts in the bank current account. The Council is typically cash solvent in the short-term as revenue income streams are generally received before they are required to be expended, but generally cash poor in the longer-term as capital expenditure is often incurred before being financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall external borrowing.
15. **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 0.15%) and long-term fixed rate loans where the future cost is known but higher (currently 1.87%).
16. 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.
17. 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

	31.3.2022 forecast	31.3.2023 budget	31.3.2024 budget	31.3.2025 budget	31.3.2025 budget
Gross External Debt	146	143	140	137	134
Capital Financing Requirement	177	174	171	167	164

18. 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 regeneration properties, then these will be funded by debt and the CFR will be rise accordingly.
19. **Affordable borrowing limit:** The Council is statutorily 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

	2021/22 limit	2022/23 limit	2023/24 limit	2024/25 limit	2025/26 limit
Authorised limit – total external debt	235	235	235	235	235
Operational boundary – total external debt	230	230	230	230	230

20. The authorised and operational boundaries have not been increased in 2022/23 to reflect the changes due to the change in the accounting treatment for leases as the amount is not material.
21. Further details on borrowing are included in the treasury management strategy which can be found within the February Executive agenda
22. 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.
23. The Council’s policy on treasury investments is to prioritise security and liquidity over yield which focuses 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

	31.3.2021 actual	31.3.2022 forecast	31.3.2023 budget	31.3.2024 budget	31.3.2025 budget
Near-term investments	20.3	10.0	11.0	11.0	11.0
Longer-term investments	2.1	2.2	2.2	2.2	2.2
TOTAL	22.4	12.2	13.2	13.2	13.2

24. Further details on treasury investments are included within the treasury management strategy which is included within the February executive agenda

25. **Governance:** Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Strategic Director Finance and Customer Services who ensures that staff 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 Scrutiny Committee which is responsible for scrutinising treasury management decisions.

Commercial Activities

26. With Government financial support for local public services declining, the Council will use its capital balances to save on ongoing revenue costs ('invest to save' or 'invest to spend less'). The Council will not however borrow to invest in commercial property for purely investment reasons.

27. The Council has limited commercial activities such as the Theatre, community services etc. which are primarily operated for community benefit, however they will expose the Council to some commercial risk. This risk could be significant for 2022/23 depending on the ongoing impact of the Covid-19 pandemic.

Liabilities

28. In addition to debt of £146m 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 £1.8m for bad debts. These provisions will be reviewed as part of the accounts closure process for 2021/22.

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

Revenue Budget Implications

30. 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

	2021/22 forecast	2022/23 budget	2023/24 budget	2024/25 budget	2024/25 budget
Financing costs (£m)	3	3	3	3	3
Proportion of net revenue stream	30.6%	28.2%	27.5%	26.9%	26.9%

31. **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 Strategic Director Finance and Customer Service is satisfied that the proposed capital programme is prudent, affordable and sustainable because it is either funded by external grant or there is sufficient capital reserves to cover the costs of the current programme.

Knowledge and Skills

32. The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. For example, the Strategic Director Finance and Customer Service is an experienced and qualified accountant, the property department has a qualified surveyor with investment experience and the legal department has lawyers experienced in property matters.
33. 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 appropriate knowledge and skills commensurate with its risk appetite.

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Capital Programme Schemes

TABLE 1 – NEW CAPITAL SCHEMES FROM 2022/23 to 2025/26

3 YEAR CAPITAL PROGRAMME	2022/23	2023/24	2024/25	2025/26	Four year funding requirement	Details of the capital scheme
	£m	£m	£m	£m	£m	
Disabled Facilities Grants	0.780	0.780	0.780	0.780	3.12	Central Government Grant to the Better Care Fund includes an element for Disabled Facilities Grant (DFG) allocated to Surrey Heath Borough Council. Whilst 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. The level of expenditure will flex to match the level of funding provided.
People Analytics Platform for iTrent HR system	0.011	0.00	0.00	0.00	0.011	Upgrade to latest version of the iTrent software for enhanced HR management
Replacement of Electrical Distribution Boards at Surrey Heath House	0.074	0.00	0.00	0.00	0.074	The current electrical distribution boards are over thirty five years old and are a potential safety risk in their present condition. To not replace these could increase the potential cost to the Council for Health and Safety breaches and increased insurance premiums.
Civica Cash Management Module	0.030	0.00	0.00	0.00	0.030	Replacement of the Civica cash management module that is now out of support and is an operational requirement to upgrade.

3 YEAR CAPITAL PROGRAMME	2022/23	2023/24	2024/25	2025/26	Four year funding requirement	Details of the capital scheme
	£m	£m	£m	£m	£m	
Capital Maintenance Budget	0.110	0.110	0.110	0.110	0.440	Creation of a rolling maintenance of capital works (previously funded from revenue)
Refurbishment of Unit 5, Albany Park, Frimley	0.055	0.00	0.00	0.00	0.055	The current tenant is in liquidation with no possibility of recovering any dilapidation liability and therefore there is a requirement to refurbish the unit to allow it to be marketed going forward with enhanced prospects of it being relet.
Rebuild of SHBC, Theatre and Building Control Websites and CRM System	0.041	0.00	0.00	0.00	0.041	Moving to the Local Gov Drupal Project will deliver a high performing, user- first website that supports our local community with their needs and allowing them to self-service which reduces reliance on our contact centre and emails. It will provide an easy-to-use website with the latest technologies and structured around an 'accessibility first' approach and an adherence to Government Digital Service design principles.
Theatre restoration fund	0.038	0.038	0.038	0.038	0.152	Creation of a restoration sinking fund that is supported by a revenue receipt from a surcharge on ticket sales.
Local Plan provision for gypsy, traveller and travelling show people sites		0.500	0.500		1.000	The new Local Plan requires the Council to identify and acquire sufficient sites for the gypsy, traveller and travelling show people communities. This is bid provides an indication of potential costs to the capital programme.
GRAND TOTAL OF ALL SCHEMES	1.139	1.428	1.428	0.928	4.923	

TABLE 2 – FUNDING OF THE 2022/23 – 2025/26 CAPITAL PROGRAMME

FUNDING FOR 2022/23 CAPITAL PROGRAMME	Scheme Total	Grant and contributions	Use of capital balances	Prudential borrowing
	£m	£m	£m	
Disabled Facilities Grants	3.120	3.120	0.00	0.00
People Analytics Platform for iTrent HR system	0.011	0.00	0.011	0.00
Replacement of Electrical Distribution Boards at Surrey Heath House	0.074	0.00	0.074	0.00
Refurbishment of Unit 5, Albany Park, Frimley	0.055	0.00	0.055	0.00
Rebuild of SHBC, Theatre and Building Control Websites and CRM System	0.041	0.00	0.041	0.00
Civica Cash Management Module	0.030	0.00	0.030	0.00
Provision of G&T and TS site	1.000	0.00	1.000	0.00
Theatre restoration sinking fund	0.152	0.00	0.152	0.00
Capital Maintenance Budget	0.440	0.00	0.440	0.00
GRAND TOTAL OF ALL SCHEMES	4.923	3.120	1.803	0.00

TABLE 3 - CAPITAL REPHASING INTO 2022/23

Source: Capital monitoring Periods 01-09 as at 31 December 2021

	B/Fwd From 2020/21	Approved Bids 2021/22	Total 2021/22 Programme	Current Spend & Commitments	Funds Available	Forecast	Proposed Re-Phasing into 2022/23	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Investment and Development								
1	Public Realm Works	0	754	754	422	332	422	332
2	Cambridge Square Refurbishment	0	1,460	1,460	48	1,412	48	1,412
3	Camberley High Street Trees	0	90	90	34	56	50	0
	Sub Total	0	2,304	2,304	504	1,800	520	1,744
Legal								
4	Property Acquisition Strategy	2,343	0	2,343	0	2,343	0	2,343
5	London Rd Block	3,128	630	3,758	160	3,597	160	3,597
6	Theta	81	0	81	0	81	85	0
7	Ashwood House (Market Hall)	300	-300	0	0	0	0	0
8	Theta (2nd Floor)	49	0	49	0	49	51	0
9	Boiler @ Hudson House, Albany Park	25	0	25	0	25	0	25
	Sub Total	5,926	330	6,256	160	6,096	296	5,966
Transformation								
10	SHORE	10	-10	0	0	0	0	0
11	Elections - Equipment	0	25	25	0	25	25	0
12	XCAM360 Imagery Service	0	13	13	13	0	13	0
13	Upgrading of Facilities in Council Chamber	0	100	100	100	0	100	0
14	Door Access System Upgrade	0	91	91	0	91	0	91

	B/Fwd From 2020/21	Approved Bids 2021/22	Total 2021/22 Programme	Current Spend & Commitments	Funds Available	Forecast	Proposed Re-Phasing into 2022/23
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Sub Total	10	219	229	113	116	138	91
Business							
15 Main Square Car Park Refurbishments	42	0	42	0	42	0	0
16 Frimley Lodge Car Park - Capacity Increase	0	105	105	0	105	0	0
17 Theatre Frontage & Lighting Upgrade	120	75	195	220	-25	220	0
18 Lightwater CP Visitors Centre	6	0	6	0	6	0	0
19 Deanside DR Woods Play Area	19	0	19	0	19	10	0
20 Mytchett Skate Park	54	0	54	0	54	54	0
21 Board Sites	7	0	7	0	6	7	0
22 Chobham Rd Play Area	20	50	70	70	0	70	0
23 Frimley Lodge Play Area	0	28	28	28	0	28	0
24 London Rd Rec Play Area	77	0	77	77	0	77	0
25 Whitmoor Rd	25	0	25	0	25	0	25
26 Watchetts Recreation Ground Tennis & Netball	134	0	134	0	134	0	134
27 CCTV Equipment	0	7	7	5	2	4,811	0
28 Camberley Bowls Club	0	45	45	0	45	0	45
29 Arena	2,219	0	2,219	1,932	287	1932	0
30 Green Spaces - Increased Security Measures	166	0	166	4	162	74	0
31 Orchard Way Playground	0	70	70	70	0	70	0
Sub Total	2,889	380	3,269	2,406	863	2,546	204
Community							
32 Community Bus	40	0	40	41	-1	41	0

	B/Fwd From 2020/21	Approved Bids 2021/22	Total 2021/22 Programme	Current Spend & Commitments	Funds Available	Forecast	Proposed Re-Phasing into 2022/23
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
33 Travellers' Sites - Contribution	0	127	127	0	127	0	127
Sub Total	40	127	167	41	126	41	127
Regulatory							
34 Renovation Grants	755	780	1,535	969	566	1220	315
35 Openspace Works	2	0	2	0	2	0	0
36 Drainage Works	60	0	60	7	53	7	53
37 128 London Rd (Connaught Court)	50	0	50	93	-44	93	0
38 151 Gordon Avenue (Night Stop)	0	152	152	174	-22	174	0
Sub Total	867	932	1,799	1,244	555	1,495	368
GRAND TOTAL OF ALL SCHEMES	9,732	4,292	14,024	4,467	9,556	5,036	8,499

Movement in Available Capital Receipts

	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m
Forecast Capital Receipts 1st April	3.571	3.212	2.564	1.916
Capital Receipts during year	0.000	0.000	0.00	0.00
Capital Grants (Disabled Facilities Grant)	0.780	0.780	0.78	0.78
TOTAL AVAILABLE FUNDS	4.351	3.992	3.344	2.696
Proposed Capital Programme	(1.139)	(1.428)	(1.428)	(0.928)
Grant funding	0.780	0.780	0.780	0.780
Capital reserve funding	0.359	0.648	0.648	0.148
Balance of capital reserves	3.212	2.564	1.916	1.768

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Treasury Management Strategy
2022/23

Part 1 Treasury Investment Strategy

- 1.1 The Council holds invested funds, representing income received in advance of expenditure plus balances and reserves held. This is expected to remain at £13 million in 2022/23.

Objectives:

- 1.2 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.

Strategy:

- 1.3 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 2022/23 investment strategy from that adopted in 2021/22.

Business Models:

- 1.4 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:

- 1.5 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.

<u>Sector</u>	<u>Time limit</u>	<u>Counterparty limit</u>	<u>Sector limit</u>
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	£3m	Unlimited
Strategic pooled funds	n/a	£3m	£5m
Real estate investment trusts	n/a	£3m	£?m
Other investments *	5 years	£?m	£?m

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

* Minimum Credit Rating:

- 1.6 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.
- 1.7 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):

- 1.8 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:

- 1.9 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:

- 1.10 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):

- 1.11 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:

- 1.12 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:

- 1.13 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 (REITs):

- 1.14 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:

- 1.15 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/Transactional Bank Accounts:

- 1.16 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:

- 1.17 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.
- 1.18 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:

- 1.19 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.
- 1.20 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:

1.21 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.

1.22 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.

1.23 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

Part 2 Borrowing Strategy

2.1 The Council currently holds £147 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

2.2 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

2.3 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.

2.4 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 2022/23 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

2.5 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.

2.6 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.

2.7 In addition, the Authority may borrow further short-term loans to cover unplanned cash flow shortages.

2.8 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 the first loan £25m was in 2021, with the second due in Feb 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:

2.9 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

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

- Leasing
- Hire Purchase
- Private Finance Initiative
- Sale and Leaseback

Annual Minimum Revenue Provision (MRP) statement:

2.11 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 15th February 2022 as part of the Capital budget for 2022/23.

2.12 The recommended policy is attached in Annex F and the forecast MRP in £million is shown in the table below:

£ million	2019/20 actual	2020/21 actual	2021/22 Forecast	2022/23 budget	2023/24 budget
MRP Payment	2.159	2.213	2.268	2.323	2.382

Part 3 National and International Factors which influence the Treasury Strategy

3.1 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.

Economic background:

- 3.2 The ongoing impact on the UK from coronavirus, together with higher inflation, the likelihood of higher interest rates, and the country's trade position post-Brexit, will be major influences on the Authority's treasury management strategy for 2022/23.
- 3.3 The Bank of England (BoE) held Bank Rate at 0.10% in November 2021 and maintained its Quantitative Easing programme at £895 billion. The Monetary Policy Committee (MPC) voted 7-2 to keep rates on hold and 6-3 to maintain the asset purchase programme. Within the announcement the MPC suggested interest rates would be increased soon, but not to the 1% level expected by financial markets. Within the November 2021 Monetary Policy Report, the Bank expected consumer price index (CPI) inflation to peak at around 5% in April 2022 before falling back as the impact from higher energy prices fade and demand slows.
- 3.4 UK Consumer Price Inflation (CPI) for September 2021 registered 3.1% year on year, slightly down from 3.2% in the previous month. Core inflation, which excludes the more volatile components, fell to 2.9% y/y from 3.1%. The most recent labour market data for the three months to August 2021 showed the unemployment rate fell to 4.5% while the employment rate rose to 75.3%. Both measures were helped by the extension of the government's furlough scheme, but this ended in September 2021 and while this may put some pressure on the jobs market, it is not expected to be material, with the BoE forecasting unemployment will only increase modestly in Q4 2021 according to its November 2021 Monetary Policy Report but remain low overall.
- 3.5 In August 2021, the headline 3-month average annual growth rate for wages were 7.2% for total pay and 6.0% for regular pay. In real terms, after adjusting for inflation, total pay growth was up 4.7% while regular pay was up 3.4%. These figures should be interpreted with caution, however, as pay growth is now being impacted by base effects compared to 12 months ago when earnings were first affected by the coronavirus pandemic. Moreover, there has also been a fall in the number and proportion of lower paid jobs, helping to push up the average earnings figure.
- 3.6 Gross domestic product (GDP) grew by 5.5% in the second calendar quarter of 2021, compared to a fall of -1.6% q/q in the previous three months, with the annual rate jumping to 23.6% from -6.1%. Here too, base effects from 2020 have resulted in the high Q2 2021 data. Monthly GDP estimates have shown the economy is recovering, with the economy now just 0.8% below its pre-pandemic level. Looking ahead, the BoE's November 2021 Monetary Policy Report forecasts economic growth will rise by 1.5% in Q3 2021, 1.0% in Q4 2021 with the economy expected to get back to its pre-pandemic level in Q1 2022. GDP growth is now expected to be around 5% in 2022 (revised down from 6%), before slowing to 1.5% in 2023 and 1% in 2024.
- 3.7 GDP growth in the euro zone increased by 2.2% in calendar Q3 2021 following a gain of 2.1% in the second quarter and a decline of -0.3% in the first. Headline inflation has been strong, with CPI registering 4.1% year-on-year in October, the fourth successive month of inflation. Core CPI inflation was 2.1% y/y in October, the third month of successive increases from July's 0.7% y/y. At these levels, inflation is above the European Central Bank's target of 'below, but close to 2%', putting some pressure on its long-term stance of holding its main interest rate of 0%.

3.8 The US economy expanded at an annualised rate of 2.0% in Q3 2021, slowing sharply from gains of 6.7% and 6.3% in the previous two quarters. In its November 2021 interest rate announcement, the Federal Reserve continue to maintain the Fed Funds rate at between 0% and 0.25% but outlined its plan to reduce its asset purchase programme. Having bought \$120 billion of bonds each month during the pandemic to keep interest rates low, the Fed confirmed that purchases will be scaled back, starting with a \$15 billion reduction in November 2021. In terms of the timing of any interest rate hikes, Fed Chair Jerome Powell said the central bank can be patient about doing so.

Credit Outlook:

3.9 Since the start of 2021, relatively benign credit conditions have led to credit default swap (CDS) prices for the larger UK banks to remain low and have steadily edged down throughout the year to almost pre-pandemic levels. The improved economic outlook during 2021 helped bank profitability and reduced the level of impairments many had made as provisions for bad loans. However, the relatively recent removal of coronavirus-related business support measures by the government means the full impact on bank balance sheets may not be known for some time.

3.10 The improved economic picture during 2021 led the credit rating agencies to reflect this in their assessment of the outlook for the UK sovereign as well as several financial institutions, revising them from negative to stable.

3.11 Looking ahead, while there is still the chance of bank losses from bad loans as government and central bank support is removed, the institutions on the Authority's counterparty list are well-capitalised and general credit conditions across the sector are expected to remain benign. Duration limits for counterparties on the Authority's lending list are under regular review and will continue to reflect economic conditions and the credit outlook.

Interest rate forecast:

3.12 The Authority's treasury management adviser Arlingclose is forecasting that Bank Rate will rise in calendar Q2 2022 to subdue inflationary pressures and the perceived desire by the BoE to move away from emergency levels of interest rates.

3.13 Investors continue to price in multiple rises in Bank Rate over the next forecast horizon, and Arlingclose believes that although interest rates will rise, the increases will not be to the extent predicted by financial markets. In the near-term, the risks around Arlingclose's central case are to the upside while over the medium-term the risks shift towards the downside. Gilt yields had increased sharply on the back of higher inflation and anticipated central bank action, however in its November MPC meeting, the committee noted that market expectations for rates were excessive, and yields have since fallen back. Yields are expected to remain broadly at current levels over the medium-term, with the 5, 10 and 20 year gilt yields expected to average around 0.60%, 1.0%, and 1.35% respectively. The risks around the gilt yield forecast are judged to be broadly balanced in the near-term and to the downside over the remainder of the forecast horizon. As ever, there will almost certainly be short-term volatility due to economic and political uncertainty and events.

3.14 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%.

Part 4 Local Context

- 4.1 On 30th November 2020, the Council held £147 million of borrowing and £12.5 million of treasury investments.

- 4.2 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.

Treasury Management Strategy – other items
2022/23

Other Items

There are a number of additional items that the Council is obliged by CIPFA or DLUHC 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.

4. 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.

Annex C

Treasury Management Indicators 2022/23

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 £10 million and variable rate borrowing of £147 million which equates to net borrowing of £137 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 2022/23.

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%
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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	2022/23	2023/24	2024/25
Limit on principal invested beyond year end	£2.5m	£2.5m	£2.5m

Annex D

INVESTMENTS as at 30th November 2021

	£
Debt Management Office	6,325,000
Other Local Authorities Short Term	0
Total Government	6,325,000
Aberdeen Standard	500,000
Blackrock	0
CCLA Public Sector Deposit Fund	700,000
Federated	0

Appendix 3

Legal and General	<u>0</u>
Total Money Market Funds	<u>1,200,000</u>
CCLA Property Fund	<u>2,266,458</u>
Total Longer Term Investments	<u>2,268,458</u>
Total Invested (excluding the NatWest Business Reserve)	<u>9,793,458</u>
NatWest Business Reserve	2,645,487
Total Invested (including NatWest Business Reserve)	<u>£12,438,945</u>

Existing Investment & Debt Portfolio

	30-Nov-21 Actual Portfolio £m	30-Nov-21 Average Rate %
External Borrowing:		
Public Works Loan Board - Long Term	77.20	2.59%
Local authorities - Short Term	70.00	0.15%
Total Gross External Debt	147.20	1.37%
Investments:		
Banks & Building societies	2.645	0.01%
Government – DMO	6.325	0.01%
Government - Other Local Authorities	0	0.00%
Money Market Funds	1.2	0.02%
Other Pooled Funds	2.27	4.20%
Total Treasury Investments	12.44	1.06%
Net Debt	134.76	0.31%

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 £million is shown in the table below:

£ million	2019/2020 actual	2020/21 actual	2021/22 forecast	2022/23 budget	2023/24 budget
MRP Payment	2.159	2.213	2.268	2.323	2.382

Note: DLUHC has recently consulted on amendments to the policy on MRP and as such the Council may need to amend its policy dependent on forthcoming guidance from DLUHC. In this instance a report will be presented to Council as an addendum to the Treasury Outturn report.

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.

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<u>31 March 2021</u>	<u>Reserve</u>	<u>31 March 2022</u>
£,000		£,000
	Earmarked Revenue Purposes	
10,173	Revenue reserve for capital funding	7,173
1,208	Affordable Housing	1,208
319	Atrium S106 agreement	319
82	Blackwater Valley developers contributions	82
12,079	Business Rates Equalisation fund	12,079
5	Chobham & Town Team Partnership	5
151	Community Fund 2002	151
562	CIL Admin and Monitoring	562
259	Commutated Sums	259
18	Covid19	18
39	Crime and Disorder Partnership	39
72	Custom Build	72
285	Deepcut Village Centre : Alma Dettingen	285
786	Contain Outbreak Management Fund	786
130	Frimley Lodge 3G Pitch	130
7	Heatherside: multi-use games area	7
194	Insurance Reserve fund	194
7,318	Interest Equalisation Fund	4,318
384	Land Drainage	384
182	New Burdens Fund	182
185	Nottcutts (Bagshot Project)	185
17	Old Dean toddlers playground	17
427	One Public Estate	427
146	Planning S106 agreements	146
1,817	Property Maintenance	1,817
45	Remediation fund	45
107	Rental Equalisation	107
56	SAMM	56
5,039	SANGS	5,039
79	Surrey Family Support Programme	79
679	Homelessness	679
240	Swift Lane	240
141	Syrian Refugees	141
40	EH - covid	40
46	Home Improvement Agency	46
43,317	Total Earmarked Revenue Reserves	37,317
906	General Fund Balance	6,906
44,223	Total available reserves	44,223
		[Estimated]

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Surrey Heath Borough Council
Full Council
23rd February 2022

Setting of Council Tax 2022/23

Strategic Director/Head of Service Bob Watson
Report Author: Adrian Flynn – Chief Accountant
Wards Affected: All

Summary and purpose

To set the Council Tax for 2022/23

Recommendation

The Council is advised to RESOLVE that

- (i) to note that the Council Tax Base for 2022/23 calculated in accordance with regulations made under Section 33(5) of the Local Government Finance Act 1992:
 - (a) For the whole Council area is 38,976.17 (Item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended (the 'Act)); and
 - (b) For dwellings in those parts of the area to which a Parish precept relates the following:

Bisley	1,658.21
Chobham	2,075.35
West End	2,393.10
Windlesham	8,222.82

(Being the amounts calculated by the Council in accordance with regulation 6 of the Regulations, as the amount of its Council Tax base for the year for dwellings in those parts of the area to which special items relate);

- (ii) that the Council Tax requirement for the Council's own purposes for 2022/23 (excluding parish precepts and special expenses) is £9,105,276
- (iii) that the following amounts be calculated for the year 2022/23 in accordance with Sections 31 to 36 of the Act:

- (a) £44,076,876 being the aggregate for the amounts which the Council estimates for the items set out in Section 31(A)2 of the Act taking into account all precepts issued to it by Parish Councils.
 - (b) £35,145,610 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
 - (c) £9,931,266 being the amount by which the aggregate at (a) above exceeds the aggregate at (b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year. (Item R in the formula in Section 31B of the Act).
 - (d) £254.81 being the amount at (c) above (Item R), as divided by Item T ((i) (a) above) calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year (including Parish precepts).
 - (e) £825,990 being the aggregate amount of all special items referred to in Section 34(1) of the Act.
 - (f) £233.61 being the amount at (d) above less the result given by dividing the amount at (e) above by Item T, calculated by the Council in accordance with Section 34(2) of the Act, as the basic amount for its Council Tax for the year for dwellings in those parts of its area to which no Parish precept relates.
- (iv) to note that the County Council and Surrey Police and Crime Commissioner have issued precepts to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each category of dwelling as indicated in the Table at paragraph 4(i) and 4(ii) below.
 - (v) that the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the aggregate amounts shown in the tables at paragraph 4(iii), 4(iv), 4(v) and 4(vi) below as the amounts of Council Tax for 2022/23 for each part of its area and for each category of dwellings.
 - (vi) to note that the Council's basic amount of Council Tax for 2022/23 is NOT excessive in accordance with the principles approved under Section 52ZB of the Local Government Finance Act 1992 as the proposed increase is not more than £5.00 at Band D.

1. Background and Supporting Information

- 1.1 Having determined its Council Tax Requirement for 2022/23, Members are now required to formally approve the Council Tax for the area taking into account precepts received from Surrey County Council, Surrey Police and Crime Commissioner and the Parishes.

2. Proposal and Alternative Options

- 1.1 This paper sets out the Council Tax implications based on an increase at Band D of £5.00 for Surrey Heath Borough Council as presented in the earlier budget paper on this agenda.
- 1.2 The recommendations proposed in this report are dependent on the decision taken in the item entitled 'Council Tax and Budget 2022/23' considered earlier on this agenda.
- 1.3 In approving the Council Tax for 2022/23, Council should note the following:
- (i) The Executive, at its meeting on 9 December 2021, approved the draft Council Tax base for 202/23 at 38,976.17 Band D equivalent properties.
 - (ii) Precepts have been received from the Parishes for 2022/23 and these are shown in the report.
 - (iii) The Surrey County Council Precept for 2022/23 is £63,390,501.92 (was £60,120,724.25 for 2021/22). This includes an increase in core precept of 1.99% and an increase in the Adult Social Care precept of 3%.
 - (iv) The Surrey Police and Crime Commissioner Precept for 2022/23 is £11,520,186.57 (was £11,083,131.62 for 2021/22), an increase of £10.00 at Band D.

2. Council Tax Levels for 2022/23

2.1 The following Parish Precepts and Special Expenses have been received for the financial year 2022/23:

Parish	2022/23			2021/22			
	Tax Base Change	Precept	Band D	Tax Base	Precept	Band D	
Bisley	1,658.21	102,759	61.97	1,6650.60	102,288	61.97	0.00%
Chobham	2,075.35	92,000	44.33	2,062.08	84,360	40.91	8.36%
West End	2,393.10	115,136	48.11	2,393.17	111,505	46.59	3.26%
Windlesham	8,222.82	327,000	39.77	8,134.78	307,148	37.76	5.32%
Total Parishes	14,349.48	636,895	44.38	14,240.63	605,301	42.51	4.40%
Frimley & Camberley	24,626.69	189,095	7.68	24,569.93	187,223	7.62	0.79%
	38,976.17	825,990	21.19	38,810.56	792,524	20.42	3.77%

2.2 The table below sets out the basic Council Tax at Band D properties for 2022/23 as compared with 2021/22:

	2022/23 £	2021/22 £	£ change	% change
Surrey Heath Borough Council	233.61	228.61	5.00	2.19
Surrey County Council	1,626.39	1549.08	77.31	4.99
Surrey Police & Crime Commissioner	295.57	285.57	10.00	3.50
TOTAL	2155.57	2,063.26	92.31	4.47

2.3 The increase in the Surrey County Council precept comprises 1.99% increase in Council Tax for core services and 3.0% for Adult Social Care.

2.4 Surrey Heath Borough Council's element of the Council Tax is just 11.1% of the total bill, and the Band D charge of £233.66 in 2022/23 equates to just 64p per day.

3. Precepts by Valuation Bands

(i) Surrey County Council

Precept	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
	£	£	£	£	£	£	£	£
Basic	960.61	1120.71	1280.81	1440.91	1761.11	2081.31	2401.52	2881.84
ASC	123.65	144.26	164.87	185.48	226.70	267.92	309.13	370.96
TOTAL	1084.26	1264.97	1445.68	1626.39	1987.91	2349.23	2710.65	3252.78

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

(ii) Surrey Police and Crime Commissioner

Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
£	£	£	£	£	£	£	£
197.05	229.89	262.73	295.57	361.25	426.93	492.62	591.14

(iii) Surrey Heath Borough Council

Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
£	£	£	£	£	£	£	£
155.74	181.70	207.65	233.61	285.52	337.44	389.35	467.22

(iv) Parish Precepts and Special Expenses

Precept	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
Part of Area	£	£	£	£	£	£	£	£
Bisley	41.31	48.20	55.08	61.97	75.74	89.51	103.28	123.94
Chobham	29.55	34.48	39.40	44.33	54.18	64.03	73.88	88.66
Frimley & Camberley	5.12	5.97	6.83	7.68	9.38	11.09	12.80	15.36
West End	32.07	37.42	42.77	48.11	58.80	69.49	80.19	96.22
Windlesham	26.51	30.93	35.35	39.77	48.60	57.44	66.28	79.53

(v) Aggregate of Parish and Surrey Heath Borough Council

Precept	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
Part of Area	£	£	£	£	£	£	£	£
Bisley	197.05	229.90	262.73	295.58	361.26	426.95	492.63	591.16
Chobham	185.29	216.18	247.05	277.94	339.70	401.47	463.23	555.88
Frimley & Camberley	160.86	187.67	214.48	241.29	294.90	348.53	402.15	482.58
West End	187.81	219.12	250.42	281.72	344.32	406.93	469.54	563.44
Windlesham	182.25	212.63	243.00	273.38	334.12	394.88	455.63	546.75

(vi) Total of all Precepts

Precept	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
Part of Area	£	£	£	£	£	£	£	£
Bisley	1478.36	1724.76	1971.14	2217.54	2710.32	3203.11	3695.90	4435.08
Chobham	1466.60	1711.04	1955.46	2199.90	2688.76	3177.63	3666.50	4399.80
Frimley & Camberley	1442.17	1682.53	1922.89	2163.25	2643.96	3124.69	3605.42	4326.50
West End	1469.12	1713.98	1958.83	2203.68	2693.38	3183.09	3672.81	4407.36
Windlesham	1463.56	1707.49	1951.41	2195.34	2683.18	3171.04	3658.90	4390.67

2.1

3. Contribution to the Council's Five Year Strategy

3.1 Tax collected allows resources to be available to ensure that the five-year strategy can be followed and completed.

4. Resource Implications

4.1 None

5. Section 151 Officer Comments:

5.1 Information as laid out In the report

6. Legal and Governance Issues

6.1 None

7. Monitoring Officer Comments:

7.1 None

8. Other Considerations and Impacts

Environment and Climate Change

8.1 None

Equalities and Human Rights

8.2 None

Risk Management

8.3 None

Community Engagement

8.4 None

Annexes

N/A

Background Papers

Various Working papers by the Council's Finance Team

Precept letters 2022/23: Parishes, Surrey County Council, Surrey Police and Crime Commissioner

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Surrey Heath Borough Council
Council
23 February 2022

Governance Working Group

Head of Service Gavin Ramtohal – Head of Legal & Democratic Services
Report Author: Rachel Whillis – Democratic Services Manager
Key Decision: No
Wards Affected: n/a

Summary and purpose

To review the Terms of Reference of the Executive, Committees & Other Bodies and the Scheme of Delegation of Functions to Officers in line with the programme of review of the Constitution.

Recommendation

The Council is advised to RESOLVE that

- (i) the Terms of Reference of the Executive, Committees and Other Bodies be updated, as set out at Annex A to this report; and
- (ii) the Scheme of Delegation of Functions to Officers in respect of non-executive functions be updated, as set out at Annex B to this report.

1. Background and Supporting Information

1.1 The review of the Terms of Reference of the Executive, Committees and Other Bodies (TOR) and the Scheme of Delegation of Functions to Officers (SODOFTO) forms part of the holistic review of the Constitution being undertaken by the Monitoring Officer.

1.2 The Governance Working Group considered these items at its meeting on 28 January 2022 and is proposing the recommendations in this report.

2. The Terms of Reference of the Committees

Determination of large scale planning applications

2.1 The Constitution currently provides that, in exceptional circumstances, the Full Council can determine large-scale planning applications relating to land owned by the Council, or elsewhere if the proposed development is likely to

have a very significant impact on the community, as determined by the Head of Planning, after consultation with the Leader of the Council and Chairman of the Planning Applications Committee.

- 2.2 The Working Group was asked to consider a recommendation from officers to delegate these matters to the Planning Applications Committee and remove any relevant references to the Full Council determining such applications from the Constitution. This had been proposed as it was felt that the Planning Applications Committee's regulatory format provides more appropriate governance arrangements for determining planning applications. In particular, the Planning Applications Committee was considered more appropriate in relation to the appropriate separation between regulatory and executive functions and embedded training for decision making on planning matters.
- 2.3 The Working Group considered the proposal and acknowledged the position presented by officers. Members also recognised the requirement for mandatory training for councillors prior to hearing any major planning applications. Having expressed views that the Council should continue to determine applications that had a borough-wide impact, the Group agreed to maintain the current arrangements. The Working Group also asked officers to consider what additional support could be provided to the Mayor when hearing major planning applications.

The Executive

- 2.4 An additional sentence has been added to the Executive's TOR to clarify that, at present, any executive decisions not delegated to officers are made collectively by the Executive. This addition has been inserted for the purpose of clarification only and it remains the Leader's responsibility to determine how executive functions are operated.

Scrutiny Committees

- 2.5 The TOR for the Scrutiny/ Select Committees have been amended to simplify their areas of remit and remove reference to matters which do not constitute a TOR, for example, setting the work programme, though it must be noted that this does not mean the Committee will cease to undertake such functions. The Working Group also recognised that removing lists of specific functions from the Performance and Finance's TOR would broaden was intended to broaden
- 2.6 Changes have been proposed to the External Partnerships TOR to focus its remit on more strategic areas of concern for the Council, such as grants, Registered Social Landlords and local health partners. The Committee will remain the designated Crime and Disorder Committee.
- 2.7 The Working Group discussed the External Partnerships TOR and agreed that the revisions should be made as an interim measure, but a further review of this committee's remit should be undertaken at a future meeting.

Employment Committee and its Sub Committees

- 2.8 The Employment Committee's TOR have been reviewed and have been amended following consideration about how processes will be expected to be undertaken in practice.
- 2.9 A number of references in TOR of the Employment Committee's Sub Committees have been transferred to the Committees, Sub Committees and Other Bodies Procedure Rules, alongside additional information on quorums for their meetings, which will be reviewed in the next phase of the review.
- 2.10 It is proposed to amend the TOR to clarify that, following an initial review by the relevant officer, any grievance or disciplinary about a statutory officer will be automatically referred for investigation, rather than requiring a subcommittee to determine whether to appoint an investigator. This affords a level of scrutiny that should be expected for these positions. Furthermore, it reduces the number of committee members required for different stages of the process.
- 2.11 It is also proposed that a decision to suspend a statutory officer will be referred to a Hearing Sub Committee rather than the Employment Committee, thus ensuring that the entire committee is not precluded from hearing any future discussions on that matter. In addition, the Appeals Sub Committee's TOR have been extended to include where a senior officer is appealing a decision made by the Employment Committee.
- 2.12 These TOR have been reviewed with the Head of HR, Performance & Communications and the HR Manager and it is recognised that related HR policies will need to be reviewed to ensure consistency across the documents.

3. The Scheme of Delegation

The Scheme of Delegation and its General Principles

- 3.1 The Scheme of Delegation of Functions to Officers (SODOFTO) has been amended to reflect changes to the senior management structure.
- 3.2 In addition, wording has been added to state clearly that a matter being delegated does not preclude the matter being referred to Members if considered appropriate by the officer. This is not a new position but simply clarifies any concerns that might arise.
- 3.3 An additional paragraph has been inserted which seeks to clarify how new policies, along with amendments to policies, are managed as this is a matter that requires clarification. Additional wording has also been inserted in relation to the awarding of contracts.
- 3.4 An additional delegation has been proposed to enable officers to respond to consultations in a timely manner. Such consultations often have short

timescales in which to prepare a response. The oversight by Members, including the Portfolio Holder, provides for such matters to be referred to the Executive or committee where they consider appropriate and time permits. A section has also been added to clarify that officers may make speculative bids for grants where there is no commitment for any additional resource at that stage.

Amendment to delegations

- 3.5 Amendments to a number of delegations have been made to clarify or update wording and references.
- 3.6 It is proposed to remove the requirement to consult the Chairman of the Employment Committee on the membership of a sub-committee. In practice, the need to arrange meetings in short timescales makes this difficult. It is also inconsistent with the appointment memberships for other sub-committees.
- 3.7 The Head of Planning's main delegation referring to the items reserved to Planning Applications Committee has been updated in respect of current and previous councillors and officers, to bring it in line with the requirements in the Planning Code of Practice.
- 3.8 The Working Group discussed a proposal to alter the Head of Planning's generic delegation to authorise him to agree any applications or 10 or more dwelling houses or flatted developments, or non-residential development of 1000 sq metres or more, where the officer recommendation is to refuse the application. The delegation currently reserves these decisions to the Planning Applications Committee, whether the recommendation is to approve or refuse the application. Having reviewed the suggestion, the Working Group agreed not support this recommendation. However, the Group acknowledged there could be opportunities to reduce less controversial items being considered by the Committee and suggested the Head of Planning and the Chairman and Vice Chairman of the Planning Applications Committee further discuss this matter.

4. Reasons for Recommendation

- 4.1 The changes to the Scheme have been proposed to address any gaps or inconsistencies, rationalise processes and add procedures that enable further efficiencies in decision making.

5. Proposal and Alternative Options

- 5.1 It is proposed that the Council reviews the amendments proposed by the Working Group and suggests any changes as appropriate.

6. Contribution to the Council's Five Year Strategy

- 6.1 No matters arising at this time.

7. Resource Implications

7.1 There are no specific resource implications arising from the review.

8. Legal and Governance Issues

8.1 The delegation of non-executive functions to officers can only be agreed by the Council and the Council is therefore only asked to comment and agree the delegations marked as 'non-executive functions'. The delegation of executive functions to officers is the responsibility of the Executive and cannot be agreed by the Council, but these delegations have been included for completeness. Only the Council can make amendments to the TOR.

8.2 These documents are integral to the Council's structure for decision making and it is important that they remain fit for purpose. Furthermore, as decisions can only be made in line with the authority provided to the committee or officer, it is essential that the terms of reference of committees and the SODOFTO provide the necessary authority for the member decision making bodies or officers, as relevant, to effectively perform their roles.

8.3 As part of the previous review of the SODOFTO in 2014, a new approach was undertaken whereby many of the delegations (particularly those from the Planning Applications Committee, the Licensing Committee and the Council in relation to HR functions) would be dealt with on an exceptions basis, i.e. the decisions to be made by the Committee have been identified and reserved to that Committee. Officers are authorised to take all remaining actions relating to that function. This approach has been continued and extended where possible, as it is felt it provides a more flexible and responsive Scheme.

9. Monitoring Officer Comments:

9.1 Article 12 of the Council's Constitution recognises the Monitoring Officer's duty to monitor and review the operation of the Constitution to ensure that the aims and principles of the Constitution are given full effect.

10. Other Considerations and Impacts

Environment and Climate Change

10.1 No matters arising at this time.

Equalities and Human Rights

10.2 No matters arising at this time.

Risk Management

10.3 No matters arising at this time.

Community Engagement

10.4 No matters arising at this time.

Annexes

Annex A- Proposed Terms of Reference of the Executive, Committees and Other Bodies

Annex B – Proposed Scheme of Delegation of Functions to Officers

Background Papers

None

PART 3 - RESPONSIBILITIES FOR FUNCTIONS

SECTION E

TERMS OF REFERENCE OF THE EXECUTIVE, COMMITTEES AND OTHER BODIES

THE EXECUTIVE

The Leader is responsible for all of the Council's functions which are not the responsibility of any other part of the Council, whether by law or under this Constitution, unless otherwise delegated by him/her. All delegations by the Leader will be set out in Part 3 of this Constitution. Unless otherwise delegated, all executive functions will be agreed collectively by the Executive.

PLANNING APPLICATIONS COMMITTEE

- 1.1. Subject to paragraph 1.2 below, all functions relating to the Town and Country Planning and Development Control as specified in Part A of Schedule 1 to the Local Authorities (Functions and Responsibilities) (England) Regulations 2000, as amended, including
- (a) planning applications
 - (b) enforcement action
 - (c) planning agreements
 - (d) lawful use or development
 - (e) advertisement control
 - (f) listed buildings
 - (g) conservation areas
 - (h) minerals and waste disposal
 - (i) hazardous substances
 - (j) development proposals by County Council and Borough
- 1.2. In exceptional circumstances, the Full Council will determine large-scale planning applications relating to land owned by the Council, or elsewhere if the proposed development is likely to have a very significant impact on the community, as determined by the ~~Executive~~ Head of Regulatory Planning, after consultation with the Leader of the Council and Chairman of the Planning Applications Committee.
- 1.3. All functions relating to trees and hedgerows as specified in Section I of Schedule 1 to the Local Authorities (Functions and Responsibilities) (England) Regulations 2000 (as amended).
- 1.4. The consideration and determination of matters arising from Part 8 of the Anti-Social Behaviour Act 2003 relating to complaints about high hedges.
- ~~1.5. All matters relating to Building Control functions not otherwise delegated to officers.~~
- ~~1.6.~~ 1.5. The determination of applications for Certificates of Appropriate Alternative Development under the Land Compensation Act 1961.
- ~~1.7.~~ 1.6. The consideration of and response to any Purchase Notice served on the Council pursuant to Section 137 Town and Country Planning Act 1990.
- ~~1.8.~~ 1.7. Recommend to the Leader/~~Executive and/or~~ Council, or Strategic Director of Finance & Customer Services as relevant on estimates of income, fees and charges, expenditure and the budget required by the Committee to undertake its functions.
- ~~1.9.~~ 1.8. Recommend to Council, implement and keep under review a Scheme of Delegation of Functions to Officers in respect of any of the functions delegated to the Committee.

LICENSING COMMITTEE

- 1.1 All functions relating to licensing as specified in Part B of Schedule 1 of the Local Authorities (Functions and Responsibilities) (England) Regulations 2000, as amended, including:
 - (a) licensing functions under the Licensing Act 2003 (which excludes the statement of licensing policy)
 - (b) licensing functions under the Gambling Act 2005 (which excludes the statement of licensing policy)
 - (c) hackney carriage and private hire
 - (d) street trading and street markets
 - (e) caravan sites
 - (f) food hygiene and safety
 - (g) animal licensing
 - (h) sex establishments
 - (i) residual highways matters
 - (j) licensing functions under the Scrap Metal Dealers Act 2013
- 1.2 All functions relating to health, safety and welfare in connection with work and control of dangerous substances as specified in Part C of Schedule 1 of The Local Authorities (Functions and Responsibilities) (England) Regulations 2000, as amended, except in relation to the Council as an employer.
- 1.3 To establish the Licensing Sub-Committee and such sub-committees and working groups as it considers appropriate.
- 1.4 To undertake any other function, not being a licensing function, referred to it by the Licensing Authority.
- 1.5 To recommend to Council, implement and keep under review, the Scheme of Delegation of Functions to officers in respect of any of the functions delegated to the Committee.
- 1.6 Where there is a right for an applicant to be given the opportunity to appear before and be heard by the Committee, to hear and determine such cases as are referred to the Committee.
- 1.7 To have power to make an Order identifying a place as a designated public place for the purposes of police powers in relation to alcohol consumption.
- 1.8 To recommend to the Leader/Executive ~~and/or~~ Council, or Strategic Director of Finance & Customer Services as relevant on estimates of income, fees and charges, expenditure and the budget required by the Committee to undertake its functions.

LICENSING SUB-COMMITTEE

Introduction

- 1.1 This is a sub-committee of the Licensing Committee which is required to be established by statute.
- 1.2 Three members, and one reserve member, being members of the Licensing Committee, will be appointed by the ~~Executive Head of Corporate~~Head of Legal & Democratic Services ~~or the Democratic Services Manager~~ to serve on the Sub Committee.

Licensing Act 2003

- 1.3 To determine applications for the following when objections or adverse representations have been submitted:
 - (i) personal licence
 - (ii) premises licence
 - (iii) club premises certificate
 - (iv) provisional statement
 - (v) variation of a premises licence
 - (vi) variation of a club premises certificate
 - (vii) variation of a designated premises supervisor
 - (viii) transfer of a premises licence
 - (ix) an interim authority (to enable someone to act as a designated premises supervisor when this post is unexpectedly vacated)
- 1.4 To determine applications for the review of premises licences or club premises certificates.
- 1.5 To consider any other matters required by the Act or Regulations.

Gambling Act 2005

- 1.6 To determine applications for the following where representations have been received and not withdrawn:
 - (i) premises licence
 - (ii) variation to a premises licence
 - (iii) provisional statement
 - (iv) review of a premises licence
- 1.7 To determine applications for the transfer of a licence where representations have been received by the Gambling Commission.
- 1.8 To determine applications for club gaming/club machine permits where objections have been made and not withdrawn.
- 1.9 To cancel club gaming/club machine permits.
- 1.10 To determine the issue of a counter notice to a temporary use notice.
- 1.11 To consider any other matters required by the Act or Regulations.

Local Government (Miscellaneous Provisions) Act 1982 (as amended)

- 1.12 To determine applications for a Sexual Entertainment Venue Licence

Scrap Metal Dealers Act 2013

- 1.13 To determine appeals relating to a decision to refuse, vary or impose conditions on a licence, or the revocation of a Scrap Metal Dealer licence.

THE OVERVIEW AND SCRUTINY COMMITTEES

PERFORMANCE AND FINANCE SCRUTINY COMMITTEE

1. To scrutinise all of the executive functions of the Council, except those reserved to the External Partnerships Select Committee.
 2. To monitor, review and to report to the Leader/ Executive in relation to the performance of the Council's services, including against targets in the Annual Plan and Five Year Strategy.
 3. To advise in relation to the Council's existing policies and strategies and assist in the development of policies and strategies.
 4. To consider whether decisions taken by the Leader/Executive which were not treated as key decisions, should have been so treated, as set out in the Access to Information Procedure Rules at Part 4, Section 7 of this Constitution.
 5. To undertake investigations into such matters relating to the Council's function and powers as:
 - (i) may be referred by the Council or the Leader/Executive;
 - (ii) the Committee may consider appropriate;
 - (iii) have been referred to the Committee pursuant to the "call-in" procedure set out in the Scrutiny Committee Procedure Rules; and
 - (iv) have been referred to the Committee pursuant to the Councillor Call for Action Protocol at Part 4, Section C of this Constitution;
- ~~1.1 To appoint such task and finish groups as it considers appropriate to fulfil the statutory overview and scrutiny functions;~~
- ~~1.2 To prepare and maintain an annual work programme;~~
- ~~1.3 To undertake investigations into such matters relating to the Council's function and powers as:~~
 - ~~(i) may be referred by the Council or the Leader/Executive;~~
 - ~~(ii) the Committee may consider appropriate;~~
 - ~~(iii) have been referred to the Committee pursuant to the "call-in" procedure set out in the Scrutiny Committee Procedure Rules; and~~
 - ~~(iv) have been referred to the Committee pursuant to the Councillor Call for Action Protocol at Part 4, Section C of this Constitution;~~
- ~~1.4 To advise in relation to the Council's existing policies and strategies and assist in the development of policies and strategies;~~
- ~~1.5 To consider whether decisions taken by the Leader/Executive which were not treated as key decisions, should have been so treated, as set out in the Access to Information Procedure Rules at Part 4, Section 7 of this Constitution;~~
- ~~1.6 To monitor, to review and to report to the Leader/ Executive in relation to the following:~~

~~(i) performance of the Council's services, including against targets in the Annual Plan;~~

~~(ii) financial performance;~~

~~(iii) treasury management;~~

~~(iv) reserves and provisions;~~

~~(v) equalities;~~

~~(vi) complaints;~~

~~(vii) corporate risk;~~

~~(viii) emergency planning and business continuity.~~

~~1.7 To scrutinise performance of Portfolio Holders.~~

EXTERNAL PARTNERSHIPS SELECT COMMITTEE

1. To review services provided by other agencies and which affect the economic, social and environmental well-being of the Council's area, with particular focus upon:
 - (i) recipients of revenue and leisure grants and their performance against their Service Level Agreements;
 - (ii) registered Social Landlords operating within the borough;
 - (iii) Clinical Commissioning Groups and Health and Wellbeing Boards operating within the borough.
2. As the Council's designated crime and disorder committee to
 - (i) review or scrutinise at least annually decisions made or other action taken in connection with the discharge by the responsible authorities of their crime and disorder functions, including matters referred to it by a ward councillor;
 - (ii) make reports or recommendations to the Council with respect to the discharge of crime and disorder functions with copies to the appropriate responsible authorities or co-operating bodies;
 - (iii) scrutinise the Police and Crime Panel.
3. To undertake investigations into such matters which:
 - (i) may be referred by the Council or the Leader/Executive;
 - (ii) have been referred to the Committee pursuant to the "call-in" procedure set out in the Scrutiny Committee Procedure Rules; and
 - (iii) have been referred to the Committee pursuant to the Councillor Call for Action Protocol at Part 4, Section C of this Constitution.
4. To advise in relation to the Council's existing policies and strategies and assist in the development of policies and strategies, with a particular focus upon:
 - (i) grant schemes operated by the Council
- ~~1.8 To appoint such task and finish groups as it considers appropriate to fulfil its overview and scrutiny functions;~~
- ~~1.9 To prepare and maintain an annual work programme;~~
- ~~1.10 To undertake investigations into such matters which:~~
 - ~~(i) may be referred by the Council or the Leader/Executive;~~
 - ~~(ii) have been referred to the Committee pursuant to the "call-in" procedure set out in the Scrutiny Committee Procedure Rules; and~~
 - ~~(iii) have been referred to the Committee pursuant to the Councillor Call for Action Protocol at Part 4, Section C of this Constitution.~~
- ~~1.11 To review services provided by other agencies and which affect the economic, social and environmental well-being of the Council's area.~~
- ~~1.12 To scrutinise the partner organisations in receipt of grants from the Council.~~
- ~~1.13 To make recommendations to the Executive or Council on the Council's activities and working relationships with external partners.~~

~~1.14 To scrutinise the Health and Wellbeing Boards.~~

~~1.15 To scrutinise the Police and Crime Panel.~~

~~1.16 As the Council's designated crime and disorder committee to~~

- ~~(i) review or scrutinise at least annually decisions made or other action taken in connection with the discharge by the responsible authorities of their crime and disorder functions, including matters referred to it by a ward councillor;~~
- ~~(ii) make reports or recommendations to the Council with respect to the discharge of crime and disorder functions with copies to the appropriate responsible authorities or co-operating bodies.~~

AUDIT AND STANDARDS COMMITTEE

1. Audit

- 1.1 ~~At the request of the Leader/Executive, to~~ consider the annual report, the annual plan the annual management letter of the External Auditor and any matters arising from the Annual Audit.
- 1.2 To authorise the signing of the Letter of Representation and the Annual Statement of Accounts by the Section 151 Officer and Chairman of the Audit & Standards Committee.
- 1.3 To receive and consider at least annually, details of the status of any recommendations made in any report issued by the External Auditor during the year and confirmation from the Section 151 Officer that all agreed recommendations have been implemented.
- 1.4 To receive and consider the annual Audit Plan, and a report on the status of all recommendations made and of the management actions taken against those recommendations.
- 1.5 To confirm, as necessary, and monitor compliance with the Code of Corporate Governance at least annually and advise the Council or the Leader/Executive, as appropriate, on any matters it wishes to draw to their attention.
- 1.6 To receive an annual report from the Monitoring Officer in respect of authorisations granted during the municipal year pursuant to the Regulation of Investigatory Powers Act 2000.

2. Standards

- 2.1 To promote standards within the Council and to monitor the operation of the Code of Conduct.

~~2.2 To establish a Hearing Sub-Committee to hear and determine complaints of alleged breaches of the Codes of Conduct by borough or parish councillors referred to it by the Monitoring Officer.~~

2.32.2 To grant dispensations pursuant to Sections 33(2) (b), (c) and (e) of the Localism Act 2011 as follow:

- (i) That without the dispensation the representation of different political groups on the body transacting the particular business would be so upset as to alter the likely outcome of any vote relating to that business, or
- (ii) granting the dispensation is in the interests of persons living in the borough, or
- (iii) it is otherwise appropriate to grant the dispensation.

2.42.3 To hear and determine appeals against refusal to grant dispensations by the Monitoring Officer pursuant to Sections 33(2)(a) and (d) of the Localism Act 2011.

2.52.4 To receive an annual report from the Monitoring Officer on Standards issues.

STANDARDS SUB COMMITTEE

- 1.1 To hear and determine complaints of alleged breaches of the Codes of Conduct by borough or parish councillors referred to it by the Monitoring Officer in accordance

with the Standards Hearing and Determination Meeting Procedure (Part H of the Documents which support the Constitution).

EMPLOYMENT COMMITTEE

- 1.1 To agree amendments to Terms and Conditions of Employment for Staff and Human Resources policies, as referred by the Joint Staff Consultative Group.
- 1.2 To recommend the annual staff pay award to the Council.
- 1.3 To set the Terms of Reference for an Independent Investigation relating to employment matters where it is not established that they are currently the subject of capability, grievance and/or disciplinary proceedings as relevant.
- ~~1.4 To decide whether to suspend a Statutory Officer.~~
- ~~4.51.4~~ To make recommendations to the Council for any mutually agreed departures for a Statutory Officer.
- ~~4.61.5~~ To agree any mutually agreed departures for a non-Statutory ~~Executive Head of Service-Strategic Director~~ or Head of Service.
- ~~4.71.6~~ To undertake any review of the remuneration for the Head of Paid Service and make any relevant recommendations to the Council.
- ~~4.81.7~~ ~~To review all appraisals for the Head of Paid Service and, where relevant, agree any incremental progression~~To agree any incremental progression for the Chief Executive/ Head of Paid Service, taking into account the report and recommendation from the Leader of the Council on the outcome of their end of year appraisal.
- ~~4.91.8~~ To make any decisions on ex-gratia payments to the Chief Executive, Strategic Directors ~~Executive Heads of Service~~ and Heads of Service in accordance with Financial Regulations.
- ~~4.401.9~~ To consider any recommendations for senior management restructures and make recommendations to the Full Council.
- ~~4.441.10~~ To agree the recruitment process for the Chief Executive/ Head of Paid Service.

APPOINTMENTS SUB COMMITTEE

- ~~1.1 This Sub Committee is a sub-committee of the Employment Committee, to be made up of 5 members of the Employment Committee, to be appointed by the Executive Head of Corporate.~~
- ~~4.21.1~~ To shortlist and interview candidates for the post of Chief Executive and to make recommendations to Council.
- ~~4.31.2~~ To interview and appoint staff to the posts of ~~Executive Head of Service~~ Strategic Director and Head of Service.
- ~~4.41.3~~ To interview candidates to act up to the Chief Executive role and make recommendations to Council.
- ~~4.51.4~~ To interview and appoint staff to Acting Up roles in relation to Strategic Director ~~Executive Head of Service~~ and Head of Service positions.

~~4.61.5~~ To recommend the appointment of the Head of Paid Service, the Monitoring Officer and the Section 151 Officer.

~~4.71.6~~ To interview applicants for the role of Independent Person and to make recommendations as to the appointment to Council in accordance with Section 28 of the Localism Act 2011.

~~1.8~~ The Appointments Sub Committee will be supported by a senior officer and a Human Resources officer.

HEARING SUB COMMITTEE

~~1.1~~ This Sub Committee is a sub-committee of the Employment Committee, to be made up of 3 members of the Employment Committee, to be appointed by the Executive Head of Corporate.

~~1.2~~ To receive any grievances or allegations of misconduct concerning Statutory Officers and determine whether to commission reports from an Independent Investigator, or to take no further action.

~~4.31.1~~ To hear and determine any grievance or disciplinary matters relating to a Statutory Officer.

~~4.41.2~~ Where the disciplinary action proposes the dismissal of a Statutory Officer, to refer the decision to an Independent Panel and the Council.

~~4.51.3~~ To receive any grievances or allegations of misconduct concerning non- statutory ~~Strategic Director Executive Head of Service~~ or Head of Service, as referred by the Head of Paid Service, and determine whether to commission reports from an Independent Investigator, or to take no further action.

~~1.4~~ To hear any grievance or disciplinary matters ~~against relating to an Strategic Director Executive Head of Service~~ or Head of Service, as referred by the Head of Paid Service.

~~1.6~~

~~1.5~~ To decide whether to suspend a Statutory Officer.

~~1.7~~ The Hearing Sub Committee will be supported by a Human Resources officer.

APPEALS SUB COMMITTEE

~~1.1~~ This Sub Committee is a sub-committee of the Employment Committee to be made up of 3 members of the Employment Committee, to be appointed by the Executive Head of Corporate.

~~4.21.1~~ To hear and determine any appeals made by a Statutory Officer in respect of any disciplinary action taken against them by the Council, with the exception of where the Council has made a decision to dismiss that officer.

~~4.31.2~~ To hear and determine any appeal regarding disciplinary action taken against any ~~Strategic Director Executive Head~~ or Head of Service.

~~1.3~~ To hear and determine any appeal relating to a grievance raised by or against a Statutory Officer or an Strategic Director ~~Executive Head of Service~~ or Head of Service.

~~1.4~~ To hear appeals of any decision raised by a statutory officer or a non-statutory Strategic Director or Head of Service relating to a decision made by the Employment Committee outside any grievance or disciplinary process.

~~1.4~~ The Appeals Sub-Committee will be supported by a Human Resources officer.

INDEPENDENT PANEL

1.1 To review any recommendations to dismiss a Statutory Officer and compile a recommendation to the Full Council in respect of this decision.

JOINT STAFF CONSULTATIVE GROUP

- 1.1 To advise the Council, Employment Committee and the Head of Paid Service in relation to major issues of concern to the Council and its employees.
- 1.2 To consider and make recommendations in relation to any relevant matter referred to it by the Leader/Executive, a Panel or Committee of the Council, the Chief Executive, the ~~Executive Head of Corporate~~Head of Legal and Democratic Services, the ~~Monitoring Officer~~a statutory officer, any of the recognised trade unions or staff representatives.
- 1.3 To negotiate and make recommendations to the Employment Committee in relation to
 - (a) amendments to the Local Terms and Conditions of Service of employees; and
 - (b) procedural agreements, including the disciplinary, dispute and grievance procedures
- 1.4 The Group may only consider collective issues and must not consider any disciplinary, grievance or grading issues relating to individuals.

TASK AND FINISH GROUPS

- 1.1 Any of the above bodies can establish Task and Finish Groups to review in detail any matter within the scope of their Terms of Reference.
- 1.2 The appointing body will be responsible for establishing the Task and Finish Group's Terms of Reference and the timeframe in which the work will be conducted.
- 1.3 The membership of the Task and Finish Group will be set by the relevant body, on the nomination of the Group Leaders.

INDEPENDENT REMUNERATION PANEL

Introduction

- 1.1 Members of the Independent Remuneration Panel are appointed by the Chief Executive after consultation with the party group leaders and subject to all decisions being reported to Members by email.

Functions

- 1.2 To produce reports in relation to allowances payable to Members of the Council, making recommendations to the Council as to :-
 - (a) the amount of the basic allowance;
 - (b) the roles for which a special responsibility allowance will be payable and the amount of such allowances;
 - (c) any dependent carer allowances;
 - (d) travelling and subsistence allowances;
 - (e) co-optee allowances;
 - (f) pensions for members.
- 1.3 To produce reports, as required, by Parish Councils within the Borough of Surrey Heath as to:-
 - (a) any basic allowance payable to parish members;
 - (b) when the allowance should be payable;
 - (c) any appropriate travelling and subsistence allowances.

GOVERNANCE WORKING GROUP

- 1.1 To keep under review the Constitution and make any recommendations to the Full Council on revisions to existing constitutional documents, the addition of documents to the Constitution, or the removal of documents from the Constitution, as considered appropriate.
- 1.2 To keep under review the Documents which Support the Constitution, and make any recommendations to the ~~Executive Head of Corporate~~Head of Legal & Democratic Services on revisions to existing Documents which Support the Constitution, the addition of documents to the list of Documents which Support the Constitution, or the removal of documents from the Documents which Support the Constitution, as considered appropriate
- 1.3 To keep under review the Terms of Reference of the Executive, Committees and Other Bodies, including a full review at the beginning of every Council term.
- 1.4 To review the membership levels of the committees prior to the end of an annual term, or as necessary.
- 1.5 To consider any matters relating to the Council's governance, as directed by the Full Council.

PART 3 – RESPONSIBILITIES FOR FUNCTIONS

SECTION B

SCHEME OF DELEGATION OF FUNCTIONS TO OFFICERS

General Principles

Statutory Officers

Head of Paid Service

The Returning Officer and Electoral Registration Officer

The Monitoring Officer

The Section 151 Officer

Chief Executive

Strategic Director – Finance & Customer Services

Strategic Director – Environment & Community

Head of HR, Performance & Communications

Head of Investment & Development

Head of Legal & Democratic Services

Head of Planning

Part 3 – Section B

SCHEME OF DELEGATION OF FUNCTIONS TO OFFICERS

General Principles

1. Powers

- 1.1 This Scheme of Delegation is made pursuant to the Local Government Act 1972 Section 101 and by reference to Section 100G and the Local Government Act 2000 Section 15 and The Local Authorities (Functions and Responsibilities) (England) Regulations 2000/2853 (as amended) and all other enabling powers.
- 1.2 The powers in this Scheme of Delegation are only exercisable within the limitations in the Scheme and are subject to the provisions of the Council's Constitution, including Financial Regulations, Contracts Procedural Rules and the Council's Procurement Strategy.
- 1.3 Where the Council, a Committee, Sub-Committee, the Leader, the Executive, Portfolio Holder or this Scheme of Delegation gives authority for any action, the officer designated shall be entitled to take all necessary steps for the doing of such thing.
- 1.4 In the event that ~~an Executive Head of Service~~ Strategic Director or a Head of Service's post ceases to exist or his or her responsibilities are transferred to another ~~Executive Head of Service~~ Strategic Director or Head of Service (as the case may be), temporarily or permanently, then the powers given by this Scheme of Delegation shall be exercisable by the officer in whose area of responsibility the power falls to be exercised.
- 1.5 The delegation of a decision to an officer does not preclude that officer referring a matter to the appropriate decision making body when that officer considers it appropriate, unless otherwise prevented by legislation.

2. Exercise of Functions

- 2.1 All decisions by officers made under this Scheme of Delegation, may only be exercised provided they are within budgetary provision and in accordance with proper authorities, in particular Financial Regulations.
- 2.2 The Chief Executive may appoint one or more deputies to exercise his or her functions owing to absence or illness and such deputies are

authorised to exercise the functions of the Chief Executive pursuant to the Constitution, Financial Regulations and this Scheme of Delegation.

- 2.3 The Chief Executive may exercise the powers delegated to any ~~Executive Head of Service~~ Strategic Director or Head of Service except in relation to those functions allocated to the chief finance officer (within the meaning of Section 151 of the Local Government Act 1972 and Section 112-114A of the Local Government Finance Act 1988) and to the Monitoring Officer (within the meaning of Sections 5, 5A of the Local Government and Housing Act 1989).

3. Sub-Delegation Scheme

- 3.1 Where the Chief Executive, ~~Executive Head of Service~~ Strategic Director or Head of Service, are authorised to take decisions, action to implement such decisions will be taken
- 3.1.1 in the name of (but not necessarily personally by) the Chief Executive, Strategic Director ~~Executive Head of Service~~ or Head of Service; or
- 3.1.2 by any other officer authorised by Chief Executive, Strategic Director ~~Executive Head of Service~~ or Head of Service to take such action in their name or the sub delegates own name.
- 3.2 The Chief Executive, Strategic Directors ~~Executive Head of Service~~ and each Head of Service must prepare and maintain a Sub-Delegation Scheme setting out which officers have been authorised to make decisions under their delegated powers and subject to which terms and conditions. Sub-delegation Schemes must be lodged with the Democratic Services Manager.
- 3.3 Where delegations are to be exercised after consultation with the Leader, Portfolio Holder, Group Leaders, ward members or nominated officers, the authorised officer will carry out the consultation and ensure that a record is made.
- 3.4 Where delegations are to be exercised after consultation with a Portfolio Holder and that Portfolio Holder is unavailable, consultation shall take place with the Leader.
- 3.5 Where delegations are to be exercised after consultation with other officers, if agreement between officers cannot be reached, the matter must be referred to the Chief Executive for consideration.

4. Urgent Action

- 4.1 The Chief Executive, ~~Strategic Director Executive Head of Service~~ or Head of Service are authorised to determine matters of an urgent nature which cannot wait for the next meeting of the decision-making body which are not key decisions and which do not contravene established policies or budgets,
- 4.1.1 after consultation with the Leader and Mayor in relation to Council functions;
 - 4.1.2 after consultation with the Leader or relevant Portfolio holder and with the Chairman or Vice-Chairman of the relevant Scrutiny Committee in relation to Executive functions;
 - 4.1.3 after consultation with the Chairman or Vice Chairman of the relevant regulatory Committee.
- 4.2 All Members will be advised by email as soon as a decision has been made and that decision will also be reported to the next meeting of the appropriate decision-making body.

5. Policy Development and Review

- 5.1 Subject to paragraph 5.3, as a general principle, the adoption and agreement of any new policies is reserved to the Council, Executive or relevant Committee.
- 5.2 Authority to make non-material amendments to adopted policies is delegated to the Chief Executive, Strategic Directors and Heads of Service, except:
- 5.2.1 Planning Policy documents, which is reserved to the Executive
 - 5.2.2 Human Resources Policies and Procedures, which is reserved to the Employment Committee
- 5.3 The Head of Legal & Democratic Services is authorised, after consultation with the relevant Portfolio Holder or Committee Chairman, to amend policies to reflect changes in legislation or correct errors or inconsistencies.

5.6. Finance and Budgets

- 5.46.1 The Chief Executive, ~~Strategic Directors Executive Heads of Service~~ or Heads of Service are authorised to set annual discretionary fees and charges after consultation with the Leader or relevant Portfolio Holder and Executive Head of Finance, as set out in Financial Regulations.

5.26.2 The Chief Executive, ~~Strategic Directors~~~~Executive Heads of Service~~, Heads of Service, or Returning Officer are authorised to vire amounts specified in revenue budget headings in accordance with Financial Regulations, subject to the approval of Corporate Management Team.

5.36.3 Financial Regulations at Part 4 of this Constitution contain a number of authorisations to officers. All financial decisions made by officers must be taken in accordance with Financial Regulations or as otherwise authorised in this Scheme of Delegation.

5.46.4 No officer may release any security, warranty or guarantee in favour of the Council, unless contractually obliged to do so, without the written approval of the Council's Section 151 officer or the Executive/ relevant Committee;

7. Awarding of Contracts

7.1 All contracts must be awarded in accordance with the Contract Standing Orders at Part 4 of this Constitution.

7.2 Subject to any financial limits set out in the Contract Standing Orders and below, the Chief Executive, Strategic Directors and Heads of Service are authorised to award contracts as necessary for the day to day running of their service.

7.3 The Chief Executive, Strategic Directors and Heads of Service are authorised to award contracts up to a value of £100,000 as defined in Contract Standing Orders. All contracts of a value of £100,000 or more are reserved to the Executive, unless a decision is made by the Executive to delegate authority to award a contract. Contract Standing Orders specify how this relates to the lifetime of a contract.

8. Bids for Grant Funding

8.1 The Chief Executive, Strategic Directors and Heads of Service are authorised to submit speculative bids for grant funding where no resource commitment is made to the Council at that stage. Where the bid is successful and will have a notable and/ or material impact on resources, any decision will be subject to a report to the Executive or relevant committee setting out a full business case.

9. Response to Consultations

9.1 The Chief Executive, Strategic Directors and Heads of Service are authorised to submit responses to consultations, after consultation with the relevant Portfolio Holder or Committee Chairman, as appropriate.

9.2 All Members will be advised of the consultation and any comments received will be taken into account. Where appropriate and time permits, draft responses will be submitted to Working Groups for consideration.

6-10. Schedule of Authorisations

6-110.1 A schedule of authorisations is attached at Appendix 1.

7-11. Amendments

7-111.1 Amendments to this Scheme will be approved as follows:

7-1-111.1.1 Non-executive functions – by the full Council

7-1-211.1.2 Executive functions - by the Leader/Executive

7-1-311.1.3 in respect of the officers designated to exercise delegated authorities where changes in the management structure and post titles have resulted from organisational restructures – by the ~~Executive Head of Corporate~~Head of Legal & Democratic Services.

7-1-411.1.4 updates to reflect new legislation where there is no extension to the limit of the existing delegation – the Monitoring Officer.

8-12. Interpretation

8-112.1 Any reference to a statute or statutory instrument should be taken to include any subsequent statute or statutory instrument that replaces, amends or extends it, or contains related provisions.

8-212.2 The terms “officer”, “staff” or “employee” include any person employed by the Council irrespective of the particular terms and conditions under which they are employed.

8-312.3 Where a delegation is shown as being both an Executive and Non-Executive Function, advice should be sought from the Monitoring Officer regarding the individual circumstances.

Schedule of Authorisations

1. Legal Proceedings

- 1.1 In accordance with Article 14 of the Constitution the Head of Legal & Democratic Services is authorised to institute legal proceedings in respect of all functions of the Council.
- 1.2 The Strategic Director of ~~Executive Head of~~ Finance & Customer Services and Head of Legal & Democratic Services are authorised to investigate and prosecute using the powers contained within the Prevention of Social Housing Fraud Act 2013 and any current or amending legislation relating to fraudulent acts associated with the provision of social housing.
- 1.3 The Head of Legal & Democratic Services is authorised to institute criminal or civil proceedings in respect of any corporate fraud offence on behalf of the Council or the DWP or any other relevant stakeholder and/or partner.

2. Representing the Council in Legal Proceedings

- 2.1 The Head of Legal & Democratic Services is authorised to appoint any appropriate officer to appear on behalf of the Council and to conduct legal proceedings or complete formal proof in court or tribunal. A record of those officers so appointed will be kept by the Head of Legal & Democratic Services in accordance with the Sub Delegation Scheme.

3. Land, premises, samples, records, articles, equipment or information

- 3.1 The Chief Executive, Strategic Director~~Executive Head of Service~~, Head of Service, and any other officer authorised by those officers, are authorised to
 - 3.1.1 enter, visit or inspect premises,
 - 3.1.2 procure samples,
 - 3.1.3 inspect, seize, detain or destroy any goods, articles or equipment;
 - 3.1.4 inspect, seize and detain any records, including records held in electronic form;
 - 3.1.5 demand or require information

in accordance with and as provided for by any legislation covering any Council function.

- 3.2 The Chief Executive, Strategic Director~~Executive Head of Service~~, Head of Service, and any other officer authorised by those officers, may apply

to the Justices of the Peace to obtain warrants to enter premises as provided for by any legislation covering any Council function.

- 3.3 A record of any other officers authorised as set out above, will be kept by the Chief Executive, Strategic Director ~~Executive Head of Service~~ or Head of Service as appropriate in accordance with the Sub Delegation Scheme referred to in the General Principles.

4. Instruments of Appointment

- 4.1 The Chief Executive is authorised to issue Instruments of Appointment to the ~~Executive Head of~~ Strategic Director of Environment & Community as an inspector under the Health & Safety at Work Act 1974 and associated Acts together with all related Regulations and Orders specifying the powers exercisable, having regard to that inspector's qualifications and duties.
- 4.2 The Strategic Director of Environment & ~~Executive Head of~~ Community is authorised to issue Instruments of Appointment to an inspector under the Health & Safety at Work etc Act 1974 and associated Acts together with all related Regulations and Orders specifying the powers exercisable having regard to that inspector's qualifications and duties.

5. Serving of Notices

- 5.1 The Chief Executive, Strategic Director ~~Executive Head of Service~~, Head of Service and any other authorised officer employed by the Council are authorised to serve any statutory notices as provided for by any legislation covering any Council function. A record of any other officers so authorised will be kept by the Chief Executive, Strategic Director ~~Executive Head of Service~~ or Head of Service as appropriate in accordance with the Sub Delegation Scheme referred to in the General Principles.

- 5.2 Electronic signatures are acceptable for the purpose of executing any documents, unless prevented by law.

6. Cautions

- 6.1 The Chief Executive, Strategic Director ~~Executive Head of Service~~, Head of Service and any other officer authorised by those officers, are authorised to act as Cautioning Officer in order to issue cautions to persons making a clear and reliable admission of an offence, where it is considered that the use of a formal caution is appropriate. A record of any other officers so authorised will be kept by the Chief Executive, Strategic Director ~~Executive Head of Service~~ or Head of Service as appropriate in accordance with the Sub Delegation Scheme referred to in the General Principles.

7. Appeals

7.1 Unless otherwise reserved to the Council, the Executive, a Committee or Sub Committee, as set out in their Terms of Reference, the Chief Executive, ~~Strategic Director~~~~Executive Head of Service~~, Head of Service and any other officer authorised by those officers, are authorised to hear appeals as provided for by any legislation covering any Council function and in accordance with Council Policies. A record of any other officers so authorised will be kept by the Chief Executive, ~~Strategic Director~~~~Executive Head of Service~~ or Head of Service as appropriate in accordance with the Sub Delegation Scheme referred to in the General Principles.

8. Regulation of Investigatory Powers Act 2000

8.1 The Chief Executive is authorised to agree the use of a covert human intelligence source where that source is a vulnerable person or a juvenile or where knowledge of confidential information is likely to be acquired under the Regulation of Investigatory Powers Act 2000.

8.2 The ~~Strategic Director of Environment & Community~~~~Executive Head of Community~~, the ~~Strategic Director~~~~Executive Head of Finance & Customer Services~~ and the ~~Executive Head of Regulatory~~~~Head of Planning~~ are authorised

8.2.1 to agree the use of directed surveillance under Section 28 of the Regulation of Investigatory Powers Act 2000; and the use of covert human intelligence sources under Section 29 of the Regulation of Investigatory Powers Act 2000;

8.2.2 as a Designated Person, to issue a Notice/Authority under Chapter II Part 1 of the Regulation of Investigatory Powers Act 2000 requiring communications data to be obtained and disclosed; and

8.2.3 to undertake directed surveillance pursuant to Section 28 of the Regulation of Investigatory Powers Act 2000.

8.3 The Head of Legal ~~& Democratic~~ Services is authorised

8.3.1 after consultation with the appropriate portfolio holder and the Leader of the Council, to amend the Regulation of Investigatory Powers Act 2000 Policy and Procedure, to reflect changes to the legislation or for better performance of the Policy.

8.3.2 to add to, or delete from, the list of authorised officers in Annex 1 of the Policy and Procedure pursuant to the Regulation of Investigatory Powers Act 2000.

8.4 The ~~Audit and Investigations Manager~~~~Head of Legal & Democratic Services~~ is authorised to act as the Council's Single Point of Contact for

the purposes of accessing and disclosing communications data under Chapter II Part 1 of the Regulation of Investigatory Powers Act 2000.

9. ~~Consultant in Communicable Diseases Control~~ Response to Matters of Public Health and Protection

9.1 The Consultant in Communicable Diseases Control is authorised by the Council to carry out the following actions:

9.1.1 To apply to Justices for orders and certificates with a view to preventing spread of disease.

9.1.2 To apply to Justices for orders and certificates for the removal of aged or infirm persons to hospital, after consultation with the patient's General Practitioner and the Strategic Director of Environment & Community ~~Executive Head of Community~~.

9.1.3 To serve notices relating to infected food and control of notifiable diseases.

10. Response to Pandemics

10.1 The Strategic Director of Environment & Executive Head of Community ~~is~~ Community is appointed as the designated officer for the purposes of legislation or statutory guidance of the following legislation relating to health and public protection, in so far as they relate to functions of the Council.

~~10.1.1 The Health Protection (Coronavirus, Restrictions) (England) Regulations 2020 (as amended)~~

~~10.1.2 The Health Protection (Coronavirus, Restrictions) (No.2) (England) Regulations 2020 (SI 2020/684), as amended~~

~~10.1.3 The Health Protection (Coronavirus, Restrictions) (Obligations of Undertakings) (England) Regulations 2020 (SI 2020/1008) (as amended)~~

~~10.1.4 The Health Protection (Coronavirus, Restrictions) (Self-Isolation) (England) Regulations 2020~~

~~10.1.5 The Health Protection (Coronavirus, Collection of Contact Details etc and Related Requirements) Regulations 2020 (SI 2020/1005)~~

~~10.1.6 The Health Protection (Coronavirus, Wearing of Face Coverings in a Relevant Place) (England) Regulations 2020 (SI 2020/791), as amended.~~

~~and any subsequent relating legislation.~~

~~10.2 The following officers are appointed for the purposes of the enforcement of the above regulations:~~

~~10.2.1 Any Environmental Health Officer~~

~~10.2.2 Any Licensing Officer.~~

~~10.310.2~~ The ~~Strategic Director of Environment & Executive Head of Community will~~ Community will be appointed as the designated officer or equivalent in response to a national or local pandemic, as declared by the Government or Surrey Local Resilience Forum. The ~~Strategic Director of Environment & Community Executive Head of Community~~ and Head of Legal & Democratic Services will be authorised to appoint officers to undertake any necessary enforcement arising from the pandemic.

Statutory Officers

Head of Paid Service

	Authority	Function
1.	<p>To make all decisions in relation to Human Resources functions in accordance with the Council's Policies and within budgetary provision, except (a), (b), (c), and (d) below which are reserved to Full Council, (e) and (f) which are reserved to the Employment Committee, and (g) which is reserved to the Appointments Sub Committee:</p> <p>(a) the appointment of the Chief Executive and the statutory posts;</p> <p>(b) the adoption of the annual Pay Policy Statement;</p> <p>(c) the approval of and amendments to the Pension Policy Statement;</p> <p>(d) the settlement of any staff pay award;</p> <p>(e) amendments to Terms and Conditions of Employment for Staff and Human Resources Policies;</p> <p>(f) any other decisions identified in the Employment Committee's Terms of Reference; and</p> <p>(g) the appointment of Executive Heads and Heads of Service.</p>	Non-executive
<u>2.</u>	<u>To undertake any functions designated to the Head of Paid Service in legislation.</u>	<u>Non-executive</u>

The Returning Officer and Electoral Registration Officer

	Authority	After Consultation with	Function
1.	<p>Within the approved budget, to approve scales of remuneration of persons employed on Borough and Parish Council elections.</p>	Other local authorities in Surrey.	Non-executive
2.	<p>To amend the designation of a Polling Place, where within six months of an election,</p> <p>(a) a designated polling place unexpectedly</p>	Ward councillors, local party agents and, if applicable, official candidates.	Non-Executive

Statutory Officers

	becomes unavailable; and (b) it is impractical to report to Council.		
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The Monitoring Officer

	Authority	After Consultation with	Function
1.	To appoint the Director for SHBC Camberley Ltd. <u>any Directorships for Council-owned companies or companies part-owned by the Council.</u>	The Leader	Executive

	Authority	Function
1.	The general delegations and authorisations for the Monitoring Officer are as set out in the Constitution at Article 12, the Members' Code of Conduct Part 5 Section A, and the Monitoring Officer Protocol at Part 5, Section J.	Non Executive
<u>2.</u>	<u>To undertake any functions designated to the Monitoring Officer in legislation.</u>	<u>Non-executive</u>
2.	To appoint members to the Standards Sub-Committee from the membership of the Audit and Standards Committee.	Non Executive

The Section 151 Officer

	Authority	Function
1.	The delegations and authorisations for the Section 151 Officer are as set out in the Constitution at Article 12, and Financial Regulations at Part 4, Section H.	Executive
<u>2.</u>	<u>To undertake any functions designated to the Section 151 Officer in legislation.</u>	<u>Non-executive or Executive depending on the function</u>

Chief Executive

Meetings, Members and the Constitution

	Authority	After Consultation with	Function
2.	To appoint members to the Independent Remuneration Panel.	The party -group leaders. All decisions to be reported to all Members by email.	Non-Executive
3.	In respect of ad hoc appointments during the year, to appoint or nominate members and representatives on outside bodies; to appoint trustees; and to identify the meetings of outside bodies which are an approved duty for paying allowances.	The party -group leaders. All decisions to be reported to all Members by email.	Non-Executive
4.	To review decisions to list in the List of Assets of Community Value and to review decisions in relation to claims for compensation.	The relevant Portfolio Holder	Executive
5.	To approve the annual timetable of meetings of the Council and Standing Committees.	The Leader	Non-Executive

	Authority	Function
6.	To make changes to the membership of any of the Council's Committees <u>or working groups</u> as necessary during the Council year in accordance with the wishes of the respective group leader. Any changes made to <u>the Committees to</u> be reported to the next meeting of the Council.	Non-Executive
<u>7.</u>	<u>To make changes to the membership of any of the Executive Working Groups as necessary during the Council year in accordance with the wishes of the respective group leader.</u>	<u>Executive</u>
<u>7-8.</u>	Where there is uncertainty on whether the effect of an Executive decision is "significant", to decide whether a decision is to be regarded as a Key Decision.	Executive
<u>8-9.</u>	Following the receipt of representations received in relation to the intention to consider an item in the private part of an Executive meeting, to decide	Executive

Chief Executive

	whether an item should continue to be considered in private and to formulate the response.	
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Strategic Director – Environment & Community

Arts and Leisure

	Authority	After Consultation with	Function
1.	To choose the Annual Pantomime title and the production company.	The relevant Portfolio Holder.	Executive
2.	<u>To agree the replacement of playground equipment on a like for like basis where the project is within existing budget or funds have previously been agreed</u>	<u>The relevant Portfolio Holder and ward councillors</u>	<u>Executive</u>

	Authority	Function
1.	To make all day to day management decisions relating to the Camberley Theatre and Conference Centre.	Executive
2.	To make all day to day management decisions relating to the Council's Leisure and Green Space functions except in relation to the Arena Leisure Centre Contract and the Grounds Maintenance Contract which are reserved to the Executive.	Executive

Burial or Cremation

	Authority	Function
1.	To arrange the burial or cremation of persons for whom no other suitable arrangements for the disposal of their remains have been made (under Section 46 of the Public Health (Control of Disease) Act 1984) and any necessary administration of the deceased's estate in liaison with the Treasury Solicitor.	Executive

Car Parking

	Authority	Function
1.	To make all day to day management decisions relating to the management and use of the Council's car parks, except for the following which are reserved to the Executive: (a) The adoption of and amendments to the Council's Car Parking Strategy; (b) The setting of off street car parking charges.	Executive

Closure of Streets

Strategic Director – Environment & Community

	Authority	Function
1.	To make and issue temporary street closures orders in connection with special events in accordance with Section 21 of the Town Police Clauses Act 1847.	Executive

Community Safety

	Authority	Function
1.	To carry out the Council's functions and any actions authorised by the Community Incident Action Group, relating to anti-social behaviour, in accordance with the Anti-Social Behaviour Crime and Policing Act or subsequent legislation.	Executive

Environmental and Community Protection

	Authority	Function
1.	<p>To make all decisions in accordance the Council's adopted policies, under the following Acts</p> <ul style="list-style-type: none"> (i) the Control of Pollution Act 1974 (ii) the Environmental Protection Act 1990 (iii) Dangerous Dogs Act 1991 (iv) Noise & Statutory Nuisance Act 1993 (v) the Environment Act 1995 (vi) the Noise Act 1996 (vii) the Dog (Fouling of Land) Act 1996 (viii) The Anti-Social Behaviour Crime and Policing Act 2014 (viii)(ix) Clean Neighbourhoods and Environment Act 2005 (ix)(x) the Health Act 2006 (xi) the Refuse Disposal (Amenity) Act 1978 (x) <u>Sunday Trading Act 1994</u> <p><u>and any subsequent legislation and statutory guidance, and</u> to take all actions relating to the Council's functions, including but not limited to the following:</p> <ul style="list-style-type: none"> A. <i>Pollution control</i> B. <i>air pollution control and clean air;</i> C. <i>smoke free premises <u>and vehicles</u></i> D. <i>Waste collection</i> E. <i>Recycling</i> F. <i>Controlled waste</i> G. <i>Contaminated land</i> H. <i>Statutory nuisance</i> I. <i>Litter</i> J. <i>Dangerous and Out of Control dogs</i> 	Executive

Strategic Director – Environment & Community

	<p>K. Dog fouling L. Authorisations in relation to controlled processes M. High Hedges complaint N. graffiti removal O. noise nuisance P. abandoned vehicles and other refuse Q. prevention of crime and disorder <u>R. Drug and alcohol abuse/misuse of substances</u> <u>S. Controlled Trading Hours</u> <u>R.T. Control of weeds</u></p> <p>except for the award of the Waste Collection and Recycling Contract which is reserved to the Executive.</p>	
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Environmental Health

	Authority	Function
1.	<p>To make all decisions in accordance the Council's adopted policies under the following Acts</p> <p>the Local Government Act 1972 the Local Government (Miscellaneous Provisions) Act 1976 <u>the Local Government (Miscellaneous Provisions) Act 1982</u> the Public Health Act <u>1936</u> <u>the Public Health Act</u> 1961 <u>the Public Health (control of diseases) Act 1984</u> the Clean Neighbourhoods the Environment Act 2005</p> <p>and any subsequent legislation <u>and statutory guidance,</u> <u>and</u> to take all actions relating to the Council's functions, including but not limited to the following:</p> <p>(a) drains, private sewers, water closets or soil pipes (b) a satisfactory supply of wholesome water (c) the control rats and mice (d) filthy or verminous premises, articles or persons (e) the prevention and suppression of nuisances <u>(f) emergency situations arising outside normal working hours.</u> <u>(g) Boarding up of empty properties</u> <u>(f)(h) Infectious disease control</u></p>	Executive

Food and Safety

	Authority	Function
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Strategic Director – Environment & Community

1.	<p>To make all decisions in accordance the Council’s adopted policies under the following Acts</p> <p>(i) the European Communities Act 1972 (ii) the Food and Environmental Protection Act 1985 (iii) the Food Safety Act 1990, (iv) the Health & Safety at Work etc. Act 1974 (v)</p> <p>and any associated regulations and any subsequent legislation <u>and statutory guidance</u>, <u>and</u> to take all actions relating to the Council’s functions in respect of food and health & safety and pesticides, except the following which are reserved to the Executive after consultation with the Licensing Committee</p> <p>(a) Food law enforcement <u>Safety</u> Service Plan (a)(b) Health and Safety Service Plan (b) Food Hygiene Rating Scheme</p>	Non Executive/ Executive
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Housing and Homelessness

	Authority	After Consultation with	Function
1.	To review decisions taken under the Personal Files (Housing) Regulations Act 1989 concerning access to, or correction or erasure of information held in housing records of which a tenant (or member of his family) is aggrieved.	The relevant Portfolio Holder	Executive

	Authority	Function
<u>2.</u>	<p>To make all decisions in relation to the Council’s Housing and Homelessness functions except the following which are reserved to the Executive:</p> <p>(a) Policy for the Allocation of Social Housing (b) Tenancy Strategy</p>	<u>Executive</u>
<u>2.3</u>	To make decisions to depart from the Council’s Allocations Policy in special needs circumstances.	Executive
<u>3.4</u>	To review decisions under the Allocation of Housing and Homelessness (Review Procedures) Regulations 1999.	Executive

Strategic Director – Environment & Community

4.5	To make decisions under Access to Personal Files (Housing) Regulations 1989.	Executive
5.6	To make decisions under the Rent Deposit Guarantee Scheme.	Executive

Licensing

	Authority	After Consultation with	Function
1.	<p>On behalf of the Council, to submit objections and pursue such objections at a public inquiry if needed to:</p> <p>(a) applications for operators licences (including variations) made under the Goods Vehicles (Licensing of Operators) Act 1995; and</p> <p>(b) reviews undertaken of existing licences.</p>	The appropriate ward councillors.	Non-executive
2.	The determination of applications for street collections to provide funding to meet a major local/national/international disaster.	The Chairman of the Licensing Committee.	Non-executive

	Authority	Function
3.	<p>To make all decisions in accordance the Council's adopted policies under the following Acts</p> <p>(i) The Town and Police Clauses Act 1847</p> <p>(ii) the Public Health Act 1936 and 1961</p> <p>(iii) The Pet Animals Act 1951</p> <p>(iv) Caravan Sites and Control of Development Act 1960</p> <p>(v) Animal Boarding Establishments Act 1963</p> <p>(vi) Riding Establishments Acts 1964 and 1970</p> <p>(vii) Dangerous Wild Animals Act 1976</p> <p>(viii) Local Government (Miscellaneous Provisions) Act 1976</p> <p>(ix) the Local Government (Miscellaneous Provisions) Act 1982,</p>	Non Executive

Strategic Director – Environment & Community

~~(x) Breeding and Sale of Dogs (Welfare) Act 1999, Breeding of Dogs Act 1991 and Breeding of Dogs Act 1973~~

~~(xi)~~(x) Animal Welfare Act 2006

~~(xii)~~(xi) Animal Health Acts 1981 and 2002

~~(xiii) The Regulatory Reform Act 2001~~

~~(xiv)~~(xii) Licensing Act 2003,

(xiii) the Gambling Act 2005

~~(xv)~~(xiv) the Legislative and Regulatory Reform Act 2006

(xv) the Scrap Metal Dealers Act 2013

(xvi) the Animal Welfare (licensing of activities involving animals) (England) Regulations 2018

~~(xvi)~~(xvii) Business and Planning Act 2020

and any subsequent legislation and statutory guidance, to take all actions relating to the Council's licensing functions, including but not limited to the following:

A. *Personal, premises, club premises licences and Temporary Event Notices*

B. *Hackney carriage ~~vehicles~~ and private hire drivers and vehicles, and private hire operators*

C. *House to house and street collections*

D. *Street trading*

E. *Club gaming/club machine permits and small society lotteries*

E.F. *Gambling and gaming activities*

F.G. *Sexual Entertainment Venues*

G.H. *Scrap metal dealers*

H.I. *Animal boarding establishments, riding establishments, dog breeders, pet shops, animal exhibitions, and dangerous wild animals and zoos*

I.J. *Animal Health and Welfare*

J.K. *Caravan, camping sites and gypsy sites*

~~K.~~ *Game dealers*

L. *Tattooing, acupuncture, ear piercing, body piercing and electrolysis*

L.M. *Pavement licences*

except for

(a) approval of and amendments to the Statement of Licensing Policy and the Gambling Policy which are reserved to Council;

(b) approval and amendments to policies relating to functions under the Acts set out above which is reserved to the Licensing Committee;

Strategic Director – Environment & Community

	<p>(c) approval of increases, <u>decreases or suspension of</u> in the hackney carriage fare scale and amendments to the scale of charges for hackney carriage and private hire licence fees, which is reserved to the Licensing Committee;</p> <p>(d) the designation of and amendments to hackney carriage vehicle ranks which is reserved to the Licensing Committee;</p> <p>(e) the power to make an Order identifying a place as a designated public place for the purposes of police powers in relation to alcohol consumption which is reserved to the Licensing Committee;</p> <p>(f) all applications and appeals reserved to the Licensing Sub Committee as set out in its Terms of Reference at Part 3, Section E of the Constitution.</p>	
4.	<p>On behalf of the Council as the Responsible Authority for Environmental Health, the Responsible Authority for Health and Safety, or the Responsible Authority for Licensing, under the Licensing Act 2003, subsequent amendments and all relevant legislation and regulations:</p> <p>(a) to make a relevant representation</p> <p>(b) to apply for a review of a premises licence</p> <p>(c) to apply for a review of a club premises certificate</p>	Non Executive

Private Sector Housing

	Authority	After Consultation with	Function
1.	<p>To determine the charges for default works undertaken pursuant to the Public Health and Housing Acts and the clearance of private drains and private sewers, all in respect of Environmental Protection legislation.</p>	<p>The relevant Portfolio Holder</p>	<p>Executive</p>

Strategic Director – Environment & Community

	Authority	Function
1.	To undertake all actions relating to the Council's functions under the Housing Grants, Regeneration and Construction Act 1996 and any subsequent legislation, including but not limited to the following: (a) Disabled facilities grants (b) Renovation grants (c) common parts grants, (d) house in multiple occupation grants (e) major repair grants	Executive
2.	To undertake all actions relating to the Council's functions under the Regulatory Reform (Housing Assistance) (England & Wales) Order 2002 for the securing of loans given for the improvement or repair of dwellings as a formal Land Charge.	Executive
3.	To undertake all actions relating to the Council's functions under the Housing Acts and any subsequent legislation regard to unfit housing and houses in multiple occupation.	Executive
4.	To administer and approve loans under the Flexible Improvement Loans Scheme.	Executive

Town Twinning

	Authority	After Consultation with	Function
1.	To agree grants for town partnership activities within the budget provision.	The relevant Portfolio Holder.	Executive

Waste and Recycling

	Authority	Function
2.	To waive payment for the collection of household refuse at mixed hereditaments where a clearly defined dwelling exists separately from business premises.	Executive

Strategic Director – Finance & Customer Services

Assets of Community Value

	Authority	Function
1.	To make decisions in relation to compensation claims relating to the List of Assets of Community Value.	Executive

Council Tax and NNDR

	Authority	After Consultation with	Function
1.	To set the Council Tax Base.	The relevant Portfolio Holder.	Executive
2.	<u>To agree to enter into or exit any arrangements for the pooling of Business Rates.</u>	<u>The relevant Portfolio Holder.</u> <u>Members of the Performance & Finance Scrutiny Committee to be notified.</u>	<u>Executive</u>

	Authority	Function
1.	To apportion rates under Section 44A of the Local Government Finance Act 1988, and any subsequent legislation, on premises partially unoccupied for short periods.	Executive
2.	To grant applications for discretionary rate relief which meet the adopted criteria and can be funded within the approved budget.	Executive
3.	To execute warrants of arrest for Council Tax and Non-Domestic Rate debts.	Executive

Financial Management

	Authority	After Consultation with	Function
1.	To grant discounts on market rents in accordance with the Community Rent Discount Framework.	The relevant Portfolio Holder, and taking into account any information received from local ward members.	Executive
2.	To monitor and manage the revenue reserves and provisions of the Council,	The Chief Executive and the relevant Portfolio Holder.	Executive

Strategic Director – Finance & Customer Services

	including the release of such funds within agreed policy guidelines.		
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	Authority	Function
3.	To determine areas and levels of cover for insurance.	Executive
4.	To approve spending from the Insurance Fund in individual projects or a group of related projects or a group of related items up to a maximum of £20,000.	Executive
5.	To determine rates of interest payable under: (a) Public Health Acts and Housing Acts (rechargeable works executed by the Council) (b) Local Government (Miscellaneous Provisions) Act 1976 (dangerous trees and restoration of supplies).	Non-Executive

General

	Authority	Function
1.	To make all day to day management decisions relating to the Council's functions as they relate to customer services.	Executive

Head of HR, Performance and Communication

Human Resources

	Authority	After Consultation with	Function
1	To suspend a Statutory Officer at short notice in accordance with the provisions set out at Part 4, Section J of the Constitution	Chairman of the Employment Committee	Non-executive

Voluntary Organisations and Community Grants

	Authority	After Consultation with	Function
1.	To agree Service Level Agreements with voluntary organisations	The relevant Portfolio Holder.	Executive
<u>2.</u>	<p><u>To award grants in accordance with the Council's adopted policies for revenue, community and leisure grant schemes except the following which are reserved to the Executive</u></p> <p style="margin-left: 40px;"> <u>1) Annual Revenue and Leisure Grants</u> <u>2) Community Fund Grants Scheme</u> </p>	<p><u>The relevant Portfolio Holder.</u></p> <p><u>The relevant ward councillors as required.</u></p>	<u>Executive</u>

General

	Authority	Function
1.	To make all day to day management decisions relating to the Council's functions as they relate to media and marketing.	Executive

Head of Investment & Development

Estate Management

	Authority	After Consultation with	Function
1.	To agree, with Laser, or any other supplier as agreed by the Council, changes to the cost of supplying gas and electricity services at different times within the contract period in accordance with the terms of the contract.	The relevant Portfolio Holder	Executive
2.	To approve expenditure from the Repairs and Maintenance Fund on individual or related items up to £20,000.	The Leader or the appropriate Portfolio Holder	Non-executive or Executive as appropriate to the function being exercised.
3.	To seek permission for development to be carried out by the Council (Regulation 4) and for development to be carried out by other parties on land vested in the Council (Regulation 5).	The relevant Portfolio Holder(s)	Executive

	Authority	Function
1.	<u>To undertake all administrative actions and negotiations in relation to the day to day management of lettings of the Council's estate and property portfolio</u>	Executive

Economic Development

	<u>Authority</u>	<u>After Consultation with</u>	<u>Function</u>
<u>1.</u>	<u>To agree any grants awarded under the Shop Front Grant Scheme</u>	<u>The relevant Portfolio Holder</u>	<u>Executive</u>

Head of Legal & Democratic Services

Data Protection Act ~~1998~~2018

	Authority	Function
1	<p>To waive in cases of hardship the subject access fee allowed for under the Data Protection Act 1998.</p> <p><u>To determine a reasonable fee for the administrative costs of complying with a Subject Access Request, FOI and EIR requests in cases where the request is manifestly unfounded or excessive and/or where an individual requests further copies of their data.</u></p>	Executive

Estate Management

	Authority	Function
	<p>To undertake all actions<u>agree all leases, licences, contracts and other legal documentation</u> in relation to the administration of the Council's estate and property portfolio except the following matters which are reserved to the Executive:</p> <p>(a) acquisitions or disposal of land or property with a value<u>sale or purchase price</u> in excess of £25,000;</p> <p>(b) the grant or renewal of all commercial leases in excess of 2 years that do not reflect market conditions in terms of value or risk;</p> <p>(c) the grant of all leases for the purposes of development or refurbishment schemes including building leases;</p> <p>(d) the grant or renewal of all leases where the Head of Legal <u>& Democratic</u> Services considers referral to the Executive is appropriate.</p>	Executive

Legal

	Authority	After Consultation with	Function
1.	To make decisions in relation to the inclusion of assets in the List of Assets of Community Value	The relevant Portfolio Holder	Executive
2.	Where the nomination is in respect of council owned land, to make decisions in relation to	The relevant Portfolio Holders	Executive

Head of Legal & Democratic Services

	the inclusion of council assets in the List of Assets of Community Value.		
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Members Meetings and the Constitution

	Authority	After Consultation with	Function
1	To review, update and amend the Documents Which Support the Constitution	Members of the Governance Working Group	Non-executive
2	To appoint members to the Appointments Sub Committee, <u>Hearing Sub Committee, and Appeals Sub Committee</u> from the membership of the Employment Committee	Chairman of the Employment Committee	Non-executive
3	To appoint members to the Hearing Sub Committee from the membership of the Employment Committee	Chairman of the Employment Committee	Non-executive
4	To appoint members to the Appeals Sub Committee from the membership of the Employment Committee	Chairman of the Employment Committee	Non-executive
5	To appoint Independent Panel members, when required, in accordance with the provisions at Part 4, Section J of the Constitution	Chairman of the Employment Committee	Non-executive

	Authority	Function
2.	To amend the Constitution when the changes result from requirements of new legislation or to ensure compliance with the Local Government Act 2000 and associated regulations. statutory guidance.	Non-executive
3.	<u>To amend the Constitution to make changes due to administrative error or oversight, in line with the most recent decision of the Council.</u> <u>Any changes are to be reported to the Governance Working Group.</u>	<u>Non-executive</u>
3.4	To appoint the Licensing Committee Licensing Sub Committees.	Non-executive
5.	<u>To appoint members to the Standards Sub Committee from the membership of the Audit and Standards Committee.</u>	<u>Non-Executive</u>

Head of Legal & Democratic Services

4.6	To exercise powers under Section 41 of the Local Government (Miscellaneous Provisions) Act 1982 relating to lost and uncollected property.	Executive
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Head of Planning

Building Control

	Authority	After Consultation with	Function
1.	To adjust Building Control charges appropriately to ensure income will cover the cost of the chargeable service	The relevant Portfolio Holder.	Executive

	Authority	Function
2.	To exercise the Council's powers in relation to Building Control legislation, including, but without prejudice to the generality of the foregoing, the determination of applications for the approval of plans and specifications, applications for relaxations, the issue and service of all Notices, the making of requirements and the decision to carry out works in default.	Executive
3.	To exercise the powers and duties of the Council, including the recovery of costs, relating to dangerous, dilapidated or defective buildings or structures, hoardings, scaffolding and the demolition of buildings.	Executive

Development Management

	Authority	After Consultation with	Function
1.	<p>To determine major planning applications where these are re-submitted applications previously refused only for SPA reasons which are now resolved and where:</p> <p>(a) the application is not materially different from the original application;</p> <p>(b) the material considerations affecting the decision have not changed;</p> <p>(c) there is no request from a councillor to call in the application for determination by the Committee as set out in 3(b) below.</p>	The Chairman of the Planning Applications Committee and Ward Councillors	Non-executive

Head of Planning

2.	To agree variations to Section 106 legal agreements under the Town and Country Planning Act 1990 which relate to planning applications determined by the Planning Applications Committee or Full Council.	The Chairman of the Planning Applications Committee and Ward Councillors	Non-Executive
3.	To make decisions relating to the strategy of the Council's case in planning appeals where the strategy would be contrary to or considered unsupportive of a decision of the Planning Applications Committee	The Chairman and Vice Chairman of the Planning Applications Committee and the relevant Ward Councillors.	Non-Executive

	Authority	Function
4.	<p>(A) to determine planning applications, applications for advertisement consent, non-material and minor material amendments applications, details to comply with conditions, variation/removal of condition applications, prior notifications/prior approval notices and certificates of lawfulness, <u>or revocation of planning permission</u>;</p> <p>(B) to determine applications for listed building and conservation area consent and to take action in relation to listed buildings and Conservation Areas; and</p> <p>(C) to respond to consultations and notifications, including Habitat Regulation Assessments;</p> <p>(D) to determine the need for an environmental impact assessments;</p> <p>(E) to take direct action/seek injunctions in relation to breaches of planning control, remove unauthorised signage/advertisements and remedying the condition of land;</p> <p>(F) to serve notices (including enforcement notices, breaches of condition notices, temporary stop notices, stop notices planning contravention notices;</p> <p>under the Town and Country Planning Acts and any Regulations made in relation to this legislation or any amendments, except (a) (b) (c) (d) (e) and (f) <u>and (g)</u> set out below which are reserved for decision by the Planning Applications Committee or (g) set out below which is reserved for decision by the Full Council:</p> <p>(a) planning applications for</p> <p style="padding-left: 20px;">(i) the erection of 10 or more dwelling houses;</p>	Non-Executive

Head of Planning

	<p>(ii) erection of flatted developments, or conversion of existing properties into 10 or more units <u>where the officer recommendation is to approve the application</u>;</p> <p>(iii) new developments, extensions or change of use for non-residential development of 1000 sq metres or more <u>where the officer recommendation is to approve the application</u>;</p> <p>(b) any planning application <u>or advertisement consent</u>, where within 28 days of the publication of the weekly list of planning applications, the Chairman, Vice Chairman of the Planning Applications Committee or a relevant ward councillor makes a request, supported by broad planning reasons, asking the Executive Head of Regulatory Planning to refer an application to the next appropriate meeting of the Planning Applications Committee for determination.</p> <p>Where the 28 day call-in period has expired, but the Executive Head of Regulatory Planning is satisfied that the circumstances are exceptional and the application has not been determined, they may, after consultation with the Chairman, arrange for that application to be referred to the Committee;</p> <p>(c) any planning application submitted by a serving Councillor <u>or persons who were councillors within the previous 4 years</u>, senior officers or any officers considered to be connected with the planning process, an officer who are <u>is</u> currently employed by the Council <u>or who has been employed within the previous 4 years</u>, or the spouse or partner of any of the above persons;</p> <p>(d) any planning application where an objection from a statutory consultee remains unresolved and the officer's recommendation is to approve the application;</p> <p>(e) any planning application where the Council is the applicant;</p> <p>(f) any planning application which is required to be referred to the Secretary of State;</p>	
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Head of Planning

	<p><u>(g) any confirmation of a Tree Preservation Order where the Council has an interest as a landowner;</u></p> <p>(g)<u>(h)</u> large-scale planning applications relating to land owned by the Council, or elsewhere if the proposed development is likely to have a very significant impact on the community as set out in Article 4.2(n).</p>	
5.	To take action, make decisions, serve notices and carry out works relating to trees pursuant to the Town and Country Planning Act 1990, the Hedgerow Regulations 1997 and Section 23 of the Local Government (Miscellaneous Provisions) Act 1976, and any Regulations made in relation to this legislation or any amendments, except the confirmation or revocation of a tree preservation order where objections have been received which is reserved for decision by the Planning Applications Committee.	Non-Executive
6.	To agree the terms of, and variations to, Section 106 legal agreements under the Town and Country Planning Act 1990, in connection with the grant of planning permission under delegated powers.	Non-Executive

Land Drainage

	Authority	Function
2.	<p>To take all actions to alleviate flooding under the Water Management Acts relating to the Council's land drainage functions, except the following which are reserved to the Executive:</p> <p>(i) approval of the annual Drainage Works Programme;</p> <p>(ii) authority to submit funding bids for projects requiring external funding for drainage works on third party land where this would require the Council to part fund from the Drainage Reserve.</p>	Executive

Licensing

	Authority	Function
1.	Under the Licensing Act 2003	Non-executive

Head of Planning

	<p>(a) to respond to the licensing authority in connection with consultations on applications on behalf of the local planning authority;</p> <p>(b) to apply for a review of a premises licence or a club premises certificate.</p>	
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Street Naming and Numbering

	Authority	After Consultation with	Function
1.	To determine the names of highways under the Public Health Act 1925.	The appropriate Portfolio Holder and appropriate ward councillors.	Executive

	Authority	Function
1.	To exercise the street numbering function under the Public Health Act 1925.	Executive

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Surrey Heath Borough Council
Council
23 February 2022

ISO 9001

Strategic Director/Head of Service	Damian Roberts, Chief Executive
Report Author:	Damian Roberts, Chief Executive
Key Decision:	No
Wards Affected:	All

Summary and purpose

Following a motion agreed by full Council on 27 October 2021, this report explores the applicability of the ISO 9001 standard to services being delivered by Surrey Heath Borough Council. This report was initially considered by the Performance & Finance Scrutiny Committee at its meeting on 19 January 2022, and the comments and recommendations from the Committee are set out in this report.

Recommendations:

The Council is advised to RESOLVE that

- (i) the key principles that underpin the ISO 9001 and related quality and customer service standards, are used to inform the Council's approach to delivering improved performance and customer focus across the organisation; and
- (ii) in line with the feedback from the Performance and Finance Scrutiny Committee, Option 2 in the report (that the Council seek full ISO 9001 certification across all functions, paragraph 4.2) not be supported and is removed as an option.

1. Background and Supporting Information

- 1.1 A report was considered by the Performance and Finance Scrutiny Committee on 17 March 2021, which reported that the Council's Building Control service, which operates in competition with the private sector, were in the process of working to secure ISO 9001 accreditation as part of a country-wide Building Control initiative. It also reported that the standard had limited take-up across Local Government with particularly few examples of District/Borough services

(other than Building Control), and that the standard could not be delivered widely across Surrey Heath without significant additional resources.

- 1.2 At the Full Council meeting on 27 October 2021, Councillors considered a motion submitted by Councillor Cliff Betton and seconded by Councillor Graham Alleway relating to ISO 9001:2015. Following the debate on the motion, the Council resolved that:
- (i) this Council needs a quality management system which:
 - needs to demonstrate its ability to consistently provide products and services that meet customer and applicable statutory and regulatory requirements; and
 - aims to enhance customer satisfaction through the effective application of the system, including processes for improvement of the system and the assurance of conformity to customer and applicable statutory and regulatory requirements; and
 - (ii) the Chief Executive be asked to review the findings of the Performance & Finance Scrutiny Committee and further review how applicable the standards of ISO 9001 are and could be applied to each service function, with this to be reviewed by the appropriate committee and a full report to be brought to the Full Council within the first quarter of 2022.

Background to the ISO 9001 Standard

- 1.3 ISO (International Organization for Standardization) is an independent, organisation established in 1947. It has had an important role in establishing common documented standards across countries and markets to facilitate international trade and collaboration. Since its inception, ISO are responsible for publishing more than 24,000 standards globally.
- 1.1 One of the standards published by ISO is ISO 9001:2015. This sets out their definition of a Quality Management System. The key principles are set out below.

<p>Context of the organisation</p> <ul style="list-style-type: none"> • Understanding the organisation and its context • Understanding the needs and expectations of interested parties • Determining the scope of the quality management system • Quality management system and its processes
<p>Leadership</p> <ul style="list-style-type: none"> • Leadership and commitment • Policy • Organisational roles, responsibilities and authorities
<p>Planning</p> <ul style="list-style-type: none"> • Actions to address risks and opportunities • Quality objectives and planning to achieve them • Planning of changes
<p>Support</p> <ul style="list-style-type: none"> • Resources

<ul style="list-style-type: none"> • Competence • Awareness • Communication • Documented Information
Operation <ul style="list-style-type: none"> • Operational planning and control • Requirements for products and services • Design and development of products and services • Control of externally provided processes, products and services • Production and service provision • Release of products and services • Control of nonconforming outputs
Performance evaluation <ul style="list-style-type: none"> • Monitoring, measurement, analysis and evaluation • Internal audit • Management Review
Improvement <ul style="list-style-type: none"> • General • Nonconformity and corrective action • Continual improvement

How popular is the ISO Standard?

- 1.4 The ISO publish annual statistics covering the estimated number of accreditations globally by country and sector. A review of these shows that the number of companies in the UK with current ISO 9001 certificates has fallen considerably in recent years – this is mirrored by a drop in the number of certificates in the Europe and North America regions.

	2000	2010	2020
Estimated Number of ISO 9000/1 certificates in UK	63,725	43,293	25,995

- 1.5 Just 0.4% of accreditations are estimated by ISO to be in the ‘public administration’ sector globally. This reflects the long-standing focus of the ISO 9001 standard in the commercial, manufacturing, aviation, technology, medical and health and safety industries, where there is an understandable pre-occupation with compliance to industry determined specifications.

Limited take up of ISO 9001 Standard in Local Government

- 1.6 Research has been carried out into other Local Authorities to find examples that may be certified under the ISO 9001 standard. No examples of Councils being certified across all services were found.
- 1.7 Where the ISO 9001 standard had been applied within Local Government, this related to Building Control reflecting the recent national initiative which follows on from the Grenfell Tower fire. Other ISO certifications found tended to be large scale County or Unitary Council services with a commercial

element trading with or alongside private sector organisations. Examples include:

- School Catering Services Hartlepool Borough Council
- Commercial Cleaning Services Hull Borough Council
- Print Services Torbay Unitary Council
- Passenger Transport Services London Borough of Redbridge
- Security Solutions Coventry City Council
- CCTV services Royal Borough of Greenwich
- Gas Services (for Council Housing Stock) Royal Borough of Greenwich
- Library and Information Services Royal Borough of Greenwich

- 1.8 It is possible that the size and commercial nature of these services has made it easier to justify the cost and effort required to secure the ISO 9001 accreditation.
- 1.9 A review by officers found there was not widespread use of the standard demonstrated amongst Central Government departments.

Link between the ISO 9001 standard and performance in Councils

- 1.10 Unfortunately, there was no evidence found of a causal link between ISO accreditation and performance in Local Government. This is an important consideration given the time, staffing and financial resources involved in working towards and maintaining ISO 9001 accreditation, and the Council would want to be satisfied there was a clear business case for doing so.
- 1.11 It is possible that the time and resources necessary to secure ISO certification may divert organisational capacity away from the performance and customer service improvements that the Council is seeking to achieve. Indeed, given the focus of ISO standards on conformity, there is a risk that this approach “bakes in” sub-optimal practice and performance, and makes it more difficult to secure the positive changes that are required, undermining the Council’s ability to respond quickly to changing circumstances and requirements.
- 1.12 However, despite the limitations of the ISO standard in this context, some of the key principles could have some relevance and applicability to Local Government services, without the time and cost burden of necessarily having to go down a formal accreditation route.
- 1.13 Attempts have been made in the past at developing a single quality standard specifically designed for the public sector services in the UK. This was launched in 1992 and was strongly promoted by the then Prime Minister, John Major. It was called the Charter Mark. Ultimately this was dropped when the work required for accreditation did not deliver the outcomes that were hoped for, and take-up plateaued at just 7%.

Experience of the ISO 9001 in Surrey Heath Borough Council

- 1.14 As previously reported to the Performance and Finance Scrutiny Committee, Surrey Heath Borough Council Building Control service undertook all the work necessary over the past year for accreditation against the ISO 9001 standard.

This was part of a national building control initiative in the wake of the Grenfell Tower Fire and aimed at ensuring consistent standards across these functions that operate in both the public and private sectors. Unfortunately, despite the huge effort made to complete all the paperwork, accreditation has been delayed as certificating bodies have a significant backlog due to Covid and are prioritising re-certification submissions only.

- 1.15 Surrey Heath Borough Council is a member of LABC (Local Authority Building Control). As part of this membership the Council has benefited from full access to all the relevant templates, guidance and audits materials for Building Control. This has strongly supported the work required for the ISO 9001 standard, although the Building Control Manager reported that significant officer time was still required.
- 1.16 The business case for Building control was supported by accreditation being part of a national initiative, and therefore much of the work, support, on administration and costs etc are being met at a national level. It also recognises the unique role of Building Control in being required to operate on a level playing field with private sector Building Control providers. It is also not a service where the local authority is able to exercise any discretion about its core standards and operational policies as this again is determined at a national level. Conformity to nationally determined specifications does have particular relevance here.
- 1.17 Unlike most private-sector companies, Local Authorities deliver a broad variety of different statutory and discretionary functions totalling more than 100 that differ greatly from each other. In a small Local District-level local authority like Surrey Heath Borough Council this can mean that some functions are delivered by two or fewer staff members – examples include Licensing and Information Governance/Data Protection. ISO 9001 accreditation would represent a disproportionate burden on such small functions and would divert staff time away from essential work.

Are other quality frameworks already in use in Surrey Heath?

- 1.18 The quality of Surrey Heath's services are already subject to statutory standards and frameworks overseen by external bodies. This includes:
- Electoral Services – The Electoral Commission
 - Information Governance – the Information Commissioners Officer (ICO)
 - ICT Security - Public Services Network (PSN) Compliance process
 - Environmental Health – Food Standards Agency, Environment Agency
 - Health and Safety – Health and Safety Executive
 - Housing & Homelessness - Department for Levelling Up, Housing and Communities
 - Business Grants – Dept for Business, Energy & Industrial Strategy
 - Family Support Function – Surrey County Council
 - Planning Function – Planning Advisory Service and the Planning Inspectorate
 - Local Plans – Planning Inspectorate
 - Finance function - CIPFA

- Complaints management – Local Government Ombudsman

- 1.19 There are also other sector-specific routes for Surrey Heath Borough Council to externally review and improve its services, such as the national sector led improvement programmes an example of which was the recent operational review of the Planning Development Management service by the Planning Advisory Service (PAS). The recommendations from this review are now being implemented and will improve processes, services and customer experience.
- 1.20 Council functions are already subject to a range of specific quality systems. For example, democratic services already operate to a detailed published Council Constitution and set of Procedure Rules that determine how decisions are taken, how meetings are run, the milestones that need to be adhered to, and the storage and access to reports. Another example is the elections function that work within a comprehensive set of statutory procedures, standards, performance measures and reporting arrangements that determine every aspect of how this activity is carried out. Adding a further layer of administrative requirements through ISO 9001 is unlikely to see any tangible benefit.

A wide range of different competing quality standards and methodologies

- 1.21 A number of national and international Quality or 'Best Practice' standards or methodologies also exist as alternatives to ISO 9001, each attracting enthusiastic support from their proponents and each believing that their particular approach is best. For example:
- Total Quality Management (TQM)
 - Customer Services Excellence (CSE)
 - EFQM (European Foundation for Quality Management) Model
 - COPC (Customer Operations Performance Centre)
 - Six Sigma
 - Lean
 - Agile / Scrum
 - Investors in People
 - Kaizen
 - ITIL
 - Vanguard Method - Systems Thinking
 - PRINCE 2
- 1.22 Each of these standards bring their own particular emphasis and approach, with some providing a greater focus on the customer, while others looking more closely at controls, service improvement, staff or project delivery. While none are inherently better than any other, they all require additional time and resources to implement and attract some risk if used indiscriminately or if applied too rigidly.
- 1.23 While the evidence does not point to an effective "one size fits all" standard for all activities and functions, some of the key principles arising from these

different national and international standards could be valuable in helping to inform the design of the Council's own improvement and customer service journey.

2. Conclusion

- 2.1 The Chief Executive has been asked by full Council to review the findings of the Performance and Finance Scrutiny Committee and further review how applicable the standards of ISO 9001 are and could be applied to each Council function.
- 2.2 It is positive that the Council's Building Control function has progressed the implementation of ISO 9001 as part of the nationally funded initiative, as it has provided up to date first-hand insight into the applicability or otherwise of this methodology within the Council. Even with the nationally funded assistance provided in this case, it has led to additional work without delivering either tangible service improvements or cost reductions. It has however, helped to confirm compliance with national building control standards which is important following the Grenfell Tower Fire.
- 2.3 It has also been helpful to explore the level of take-up across Local Government that has taken place since the inception of the original ISO quality standard more than 30 years ago which has been very limited and the potential costs that would be associated with large scale implementation.
- 2.4 The Council does have the option to implement ISO 9001 accreditation across all Council functions. However, if it chose to do this, it would be necessary to set aside adequate funding to support this (consultancy support, training, audit, certification and re-certification etc), and reprioritise staffing capacity away from other priorities to accommodate the additional work involved.
- 2.5 While a clear benefit could be derived for functions operating within a commercial or contracted environment where there is a prerequisite requirement for common standards to operate across organisations. – as is the case with Building Control, it is difficult to see the business case for other Council delivered services where the upfront and on-going costs of ISO 9001 are likely to significantly outweigh the potential benefit.
- 2.6 The principles that underpin all quality management systems, including the principles of ISO 9001 and the others referenced in this report, can be helpful in informing the development of a positive performance and improvement culture within an organisation. Almost all of this benefit can be achieved without having to incur the costs of going down a formal certification route, or having to adopt one fixed methodology over any other.
- 2.7 The diversity of Council functions and services and their relatively small scale, which is a particular characteristic of local government at a borough and district level, means that there is unlikely to be one single approach that works best in all circumstances and for all services. Experience across Local Government over many years, including the extremely limited take-up of the standard in the functions within borough and district Councils, has not demonstrated that ISO 9001 provides any significant advantage over any

other management approach, other than the very specific circumstances that apply in the case of Building Control.

- 2.8 The Council's approved new senior management structure and recent successful appointments to that structure does provide a strong platform for delivering the performance and customer service improvements that the Council is looking for together with the greater efficiencies that will be needed going forward. In the unlikely event that the improvements delivered by these new arrangements are not deemed to be sufficient, the Council has the option to relook at ISO9001 or any of the other methodologies or frameworks in the future.
- 2.9 The outcome of this review was considered by the appropriate Committee, in this case, the Performance and Finance Scrutiny Committee on 19 January 2022.

3. Comments and recommendations from the Performance & Finance Scrutiny Committee

- 3.1 This report was considered by the Performance & Finance Scrutiny Committee at its meeting on 19 January 2022. Comments raised at the meeting included:
- There was a need to weigh up the cost of full certification over the perceived benefits, and it was possible to adopt the key principles and take measures to improve performance, analyse processes, consider quality and customer satisfaction without full certification. Care would be needed to ensure that unnecessary additional administrative and monitoring burdens were not placed on services.
 - If the recommendation of 'Option 1' was agreed, there should be assurance that these principles, so often embedded into such initiatives, would be avoided:
 1. Assuming conformance to process is the same as doing valuable work.
 2. Measuring conformance to process (including service levels), rather than measuring and understanding process performance.
 3. Forcing variable demand into standardised processes, creating additional costs when needs are not met.
 - The Committee agreed that Option 2 could not be justified in the current financial climate, but would encourage Option 1 so the principles can be looked at further. It was suggested that this could be explored and if then not seen to be working positively for the Council it could be dropped.
 - Clear 'auditability' of processes and services was important to evidence when services were delivering well and when things were going wrong. Crossover points between different services were important.

- It was important to let the Council's new Senior Team embed and deliver benefits.
- It was suggested that the ISO 9001 standard was more suited to manufacturing industries, but felt it worked less well in Councils that needed to be agile and were subject to rapid change. The Committee suggested a blend of Options 1 and 3 would be appropriate.
- Comment that ISO 9001 can also be applicable to service industries – for example in areas such as non-conformity and control of documents.

3.2 The Performance & Finance Committee also agreed to recommend the removal of the original Option 2 which was to seek full ISO 9001 certification across all functions, as this did not represent a good use of the Council's time and resources, and was therefore not supported.

4. Proposal and Alternative Options

4.1 Option 1 – that the Council adopt and embed the key principles that underpin the ISO 9001 and related quality and customer service frameworks and use these to help drive improved performance and customer focus across the organisation.

4.2 Option 2 – that the Council agree that all functions work towards accreditation of ISO 9001 at a cost estimated at between £225,000 - £265,000 (in additional staffing, training, consultants, documentation and external accreditation/audit costs), not including the cost of time from existing staff. In addition, while this approach could potentially contribute towards improved customer service, it would not in itself generate cost savings or increased income.

4.3 Option 3 –that the Council could agree that in the absence of a clear business case, not to proceed with the implementation of ISO 9001 at this time but instead focus on delivering service improvements and efficiencies through a range of existing mechanisms including through the Council's new senior management structure.

5. Contribution to the Council's Five Year Strategy

5.1 There is a risk that the implementation of the ISO 9001 standard across Surrey Heath Borough Council would divert staff time and financial resources away from the delivery of the Council's Five Year Strategy 2022 -27 which was set following a significant public consultation exercise.

6. Resource Implications

6.1 **Option 1** – within existing resources where possible

6.2 **Option 2** – initial estimates are that this would require a growth within the budget for 2022/23 of at between £225,000 - £265,000 services identified to work towards ISO 9001 accreditation. This cost is made up as follows:

Resource required	Estimated cost
Additional staffing resources to deliver standard and audit internally	£45,000
Staff training – assume training needed across all functions	£20,000
External consultant costs – indicative costs for each separate audit multiplied by an estimate of 40 to 50 functions to cover the whole Council	£160,000 - £200,000
Total (not including staff time)	£225,000 - £265,000

6.3 Once accredited with the standard, there is an on-going additional requirement to resource an annual audit and management fee, and for internal auditing. Full re-certification is needed every three years.

6.4 **Option 3** – within existing resources

7. Legal and Governance Issues

No specific legal or governance issues.

8. Other Considerations and Impacts

Environment and Climate Change

8.1 No direct impacts.

Equalities and Human Rights

8.2 No direct impacts.

Risk Management

8.3 Given the limited resources and staff capacity available in District Councils after a decade of austerity measures, diverting officer time and resources into the implementation of ISO 9001, could have a detrimental impact on the delivery of core statutory responsibilities and on the delivery of the Council's policy ambitions as set out in the Five Year Strategy 2022 -27 and annual service plans.

Community Engagement

8.4 During the course of the current financial year, the Council undertook one of its largest ever public engagement exercises to identify the priorities for the Council going forward. This was a hugely valuable exercise and directly informed the contents of the Council's Five Year Strategy. It is important to note that neither residents, businesses nor partners in the private, voluntary or statutory sector, asked the Council to direct its resources on to the implementation of ISO 9001.

Annexes: None

Background Papers:

Report to Performance & Finance Scrutiny Committee – 17 March 2021 – ISO 9001.
Report to Performance & Finance Scrutiny Committee – 19 January 2022

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