

**Minutes of a Meeting of the Executive
held at Council Chamber, Surrey Heath
House, Knoll Road, Camberley, GU15
3HD on 19 February 2019**

+ Cllr Moira Gibson (Chairman)

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

+ Present

- Apologies for absence presented

In Attendance: Cllr Dan Adams, Cllr Rodney Bates, Cllr Adrian Page, Cllr Robin Perry, Cllr Chris Pitt and Cllr Valerie White

69/E Minutes

The open and exempt minutes of the meeting held on 30 January 2019 were confirmed and signed by the Chairman.

70/E General Fund Estimates 2019/20

The Executive considered a report detailing a General Fund Revenue Budget for 2019/20 of £13,158,597. The budget had been prepared on the assumption that Council Tax would be increased by the maximum permitted without requiring a referendum, namely by £2.99% or by £5 on a Band D property, whichever was greater.

Members were reminded that, whilst it was for the Council to decide upon the level of Council Tax set, the Executive could make a recommendation.

The Net Cost of Services for 2019/20 had increased compared to the previous year. Inflation had impacted payroll and contract costs and there had been additional costs to fund the pension deficit. Property income had fallen due to the need to allow for loss of rent from The SQ, although this has been offset in part by rent from new investments. However, the Council was still able to achieve a balanced budget due to higher income from Council Tax and retained Business Rates and the use of reserves.

It was noted that provision had also been included within the budget for an annual pay increase.

Members received a summary of the budget. It was advised that a number of fees and charges had been increased and approved in accordance with financial regulations. These changes had been reflected within the proposed budget.

The 2019/20 financial year marked the final year of the 4 year finance settlement announced in 2015. Although a “negative grant” had been expected for 2019/20 based on the 2015 announcement, following intensive lobbying this had been removed by the Government in the announcement made on 13 December 2018 and confirmed on 29 January 2019. This meant that, although the Council would receive no grant, it would not have to pay money over to the Government.

Members were reminded that the Government had made changes to the New Homes Bonus (NHB) in 2017/18 where the first 0.4% increase in the tax base, approximately 150 houses for Surrey Heath, would not attract NHB. In addition, payments were paid for 4 years rather than 6. These changes had resulted in NHB being a reduced incentive for housing delivery. No further changes to NHB had been proposed for 2019/20.

The Executive was advised that costs of £2,042,116 in the budget had been charged directly to reserves. The General Fund was estimated to be at least £2m at the end of 2019/20 if the budget was delivered as proposed.

Members considered the revised Medium Term Financial Strategy annexed to the report and highlighted a paragraph relating to income from charges. It was agreed to ask the Executive Head of Finance whether further clarification of this paragraph was required.

RECOMMENDED to Council that the 2019/20 General Fund Revenue Budget of £13,158,597 as set out in Annex A to the agenda report, be approved.

RESOLVED to note

- 1. That expenditure totalling £2,042,116 be charged directly to reserves;**
- 2. That a minimum revenue provision of £2,014,000 is required to repay debt;**
- 3. That the budget includes provision for a staff pay increase;**
- 4. The provisional NNDR baseline of £1,543,240 and the final settlement would be reported to Council at its meeting on 27th February 2019;**
- 5. That a full report, setting out Council Tax proposals for 2019/20 would be presented to Council on 27th February 2019.**
- 6. The Financial Strategy and its implications for financial sustainability.**

71/E Treasury Management Strategy Report 2019/20

The Executive received a report detailing the proposed Treasury Management Strategy and the Treasury Management Indicators for 2019/20, plus the Minimum Revenue Provision policy statement and estimated minimum revenue provision payment table.

The report fulfilled the Council's legal obligation under the Local Government Act 2003 to have regard to both the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice.

The Council invested and borrowed large sums of money and was, as a result, exposed to financial risks which included the revenue impact of changing interest rates and the loss of part or all invested funds. The successful identification, monitoring and control of risk were, therefore, central to the Council's Treasury Management Strategy.

In accordance with the CLG Guidance, any changes required to the approved Treasury Management Indicators and Strategy would be reflected in future reports for the Executive and the Council to consider.

The budget for investment income in 2019/20 was £140,000 calculated as an average return of 1% on a £14m portfolio. £2.8m had been budgeted for interest payments calculated as average cost of 2% on a debt of £139m. These figures were influenced by changes to interest rates, levels of debt and investment funds.

The proposed Corporate Capital Programme for 2018/19 – 2019/20 would need to be funded by borrowing or out of capital receipts arising from the sale of Ashwood House.

RECOMMENDED to Council that

- (i) The Treasury Management Strategy for 2019/20;**
- (ii) The Treasury Management Indicators for 2019/20 at Annex C of the agenda report; and**
- (iii) The Minimum Revenue Provision policy statement and estimated minimum revenue provision payment table at Annex F of the agenda report**

be adopted.

72/E Corporate Capital Programme 2019/2020 - 2021/22

The Executive received details of the proposed 2019/20 Capital Programme. The Council held surplus capital receipts and these receipts, as detailed in Annex C of the agenda report, would be sufficient to fund the entire capital programme and therefore no existing revenue and/or borrowing would have to be used.

Additional capital receipts might be realised from the sale of Council assets and if this was the case they would be applied against capital spend thereby reducing borrowing.

The Revenue Capital Fund was estimated to be about £10m at 31 March 2019 and could be used to support the Capital Programme if required. However, this would reduce the amount of reserve available to support revenue expenditure and hence the General Fund in the future. The Council had undertaken borrowing during 2018/19 to fund significant property acquisitions and was prepared to do this again, should the need arise.

Additional capital schemes might be brought during the year for the Executive and Council to consider. These might result in a change to the Prudential Indicators, the Capital Financing Requirement and the Minimum Revenue Payment. If this was the case those changes would be reported to the Executive and Council.

Members noted that provision had been included for replacement ICT equipment and it was advised that the existing devices would be recycled where possible.

RECOMMENDED to the Council that

- (i) the new capital bids for £2.348m for 2019/20, as set out in Annex A to the agenda report, be approved and be incorporated into the Capital Programme;**
- (ii) The Prudential Indicators summarised below and explained in Annex C of the agenda report, including the MRP statement, for 2019/20 to 2021/22 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	2019/20 Estimate d £m	2020/21 Estimate d £m	2021/22 Estimate d £m
Capital Expenditure	2.348	0.64	0.6
Capital Financing Requirement	183	181	179
Ratio of net financing costs to net revenue stream	12.36%	11.65%	11.44%
Financing Costs	1.342	1.306	1.306
Operational Boundary	185	185	185
Authorised Limit	190	190	190

RESOLVED to note:

- (i) that the Capital Financing Requirement for this Council as at 31 March 2020 is estimated to be £183m and as such a Minimum Revenue Payment of £2.014m is required**
- (ii) the provisional Capital Programme for 2019/20 to 2021/22; and**

(iii) The available capital receipts forecast shown in Annex C of the agenda report.

73/E Investment Strategy Report 2019/20

The Executive considered a new investment strategy report for 2019/20, which met the requirements of statutory guidance issued by the government in January 2018.

Members were reminded that the Council invested money for two broad purposes, namely because it had surplus cash as a result of its day-to-day activities, known as treasury management investments, or in order to earn investment income. The strategy focused on the second of these categories.

RECOMMENDED to Full Council that the Investment Strategy, as set out at Annex A to the report, be agreed.

74/E Capital Strategy Report 2019/20

The Executive considered setting out a Capital Strategy for 2019/20. This new report provided a high-level overview of how capital expenditure, capital financing and treasury management activity contributed to the provision of local public services along with an overview of how associated risk was managed and the implications for future financial sustainability.

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

75/E Windlesham Neighbourhood Plan 2018-2028

The Executive was informed that the Windlesham Neighbourhood Plan 2018-2028 had been the subject of independent examination. The Examiner's report had concluded that, subject to modifications, the plan complied with the legal requirements and basic conditions set out in legislation.

As a result, the Executive was asked to agree the modifications, resolve to publish a Decision Statement, and to agree that the Neighbourhood Plan should proceed to referendum. It was intended to hold the referendum on 2 May 2019 alongside the borough and parish elections scheduled for that date.

It was recognised that the Neighbourhood Plan was a result of a significant amount work by Windlesham Parish Council's steering group and that the Council's officers had provided considerable assistance during its production.

RESOLVED that

- (i) the Windlesham Neighbourhood Plan be modified in order to comply with the legal requirements and basic conditions, as attached at Annex 2 to the agenda report;**

- (ii) **the Decision Statement, as attached as Annex 1 to the agenda report be published;**
- (iii) **the Windlesham Neighbourhood Plan, as modified, proceeds to referendum in the current Windlesham Ward of Windlesham Parish.**

76/E Pay Policy Statement

Members were reminded that Section 38(1) of the Localism Act 2011 required the Council to update its Pay Policy Statement on an annual basis.

RECOMMENDED that the Surrey Heath Borough Council Pay Policy Statement 2019/20, as attached at Annex A to the agenda report, be agreed.

77/E Response to Surrey Waste Local Plan (Regulation 19) consultation

The Executive considered a draft response to Surrey County Council's consultation on the Regulation 19 Surrey Waste Local Plan 2019.

RESOLVED that the response set out in the letter at Annex 1 of the agenda report be agreed as the Council's formal response to Surrey County Council consultation on the Regulation 19 Surrey Waste Local Plan.

78/E Response to the London Heathrow Airspace and future Operations consultation

The Executive received a report and presentation on the Council's draft response to London Heathrow's consultation on airspace and future operations.

Members were advised that London Heathrow was considering further compensation measures for areas not previously overflowed and it was agreed to amend the Council's response to incorporate a statement in support of this proposal.

It was also suggested that the response include a proposal for later flight times on Sundays and Bank Holidays and agreed that officers would be asked to consider whether to include this representation in the Council's response.

RESOLVED that

- (i) **the response set out in the letter at Annex 1 of this report, as amended, be agreed as the Council's formal response to London Heathrow Airport's consultation on airspace and future operations; and**
- (ii) **officers be asked to consider whether the response be further amended to incorporate a representation on later flight times on Sundays and Bank Holidays.**

79/E Review of Local Authorities' Relative Needs and Resources Consultation

The Executive considered a draft response to the Government's consultation on a Review of Local Authorities' Relative Needs and Resources.

RESOLVED that

- (i) the response to the consultation on the Review of Local Authorities' Relative Needs and Resources, as set out at Annex A to the agenda report, be agreed; and**
- (ii) the Chief Executive in consultation with the Leader be authorised to complete and submit the final consultation response.**

80/E Consultation on Business Rates

The Executive considered a draft response to the Government's consultation on Business Rates Retention Reforms.

RESOLVED that

- (i) the response to the consultation on Business Rates, as set out at Annex A to the agenda report, be agreed; and**
- (ii) the Chief Executive in consultation with the Leader be authorised to complete and submit the final consultation response.**

81/E Exclusion of Press and Public

In accordance with Section 100(A)(4) of the Local Government Act 1972 (as amended) and Regulation 5 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, the press and public were excluded from the meeting for the following items of business on the ground that they involved the likely disclosure of exempt information as defined in the paragraphs of Part 1 of Schedule 12A of the Act as set out below:

Minute	Paragraph(s)
69/E (part)	3
82/E	3
83/E	3

Note: Minutes 83/E is a summary of matters considered in Part II of the agenda, the minutes of which it is considered should remain confidential at the present time.

82/E Property Acquisition

The Executive made decisions in relation to the acquisition of property in the borough in order to support economic development as well as providing long term income to assist in the provision of public services.

83/E Review of Exempt Items

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

RESOLVED that the decision at minute 82/E be made public after the completion of negotiations but all financial and contractual information to remain exempt for the present time.

Chairman