

**Minutes of a Meeting of the Executive
held at Surrey Heath House on 18
February 2020**

+ Cllr Alan McClafferty (Chairman)

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

+ Present

- Apologies for absence presented

In Attendance: Cllr Dan Adams, Cllr Graham Alleway, Cllr Peter Barnett, Cllr Rodney Bates, Cllr Cliff Betton, Cllr Tim FitzGerald, Cllr Emma-Jane McGrath, Cllr Graham Tapper, Cllr Pat Tedder, Cllr Victoria Wheeler, Cllr Valerie White and Cllr Sashi Mylvaganam

83/E Minutes

The open and exempt minutes of the meeting held on 21 January 2020 were confirmed and signed by the Chairman.

84/E Questions by Members

In response to a question from Councillor Pat Tedder, the Leader agreed to pass on concerns to the Business & Transformation Portfolio Holder regarding parking for disabled drivers in Camberley Town Centre.

85/E General Fund Revenue Estimates 2020/21

The Executive considered a report detailing a General Fund Revenue Budget for 2020/21 of £14,176,572. The budget had been prepared on the assumption that Council Tax would be increased by the maximum permitted without requiring a referendum, namely by 1.99% 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 2020/21 had increased compared to the previous year. Increased pensions costs and wage increases had added £650k to annual costs and there have been pressures on income in areas such as parking and property. However, this has been offset by an increase in income because of property purchased at the end of 2018/19, but not reflected in that budget. The additional cost of services has been funded by a combination of increased business rates and some new homes bonus. It was advised that, although there was no savings target for that year additional income and savings would be required to deal with budgetary pressures going forward.

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 had marked the final year of the 3 year finance settlement. However, in October 2019 the Government had announced that it would defer the outcome of the Fair Funding Review and Business Rates changes and therefore only issue a 1-year settlement. This has meant that the reductions in funding expected, in particular the “negative grant”, had been put on hold for at least a year. If this was implemented in 2021/22 it could result in a significant reduction in funding from Business Rates for the Council.

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, 171 houses for Surrey Heath in 2019/20, 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. Although no changes had been made in 2019/20 in October 2019, the Government at that time had announced that from 2020/21 it was its intention to only make a payment for 1 year, rather than 4. This, coupled with the threshold, would mean that the Council was unlikely to get any further NHB payments after the current legacy payments ended.

The Executive was advised that costs of £2,027,000 in the budget had been charged directly to reserves. The General Fund was estimated to be at least £2m at the end of 2020/21 if the budget was delivered as proposed.

Members were informed that the Council was required to prepare a Medium Term Financial Forecast to demonstrate that it can achieve a balanced budget in the future, or that it understood the challenges in delivering one. This forecast, together with the Financial Strategy, would be presented to Council as part of the Council budget setting report in February 2020. The preparation of the forecast this year was likely to be particularly challenging given there was no information on funding beyond 2020/21.

RECOMMENDED to Council that the 2020/21 General Fund Revenue Budget of £14,176,572 as set out in Annex A to the agenda report be approved.

RESOLVED to note that

- (i) expenditure totalling £2,027,000 will be charged directly to reserves;**
- (ii) a minimum revenue provision of £2,213,000 is required to repay debt;**
- (iii) the budget includes provision for a 2% staff pay increase;**
- (iv) the provisional NNDR baseline of £1,568,384 and the final settlement will be reported to Council at its meeting on 26th February 2020; and**

- (v) a full report, setting out Council Tax proposals for 2020/21 will be presented to Council on 26th February 2020.

86/E Corporate Capital Programme 2020/21 - 2022/23

The Executive received details of the proposed 2020/21 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 £11m at 31 March 2021 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.

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.

RECOMMENDED to Full Council that:

- (i) new capital bids for £1.479m for 2020/21, as set out at Annex A to the agenda report, be approved, and that they be incorporated into the Capital Programme;
- (ii) The Prudential Indicators summarised below and explained in Annex C to the agenda report, including the MRP statement, for 2020/21 to 2022/23 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	2020/21 Estimated £m	2021/22 Estimated £m	2022/23 Estimated £m
Capital Expenditure	1.479	1.0	1.0
Capital Financing Requirement	224	221	219
Ratio of net financing costs to net revenue stream	19.18%	18.75%	18.25%
Financing Costs	2.067	2.077	2.079
Operational Boundary	230	230	230
Authorised Limit	235	235	235

RESOLVED to note that:

- (i) the Capital Financing Requirement for this Council as at 31 March 2021 is estimated to be £224m and as such a Minimum Revenue Payment of £2.2m is required;**
- (ii) the provisional Capital Programme for 2020/21 to 2022/23; and**
- (iii) the available capital receipts forecast shown in Annex C to the agenda report.**

87/E Treasury Strategy 2020/21

The Executive received a report detailing the proposed Treasury Management Strategy and the Treasury Management Indicators for 2020/21, plus the Minimum Revenue Provision policy statement, estimated minimum revenue provision payment table, and Treasury Management Policy Statement.

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 2020/21 was £140,000 calculated as an average return of 108% on a £13m portfolio. £3.8m had been budgeted for interest payments calculated as average cost of 2% on a debt of £164m. These figures were influenced by changes to interest rates, levels of debt and investment funds.

The proposed Corporate Capital Programme for 2020/21 – 2022/23 would need to be funded by capital receipts.

RECOMMENDED to Council that

- (i) the Treasury Management Strategy for 2020/21 as set out in the agenda report;**
- (ii) the Treasury Management Indicators for 2020/21 at Annex C to the agenda report;**

- (iii) **the Minimum Revenue Provision policy statement and estimated minimum revenue provision payment table at Annex F to the agenda report; and**
- (iv) **the Treasury Management Policy Statement at Annex G to the agenda report;**

be adopted.

88/E Investment Strategy 2020/21

The Executive considered an investment strategy report for 2020/21, 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 agenda report, be agreed.

89/E Capital Strategy 2020/21

The Executive considered a report setting out a Capital Strategy for 2020/21. This 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 Capital Strategy, as set out at Annex A to the agenda report, be agreed.

90/E Mytchett Skate park

The Executive was reminded that, at its meeting on 21 January 2020, it had considered proposals to refurbish Mytchett Skate Park. It had been reported that it was proving increasingly difficult and costly to maintain this popular and well-used facility and the ramps would no longer be fit for purpose beyond 2020.

Members had considered the options presented for the refurbishment of this facility and supported the refurbishment in principle. It had been suggested that alternative materials such as concrete be used instead of the proposed steel ramps, which would help ameliorate the impact of noise from the Skate Park. Further information had therefore been requested on costings for equipment made from such materials.

The Executive received details of options for replacing the facilities and was advised that Option 1, namely the replacement of all ramps excluding the half pipe using Skatelite Prop riding surface, provided the most cost effective option and best surface for noise reduction.

It was proposed to use £23,000 of Community Infrastructure Levy funding for Mytchett and £31,000 of developer contributions available from the Blackwater Valley fund to finance these works.

RESOLVED that Mytchett Skate Park be enhanced by replacing the existing equipment with a steel frame structure and a 'Skatelite Pro' riding surface, set out at Option 1 of the agenda report, within the existing location and footprint of the site.

RECOMMENDED to Full Council that £54,000 be added to the Capital Programme, to be funded by Developer Contributions, for the replacement of the ramps at Mytchett Skate Park.

91/E Update to the Self and Custom Build Homes Register Entry Requirements

The Executive was informed that all Councils were required to maintain and regularly update a Self-Build and Custom Housebuilding Register.

Regulations also allowed authorities to set local eligibility criteria in the form of a Local Connection Test (LCT). The Register could then be divided into two parts: Part 1 was for those individuals and associations who meet both the LCT and the national eligibility criteria; Part 2 was for those individuals and associations who did not satisfy the LCT, but met the national eligibility criteria.

In 2015 the Council had introduced a Self-Build and Custom Housebuilding Register. The Register currently had a total of 76 applicants on Part 1 and 281 applicants on Part 2.

A review of the Local Connection Test had recently been undertaken and had concluded that it should be made more robust to ensure that only those with a strong local connection to the borough were entered onto Part 1 of the Register.

The Executive was informed that national policy provided for authorities to charge an entry fee, which must be proportionate to costs incurred by the Council. A proposed schedule of fees, which was comparable to those introduced by neighbouring authorities, was considered.

Legislation also allowed for the introduction of a Financial Solvency Test to determine if the person applying to be on the Register had the financial ability to purchase land and fund the construction of their project. It was advised that, if the Council did not introduce this test it might end up delivering plots that were not ultimately realised for self and custom build. This would be an inefficient use of time and resources, and could inhibit land being made available for residential development in a timely manner.

RESOLVED that

- (i) the amendments to the Self and Custom Build Register entry requirements, as set out in the agenda report, be agreed;**

- (ii) **the Local Connection Test be revised to ensure a tighter criteria for those applicants who can demonstrate a strong and specific link to the Borough;**
- (iii) **a fee to enter and remain on the register be introduced; and**
- (iv) **a Financial Solvency Test be introduced.**

92/E Poverty in Surrey Heath

The Executive was reminded that, at its meeting on 9 October 2019, the Council had agreed a motion concerning the level of poverty in the borough and the actions the Council could take to alleviate the problem. The Council had recognised this work could be done independently or through collaboration with its external partners, as appropriate.

Members were advised that one of the key indicators that could be used to identify poverty and its impacts was the Index of Multiple deprivation. Data from 2019 showed that the borough had five key super output areas where statistical measures were closer towards the worst 10% (1st decile). These covered areas in the St Michaels, Old Dean, and Watchetts wards. It was, however, recognised that although the identified wards had areas with deprivation, these related to specific roads and did not affect the whole ward.

It was proposed to undertake a study to identify and understand the community groups, including statutory services where appropriate, that operated in St Michaels and Old Dean in order understand what services were currently offered and what more was required to support those living in poverty. An outline action plan would then be produced that could address this inequality, together with clear improvement measures.

Members recognised that there were areas within the borough which had been identified as areas of deprivation, but had not been included in this research. It was agreed to undertake the review in the areas identified, thereafter roll out the model to other areas, taking into account any lessons learned.

RESOLVED that

- (i) **further research be undertaken to understand and provide the localised mapping of services in the most deprived wards; and**
- (ii) **a further report setting out an action plan for the Council and its partner be brought to the Executive in the summer of 2020.**

93/E Council Finances as at 31 December 2019

The Executive received the third quarter monitoring report against the approved budget, which provided an update on the Revenue, Treasury and Capital budget position as at 31 December 2019.

RESOLVED to note the report.

94/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)
83/E (part)	3
95/E	3
96/E	3

Note: Minute 95/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.

95/E Repurposing of Ground Floor Ashwood House

The Executive considered a report and made decisions on the options for the future use of the ground floor of Ashwood House.

96/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 95/E be made public but the financial information remain exempt for the present time.

Chairman