

Minutes of a Meeting of the Executive held on 16 February 2021

+ Cllr Alan McClafferty (Chairman)

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

+ Present

In Attendance: Cllr Graham Alleway, Cllr Peter Barnett, Cllr Rodney Bates, Cllr Cliff Betton, Cllr Tim FitzGerald, Cllr Sharon Galliford, Cllr Shaun Garrett, Cllr Emma-Jane McGrath, Cllr Sashi Mylvaganam, Cllr Robin Perry, Cllr Graham Tapper, Cllr Pat Tedder, Cllr Helen Whitcroft and Cllr Valerie White

96/E Minutes

The minutes of the meeting held on 19 January 2021 were agreed.

97/E Questions by Members

The Portfolio Holder for Business and Transformation Councillor Colin Dougan responded to a question from Councillor Rodney Bates, Chairman of the Licensing Committee, concerning the availability of local financial support grants for taxi drivers who operated in the Borough.

98/E General Fund Estimates 2021/22

The Executive was reminded there was a legal requirement that the Council could only approve a balanced budget. Members received a report which set out proposals for the budget and Council Tax for 2021/22. The report detailed expected funding including Business Rates and grants for 2021/22 subject to confirmation. It also included a commentary on the financial challenges the Council faced in the future. It indicated that a net budget of £14,069,625 would be required.

The 2021/22 budget had been built up from individual service budgets that were shown in detail in the budget book. Where possible inflationary pressures had been absorbed and no allowance had been made for pay or pension increases.

A number of fees and charges had been increased and had been approved in accordance with the Financial Regulations and were reflected within the budget.

Government funding in the form of Business Rates and New Homes Bonus had been based on the provisional settlement announced in November/December 2020. This was subject to confirmation in February 2021.

The Council would be part of a Surrey-wide Business Rates pool in 2021/22 but expected gains from this exercise were not included in the budget.

The Council maintained a number of earmarked reserves and provisions and all were considered appropriate and supportive of future expenditure requirements. Revenue reserves (including earmarked reserves) were projected to be approximately £33 million at 31st March 2021. These reserves were not only needed for future committed expenditure, such as SANGS, but also to manage the significant financial risks around commercial property and interest rates. They could also be used to balance the budget until new income streams or savings were available.

The shortfall in the Collection Fund arising from financial year 2019/20 of £1,278k had been met from a call on the Council's Business Rates Equalisation Fund.

Surrey Heath had acquired significant property holdings over the last five years, which was contributing to support Council services. The pandemic and associated economic downturn had had a significant impact on expected income for 2021/22 and it was proposed to set aside an earmarked reserve of £800k (re-purposed from existing reserves) to be drawn down on in the event of any further deterioration in economic conditions.

The Council only had limited capital receipts and so needed to borrow to fund its capital aspirations. If these projects were not in themselves self-financing then the interest and Minimum Revenue Provision must be covered from the overall revenue budget. For every £1m borrowed about £39k revenue was required per year, assuming the asset had a life of 50 years, and so more income generating investments, or reductions in costs, would be required to cover this cost.

The General Fund Reserve, which was the Council's contingency fund, needed to be sufficient to deal with any unexpected expenditure. The draft budget for 2021/22 required a call-down on the Reserve of £300k. Provided Council Tax was increased as recommended and the budget delivered then the General Fund should be at least £2.0m at the 31st March 2022, and this figure was confirmed as achievable by the Council's Section 151 Officer.

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

RESOLVED to note that

- (i) a minimum revenue provision of £2,274,000 is required to repay debt;**
- (ii) the budget includes provision for an earmarked reserve of £800,000 to offset any further deterioration in income arising from the pandemic and associated economic downturn;**
- (iii) the budget includes the utilisation of £300,000 from the General Fund Reserve;**

- (iv) the provisional NNDR baseline of £1,568,000 and the final settlement will be reported to Council at its meeting on 24th February 2021;
- (v) a full report, setting out Council Tax proposals for 2021/22 will be presented to Council on 24th February 2021, but that for the purposes of this report it has been assumed that Council Tax will increase by £5.00 (from £223.66 to £228.66) at Band D.

99/E Treasury Strategy 2021/22

The Executive was informed that the budget for investment income in 2021/22 was £75,000, based on an average investment portfolio of £31 million at an interest rate of 0.25%. The budget for debt interest paid in 2021/22 was £2.5 million, based on an average debt portfolio of £174 million at an average interest rate of 1.43%. If actual levels of investments and borrowing, or actual interest rates, differed from those forecast, performance against budget would be correspondingly different.

Where investment income exceeded budget, then the revenue savings would be transferred to the Interest Equalisation reserve to cover the risk of capital losses or higher interest rates payable in future years.

Funding for the proposed corporate capital programme for 2021/22 – 2023/24 would be funded by capital receipts, capital reserves and government grants.

The Council had borrowed and invested substantial sums of money and was 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 was therefore central to the Council's prudent financial management. In accordance with the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2017 Edition the Council was required to approve a treasury management strategy before the start of each financial year.

Any changes required to the approved treasury management indicators and strategy, would be reflected in future reports to the Executive and Council.

RECOMMENDED to Full Council that

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

(iv) The Treasury Management Policy Statement as set out at Annex G of the agenda report

be adopted.

100/E Capital Programme 2021/22

Executive Heads of Service had been required to present capital bids for 2021/22; which had then been considered by the Corporate Management Team prior to submission to the Executive. Bids had only been considered if they met a statutory obligation or it could be demonstrated that they would be self-funding.

The Council was free to borrow for capital purposes only up to the level of its Capital Funding Requirement provided that this was below the “authorised limit”. It was noted that for each asset the Council must, by law, make a revenue provision for repayment for each year.

If additional capital receipts were realised from the sale of Council assets they would be applied against capital spend, thereby reducing borrowing.

The Revenue Capital Fund was estimated to be about £11m at 31 March 2022 and could be used to support the Capital Programme if required. However this reduced the amount of reserve available to support revenue expenditure and hence the General Fund in the future.

The Executive received details of the proposed 2021/22 Capital Programme in the sum of £1.141m. The Council held surplus capital receipts and these receipts would be sufficient to fund the entire capital programme and therefore no existing revenue and/or borrowing would have to be used.

However the Executive was advised that the Governance Working Group, at its meeting on 11 February 2021, had received a report relating to the upgrading of the outdated conferencing and audio-visual equipment in the Council Chamber. The Working Group had noted that upgrading the facilities would also provide an opportunity to provide additional features such as electronic voting, contactless communication technology and improved lighting. Three quotations had been obtained from Zoom accredited partners which had offered a variety of solutions to the Council’s needs. The Working Group had resolved that the Council be informed that it supported the upgrading and modernising of the technological facilities in the Council Chamber as soon as possible.

As a result the Council was asked to include an additional £100k in the Capital Programme 2021/22 – 2023/4 and noted that a full report would be submitted to the Executive on the options for upgrading facilities and the costs involved.

RECOMMENDED to Full Council that:

- (i) the new capital bids for £1.241m for 2021/22, as set out at Annex A to the agenda report, as amended, be approved and that they be incorporated into the Capital Programme;**

- (ii) The Prudential Indicators summarised below and explained in Annex C of the agenda report, as amended, including the MRP statement, for 2021/22 to 2023/24 in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Prudential Code for Capital Finance in Local Authorities 2011 be approved.

Prudential Indicator	2021/22 Estimated £m	2022/23 Estimated £m	2023/24 Estimated £m
Capital Expenditure	1.241	0.78	0.78
Capital Financing Requirement	182	179	176
Ratio of net financing costs to net revenue stream	19.2%	18.7%	18.2%
Financing Costs	2	2	2
Operational Boundary	230	230	230
Authorised Limit	235	235	235

RESOLVED to note

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

101/E Capital Strategy 2021/22

The Executive received a report which set out how the Council intended to manage its £13m of investments, £174m of borrowing and £171m of investment property together with approval for the 2021/22 capital programme of £1.241m (as amended in Minute No 100/E above).

Members were reminded that the Council had acquired property to generate an income to maintain services and to assist with the regeneration of Camberley Town Centre and its economic vitality.

It was noted that currently property investment had been restricted to within the borough boundary or close to, as this not only generated an income but also fulfilled the aim of supporting the economy of the borough by maintaining employment sites in line with Government guidance. However the number of properties available for investment in this area were limited and so the Council might need to look further afield in order to address the Council's financial pressures.

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

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

Members were reminded that the Council had introduced a discretionary grant scheme over 20 years ago, to provide support to local not for profit organisations of up to a maximum of £25,000 for one off 'capital' type expenditure. The grant scheme was open twice a year to receive applications, all of which were subject to a qualifying criteria, evaluation and approval by the Executive.

The funds for this scheme had originally been set a side, which had resulted in a reducing balance which at 31 December 2020 was £158,000.

It was recognised that the impact from the pandemic had had universal effect and the previous poverty landscape was subject to change. The Government Furlough scheme had shielded the true picture of this local effect on our economies, and the loss of employment and the full extent of this was becoming clearer.

A Poverty Working Group had been formed in November 2020 comprising community representatives, voluntary sector, Surrey Heath Clinical Commissioning Group, Councillors, and officers. A number of local initiatives in partnership with Citizens Advice Surrey Heath, Old Dean Community Group etc. had already been progress to provide assistance where most required. A consultation event had been undertaken in December 2020 and the outcomes were noted.

It was noted that the Working Group's Terms of Reference would initially be limited to Old Dean, St Michaels and Watchetts Ward. However as initiatives progressed the lessons learnt could be applied to other parts of the Borough. It was considered that as the Group was multi-agency to spread the work across all wards at the present time might result in a dilution of resources. In addition it was proposed to arrange a Poverty Summit to which all Councillors would be invited to take part.

RESOLVED that

- (i) the Community Fund Grant Scheme be retained, the application process be simplified, and new applications continue to be accepted twice a year;**
- (ii) a further £50,000 be allocated from the Community Fund Grant Scheme to be used to provide as an emergency food poverty grant scheme and to extend the scheme until 31 March 2022;**
- (iii) a review of the Council's range of Community Grant schemes to ensure local needs and priorities continue to be met beyond the pandemic be carried out by November 2021;**

- (iv) **the Poverty Working Group Terms of Reference, as set out at Annex B to the agenda report, be adopted; and**
- (v) **the outcome from the consultation event in December 2020, as set out Annex B to the agenda report, be noted.**

103/E Security at Old Dean Recreation Ground

The Executive was reminded that, at its meeting on 17 November 2020, it had received a petition requesting that the Council consider improved security measures at Old Dean Recreation Ground to resist vandalism to the newly installed play area and existing pavilion as well as support the reduction in anti-social behaviour in this area.

The suggested measures were: repair of existing and installation of additional lighting, installation of an alarm system for the pavilion, and the installation of CCTV. Members had considered the petition and had agreed to support its aims. It had also been agreed that options be explored to bring the pavilion back into use as a community or commercial space.

Meetings with stakeholders and the petitioner had been held to discuss the proposed options and agreement obtained on the proposals for additional lighting and a security system for the pavilion. However, detailed options for CCTV could not be provided, as they required site visits from providers which had been a challenge to facilitate during the pandemic. As a result, options for CCTV would be brought to a future Executive meeting.

The total cost for the implementation of additional lighting would be circa £14,000 and would be added to the capital programme for 2021/22. This capital outlay would provide a good level of protection to the Council's asset thereby reducing revenue maintenance costs and officer hours used to address damage and vandalism. The additional lighting should also act as a deterrent to anti-social behaviour and provide a safer and more welcoming environment for the wider community.

RESOLVED that

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

RECOMMENDED to Council that the Capital Programme from 2021/22 be increased by £14,000 for the cost of the additional

lighting around the new play area (which would be subject to planning consent and environmental impact assessments).

104/E Surrey Heath Local Development Scheme 2021 - 2024

The Council was required to produce, and keep up to date, a Local Development Scheme (LDS) which set out the future planning documents the Council would be producing within a three year period and the timescales for their preparation. The Council had last published a LDS in 2018.

The proposed LDS focused on the preparation of a new Surrey Heath Local Plan, to replace the current LDS, and set out the milestones and timescales to adoption in 2023. The Government had set a requirement for up-to-date Local Plans to be in place by December 2023 or risk Government intervention in the plan making process.

However the Government was proposing significant planning reforms which if introduced within the next couple of years might impact upon the Local Plan scope and timetable.

It was noted that one of the risk factors to delivering the Plan was the provision of Gypsy and Travelling pitches and Travelling Showpeople plots. It was reported that work had been done on a number of sites. From the number initially identified, 8 had been further examined from which 1 site had been progressed. The Executive asked that officers re-examine the other 7 sites in detail in order to maximise the potential of finding a suitable site.

RESOLVED that the Surrey Heath Local Development Scheme covering the period 2021-2024, as attached at Annex 1 to the agenda report, be agreed.

105/E Response to Call In for The Local Enforcement Plan

The Executive was reminded that its decision to approve the Local Enforcement Plan had been called in by Councillor Graham Alleway, supported by Councillor Victoria Wheeler, who had expressed a number of concerns about the proposed Plan.

The Performance & Finance Scrutiny Committee on 5th January 2021 had met to consider the call in and to consider the matters raised.

The Executive noted details of the outcome of that meeting and the proposed amendments suggested by the Scrutiny Committee.

RESOLVED that the changes to the Local Enforcement Plan recommended by the Performance & Finance Scrutiny Committee, as set out at Annex A to the agenda report, be agreed.

Chairman