

To: MEMBERS OF THE STRATEGY & RESOURCES COMMITTEE
Councillors Fisher (Chair), Elias (Vice-Chair), Black,
Botten, Bourne, Cannon, Childs, Davies, Harwood,
Jecks, Jones, Lee and Pursehouse.

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Substitute Councillors: Ainsworth, Allen, Orrick and Sayer.

c.c. All Other Members of the Council.

28th January 2019

Dear Sir/Madam,

STRATEGY & RESOURCES COMMITTEE
TUESDAY, 5TH FEBRUARY 2019 AT 7.30 P.M.

The Agenda for this meeting of the Committee to be held in the Council Chamber, Council Offices, Station Road East, Oxted is set out below. If a Member of the Committee is unable to attend the meeting, please notify the Committee Section accordingly.

Should Members require clarification about any item of business, they are urged to contact Officers before the meeting. In this respect, reports contain authors' names and contact details.

If a Member of the Council, not being a Member of the Committee, proposes to attend the meeting, please let the Committee Section know by no later than noon on the day of the meeting.

Yours faithfully,



Louise Round
Chief Executive

AGENDA

1. **MINUTES OF THE MEETING HELD ON THE 11TH DECEMBER 2018** (copy enclosed)
2. **APOLOGIES FOR ABSENCE** (if any)
3. **DECLARATIONS OF INTEREST** – All Members present are required to declare, at this point in the meeting or as soon as possible thereafter:
 - (i) any Disclosable Pecuniary Interests (DPIs) and / or
 - (ii) other interests arising under the Code of Conduct

in respect of any item(s) of business being considered at the meeting. Anyone with a DPI must, unless a dispensation has been granted, withdraw from the meeting during consideration of the relevant item of business. If in doubt, advice should be sought from the Monitoring Officer or his staff prior to the meeting.

continued.....

4. **TO DEAL WITH QUESTIONS SUBMITTED UNDER STANDING ORDER NO. 29(2)**
5. **OPTIONS FOR THE COUNCIL'S PARTICIPATION IN THE DELIVERY OF THE SOUTH GODSTONE GARDEN COMMUNITY (page 3 and Appendix 'A')**
6. **STRATEGY & RESOURCES COMMITTEE DELIVERY PLAN 2018/19 – QUARTER 3 PROGRESS REPORT (page 13 and Appendix 'A')**
7. **CAPITAL EXPENDITURE INVESTMENT PROGRAMME 2019-22 (page 28 and Appendices 'A' to 'E')**
8. **COUNCIL TAX 2019/20 AND REVENUE BUDGET SETTING (page 40 and Appendices 'A' to 'H')**
9. **PAY POLICY STATEMENT 2019/20 (page 66 and Appendices 'A' and 'B')**
10. **RESTRUCTURE OF THE CORPORATE MANAGEMENT TEAM (page 76 and Appendices 'A' and 'B')**
11. **OXTED BUSINESS IMPROVEMENT DISTRICT – UPDATE ON PROGRESS (page 87)**
12. **OPTIONS FOR SUPPORTING CHILDRENS' CENTRES (page 89 and Appendix 'A')**
13. **UPDATE ON PARKING CAPACITY IN OXTED (page 97 and Appendices 'A' and 'B')**
14. **ANY OTHER BUSINESS WHICH THE CHAIRMAN IS OF THE OPINION SHOULD BE CONSIDERED AT THE MEETING AS A MATTER OF URGENCY**

REPORT TO THE STRATEGY & RESOURCES COMMITTEE – 5TH FEBRUARY 2019	
AGENDA ITEM 5	
OPTIONS FOR THE COUNCIL’S PARTICIPATION IN THE DELIVERY OF THE SOUTH GODSTONE GARDEN COMMUNITY	
Report of:	Louise Round – Chief Executive - lround@tandridge.gov.uk
Purpose of Report	To outline the options available to the Council in respect of the approach it wishes to take to the delivery of the South Godstone Garden Community should 'Our Local Plan: 2033' be approved by the Planning Inspector and subsequently adopted by the Council.
Publication status:	Unrestricted
Recommendations:	<p>That, in accordance with the committee’s delegated powers:</p> <p>A. the committee agrees, in principle, which one, or combination of, the following approaches to the delivery of the South Godstone Garden Community be investigated further by officers:</p> <p>(i) a planning led approach (Option A);</p> <p>(ii) an approach based on the acquisition of some land in the garden community area (Option B); or</p> <p>(iii) an approach whereby the Council takes direct control of the delivery of the garden community (Option C)</p> <p>B. the requirement to seek three tenders pursuant to contract standing order 1(vi) be waived and officers be authorised to enter into an agreement with GVA Grimley Ltd (GVA) take all necessary steps to prepare a fuller appraisal of the preferred option and to provide other advice and support on the delivery of the South Godstone Garden Community;</p> <p>C. a report to be brought to a future meeting of this committee to seek a final decision on which option/combination of options should be pursued.</p>
Appendices:	Appendix 'A' - Outline delivery approaches note prepared by GVA (page 8)
Background papers defined by the Local Government (Access to Information) Act 1985	Submission version on Our Local Plan:2033 and supporting evidence.

1. Background

- 1.1 At its meeting on the 16 December 2018, the Planning Policy Committee agreed to submit the Council’s draft local plan to the Planning Inspectorate for examination in public. The draft plan, referred to as Our Local Plan:2033 was submitted on 19 January and we are waiting to hear from the Inspectorate with the name of the appointed inspector. A fundamental component of that plan was the proposal to develop a garden community in South Godstone (the ‘Garden Community’). The Planning Policy Committee agreed in principle that the Council should seek to acquire land in the proposed area for Garden Community, partly to accelerate the housing delivery therein and

partly to optimise the amount of affordable housing allocated within it. Members also discussed the possibility of taking a more proactive role in the development and delivery of the Garden Community should the local plan be approved and adopted and the purpose of this report is to outline more fully the range of approaches which it is possible to take to ensure delivery and realisation of the benefits of the Garden Community.

- 1.2 The Council is being advised by GVA in relation to delivery approaches and they have prepared a paper outlining 3 broad approaches which is attached as **Appendix A** (page 8). There are advantages and disadvantages with each and if the Council chooses to pursue either of the more proactive options, more work will be needed fully to understand the costs, timelines and risks involved.

2. Outline Options

- 2.1 As described in the appendix, there are broadly speaking three approaches the Council could adopt, as set out below:

Option A - Planning Led Approach

The first is a planning led approach whereby the Council relies on its planning powers to control delivery of the garden community. Once the plan is adopted the intention is to draw up and approve an area action plan (AAP) which sets out in more detail the form of the garden community, the locations of housing, as opposed to employment or recreational space, for instance, and also contains more detail on the planning policies which will govern the actual planning applications for individual sites within the garden community. Following this, the Council's only further involvement would be through pre-application discussions and development control. This will steer the scheme to some extent and allow the Council the ultimate decision as to whether to grant the scheme but provides no direct control and places heavy emphasis on the AAP to tightly define the scheme. Funding for infrastructure could be secured through s106 and CIL under this approach, and all development would be undertaken by the market acting independently of the public sector. The AAP process is for regulatory purposes a local plan and would be subject to the same consultation regime and examination in public as the main local plan.

Option B - Landowner Led Approach

- 2.2 The second approach involves the Council proactively taking land ownership within the scheme to drive engagement and agreement between different landowners and promoters. This would likely require some form of equalisation between the landowners. That is, a sharing of the cost burden of infrastructure between landowners regardless of where that infrastructure is physically located. This is linked to the requirement for the scheme to be delivered comprehensively. This reduces the risk that the parts of the site with the most valuable uses and least infrastructure are delivered and the rest, including the wider benefits of the scheme, are not.
- 2.3 Equalisation will need to be structured formally between landowners. If the Council is one of those landowners, it can drive that negotiation and legal drafting. To be a leading voice in that discussion, the Council would require a significant landownership, either by owning strategic plots necessary for the scheme to be delivered, or by taking ownership of the large proportion of the land in general. This ownership could be secured through private treaty acquisition, options, or the use of compulsory purchase powers (if justifiable and appropriate).
- 2.4 Funding for infrastructure would be secured through s106 and CIL, and potentially through the uplift in value of the Council's land holding, depending on when and at what price the Council's land is bought and sold. The actual delivery agents are likely to be private developers following purchase from landowners and promoters, though in this case the Council may have the ability to directly deliver itself or to choose a delivery body for land in its ownership.

Option C - Partnership Approach

- 2.5 A more proactive approach would be for the Council to directly drive delivery of the scheme to ensure it can be delivered. The Council would acquire up to all land necessary to deliver the scheme, using the compulsory purchase powers which the Planning Policy Committee agreed on 19 December 2018 could be deployed if necessary and appropriate (other landowners/promoters could still deliver a proportion without the Council acquiring their ownership assuming they contribute to scheme costs), and would then work with a delivery partner. In adopting this approach, the Council would have greatest control over the form and delivery of the scheme as it would stipulate conditions and requirements when selecting a delivery partner, including the infrastructure and a comprehensive approach to the development. It will also be important to the Council that appropriate governance arrangements are in place to ensure proper and meaningful community engagement with the development of any masterplan and the actual delivery of the Garden Community. This community engagement could take a number of forms but is likely to involve the creation of some form of board with representatives from the community and parish councils as well as landowners, promoters and infrastructure partners. This may be made easier if the Council is fully in the driving seat. As with the planning and landowning led approaches, it would still be necessary to draw up an AAP in the prescribed manner.
- 2.6 There are many different types of partnership arrangements, with different levels of direct Council participation in development risk and returns and different types of partner and models of delivery. At the least participatory end of the scale, the Council could act as the compulsory purchase authority where necessary, meeting up front acquisition costs but being reimbursed via an indemnity with the partner, and defining the nature of the scheme to be delivered without any direct participation in delivery. At the opposite end of the scale, the Council could act as full 50/50 partner, contributing half of all capital requirements, sharing in risk but also receiving half of the returns of the scheme. The Council would then be in a position, if it chose, to apply those proceeds back into the scheme to increase the amount of affordable housing and/or to make other improvements for community benefits.
- 2.7 The feasibility of these different options that sit within the broad category of partnership approaches, in terms of financial viability for the partner, and capital and resource commitments from the Council, needs to be explored in more detail and with the benefit of financial modelling before any final decision can be made as to the preferred option.
3. Council Housing
- 3.1 One of the advantages of the Council going beyond the planning led approach is that it allows the Council to use its proposed land ownership to build council homes. This could either be through its newly established housing company, Gryllus Housing Limited, or directly using the housing revenue account (HRA), or both. The draft housing strategy identifies the need for both affordable rented accommodation which can be delivered under the auspices of the HRA and shared ownership or discounted sale which would be within the remit of Gryllus. In both cases, the Council would have nomination rights to those homes.
- 3.2 As members will be aware, the government has recently lifted the cap on borrowing to support the HRA and so in theory at least, there is no limit on the amount that could be borrowed to build council housing in the Garden Community. Of course, this would require careful consideration as part of the HRA business plan, as any increased borrowing would have to be funded and the cost of acquiring the land would also have to be factored into any calculations.

4. Analysis

- 4.1 As can be seen from the more detailed analysis in the appendix, the more involved the Council is in the delivery of the Garden Community, the more complex the arrangements from the Council's perspective, the greater the initial outlay for the Council and the greater the risk. This needs to be set against the benefit to be derived, namely a great degree of control to ensure the garden community meets the aspirations the Council has for it in terms of design, affordability and, crucially infrastructure. This will build upon the work that is already ongoing with the Highways Agency, Homes England and Network Rail. In GVA's view there is also the potential for the speed of delivery to be increased when the Council has a real role in directing the phasing and building some of the homes itself.
- 4.2 Consideration will also have to be given to the interrelationship between the examination in public process for Our Local Plan:2033, the preparation of the AAP and the development of the Council's partnership strategy, if there is to be one, including the question of procurement of delivery partners, land assembly, use of CPO powers and the planning application for the site itself. As the Council will probably be seeking to bring forward the delivery as far as possible, in theory it would make sense to consider running some of these processes in tandem with each other. On the other hand, this carries an increased risk in that the costs of progressing some of that work would be incurred in the absence of a certainty that the scheme (which would allow those costs to be recouped) does not in the end proceed as envisaged.

5. Next Steps

- 5.1 Clearly it is not in the interests of the Council to make a final decision now about which of the three broad approaches outlined in this report it wishes to pursue. If having considered the matter, members were minded to further explore either of options B or C, it is suggested that GVA be commissioned to advise in more detail about the pros and cons of that approach, and the permutations within it, to do some financial modelling and to draw up a potential timeline for taking the preferred option forward. GVA would also continue to support the Council with other advice, including on its preparation of the bid to the Housing Infrastructure Fund for £30million to contribute fund improvement works to junction 6 of the M25 and the A22. Their estimate for the first two sessions with the Council (more may be required depending on the outcome of discussions and analyses) to define a preferred approach is £15,000 excluding VAT with an additional £7,500 for supporting the HIF bid (any financial modelling required would be in addition). Other work would be carried out at the appropriate hourly rate. Depending upon the chosen option, there may be further work required and obviously if a decision were made to proceed with an option within approach C, a significant amount of extra support (plus legal advice) would be required.
- 5.2 In the ordinary course of events, given the likely value of the next phase of this work, the Council's Contract Standing Orders would require three quotations or tenders to be obtained before awarding this work to an adviser. However, in light of the wish to pursue this work expeditiously and the fact that GVA are already very familiar with the issues, having carried out viability assessments and a property review, it would not make sense to put this next phase of work out to tender and therefore authority is being sought to invoke the provisions of contract standing order 1(vi) to waive the requirement to seek three tenders, and to award the work to GVA.

6. Financial / risk Implications

- 6.1 As stated above, there are very real financial implications in pursuing either option B or C above which is why officers are recommending the commissioning of further work from GVA. The costs of that work will be met from the budget set aside for the local plan in the first instance. Members will also be aware that a bid has been made to Homes England for inclusion on the national garden village programme; if that bid is successful, it should bring additional resources to support this work. It is also common practice and legitimate to seek contributions from the Garden Community promoters to assist with these development costs and this is an avenue which is being actively pursued.

7. Legal Implications

- 7.1 It will be important to ensure that robust legal advice is taken during the options appraisal process envisaged in this report; if either option B or C is to be pursued, it is likely that external support will be required in the areas of procurement and land acquisition.

8. Equality Impacts

- 8.1 Consideration of impacts under the Public Sector Equality Duty are as follows:

Questions	Answer
Do the proposals within this report have the potential to disadvantage or discriminate against different groups on the community?	No
What steps can be taken to mitigate any potential negative impact referred to above?	N/A

9. Data Protection Impacts

Following the completion of a Data Protection Impact Assessment, consideration of potential data protection implications arising from this report are as follows:

Questions	Answer
Do the proposals within this report have the potential to contravene the Council's Privacy Notice?	No
Is so, what steps will be taken to mitigate the risks referred to above?	N/A

----- end of report -----



Briefing Note – DRAFT

Garden Community Delivery Approaches

1. Introduction

1.1 This note sets out at a high level the broad approaches to delivery of the proposed South Godstone Garden Community available to Tandridge Council.

1.2 The proposed Garden Community Local Plan policy and other documents include a number of key requirements which must be delivered if the scheme is to be successful in terms of sustainability and capturing the benefits of development for current and new residents. These include:

- delivery of infrastructure as identified in the draft Infrastructure Delivery Plan, including transport upgrades, utilities, green infrastructure and community assets. The latter include a new health centre, a secondary school and 3 primary schools. It is also important that infrastructure is delivered as early as possible;
- continuous 100ha of open green space. This is listed separately from the other infrastructure above due to its large land take distinct from the development itself;
- delivery of 4,000 homes at an average density of 35dph, with high levels of affordable housing including an aspiration for 25% of total units with nominations to the Council; and
- long term management and stewardship of the green spaces and public realm.

1.3 This note examines approaches to ensuring that these objectives are secured.

2. High Level Approaches

2.1 In broad terms, the potential approaches to delivering the Garden Community can be characterised by the extent to which the Council itself is involved in delivery, beyond the initial policies through the Local Plan and the subsequent Area Action Plan and in its role as Local Planning Authority in determining planning applications across the site. The approaches can be categorised as follows:

Planning-led

2.2 This approach is for the Council to rely upon its planning powers only to control delivery of the Garden Community. Following the adoption of the Local Plan, the Council intends to set more detailed policy through an Area Action Plan ('AAP'). Following this, the Council's only further involvement would be through pre-application discussions and development control. This will steer the scheme to some extent and allow

the Council the ultimate decision as to whether to grant the scheme, but provides no direct control and places heavy emphasis on the AAP to tightly define the scheme.

- 2.3 Funding for infrastructure could be secured through s106 and CIL only under this approach, and all development would be undertaken by the market acting independently of the public sector. The actual delivery agents are likely to be private developers following purchase from landowners and promoters.

Landowner-led

- 2.4 This approach involves the Council proactively taking land ownership within the scheme in order to drive engagement and agreement between different landowners and promoters. In order to deliver some of the requirements of the scheme listed above some form of equalisation is likely to be necessary between the landowners. That is, a sharing of the cost burden of infrastructure between landowners regardless of where that infrastructure is physically located. This is linked to the requirement for the scheme to be delivered comprehensively. The alternative may be that the parts of the site with the most valuable uses and least infrastructure are delivered and the rest are not, and therefore the wider scheme benefits are lost.
- 2.5 Equalisation will need to be structured formally between landowners. If the Council is one of those landowners, it can drive that negotiation and legal drafting. To be a leading voice in that discussion, the Council would require a significant landownership, either by owning strategic plots necessary for the scheme to be delivered at all, or a large proportion of the land ownership in general. This ownership could be secured through private treaty acquisition, options, or the use of compulsory purchase powers (if justifiable and appropriate).
- 2.6 This approach wouldn't necessarily mean the Council is directly involved in development itself, but it would be in early stage design and in setting the legal framework for different landowners/promoters to deliver a comprehensive scheme. The AAP and development control processes would also apply as in the planning-led approach.
- 2.7 Funding for infrastructure can be secured through s106 and CIL, and also potentially through the uplift in value of the Council's land holding, depending on when and at what price the Council's land is bought and sold. Again the actual delivery agents are likely to be private developers following purchase from landowners and promoters, though in this case the Council may have the ability to directly deliver itself or to choose a delivery body for land in its ownership.

Partnership Approach

- 2.8 A more interventionist approach would be for the Council to directly drive delivery of the scheme. Using its compulsory purchase powers, the Council would acquire potentially all land necessary to deliver the scheme (other landowners/promoters could still deliver a proportion assuming they contribute to scheme costs), and would then work with a delivery partner. In adopting this approach, the Council would have greatest control over the form and delivery of the scheme as it would stipulate conditions and requirements when selecting a delivery partner. This would include requiring delivery of infrastructure and a comprehensive approach.

- 2.9 There are many different types of partnership arrangements, with different levels of direct Council participation in development risk and returns and different types of partner and models of delivery. At the least participatory end of the scale, the Council could act as the compulsory purchase authority, cashflowing acquisition costs but being reimbursed via an indemnity with the partner, and defining the nature of the scheme to be delivered without any direct participation in delivery. At the opposite end of the scale, the Council could act as full 50/50 partner, contributing half of all capital requirements, sharing in risk and also receiving half of the returns of the scheme.
- 2.10 How the Council nominations affordable housing units would be secured would also vary under these approaches, potentially paid for directly or via sacrificed land value or profits. The actual model of development may also vary, with some partners preferred to undertake more or less direct development of housing and others geared primarily for disposal of serviced land parcels.
- 2.11 The feasibility of these different options that sit within the broad category of partnership approaches, in terms of financial viability for the partner, and capital and resource commitments from the Council, needs to be explored in more detail with the Council and with the benefit of financial modelling before any decision can be made as to the preferred option.
- 2.12 Generally though all these options come within the broad approach of the Council taking an active role in securing delivery of the whole scheme, and this is something that can be considered as a principle.
- 2.13 The AAP and development control processes would still apply as above. Funding for infrastructure can also be secured through s106 and CIL as above, though in this case it can also be secured through development proceeds. This could be by requiring delivery of all the infrastructure as part of selecting a partner, so it is factored in as a scheme cost, or, if the Council is itself participating in development risk and profit, recycling its receipts into infrastructure delivery. There is potentially no need for equalisation arrangements with other landowners as control has been secured across the whole site.
- 2.14 In this case the delivery entity would be the Council's selected partner or a vehicle formed between the Council and partner.

3. Strengths and Weaknesses

- 3.1 The table below summarises the key features and the strengths and weaknesses of each of these high level approaches:

	Planning-led	Landowner-led	Partnership Approach
Council resource requirement	Low – delivery of AAP and running of development control process only	Medium – delivery of AAP and running development control, plus acquiring land and negotiating landowner agreements. May require CPO. Procurement for delivery for extent of land owned	High - delivery of AAP and running development control, securing CPO, procurement of partner for delivery of whole scheme. Potential on-going role in partnership vehicle
Control over nature and delivery of the scheme	Low – limited to AAP and development control	Medium – AAP and development control, plus direct control over extent	High – full control over delivery entity, and parameters for whole

	Planning-led	Landowner-led	Partnership Approach
		of land owned	development
Cost to Council	Low – planning-related costs only	Medium – planning-related costs, professional costs for landowner agreements, land acquisition costs and procurement costs for extent of land owned	High – planning-related costs, full procurement costs for whole scheme, potential vehicle set-up costs and capital contribution if participating in development.
Securing funding	Low – s106 and CIL only	Medium – s106 and CIL, potential receipts from extent of land owned	High – s106 and CIL, direct requirement for scheme to fund necessary works or use of Council's profits
Development risk	None	Potential for Council to take risk in development of its land parcel, shared in partnership	Potential for Council to take risk in development of its entire scheme, shared in partnership

4. Risks

4.1 Development risk is mentioned in the table above, by which we mean active participation in development itself, building and selling land and assets. There are however a number of other project or scheme risks associated with each broad delivery approach, as summarised below:

Planning-led	Landowner-led	Partnership Approach
<ul style="list-style-type: none"> • Unaided, the market may fail to reach agreements necessary to share the infrastructure burden, and therefore leave them undelivered • Potential for piecemeal development, though discouraged by planning • s106 and CIL contributions unlikely to meet infrastructure costs, no ability to secure value through other means • Even if one dominant landowner, no compulsion of delivery following grant of planning permission • Potential for slow pace of delivery and potentially more susceptible to market movement, no Council control over pace of delivery 	<ul style="list-style-type: none"> • Even with strategic ownership it may not be possible to agree terms for delivery with other landowners • Market risk – may not find a suitable partner through procurement for development of Council element – dependent on market and commitments at the time • Council may pay to acquire land that is a liability if the scheme is not delivered (though should be able to exit) • Potential for piecemeal development, though discouraged by planning • s106 and CIL contributions unlikely to meet infrastructure costs • Securing funding through land uplifts limited if land purchased at development values and/or if the Council exits following completion of equalisation agreements i.e. before uplifts fully realised • No compulsion of delivery 	<ul style="list-style-type: none"> • Market risk – may not find a suitable partner through procurement – dependent on market and commitments at the time • Council may pay to acquire land that is a liability if the scheme is not delivered (though should be able to exit) • CPO may not be confirmed – compelling public interest requirement adds further examination process

Planning-led	Landowner-led	Partnership Approach
	<p>following grant of planning permission, other than potentially for the Council's ownership</p> <ul style="list-style-type: none"> • If required, CPO may not be confirmed – comprehensiveness required 	

5. Conclusion

- 5.1 There is a range of delivery approaches available to the Council to ensure the South Godstone Garden Community is not only delivered but is so in accordance with draft policy with all the requirements placed on it. The optimal approach will depend in large part on the Council's appetite for involvement in delivery, and its preferences regarding control, risk and land assembly.
- 5.2 Of most importance will be ensuring that key scheme characteristics such as the 100ha open space, delivery of off-site infrastructure and provision of affordable housing, including housing with nominations to the Council, are secured. It may not be possible to secure these through planning controls alone, and therefore it may be necessary for the Council to take a more active role to deliver all the objectives and requirements for the Garden Community.
- 5.3 More interventionist approaches carry greater risk and require more resource (financial and in terms of personnel and expertise), but provide greater control over the timing and form of development, and greater scope to capture the benefits of development for the wider community.

REPORT TO THE STRATEGY & RESOURCES COMMITTEE – 5th FEBRUARY 2019 – AGENDA ITEM 6	
STRATEGY & RESOURCES COMMITTEE DELIVERY PLAN 2018/19 – QUARTER 3 PROGRESS REPORT	
Report of:	Belinda Purcell – Head of Corporate Policy, Projects & Performance 01883 732705 bpurcell@tandridge.gov.uk
Purpose of Report:	To report progress against the agreed 2018/19 Strategy & Resources Committee Delivery Plan for Quarter 3.
Publication status:	Unrestricted.
Recommendations:	That performance against the agreed Strategy & Resources Committee Delivery Plan for the third quarter of 2018/19, as attached at Appendix 'A', be noted.
Appendices	Appendix 'A' – Strategy & Resources Committee Delivery Plan 2018/19 – Quarter 3 Progress Report (page 16)
Background papers defined by the Local Government (Access to Information) Act 1985	None

1. Background

- 1.1 Our Corporate Strategy provides a framework for us to deliver our vision for the district which is to be “**aspirational for our people, our place and ourselves**”. This vision encompasses the Council’s role in relation to Tandridge residents and business, its crucial responsibility in relation to the district’s physical environment (natural and built) and also says something about the kind of organisation we want to be.
- 1.2 The Corporate Strategy is comprised of key corporate objectives and priorities which are reviewed annually by the Council Administration, Strategy & Resources Committee and then agreed by Council. These Objectives and Priorities reflect a number of factors including key issues for residents, available resources, statutory requirements and demand for services.
- 1.3 The key corporate objectives and priorities agree for 2018/19 are:

Objectives

- A. Providing high quality, customer focused services.
- B. Making a difference in our community by supporting those who need it most.
- C. Creating a thriving economy while protecting the local environment.
- D. Working in partnership with the community and other public services to create opportunities for all.
- E. Improving the quality of our residents’ lives, including by enabling access to decent and affordable homes.
- F. Being a proactive, flexible learning environment.

Priorities

1. Implement the Customer First Strategy.
2. Implement a strategy for investing in land and property in order for the Council to remain financially viable and to create more affordable housing.
3. Progress the Local Plan process to Regulation 22 submission stage (i.e. to the Secretary of State for Examination).
4. Enhance the vitality and viability of our town centres, including the adoption and implementation of regeneration schemes in Caterham and Oxted.
5. Engage with multi-agency partners to facilitate flood prevention measures in Caterham, Smallfield and Whyteleafe.

- 1.4 Shown visually, our vision, key corporate objectives and priorities for 2018/19 are:



- 1.5 The key corporate objectives and priorities are delivered through Committee Delivery Plans which are agreed annually. The Delivery Plans set out the projects and programmes the Committee will oversee in order to achieve the key objectives and priorities. The Delivery Plans also set performance indicators and risks so the Committee can monitor how the Council is delivering its services.
- 1.6 Progress against the Delivery Plan is reported to each Committee quarterly. The Overview and Scrutiny Committee also receives regular updates about the progress of the Delivery Plans.
- 1.7 From 2019/20, the Corporate Strategy process will be undertaken at the same time that detailed committee budgets are set to ensure priority setting, budget setting and performance & risk management are fully integrated.
- 1.8 Progress against the agreed 2018/19 Delivery Plan for this Committee for Quarter 3 is set out at **Appendix 'A'**(page 16).

2. Quarter 3 Progress

- 2.1 Each Committee Delivery Plan identifies a set of key performance indicators (KPIs) and risks so the Committee can monitor how the Council is delivering its services. Where indicators are off target or below the same period in the previous year an explanation is provided. An explanation is also provided where risks which have been added, removed or amended. For Quarter 3, the KPIs and risks which this applies to are as follows:

Performance Indicators

SR5 Staff Turnover

The higher figure (21.2% against a target range of 10% -15%) is as a result of redundancies from Phases 1 & 2 of the Customer First Programme. Without the redundancies the figure would be 16.5% which is still above the industry standard. Closer investigation has shown resignations have come from across the organisation for a variety of reasons. The service with the highest number of resignations in Quarter 3 was the Wellbeing Prescription service which saw 4 staff resign. This was due to a mixture of personal reasons and staff securing more senior roles within other organisations. This indicator will continue to be monitored closely.

Risks

SR4 Failure to deliver regeneration schemes

This likelihood of this risk has been increased from a 2 to a 3 to reflect delays to the RegenOxted Programme and the complexities of the Caterham and North Tandridge Regeneration work. This has resulted in this indicator moving from a Green to Amber rating,

3. Financial / Risk Implications

3.1 Costings for projects identified within the Delivery Plan are individually costed as projects come forward.

4. Legal Implications

4.1 There is no regulatory service planning regime imposed by central government upon Local Authorities and the Council, therefore, has discretion about how to prioritise its services and monitor their effectiveness.

4.2 There is no regulatory performance management regime imposed by central government upon Local Authorities. The Council therefore, has discretion about how to measure the quality of key services / activities.

5. Equality Impacts

5.1 Consideration of impacts under the Public Sector Equality Duty are as follows:

Questions	Answer	
Do the proposals within this report have the potential to disadvantage or discriminate against different groups on the community?	Not at this point.	All projects within the Delivery Plan will consider equality impacts.
What steps can be taken to mitigate any potential negative impact referred to above?	Not applicable	

----- end of report -----



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About this Committee

The Strategy & Resources Committee plays an important role in setting the Council's overall strategic and financial direction.

Each year, the Committee sets the Council's overall corporate objectives and priorities. It also sets the Council's annual budget, oversees Committee budgets and sets Council Tax levels.

In addition, the Committee is responsible for developing and agreeing a range of strategies including those relating to:

- Economic Development and Regeneration
- Community Safety
- Health and Wellbeing
- Assets and Property
- Emergency Planning
- Performance & Risk Management
- Data protection
- IT

The Committee also oversees a range of Council functions including:

- Reviewing the Council's constitution
- Councillor representation on local groups and organisations
- Councillors allowances
- Appointment of senior Council staff
- Complaints procedure

Each year, the Strategy and Resources Committee agrees a Delivery Plan. The Delivery Plan sets out how the Committee will deliver the Council's corporate objectives and priorities for that year. It also sets performance indicators and risks so the Committee can monitor how the Council is delivering its services.

Progress against the Delivery Plan is reported to the Strategy and Resources Committee quarterly. The Overview and Scrutiny Committee also monitors the work of this Committee and receives regular updates about the progress of the Delivery Plan.

The Committee has proportional representation from each of the political groups. For 2018/19, the Committee will be made up of will be 7 Conservatives, 3 Liberal Democrats, 2 OLRG Independents Alliance representatives and 1 Independent Group representative.

Priorities

Vision

The Council's vision is to be “*aspirational for our people, our place and ourselves*”. This will be fulfilled by the following corporate objectives and priorities for 2018/19:

Objectives

- A. Providing high quality, customer focused services.
- B. Making a difference in our community by supporting those who need it most.
- C. Creating a thriving economy while protecting the local environment.
- D. Working in partnership with the community and other public services to create opportunities for all.
- E. Improving the quality of our residents' lives, including by enabling access to decent and affordable homes.
- F. Being a proactive, flexible learning environment.

Priorities

The top five priorities for achieving this in 2018/2019 are to:

1. Implement the Customer First Strategy.
2. Implement a strategy for investing in land and property in order for the Council to remain financially viable and to create more affordable housing.
3. Progress the Local Plan process to Regulation 22 submission stage (i.e. to the Secretary of State for Examination).
4. Enhance the vitality and viability of our town centres, including the adoption and implementation of regeneration schemes in Caterham and Oxted.
5. Engage with multi-agency partners to facilitate flood prevention measures in Caterham, Smallfield and Whyteleafe.

Projects

The programmes and projects below set out how the Strategy and Resources Committee will deliver the corporate objectives and priorities for 2018/19.

Each programme and project has a detailed plan and is overseen by a Board and Committee. This section provides a summary of each project. More detailed reports will be considered by this Committee during the year.

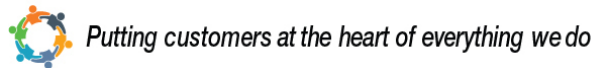
1. CUSTOMER FIRST

WHAT: The Customer First Initiative is a transformation programme to provide a new operating model for the Council, based on design principles which put the customer first and drive efficiency.

WHAT WE WILL DELIVER: Customer-focussed services and reduced costs of £1.2m of savings per year from 2019/20.

KEY DATES:

- Selection of IT/digital business partner (May/June 2018)
- Phase 1 'Go Live' (2 July 2018)
- Phase 2 staff consultation (July/August 2018)
- Phase 2 applications, assessment and selection (Sept/Nov 2018)
- Phase 2 'Go Live' (Feb 2019)



QUARTER 3 UPDATE:

Outcomes	Timescale	Budget	Risks
Green	Green	Green	Green

The overall programme remains on time, on budget and is set to deliver the required savings and improved customer-focused services by 2019/20. Staff have now been appointed to Phase 2 roles which will go live in February 2019. Any unfilled positions are currently being advertised. Work is ongoing to design new processes and services. Risks are documented and managed through regular reporting to the Programme Board.



2. REGENOXTED

WHAT: RegenOxted is an ambitious plan to revitalise the town-centre through a multi-million pound programme of strategically important projects. Comprising 4 key projects, the programme will deliver redevelopment of the Gasholder, an urban redesign project for Station Road East & West; additional parking capacity and creation of a business hub.

WHAT WE WILL DELIVER: In 2018/19, we will commence redevelopment of Ellice Road car park, commence feasibility work for the urban redesign project and work will commence on the redevelopment of the Gasholder site. We will also complete an options appraisal of public sector sites for the business hub.

KEY DATES:

- Procurement of contractors to develop car park (Summer 2018)
- Commencement of work on car park (Winter 2018/19)
- Commencement of work on Gasholder site (Autumn 2018)
- Commencement of feasibility work on Urban Redesign (Summer 2018)
- Commencement of work on business hub options appraisal (Autumn 2018)

QUARTER 3 UPDAT:

Outcomes	Timescale	Budget	Risks
Amber	Amber	Amber	Amber

Ellice Road Carpark

At the Strategy & Resources meeting on 11 December 2018, this Committee agreed a recommendation from the Chairman that the redevelopment of Ellice Road car park be paused to reduce the impact on local businesses and residents whilst development commenced on the Oxted gasholder site. The start of the gasholder development was delayed by a legal challenge meaning that the demolition process, which could take up to five months, only commenced in mid-January 2019. It was agreed that commencing two major projects simultaneously was too high a risk for the town centre, particularly as major utilities work was also unexpectedly scheduled for same time at short notice.

The Committee acknowledged that a lack of parking during this period for businesses, shoppers and visitors remained a concern and asked officers to look at alternative options to increase parking capacity in the short-term on a temporary basis. Officers were also asked to use this period to ensure the proposal for longer-term provision still met current and future demand in light of emerging additional pressures. This Committee will receive a report on 5 February providing an update on this work.

Gasholder Redevelopment

Work on the Gasholder site commenced in January 2019 with demolition work due to continue through to May 2019. Remediation and piling work will follow immediately after the demolition work is complete and continue through to the end of 2019. Building work on the Gasholder site is scheduled to begin early 2020 and finish in the summer of 2021.

Business Hub

Officers have been reviewing different delivery options and working closely with the Council's Strategic Asset Management Team to identify suitable sites. The initial options modelling is due to be completed in Spring 2019.

Urban Redesign Project

The timescales for this work have been adjusted to allow for resource to be allocated to other aspects of the Programme. Officers are currently scoping an application for the Government's Future High Street Fund to support this project.

3. CATERHAM & NORTH TANDRIDGE REGENERATION

WHAT: Support delivery of aspirations set out in Caterham Masterplan to regenerate Caterham Valley and Caterham on the Hill. Deliver Phase 1 of the North Tandrige One Public Estate Programme, we will develop a Public Service Plan setting out options for how better public services can be delivered across public sector assets in North Tandrige

WHAT WE WILL DELIVER:

- Work with landowners to bring forward proposals for redevelopment of the Church Walk shopping centre and the William Hill site in line with Caterham Masterplan principles.
- Commence pre-feasibility work on enhancements to Station Avenue and Croydon Road.
- Develop Public Service Plan setting out options for better public services in North Tandrige.

KEY DATES:

- Commencement of pre-feasibility work on Station Avenue (Spring 2018)
- Public consultation for Church Walk shopping centre redevelopment proposals (Summer/Autumn 2018)
- Planning application submitted for redevelopment of William Hill site (Autumn 2018)
- Commencement of Rose & Young site redevelopment (Winter 2018/19)
- Planning application submitted for Church Walk redevelopment (Winter/Spring 2018/19)
- North Tandrige One Public Estate Public Service Plan completed (Spring 2019)

QUARTER 3 UPDATE:

Outcomes	Timescale	Budget	Risks
Amber	Amber	Amber	Amber

North Tandrige One Public Estate Programme

Asset specialists Currie and Brown are currently developing a Public Service Plan which will set out options for how better, more joined-up public services can be configured across public sector assets in North Tandrige. It will also identify whether there are opportunities for sites to be released for alternative uses. The completed Plan will be informed by the Douglas Brunton Centre Review and Surrey County Council Transformation Plan. It is anticipated that it will be considered by this Committee in late Spring 2019.

Caterham Masterplan

Since the Masterplan was adopted the Council has been working with the owners of Church Walk shopping centre as they bring forward proposals for its redevelopment. These proposals include plans for additional housing, a cinema and improved parking provision. At this stage, a planning application for the centre is due to be submitted in January 2019 which is later than originally intended to allow time for changes to be made to proposals following public consultation.

Officers have also commissioned pre-feasibility work for Station Avenue, Godstone Road and Croydon Road to better understand the physical constraints in these areas. This work is necessary to inform options which will be developed as part of the feasibility and detailed design stages and includes a high-level flood appraisal. The pre-feasibility work is due to be completed in April 2019. Work has now also commenced on the Rose and Young site. The Council has been actively involved in achieving development of this site. The new owners, Clarion Housing, will deliver 48 affordable homes and a supermarket on the site, and these are expected to be ready by Winter 2020.



4. DEVELOPMENT OF PROPERTY PORTFOLIO



WHAT: Support delivery of corporate priorities through development of our property portfolio. This will include properties acquired by Gryllus Property Investment Ltd, the Council-owned arms-length company set up to enable the purchase of investment properties outside the District. It will also include those sites already owned by the Council and sites acquired within the district.

WHAT WE WILL DELIVER: The Medium Term Financial Strategy (MTFS) projects £300,000 per year new revenue income through property investment activity.

KEY DATES: Ongoing throughout 2018/19 in relation to specific projects.

QUARTER 3 UPDATE:

Outcomes	Timescale	Budget	Risks
Amber	Amber	Green	Amber

The budget remains sufficient to sufficient to cover potential investment purchases and development opportunities. Several properties have been introduced by Agents and are being tracked. All introductions are recorded on the property introduction database. Several opportunities are being progressed.

The outcomes and timescale risks remain amber to reflect that the availability of potential investments in the district and the length of time it has taken to complete due diligence on some sites. In light of this, we continue to investigate opportunities within the wider economic area.

The Medium Term Financial Strategy remains on track to deliver £300,000 of new revenue per annum through our Property Investment Strategy.

Following significant movement on price, a commercial property in the north of the district, which has previously been considered at the Strategy & Resources Committee is in final stages of due diligence and close to exchange.

5. ECONOMIC PROPOSITION DELIVERY PLAN 2018/19

WHAT: Our Economic Proposition provides a framework for us to strengthen and grow our economy so that we can stay competitive and ensure our future prosperity. The aims of the Proposition are delivered through a Delivery Plan which is agreed annually and monitored by this Committee.

WHAT WE WILL DELIVER: Projects in the 2018/19 Delivery Plan include:

- World Class Data Centre – Lambs Business Park:
- Intensification – Hobbs Industrial Estate
- Business Support Offer: Roll out a business support offer to support businesses as they grow and develop. This will be a blended approach using local authority, private sector and peer-to-peer support.
- Skills: Working with HE and FE providers, Surrey County Council, East Surrey local authorities and Coast to Capital, review our skills offer in the district, including work experience and access to apprenticeships.
- Business Improvement District Support

KEY DATES: Ongoing throughout 2018/19 in relation to specific projects.

QUARTER 3 UPDATE:

Outcomes	Timescale	Budget	Risks
Green	Green	Green	Green

Economic Development Officers from the East Surrey district and boroughs along with colleagues from Surrey County Council have been working on a shared skills, business support and business retention programme for the region. This is due to be completed in early 2019 and rolled out from April 2019.

A new BID manager for Oxted has taken up post and new directors are in the process of being recruited. The Council has been providing officer support to the BID during the interim period, which ensured that the annual Christmas evening event could be delivered. New directors are due to be confirmed at the Oxted BID AGM on 30 January 2019.

The annual Tandridge Business Event will be held on 29 January 2019.



Performance

The performance indicators below enable the Committee to monitor how the Council is delivering the services for which it is responsible. Where performance varies from the target, action is taken to address any issues.

Code	Indicator	Q3 2018/2019			Direction of travel (compared to same period last year)	2017-18 Outturn	Higher / lower is better	Performance against annual target
		Actual	Period target	End of year target				
SR1	Percentage of Council Tax collected	91.6%	91.6%	98.7%	Stable (91.9%)	98.6%	Higher	On Target
SR2	The percentage of non-domestic rates due for the financial year which were received by the Council	88.3%	87.7%	98.6%	Stable (89.3%)	99.0%	Higher	On Target
SR3	Days taken to process Housing Benefit/Council Tax Benefit new claims and change events	9.6	10.2	10.2	Improved (10.9)	7.7	Lower	On Target
SR4	The number of working days/shifts lost due to sickness absence <i>This figure reflects performance over the previous 12 months.</i>	5.7	7.1	7.1	Improved (7.9)	7.1	Lower	On Target
SR5	Staff turnover <i>This figure reflects performance over the previous 12 months.</i>	21.2%	10-15%	10-15%	Declined (13.9%)	14.6%	Lower	Off Target
SR6	The percentage of calls abandoned by Customer Services	2.1%	<10.0%	<10.0%	Improved (8.5%)	8.2%	Lower	On Target

Commentary on indicators with performance below same period last year and/or off target

SR5 Staff Turnover

The higher figure (21.2%) is as a result of redundancies from Phases 1 & 2 of the Customer First Programme. Without the redundancies the figure would be 16.5% which is still above the industry standard. Closer investigation has shown resignations have come from across the organisation for a variety of reasons. The service with the highest number of resignations in Quarter 3 was the Wellbeing Prescription service which saw 4 staff resign. This was due to a mixture of personal reasons and staff securing more senior roles within other organisations. This indicator will continue to be monitored closely.

Additional Commentary

SR6 The percentage of calls abandoned by Customer Services

This indicator has seen a significant improvement in performance since the same period in the previous year. This is for a number of reasons. In Quarter 3, two new apprentices were recruited and trained in preparation for the Customer First transition. This improved the staff complement which has resulted in improved call handling rates and a reduced the number of abandoned calls. In addition, improved use of the telephony reporting systems allows Customer Service Team Leaders to monitor call volumes more closely and manage performance of the team more effectively.

Risks

The risks below enable the Committee to monitor and manage service performance. All risks are assessed according to the Likelihood (or probability) that the risk will occur. This ranges from 1 (Rare) to 5 (Almost Certain). We also assess the Impact (or severity) on the Council that the risk will have if it were to occur. This ranges from 1 (Negligible) to 5 (Extreme). Combining both scores together establishes a risk rating and, if the risk is high-scoring, enables us to decide how we wish to manage it.

Risk		Likelihood	Impact	Score	Controls/Mitigation
SR1	Failure to remain financially sustainable	2	5	10 (Amber)	<ul style="list-style-type: none"> • Mechanisms in place to acquire and develop assets and drive new sources of income (eg Council owned companies, Property Investment Fund, Development Fund). • Regimes to monitor the effectiveness of investment strategies, including oversight by company directors and reports to Finance and Strategy & Resources Committees. • Medium Term Financial Strategy identifying new sources of income and areas of efficiency.
SR2	Failure to achieve effective organisational change	3	3	9 (Amber)	<ul style="list-style-type: none"> • Recruitment / selection criteria to seek staff with required skills, attitudes and approaches. • Fit for purpose job evaluation process and staff grading structure. • Open and honest communication with staff (newsletters, CE briefings, team meetings, drop-in sessions, Staff Conference). • Cost effective redundancy policy. • Measures to support staff throughout the change process. • Dedicated Customer First staff in place to manage change programme.
SR3	IT systems not fit for purpose	2	4	8 (Amber)	<ul style="list-style-type: none"> • Adequate investment in IT infrastructure needed to deliver Customer First service redesign. • Sufficient staffing resources, including in-house professionals and specialist external support when required. • Customer First Initiative overseen by CMT and reported to / scrutinised by Strategy & Resources Committee. • IT Partner engaged to facilitate changes.
SR4	Failure to deliver regeneration schemes	3	3	9 (Amber)	<ul style="list-style-type: none"> • Detailed risk management for each project or programme. • Effective community and stakeholder engagement mechanisms. • Resource commissioned to support delivery. • External funding secured to support delivery.

Risk		Likelihood	Impact	Score	Controls/Mitigation
SR5	Failure to deliver an Election	1	4	4 (Green)	<ul style="list-style-type: none"> Project plans and risk registers required to be in place and reviewed by Government.
SR6	Providing negligent or flawed legal advice	2	4	8 (Amber)	<ul style="list-style-type: none"> Access to legal database, ongoing training and CPD. Lexcel accreditation provides assurance.
SR7	Failure to comply with court procedures	2	3	6 (Green)	<ul style="list-style-type: none"> Lexcel accreditation provides assurance.
SR8	Failure by Members to comply with Code of Conduct	3	3	9 (Amber)	<ul style="list-style-type: none"> Non-compulsory training offered to Members. Advice provided by trained Officers.
SR9	Failure to deliver Family Support Programme	2	3	6 (Green)	<ul style="list-style-type: none"> External reporting to SCC and MHCLG (including risk management). Local governance carried out by Community Safety Partnership (CSP). Memorandum of Understanding between East Surrey authorities.
SR10	Non-delivery of service due to posts being single person	3	3	9 (Amber)	<ul style="list-style-type: none"> Procedure notes produced. Business continuity plans reviewed. Resilience to be achieved through Customer First.
SR11	Governance of wholly owned companies is inadequate.	3	3	9 (Amber)	<ul style="list-style-type: none"> Training and external advice. Companies limited by guarantee or £1 share capital.
SR12	Failure to conduct a DHR (Domestic Homicide Review).	3	3	9 (Amber)	<ul style="list-style-type: none"> DHR Policy in place with East Surrey CSP oversight.
SR13	Website failure	3	3	9 (Amber)	<ul style="list-style-type: none"> Local copy in place. Contract in place with supplier. Regular website testing.

Commentary on risks which have been added, removed or amended

SR4 Failure to deliver regeneration schemes

This likelihood of this risk has been increased from a 2 to a 3 to reflect delays to the RegenOxted Programme and the complexities of the Caterham and North Tandridge Regeneration work. This has resulted in this indicator moving from a Green to Amber rating,

Risk matrix

Impact	5	5 (Green)	10 (Amber)	15 (Red)	20 (Red)	25 (Red)
	4	4 (Green)	8 (Amber)	12 (Red)	16 (Red)	20 (Red)
	3	3 (Green)	6 (Green)	9 (Amber)	12 (Red)	15 (Red)
	2	2 (Green)	4 (Green)	6 (Green)	8 (Amber)	10 (Amber)
	1	1 (Green)	2 (Green)	3 (Green)	4 (Green)	5 (Green)
		1	2	3	4	5
		Likelihood				

REPORT TO THE RESOURCES COMMITTEE – 5TH FEBRUARY 2019 AGENDA ITEM 7	
CAPITAL EXPENDITURE INVESTMENT PROGRAMME 2019-22	
Report of:	Brian Thompson, Section 151 Officer (Interim) bthompson@tandridge.gov.uk Grantley Miles, Deputy Section 151 Officer (Interim) gmiles@tandridge.gov.uk
Purpose of Report :	To bring forward the Council's Capital Programme proposals for consideration and approval for the next 3 years 2019/20 to 2019/22.
Publication status:	Unrestricted.
Recommendations:	That the Committee recommends to Council that the following be approved: A. the Council's overall proposed Capital Programme covering the period 2019/20 to 2021/22 as set out in Appendix C which includes: (i) changes to schemes within the current continuing Capital Programme 2019-2022 as set out in Appendix A (ii) the addition of the new schemes to be included within the current Capital Programme as set out in Appendix B; B. the proposed financing plan for the Capital Programme as set out in Appendix D; and C. the Prudential Indicators as set out in Appendix E
Appendices:	Appendix A – Current Continuing Capital Programme (page 33) Appendix B – New Schemes proposed for addition (page 34) Appendix C – Proposed Overall Capital Programme 2019-22 (page 35) Appendix D – Proposed Capital Financing of Capital Programme (page 36) Appendix E – Prudential Indicators (page 37)
Background papers defined by the Local Government (Access to Information) Act 1985	None.

1. Background

- 1.1 The Council is required to approve the Capital Programme each year as part of its overall budget setting process. This report provides the Committee with the proposed 2019-22 Capital Programme, with details of changes to the current continuing Capital Programme and also identifies new schemes for addition into the 2019-22 Capital Programme.
- 1.2 A Members Workshop took place on the 20th November which considered all proposed capital expenditure new bids and revisions to the Capital Programme. Since the workshop the proposed Capital Programme, reflecting the views of Members expressed during the workshop, have been presented to each Policy Committee and further considered and approved by each Policy Committee at their January meetings.

2. Current Continuing Capital Programme 2018-21

- 2.1 The Current Continuing Capital Programme 2018-21 is set out below in Table 1. This shows a summary of the capital budget which was approved by Council on the 22nd February 2018 and also includes any approved changes to the programme by this Committee since the 22nd February. It also includes slippage in approved capital schemes which has been carried forward from 2017/18. The details relating to individual schemes are set out in **Appendix A**.

Table 1 – Continuing Capital Programme (Current Approved)

Capital Programme 2019-22 Capital Expenditure	Proposed Programme 2018-19	Proposed Programme 2019-20	Proposed Programme 2020-21	Total Programme
Service Committee	£	£	£	£
Housing (HRA)*	11,335,800	6,118,300	3,689,700	21,143,800
Housing (GF)**	601,300	320,000	320,000	1,241,300
Community Services	6,764,300	515,000	175,000	7,454,300
Finance	71,863,600	65,150,000	65,180,000	202,193,600
Total Capital Programme	90,565,000	72,103,300	69,364,700	232,033,000

*HRA-Housing Revenue Account

** GF- General Fund

- 2.2 As part of the 2019/20 budget process, a robust review of the Capital Programme has been undertaken by managers responsible for capital budgets and by senior management. This has identified a number of proposed changes to the existing programme. These proposed changes were considered by the Members Workshop and agreed by Policy Committees.
- 2.3 Table 2 below summarises the revised Continuing Capital Programme after the revisions and reprofiling have been made. Overall this results in a reduction in the budgets for schemes within the programme totalling £1.7m. The details relating to individual schemes after reprofiling and revisions are shown in **Appendix A**.

It should be noted that looking forward, based on previous trends it is likely that slippage may occur between years, or that projects may change depending on circumstances or funding availability, and the programme may reduce or vary over its lifespan.

Table 2 –Continuing Capital Programme- (Revised Programme)

Capital Programme 2019-22 Capital Expenditure	Proposed Programme 2018-19	Proposed Programme 2019-20	Proposed Programme 2020-21	Total Programme
Service Committee	£	£	£	£
Housing (HRA)*	10,305,200	5,617,300	3,474,700	19,397,200
Housing (GF)**	601,300	320,000	320,000	1,241,300
Community Services	2,664,300	4,615,000	175,000	7,454,300
Finance	71,863,600	65,100,000	65,230,000	202,193,600
Total Capital Programme	85,434,400	75,652,300	69,199,700	230,286,400

- 2.4 In addition to the revisions shown above, the Members' Workshop on Capital also considered a number of new capital schemes for inclusion in the 2019/22 Capital Programme. These new schemes were identified during the 2019/20 budget process by Officers and Senior Management as necessary capital investment to ensure the future delivery and quality of services. The new schemes have been considered by each Policy Committee at their meeting in January and are recommended to the Strategy and Resources Committee for approval. A summary of the new schemes recommended for inclusion within the Capital Programme by each Policy Committee are set out below in the Table 3 below. The details of individual schemes which are recommended for inclusion are set out in **Appendix B**.

Table 3 – New Schemes to be included in the Continuing Capital Programme

New Schemes proposed for inclusion in the Capital Programme 2019-22	New Schemes 2019-20	New Schemes 2020-21	New Schemes 2021-22	Total New Schemes
Service Committee	£	£	£	£
Housing (HRA)*	6,217,700	9,286,300	3,969,000	19,473,000
Housing (GF)**	206,000	206,000	526,000	938,000
Community Services	3,959,000	380,000	250,000	4,589,000
Finance	100,000	20,000	50,000	170,000
Total Capital Programme	10,482,700	9,892,300	4,795,000	25,170,000

- 2.5 The proposed overall Capital Programme 2019-22, incorporating the revisions and the new capital schemes approved by Policy Committees, which is recommended for approval is set out in Table 4 below.

Table 4 – Proposed Overall Capital Programme 2019-22

New Schemes proposed for inclusion in the Capital Programme 2019-22	Approved 2018-19	New Schemes 2019-20	New Schemes 2020-21	New Schemes 2021-22	Total New Schemes
Service Committee	£	£	£	£	£
Housing (HRA)*	10,305,200	11,835,000	12,761,000	3,969,000	38,870,200
Housing (GF)	601,300	526,000	526,000	526,000	2,179,300
Community Services	2,664,300	8,574,000	555,000	250,000	12,043,300
Finance	71,863,600	65,200,000	65,250,000	50,000	202,363,600
Total Capital Programme	85,434,400	86,135,000	79,092,000	4,795,000	255,456,400

- 2.6 A summary of the funding plan for the Council's Capital Programme is set out below in Table 5. This shows the funding which is planned to be used to fund the Council's overall 2019-2022 Capital Programme.
- 2.7 It should be noted that HRA schemes are funded from the ring-fenced revenue funds generated within the Housing Revenue Account and Housing Capital Receipts have been applied to fund affordable housing initiatives. Disabled Facilities Grant which is a ring-fenced grant has been applied to fund disability improvements.
- 2.8 The remaining balance of General Fund schemes have been funded principally from Long Term Borrowing with an amount funded from General Fund revenue reserves and General Fund Capital Receipts.
- 2.9 There a number of schemes which are currently planned to be funded from borrowing, due to the limited availability of revenue resources and capital receipts. However the financing of capital expenditure will be kept under review. Should additional capital receipts or surplus revenue reserves be identified, which could be applied to reduce borrowing, then this will be considered.
- 2.10 Financial provision has been made within the Council's Medium Term Financial Strategy (located elsewhere on the agenda) to meet the debt financing costs [Interest and debt repayments (Minimum Revenue Provision) associated with Long Term Borrowing.

Table 5 – Financing of the Capital Programme

Capital Programme 2019-22 Capital Financing	Proposed Programme 2018-19	Proposed Programme 2019-20	Proposed Programme 2020-21	Proposed Programme 2021-22	Total Programme
Funding Sources	£	£	£	£	£
HRA Reserves	10,305,200	11,835,000	12,761,000	3,969,000	38,870,200
Housing Capital Receipts	426,900	426,000	426,000	426,000	1,704,900
DFG Grant	414,300	323,000	335,000	235,000	1,307,300
GF Capital Receipts/Reserves	174,400	100,000	100,000	100,000	474,400
Long Term Borrowing	74,113,600	73,451,000	65,470,000	65,000	213,099,600
Total Capital Programme	85,434,000	86,135,000	79,092,000	4,795,000	255,456,400

3. The Prudential Code

- 3.1 The framework established by the Prudential Code should support local strategic planning, local asset management planning and proper option appraisal.
- 3.2 The objectives of the Prudential Code are to provide a framework for local authority capital finance that will ensure that, for individual local authorities:
- capital expenditure plans are affordable;
 - all external borrowing and other long-term liabilities are within prudent and sustainable levels;
 - treasury management decisions are taken in accordance with professional good practice; and
 - there is a clear and transparent basis for taking such decisions, thereby providing a suitable level of accountability.
- 3.3 To demonstrate that the requirements of the Code have been fulfilled, the Council must produce and maintain a set of specified 'Prudential Indicators'. In setting or revising their prudential indicators, the Council is required to have regard to the following matters:
- service objectives, e.g. strategic planning for the authority;
 - stewardship of assets, e.g. asset management planning;
 - value for money, e.g. option appraisals;
 - prudence and sustainability, e.g. implications for external borrowing and whole life costing;
 - affordability, e.g. implications for Council Tax; and
 - practicality, e.g. achievability of forward plans.
- 3.4 The prudential indicators for the forthcoming and following years must be approved by Members prior to the start of the forthcoming year. The Chief Finance Officer must monitor performance against each indicator during the year.
- 3.5 The prudential indicators are there to support and record local decision making. They are not designed to be comparative performance indicators and such use is likely to be misleading and counter-productive. The indicators which require future forecasts are rolling scenarios and are not fixed for the 3 year period.
- 3.6 The Prudential Indicators

The detailed indicators are shown at **Appendix E**.

4. Financial Implications

4.1 The financial implications are set out within the body of the report.

5. Legal Implications

5.1 The Capital Programme is a key element of the Council's annual budget process and provides the capital investment required in order to enable the delivery of services.

6. Conclusion

6.1 This report provides a fully funded Capital Programme to enable the necessary Council's Capital Investment proposals to proceed facilitating the cost effective delivery of quality services for residents.

----- end of report -----

Current Continuing Capital Programme 2019-2022 (Approved and Revised)

Current Continuing Capital Schemes	Current Budget 2018/19	Draft Budget 2019/20	Draft Budget 2020/21	Draft Budget 2021/22	Total Budget	Revision 2018/19	Revision 2019/20	Revision 2020/21	Current Budget 2018/19	Proposed Budget 2019/20	Proposed Budget 2020/21	Total Budget
Housing HRA												
Structural Works	500,000	655,000	480,000	0	1,635,000	205,000			705,000	655,000	480,000	1,840,000
Modernisation & Improvements	986,000	950,000	990,000	0	2,926,000	-120,000	-436,000	-190,000	866,000	514,000	800,000	2,180,000
Energy Efficiency Works	89,400	458,000	473,000	0	1,020,400	28,600	-65,000	-25,000	118,000	393,000	448,000	959,000
Service Renewals	550,300	628,000	620,000	0	1,798,300	116,700			667,000	628,000	620,000	1,915,000
Void Works	780,400	490,000	450,000	0	1,720,400	-285,300			495,100	490,000	450,000	1,435,100
Health & Safety	125,000	175,000	175,000	0	475,000	18,500			143,500	175,000	175,000	493,500
Adaptations for the Disabled	249,200	200,000	200,000	0	649,200	40,000			289,200	200,000	200,000	689,200
Essential Structural Works	118,600	135,000	135,000	0	388,600	3,600			122,200	135,000	135,000	392,200
Communal Services	27,300	75,000	90,000	0	192,300	-7,100			75,000	20,200	90,000	185,200
Council House Building	7,887,600	2,352,300	76,700	0	10,316,600	-1,030,600			6,857,000	2,352,300	76,700	9,286,000
Meadow Roof Repairs	0	0	0	0	0	0			0	0	0	0
Housing Management Software	22,000	0	0	0	22,000				22,000	0	0	22,000
Total - Housing HRA	11,335,800	6,118,300	3,689,700	0	21,143,800	(1,030,600)	(501,000)	(215,000)	10,305,200	5,617,300	3,474,700	19,397,200
Housing GF												
Disabled Facilities Grant	426,900	220,000	220,000	0	866,900				426,900	220,000	220,000	866,900
Housing Enabling - General	174,400	100,000	100,000	0	374,400				174,400	100,000	100,000	374,400
Total - Housing GF	601,300	320,000	320,000	0	1,241,300	0	0	0	601,300	320,000	320,000	1,241,300
Community Services												
Children's Playground Improvements	75,000	75,000	75,000	0	225,000				75,000	75,000	75,000	225,000
Parks, Pavilions & Open Spaces	100,000	100,000	100,000	0	300,000				100,000	100,000	100,000	300,000
Freedom Leisure-Capital Refurbishment Loan	2,225,000	0	0	0	2,225,000				2,225,000	0	0	2,225,000
Vehicle Fleet Renewals	40,000	40,000	0	0	80,000				40,000	40,000	0	80,000
Leisure Pool & de Stafford Repairs/Renewals	149,300	0	0	0	149,300				149,300	0	0	149,300
Collection / Containerisation	300,000	300,000	0	0	600,000	-300,000	300,000		0	600,000	0	600,000
Car Park Equipment/Maintenance	75,000	0	0	0	75,000				75,000	0	0	75,000
Ellice Road Car Park Decking	3,800,000	0	0	0	3,800,000	-3,800,000	3,800,000		0	3,800,000	0	3,800,000
Total - Community Services	6,764,300	515,000	175,000	0	7,454,300	-4,100,000	4,100,000	0	2,664,300	4,615,000	175,000	7,454,300
Resources												
Council Offices Major Maintenance Programme	50,000	100,000	50,000	0	200,000		-50,000	50,000	50,000	50,000	100,000	200,000
Customer First / IT	573,600	50,000	130,000	0	753,600				573,600	50,000	130,000	753,600
Investment & Development Fund	70,940,000	65,000,000	65,000,000	0	200,940,000				70,940,000	65,000,000	65,000,000	200,940,000
Land / Asset Development	300,000	0	0	0	300,000				300,000	0	0	300,000
Total - Resources	71,863,600	65,150,000	65,180,000	0	202,193,600	-5,130,600	3,549,000	-165,000	85,434,400	75,652,300	69,199,700	230,286,400
Total Capital Programme	90,565,000	72,103,300	69,364,700	0	232,033,000							

New Capital Schemes 2019/20

Current Continuing Capital Schemes	New Schemes 2019/20	New Schemes 2020/21	New Schemes 2021/22	Total Schemes
Housing HRA				
Structural Works			795,000	795,000
Modernisation & Improvements			392,000	392,000
Energy Efficiency Works			481,000	481,000
Service Renewals			445,000	445,000
Void Works			395,000	395,000
Health & Safety			200,000	200,000
Adaptations for the Disabled	25,000	25,000	225,000	275,000
Essential Structural Works			125,000	125,000
Communal Services			70,000	70,000
Council House Building	6,192,700	9,261,300	841,000	16,295,000
Total- Housing HRA	6,217,700	9,286,300	3,969,000	19,473,000
Housing GF				
Disabled Facilities Grant	206,000	206,000	426,000	838,000
Housing Enabling - General			100,000	100,000
Total- Housing GF	206,000	206,000	526,000	938,000
Community Services				
Children's Playground Improvements			75,000	75,000
Parks, Pavilions & Open Spaces			100,000	100,000
Vehicle Fleet Renewals		40,000	40,000	80,000
Car Park Equipment/Maintenance	30,000	30,000		60,000
Public Conveniences	275,000	275,000		550,000
Litter Bins	20,000	2,000	2,000	24,000
Roads&Paths at St.Mary's Church Cemetery	20,000			20,000
Land Drainage	10,000	10,000	10,000	30,000
Plant & Machinery Replacement Programme	8,000	8,000	8,000	24,000
Waste Vehicles	3,500,000			3,500,000
Garden Waste Bins	96,000	15,000	15,000	126,000
Total- Community Services	3,959,000	380,000	250,000	4,589,000
Resources				
Customer First / IT	100,000	20,000	50,000	170,000
Total- Resources	100,000	20,000	50,000	170,000
Total Capital Programme	10,482,700	9,892,300	4,795,000	25,170,000

Proposed Capital Programme 2019-22 - Financing

Current Continuing Capital Schemes	Current Budget 2018/19	Proposed Budget 2019/20	Proposed Budget 2020/21	Proposed Budget 2021/22	Total Budget
Housing HRA					
Structural Works	705,000	655,000	480,000	795,000	2,635,000
Modernisation & Improvements	866,000	514,000	800,000	392,000	2,572,000
Energy Efficiency Works	118,000	393,000	448,000	481,000	1,440,000
Service Renewals	667,000	628,000	620,000	445,000	2,360,000
Void Works	495,100	490,000	450,000	395,000	1,830,100
Health & Safety	143,500	175,000	175,000	200,000	693,500
Adaptations for the Disabled	289,200	225,000	225,000	200,000	964,200
Essential Structural Works	122,200	135,000	135,000	125,000	517,200
Communal Services	20,200	75,000	90,000	70,000	255,200
Council House Building	6,857,000	8,545,000	9,338,000	841,000	25,581,000
Meadway Roof Repairs	0	0	0	0	0
Housing Management Software	22,000	0	0	0	22,000
Total - Housing HRA	10,305,200	11,835,000	12,761,000	3,969,000	38,870,200
Housing GF					
Disabled Facilities Grant	426,900	426,000	426,000	426,000	1,704,900
Housing Enabling - General	174,400	100,000	100,000	100,000	474,400
Total - Housing GF	601,300	526,000	526,000	526,000	2,179,300
Community Services					
Children's Playground Improvements	75,000	75,000	75,000	75,000	300,000
Parks, Pavilions & Open Spaces	100,000	100,000	100,000	100,000	400,000
Freedom Leisure-Capital Refurbishment Loan	2,225,000	0	0	0	2,225,000
Vehicle Fleet Renewals	40,000	40,000	40,000	40,000	160,000
Leisure Pool & de Stafford Repairs/Renewals	149,300	0	0	0	149,300
Collection / Containment	0	600,000	0	0	600,000
Car Park Equipment/Maintenance	75,000	30,000	30,000	0	135,000
Elice Road Car Park Decking	0	3,800,000	0	0	3,800,000
Public Conveniences	0	275,000	275,000	0	550,000
Litter Bins	0	20,000	2,000	2,000	24,000
Roads&Paths at St.Mary's Church Cemetery	0	20,000	0	0	20,000
Land Drainage	0	10,000	10,000	10,000	30,000
Plant & Machinery Replacement Programme	0	8,000	8,000	8,000	24,000
Waste Vehicles	0	3,500,000	0	0	3,500,000
Garden Waste Bins	0	96,000	15,000	15,000	126,000
Total - Community Services	2,664,300	8,574,000	555,000	250,000	12,043,300
Resources					
Council Offices Major Maintenance Programme	50,000	50,000	100,000	0	200,000
Customer First / IT	573,600	150,000	150,000	50,000	923,600
IT Peripherals	0	0	0	0	0
Commercial Acquisition Property Programme	0	0	0	0	0
Development Fund Programme Property	0	0	0	0	0
Investment & Development Fund	70,940,000	65,000,000	65,000,000	0	200,940,000
Land / Asset Development	300,000	0	0	0	300,000
Total - Resources	71,863,600	65,200,000	65,250,000	50,000	202,363,600
Total Capital Programme	85,434,400	86,135,000	79,092,000	4,795,000	255,456,400

	2018/19	2019/20	2020/21	2021/22	Total
Capital Financing	£	£	£	£	£
HRA Reserves	10,305,200	11,835,000	12,761,000	3,969,000	38,870,200
DFG Grant	426,900	426,000	426,000	426,000	1,704,900
General Fund Capital Receipts / Reserves	414,300	323,000	335,000	335,000	1,307,300
Housing Capital Receipts	174,400	100,000	100,000	100,000	474,400
Borrowing	74,113,600	73,451,000	65,470,000	65,000	213,099,600
Total Capital Funding	85,434,400	86,135,000	79,092,000	4,795,000	255,456,400

HRA Revenue Reserves	Housing Capital Receipts	DFG Grant	GF Capital Receipts & Revenue Reserves	Borrowing	Total Budget
2,635,000	0	0	0	0	2,635,000
2,572,000	0	0	0	0	2,572,000
1,440,000	0	0	0	0	1,440,000
2,360,000	0	0	0	0	2,360,000
1,830,100	0	0	0	0	1,830,100
693,500	0	0	0	0	693,500
964,200	0	1,704,900	0	0	2,669,100
517,200	0	0	0	0	517,200
255,200	0	0	0	0	255,200
25,581,000	0	0	0	0	25,581,000
0	0	0	0	0	0
22,000	0	0	0	0	22,000
38,870,200	0	0	0	0	38,870,200
0	474,400	1,704,900	0	0	2,179,300
0	474,400	1,704,900	0	0	2,179,300
0	0	0	300,000	0	300,000
0	0	0	400,000	0	400,000
0	0	0	0	2,225,000	2,225,000
0	0	0	160,000	0	160,000
0	0	0	149,300	0	149,300
0	0	0	0	600,000	600,000
0	0	0	0	135,000	135,000
0	0	0	0	3,800,000	3,800,000
0	0	0	0	550,000	550,000
0	0	0	24,000	0	24,000
0	0	0	20,000	0	20,000
0	0	0	30,000	0	30,000
0	0	0	24,000	0	24,000
0	0	0	0	3,500,000	3,500,000
0	0	0	0	126,000	126,000
0	0	0	1,107,300	10,936,000	12,043,300
0	0	0	200,000	0	200,000
0	0	0	0	923,600	923,600
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	200,940,000	200,940,000
0	0	0	0	300,000	300,000
38,870,200	474,400	1,704,900	1,307,300	213,099,600	255,456,400

Indicators of Affordability

The fundamental objective in the consideration of the affordability of the Council's capital plans is to ensure that the level of investment in capital assets proposed means that the total capital investment of the authority remains within sustainable limits, and in particular to consider its impact on Council Tax. Affordability is ultimately determined by a judgement about acceptable Council Tax levels and, in the case of the Housing Revenue Account, acceptable rent levels.

The ratio of financing costs to net revenue stream

This ratio shows how much of its net revenue expenditure has to be reserved for debt financing costs.

Affordability Indicator 1 – Ratio of Financing Costs to Net Revenue Stream

	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
General Fund	(2.11%)	(4.39%)	(3.09%)	(6.64%)
HRA	25.89%	12.70%	13.96%	14.68%

Estimate of the incremental impact of capital investment decisions on the Council Tax/Housing Rents

This shows the impact of capital investment decisions on Council Tax/Housing Rents.

Affordability Indicator 2 – Incremental Impact on Council Tax and Housing Rents

	2019/20 £	2020/21 £	2021/22 £
Band D Council Tax	(9.47)	(6.87)	(15.21)
Average Weekly Housing Rent	12.26	13.33	14.51

Estimates and Actual Capital Expenditure

The actual capital expenditure that was incurred in 2017/18 and the estimates of capital expenditure to be incurred for the current and future years are shown below:

Affordability Indicator 3 – Estimates and Actual Capital Expenditure

	2017/18 £'000 Actual	2018/19 £'000 Estimate	2019/20 £'000 Estimate	2020/21 £'000 Estimate	2021/22 £'000 Estimate
General Fund	4,711	75,129	74,300	66,331	826
HRA	6,206	10,305	11,835	12,761	3,969
Total	10,917	85,434	86,135	79,092	4,795

Capital Financing Requirement

This indicator measures the authority's underlying need to borrow for a capital purpose.

Affordability Indicator 4 – Estimates and Actual Capital Financing Requirement

	2017/18 £'000 Actual	2018/19 £'000 Estimate	2019/20 £'000 Estimate	2020/21 £'000 Estimate	2021/22 £'000 Estimate
General Fund	3,420	75,129	149,429	215,760	216,586
HRA	58,508	68,813	80,648	93,409	97,378
Total	61,928	143,942	230,077	309,169	313,964
Movement in CFR	1.123	85,434	86,135	79,092	4.795

Authorised limit

In respect of any external debt, it is recommended that Members approve the following authorised limits for its total external debt for the next three financial years; these figures take account of the potential requirement of both the HRA and General Fund. There are currently no other long term liabilities such as finance leases.

The Head of Finance &S151 Officer reports that these authorised limits are consistent with the authority's current commitments and the self-financing arrangements for the HRA.

The increases proposed are solely to support income generating activities and invest-to-save projects (e.g. Property investment). The costs of this borrowing will be more than met by the income streams created or the savings generated.

Affordability Indicator 5 – Authorised Limits for External Debt

	2019/20 £'000	2020/21 £'000	2021/22 £'000
Borrowing	201,000	262,000	260,000
Other Long Term Liabilities	0	0	0
Total	201,000	262,000	260,000

Operational boundary – Members are also asked to approve the following operational boundary for external debt for the same time period. The operational boundary represents a key management tool for in year monitoring by the Head of Finance & S151 Officer. Within the operational boundary, figures for borrowing and other long term liabilities are separately identified.

Affordability Indicator 6 – Operational Boundary for External Debt

	2019/20 £'000	2020/21 £'000	2021/22 £'000
Borrowing	196,000	257,000	255,000
Other Long Term Liabilities	0	0	0
Total	196,000	257,000	255,000

**REPORT TO THE STRATEGY & RESOURCES COMMITTEE - 5TH FEBRUARY 2019
AGENDA ITEM 8**

COUNCIL TAX 2019/20 AND REVENUE BUDGET SETTING

Report of:	Brian Thompson – Interim Chief Finance Officer (S151 Officer) 01883 732718 – bthompson@tandridge.gov.uk
Purpose of Report :	To allow Members to consider and recommend the level of Council Tax to apply in 2019/20, together with determining the General Fund revenue budget.
Publication status:	Unrestricted
Recommendations:	<p>That the Committee recommends to Council that, subject to the Government's final announcement on the Local Government Finance Settlement:</p> <ul style="list-style-type: none"> A. a General Fund revenue budget for 2019/20 of £10,441,970 be approved which includes all income and expenditure plans for Policy Committees; B. a Band 'D' Council Tax for 2019/20 of £215.98; C. the estimated General Revenue Reserve of £2,262,000 be approved; D. the Committee notes the outcomes of the Provisional Local Government Settlement; E. the Committee notes the Parish Council precept requirements for 2019; F. the Committee note the latest updated position for budgetary control for period 9 as at 31st December 2018; and G. the current Local Council Tax support scheme (unchanged) be adopted for financial year 2019/20.
Appendices:	<ul style="list-style-type: none"> 'A': New Homes Bonus allocations (page 57) 'B': Details of the 2019/20 budget (page 58) 'C': Parish precepts (page 59) 'D': Risk assessment (page 60) 'E': Schedule of financial reserves (page 62) 'F': Revised MTFS (page 63) 'G' Indices used for MTFS assumptions (page 64) 'H' December 2018 – budgetary control update (page 65)
Background papers defined by the Local Government (Access to Information) Act 1985:	
None	

1. Background

- 1.1 In July 2018, the Council's external auditor KPMG made the following statement; "Based on the finding of our work, we are satisfied that the Council has made proper arrangements to secure, economy, efficiency and effectiveness in its use of resources. We will therefore be issuing the Council with an unqualified value for money conclusion".
- 1.2 In line with the annual budget cycle, the Council is now required to agree a resources budget for next financial year 2019/20 having due regard to the cost of service provision and estimates of income and to determine the level of Council Tax for the 2019/20 financial year.
- 1.3 Legislation requires the following for the Council:-
- The preparation of budget plans for a medium term period
 - The setting of prudential indicators which determine the level of Council borrowing and capital expenditure
 - The Council's Chief Finance Officer (S151) to report on the robustness of the estimates and adequacy of the reserves
 - The Council consider any risks associated with its budget strategy.
- 1.4 The Council has now completed a lengthy budget review of all service income and expenditure for Policy Committees. There has also been a series of Member budget review meetings to examine the robustness of committee spending plans for 2019/20, including growth and savings, capital plans and income charges. All Policy Committees have now considered their revenue service estimates for 2019/20 and recommended a budget to Council for the next financial year 2019/20.
- 1.5 All of the recommended budget proposals for Policy Committees are combined in this report. This report provides an overview of the general fund revenue account position for 2019/20 and future years as a basis for determining the Council tax level, which is proposed in this report. This report and its recommendations will be presented to Council on 14th February 2019 for final agreement and setting of the council tax level.
- 1.6 In summary, this budget report is recommending an increase of £6.27 per annum for a Band D property, reflecting the latest local government settlement figures received in December 2018. This is explained in Section 10 of the report.
- 1.7 All figures recommended in this report are consistent with the council tax policy of ensuring that council tax stays within the agreed limit for District Councils without the need for a referendum.

2. Local Government Finance Settlement – the latest position

- 2.1 In 2016 the Government made an offer of a fixed four year settlement which the Council accepted, covering years 2016/17 through to 2019/20. This provided a baseline funding position for the period 2016-2020. The next financial year 2019/20 represents the final year of the four year settlement before a number of key financial reforms take place on 1 April 2020 as part of a new mutli-year settlement. Many of these reforms are still being formulated and consulted upon by the Ministry of Housing, and Communities and Local Government (MHCLG) and this report updates the Committee on latest developments and timelines.

- 2.2 The Local Government Finance Settlement (LGFS) was conditional on the Council producing and publishing a Medium Term Financial Strategy (MTFS) to outline its objectives and spending plans within its agreed resource levels. The Council is fully compliant in this regard and regular MTFS updates are provided to this Committee.
- 2.3 As previously reported to this Committee, the Council no longer receives Revenue Support Grant (RSG) as a consequence of the four year settlement, and 2019/20 will be the third year that the Council has received zero RSG. The settlement also introduced a negative tariff adjustment for financial year 2019/20 of £728,800 which was also factored into the Council's MTFS at the time.
- 2.4 The Government announced the latest provisional LGFS on 13th December 2018 for the period 2019/20. This is due to be considered further by Parliament during February 2019, following which a final settlement will be announced. At the time of this report's publication, the final settlement has not been announced, hence, the figures quoted here may change. If the final settlement is not received by either the date of this meeting or by the time of the Council meeting on 14th February 2019, additional meetings may need to be programmed.
- 2.5 This latest provisional local government settlement has made a number of determinations that will affect this Council in terms of:-
- Council Tax levels permissible without referendum
 - Business Rate Baselines and Tariff changes
 - Business Rate Pilot Scheme – 2nd year Pilot awards nationally
 - New Homes Bonus grant
 - Core Spending Power assessment
- 2.6 The following sections in this report explain the implications for all of the above determinations, including an update on any other relevant consultation in progress with the Ministry of Housing, Communities and Local Government (MHCLG).
- 2.7 The report will explain the composition of the proposed budget for the Council in 2019/20 and finally recommend a Council Tax level that will ensure the Council has a balanced budget for 2019/20.
3. Budget Strategy –overall framework for 2019/20
- 3.1 The 2019/20 revenue budget and capital programme represent the Council's spending plan for the forthcoming year.
- 3.2 The key principles of the 2019/20 budget strategy were agreed at the Strategy & Resources Committee meeting on 1 November 2018. The Committee was also presented with a revised MTFS to reflect the strategy (further updated within this report). To recap, the key elements of the strategy are as follows:-
- That a General Fund budget target for 2019-20 be set at £10,441,970 at this stage and Policy Committees be invited to compile their draft budgets within this overall target.
 - That a provision of £383,470 is made for inflation in relation to the pay award, pay increments and price inflation on expenditure and income budgets. This represents a 2.5% increase in pay and a 2.5% increase in price inflation – note **Appendix G** (page 64) highlights all the indices used in the MTFS.

- That Policy Committees identify savings required as part of the Members budget review meetings to address the budget shortfall gap in the MTFS.
- That Policy Committees are requested to submit their respective draft Capital programme proposals for 2019/20 to 2021/22 for consideration by Member budget review meetings and by the Strategy and Resources Committee.
- That the reporting timetable for the budget process for 2019/20 be adhered to.
- That the latest funding forecasts for Business Rates, New Homes Bonus and Council Tax be noted within the MTFS.
- That the Committee note the latest update on Funding Reforms and their timetable and potential impact upon the Council.

3.3 In overall terms, all elements of the budget strategy for 2019/20 have been achieved and are included within the revenue budget proposals in this report. Policy Committees have since achieved a savings level for 2019/20 of £180,700, but a funding gap does still exist for future years' budgets in 2020/21 and 2021/22, which is highlighted in **Appendix F** (page 63) of the report and will require resolution in future years' budget rounds. A local pay agreement for 2019/20 has increased the inflation provision required and pay inflation is now set at 2.5% and is included in the budget – Section 7 provides further explanation.

4. Local Government Finance Settlement (LGFS)

4.1 The following table shows the latest main spending assessment figures announced recently by the Government on 13 December 2018. These are compared to assessment figures for previous years.

Local Government Finance Settlement	2016/17 £'000	2017/18 £'000	2018/19 £000	2019/20 £'000 (Forecast)	2019/20 £'000 (Provision)
Revenue Support Grant	529	0	0	0	0
Retained Business Rates – Baseline	1,335	1,362	1,404	1,416	1,436
Transitional Grant	139	131	0	0	0
Tariff Adjustment (negative)	0	0	0	(729)	0
Funding Settlement	2,003	1,493	1,404	687	1,436

4.2 The table above highlights the changes in government funding between years 2016/17 and 2019/20 for the Council. More importantly it highlights the negative tariff adjustment of £729k (as outlined in 2.3) which was originally introduced to coincide with the retention of additional business rates by Councils to offset the tariff payment in 2019/20. In reality though, the business rates reset will not now happen until 2020/21 following consultation from MHCLG. As a result, MHCLG has decided to relax the £729k tariff requirement for 2019/20 as it would have been unreasonable to charge this tariff whilst Councils still wait for business rate resets in 2020/21. This is highlighted in the 2019/20 provisional column above which excludes the negative tariff (as confirmed in the provisional settlement).

- 4.3 The four-year funding settlement sees the Council's core funding increase very slightly from £1.404m in 2018/19 to £1.436m in 2019/20. However, it should be noted that this could have been a decline of £- 0.717m if the negative tariff adjustment had to be paid as per the original four-year settlement.
- 4.4 In overall terms, Government funding has reduced from £2.003m in 2016/17 to a provisional forecast of £1,436m in 2019/20. This is largely due to the removal of revenue support grant since 2016/17. It represents a decline in central Government revenue funding of 28% since 2016/17. These figures are revised in the Council's latest MTFS accordingly.
- 4.5 In its spending announcement, the MHCLG also refers to changes in "core spending power". This is a term used to measure the impact of all government grant changes on local authority budgets. Core spending power is different from pure Government funding as this includes income received from Council Tax and New Homes Bonus. The table below shows key changes to "core spending power" for the Council.

Core Spending	2017/18 £'000	2018/19 £'000	2019/20 £'000
Revenue Support Grant	0	0	0
Transitional Grant	131	0	0
Business Rates (baseline)	1,362	1,404	1,436
Total Grant Funding	1,493	1,404	1,436
New Homes Bonus	1,711	1,025	924
Council Tax	7,647	7,964	8,258
Total Core Spending Power	10,851	10,393	10,618

- 4.6 The table above shows that the core spending power for the Council has dropped from £10.85m in 2017/18 to £10.39m for 2018/19, however core funding has increased slightly in 2019/20 by £0.225m to £10.618m, largely due to Council Tax funding levels that have resulted from changes in the pre-referendum increase limit of 2.99% since 2018/19. In overall terms though, core funding between 2017/18 and 2019/20 has dropped by 2.15% which compares to the expected national reduction in spending power of 1.2% forecast by Government.
- 4.7 Notwithstanding the above levels of reduced funding and loss of former revenue support grant, the MTFS for the Council in 2019/20 now reflects a balanced budget with a Council Tax level to be agreed by this Committee and recommended to full Council on 14th February 2019.
5. Business Rates – update and recent Pilot status
- 5.1 Consultation is currently taking place with MHCLG on the future of business rates. There will be a reset of the business rates system in 2020/21 and it is hoped that Councils may be allowed to retain some of their business rates growth for their local area.

- 5.2 It is not clear from MHCLG how much of the business rates growth each Council will be able to keep from 2020/21, if any at all. Therefore, the MTFS prudently projects a tapered line of reduction from £1.4m to £1.2m for the next years until 2021/22. Various groups including the Surrey Treasurers Association have been responding to the consultation and a clearer picture will arise once the results of the Fair Funding review are known. Section 13 discusses this further.
- 5.3 In 2017 the MHCLG introduced a “one year” only Business Rate pilot scheme which Councils applied for and Surrey as a County was successful in its application and was awarded pilot status on a one year only basis for 2018/19. The pilot gain across the County based upon retaining 100% business rate growth is £22m and Tandridge District Council (TDC) will receive a minimum payment of £0.5m above baseline, assuming that Surrey as a County collects its planned level of Business Rates. The final figures will be known in April 2019. TDC did not include this £0.5m in the 2018/19 Budget on the grounds of prudence.
- 5.4 There was also a Surrey pilot bid submitted for 2019/20. MHCLG again invited Councils to apply for a second year (2019/20) of pilot status but this was for only 75% of Business Rates growth. The results of the pilot bid were announced in the provisional local government settlement 2019/20 in December and Surrey was not successful in its bid. This was not seen as a surprise by many, not because of the quality of the Surrey bid, but because MHCLG had previously indicated that it wished to stimulate new pilot areas. Prudently the MTFS again assumes no pilot gains in 2019/20.
- 5.5 Consultation on the overall future of business rates and the fair funding review is currently taking place with MHCLG as previously reported to this Committee. There will be a reset of the business rates system in 2020/21.
- 5.6 For 2019/20 this Council will revert to the former business rate system as Surrey will be out of the Pilot system. This is a 50% growth retention system where, of the total business rates collected (which is around £20m for this Council) 50% is paid over to the Government, 10% is paid to Surrey County Council and 40% is retained by this Council. However, a tariff is then payable to the Government on this Council's 40% share which dramatically reduces the amount retained by this Council to around £1.4m (7%). To complicate things further, a number of reliefs and small business grants (termed S31 grants) are added to this amount which in a typical financial year increases the total amount from business rates to £2.058m for the Council as included in the MTFS for 2019/20.
- 5.7 In terms of existing business rate income, the Government has again set the safety net on individual council levy rates at 92.5% of baseline funding. This safety net is designed to protect Councils from dipping below their baseline in the event of an appeal on business rate levels by local businesses. There was a business rates revaluation in 2017 and it is possible that there may well be further appeals in this year. To offset this and protect the Council, a provision for appeals is set aside in the collection fund. Furthermore, the Council has a Business Rate Equalisation Reserve which can be used to fund gaps (from fluctuations) in business rate income if there is an appeal in the year. All of these amounts are included in the MTFS and shown if utilised.

6. New Homes Bonus (NHB)

- 6.1 The Council additionally benefits from New Homes Bonus grant (NHB) based upon the number of new residential properties in the district in the preceding year, with a supplement for affordable housing.
- 6.2 As part of the NHB determination in 2017, the Government changed two key aspects of the Bonus which continues through to 2019/20:
- Reduced numbers of legacy payments are made; and
 - Introduction of a baseline (dead-weight) a growth factor of 0.4% for NHB payable to better reflect Councils' performance on housing growth.
- 6.3 As a result of these changes the NHB allocations reduced from 6 to 4 years. The national baseline of 0.4% was also introduced and applies to the figures in the latest LGFS. It should be noted that the 0.4% represents a national percentage increase on housing stock that individual Councils have to achieve before they qualify for NHB.
- 6.4 As a result of these changes, the Council's level of overall NHB in 2019/20 will reduce to £0.924m down from £1.025m in the previous year. However, it should be noted within these numbers that there is an actual increase in the amount of new NHB specifically allocated for year 2019/20 which is £0.225m. This is attributable to more affordable homes and also a reduction in empty properties which have been brought back into use in year, previously this was a negative number for TDC and had a negative impact on the NHB calculation. A thorough review of registered empty properties was conducted in 2018 which resulted in this positive swing in results.
- 6.5 As the Council had not expected or budgeted for this additional £0.225m of NHB in 2019/20 this money has not been utilised to balance the budget and has been transferred into the revenue contribution to capital reserve – see Section 13.6.
- 6.6 Further reductions in overall funding available from NHB are expected through to 2021/22 and the latest projections show in the table below, that by 2021/22 NHB could taper down to a level where a general fund contribution will be significantly reduced in years following 2021/22. For 2019/20 the amount of NHB used to specifically fund the revenue budget is £0.699m (which is broken down as the £0.924m less £0.225m).
- 6.7 The Council has prudently assumed a tapered decrease in NHB funding within it's MTFS for future years.

New Homes Bonus – Allocations up to 2021/22

	2011-12	2012-13	2013-14	2014-15	2015-15	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Allocation	234	234	234	234	234	234					
Allocation		296	296	296	296	296	0				
Allocation			396	396	396	396	396	0			
Allocation				316	316	316	316	0	0		
Allocation					326	326	326	326	0	0	
Allocation						278	278	278	278	0	0
Allocation							395	395	395	395	0
Allocation								26	26	26	26
Allocation									225	225	225
Total received in year	234	530	926	1,242	1,568	1,846	1,711	1,025	924	646	251

6.8 **Appendix A** (page 57) provides details of the NHB allocations received each year and the amount supporting the General Fund revenue budget.

7.0 Revenue Budget 2019/20 - Forecast cost of services

7.1 All Policy Committees have now considered and approved their draft budgets for 2019/20 and have met the General Fund budget target previously agreed by Strategy & Resources Committee. Members of this Committee will recall that a budget gap of £760,103 was identified in the MTFs reported to Strategy & Resources Committee on 1 November 2018. Policy Committees were asked to identify savings to help reduce this gap, being mindful that the negative RSG may not be removed by MHCLG.

7.2 Each Policy Committee has reviewed its budget and identified a combination of efficiency savings, income generation proposals, fees and charges uplifts and other reductions (where appropriate) to help bridge the budget gap for 2019/20. Full details of these proposals are contained in the respective Policy Committee budget reports received by Committees in the January cycle of meetings.

7.3 It should also be noted that three Member working groups were convened in November, open to all Members of the Council, to provide an opportunity for officers to review with Members their budget proposals for revenue growth and savings, income and fees and capital. The Member working groups were well attended and all the options proposed by Officers and reviewed with Members are included in the 2019/20 budget.

7.4 Policy Committees have also identified any budget changes required for technical or legislative changes within their remit, and this includes any growth items for spending on programmes such as the local plan. Budget proposals and the MTFs have been re-aligned or re-profiled where required to accommodate these plans.

- 7.5 The revenue budget for 2019/20 has also been updated for inflation on pay and prices and the assumptions used for this were also reported to Strategy & Resources Committee on 1 November 2018. It should be noted that the pay inflation is set at 2.5% which reflects a positive decision to match (and be in-line with) the national pay award agreed across the country. The 2.5% award is part of a two year pay award be agreed locally at the time of preparing this report. The MTFs reflects this change financially.
- 7.6 The revenue budget for 2019/20 has also been updated for corporate budget items including: overall grant award changes, revaluations, investment income from council investments, interest on balances, changes to NHB, and the cost of capital borrowing, known as the Minimum Revenue Provision (MRP).
- 7.7 After allowing for all of the changes above, the revised draft general fund budget for 2019/20 totals £10,441,970. This can be broken down by Policy Committee as follows:

Committee	Net Budget £ 2019/20
Finance / Strategy & Resources Committee	1,110,150
Community Services Committee	6,472,650
Housing Services Committee (GF)	809,900
Planning Policy Committee	2,049,270
Revised Forecast Cost of Services	10,441,970

- 7.8 The forecast net cost of service of £10,441,970 represents the General Fund budget requirement that has to be funded by external funding available to the Council, i.e. from Business Rates and ultimately Council Tax for which the levy for 2019/20 will be set based upon forecast net cost of services.
- 7.9 A full breakdown of the cost of services of £10,441,970 is detailed in the refreshed MTFs shown at **Appendix F** (page 63). The MTFs also identifies the forecast budget requirement for the Council through to financial year 2021/22.
- 8 Council Tax referendum update
- 8.1 The Localism Act 2011 requires Local Authorities to hold a referendum if proposed Council Tax increases exceed a level set by the Secretary of State. This replaces the previous system of capping.
- 8.2 The Government's previous referendum limit for 2017/18 applied to the following Authorities if they increased Council Tax by more than the stated amounts below:
- County and Unitary Councils (2%, plus an extra 3% to be spent on adult social care)
 - District Councils (2% or £5 on a Band D bill, whichever is the greater)

- 8.3 The referendum limits above were amended for 2018/19 and for 2019/20 following the Secretary of State's announcement (as part of the recent LGFS) that "Councils will be given the ability to increase their core Council Tax requirement by an additional 1% without a local referendum – bringing the core principle in line with inflation".
- 8.4 This means that for 2019/20 this Council can potentially increase its Council Tax as a District Council to 3% or £5 on a Band D bill, whichever is the greater, i.e. an increase of 1% over the previous level. (Note that to ensure the 3% is not exceeded when split over all Bands, the increase would actually be 2.99% to ensure the Council stays within the referendum limit).
- 8.5 The revised referendum limit gives the Council an option for its Council Tax setting for 2019/20 as outlined in Section 9 below.
- 8.6 For Surrey County Council (SCC) this means it too can increase its Council Tax to 2.99% in 2019/20.
- 8.7 Parish Councils continue not to be regulated by the referendum requirements.
9. Collection Fund – Council Tax Surplus
- 9.1 The Collection Fund is a statutory account into which all Council Tax receipts must be paid. The precepts of the billing and precepting authorities (TDC, SCC and Surrey Police) are paid from the Fund. Regulations provide that any surplus on the Fund must be fully used to reduce the level of Council Tax for the following year and cannot be used to support the revenue budget.
- 9.2 This Council's share of the Fund's surplus is estimated at £125,521 for Council Tax as at 31st March 2019 and this sum is included in the Council Tax setting table in 10.1 below.
10. Council Tax Setting 2019/20– Base and Options
- 10.1 As discussed in Section 7 above, the net forecast budget requirement for 2019/20 amounts to £10,441,970. This figure is used in the Council's calculation of the amount required to be raised by Council Tax - based upon the prescribed Council Tax requirement as follows:-

Council Tax requirement summary	(£)	(£)
Budget Requirement (net cost of services)		10,441,970
Less: RSG	0	
Less: Business rates at baseline level	(1,436,000)	
Less: Business Rates/Small Business Relief Grant	(622,000)	
Less: Collection Fund surplus	(125,521)	
Total External support funding		(2,183,521)
Council Tax Requirement 2019/20		8,258,449

10.2 The 2019/20 Council Tax requirement of £8,258,449 is shown in the table above.

10.3 To calculate the Council Tax level, the Council Tax base for 2019/20 is required and this is shown in the table below. The Council Tax base only allows for new properties that are on the Council's records when the Council makes its annual return to Government in October, which is essentially from an audit of the number of properties in the district. Thus, any growth in the Council Tax base will only be for previous new builds or revaluations of existing properties. Some Councils do include a forward look growth factor but the policy at this Council is to take a prudent approach and assume no new builds in the Council Tax base forecast.

	2017/18	2018/19	2019/20
	£	£	£
<u>Council Tax base data</u>	Actual	Actual	Actual
Original base	36,969.59	37,558.69	37,980.30
growth in base	589.10	421.61	256.80
New base	37,558.69	37,980.30	38,237.10

10.4 Based on the above base data, the option for a Council Tax level is shown below and the Committee is recommended to agree this option. This decision takes into account the MTFs position including the level of savings already required to achieve a balanced budget for 2019/20.

- an increase of £6.27 per Band D property which reflects the revised referendum rules of a £5.00 or 2.99% increase – whichever is the greater.
- Explanatory note for the Committee - the £6.27 increase arises from last year's TDC Council Tax of £209.71 multiplied by 2.99%.

**Recommended option for Council Tax to balance the 2019/20
Budget - £5 increase or 2.99% (whichever is greater)**

RECOMMENDED OPTION	BASE	CTAX Band D	£
Council Tax existing base income	37,980.30	209.71	7,964,849
£6.27 increase on existing base	37,980.30	6.27	238,136
Growth in base	256.80	215.98	55,464
TOTAL	38,237.10	215.98	8,258,449

Note actual increase is £6.27 - but within 2.99% limit

- 10.5 In summary, the option above provides sufficient yield from the Council Tax to meet with General Fund budget requirement of £8,258,449. This ensures that the MTFS can be balanced for 2019/20 after allowing for all other savings and efficiency reductions programmed within the MTFS and as agreed by Policy Committees. It is also important to note that the higher percentage option at 2.99% (if agreed by this Committee for recommendation to Council on 14 February 2019) will remain in the base for future years so there is an ongoing benefit to consider as well as the pure yield for 2019/20.
- 10.6 In terms of the actual Band D Council Tax for TDC the option above generates a Council Tax of £215.98, compared to £209.71 for the previous year 2018/19. The difference is £6.27 which is 2.99%.
- 10.7 Whilst this option provides sufficient yield at 2.99% to meet the 2019/20 Council Tax requirement, Members do have the option of triggering a referendum in order to attempt to set a higher increase. The MTFS forecast does not require this.
- 10.8 For comparative purposes, it is also important to illustrate the effects of other possible Council Tax level options and these are shown below as examples. Options show a 0% Council Tax increase, a 1% increase, and a £5 increase at 2.38% (which represents the previous LGFS referendum limit). It should be noted that these options do not provide the Council with sufficient yield to balance the 2019/20 budget and a contribution from reserves would be needed to fund the resulting gap.

Option for Council Tax at - £0 increase or 0%

	BASE	CTAX Band D	£
Council Tax existing base income	37,980.30	209.71	7,964,849
£"0" increase on existing base	37,980.30	0.00	0.00
Growth in base	256.80	209.71	53,854
TOTAL	38,237.10	209.71	8,018,703

SHORTFALL IN COUNCIL TAX YIELD at this level - £239,746

Option for Council Tax at 1% increase

	BASE	CTAX Band D	£
Council Tax existing base income	37,980.30	209.71	7,964,849
£2.10 increase on existing base	37,980.30	2.10	79,759
Growth in base	256.80	211.81	54,393
TOTAL	38,237.10	211.81	8,099,001

SHORTFALL IN COUNCIL TAX YIELD at this level - £159,448

Option for Council Tax at - £5 increase or 2.38%

	BASE	CTAX Band D	£
Council Tax existing base income	37,980.30	209.71	7,964,849
£5.00 increase on existing base	37,980.30	5.00	189,902
Growth in base	256.80	214.71	55,138
TOTAL	38,237.10	214.71	8,209,889

SHORTFALL IN COUNCIL TAX YIELD at this level - £48,560

11. Surrey County Council (SCC); Surrey Police & Crime Commissioner (PCC); and Parish Precepts
 - 11.1 At the time of despatching this report, both SCC and PCC are due to set their precepts after the publication deadline for this agenda. The position regarding the precepts will therefore be reported at the meeting if known.
 - 11.2 Latest indications (subject to final confirmation) are that SCC will be recommending a Council Tax level increase at 2.99%.
 - 11.3 Parish Councils have determined their level of precepts for 2019/20 and these are detailed at **Appendix C** (page 59) of this report.

12. Consultation with Commercial and Industrial Ratepayers

12.1 In accordance with statutory requirements, a consultative event with representatives of the business community took place on the 28 January 2019. This was well attended. Details of ratepayers' reliefs and schemes are detailed on the Council's website.

13. Risk assessment and revenue reserves (including requirements of Section 25 of Local Government Act 2003)

13.1 A risk assessment of the major areas of income and expenditure within the draft budget for 2019/20 has been undertaken. Further details are shown at **Appendix D** (page 60).

13.2 The overall assessment is that the risks associated with the draft budget are 'medium'. This is mostly as a result of the risks arising from the national economic situation, including employment, inflation, supported and unsupported borrowing, interest rates, income reliance and changes to Government funding levels and grants.

13.3 Section 25 of the Local Government Act 2003 requires authorities to have regard to the following matters when making decisions on the level of Council Tax:

- the robustness of the estimates included in the budget; and
- the adequacy of the proposed financial reserves.

13.4 The Interim Chief Finance Officer S151 reports that, having regard to:

- the risk assessment;
- the Council's procedures for producing and scrutinising its budget; and
- the Council's Medium Term Financial Plan;

That the estimates are robust and that it would be prudent to maintain the minimum level of General Revenue Reserve at between £1.31 million and £2.61 million. If this advice is not accepted, this should be recorded formally in the minutes.

13.5 The estimated balance of the General Revenue Reserve as at the 31st March 2018 is £2,262,000 (as per the audited Statement of Accounts for 2017/18).

13.6 There will be no planned drawing from the General Revenue Fund Reserve during 2019/20. There will, however, be drawings from other reserves. A statement detailing the reserves of the Council forecast at £16.6m at March 2019, their usage and forecast year-end balances is shown at **Appendix E** (page 62).

13.7 In terms of contributions to and from reserves in relation to the Councils end of year closing of accounts position, the following table illustrates what has been added to reserves as a result of year end over or underspends. In summary £760k has been added to Council reserves from underspends since 2013/14 as a result of prudent and effective budgetary control of the annual revenue budget.

Outturn	2013/14	2014/15	2015/16	2016/17	2017/18	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Revenue Budget	10,137	9,713	8,479	9,015	9,849	47,193
Net Expenditure	9,803	9,316	8,455	9,138	9,721	46,433
Overspend / (Underspend)	(334)	(397)	(24)	123	(128)	(760)
Transferred to /(from) reserves	334	397	24	(123)	128	760

14. Capital Programme

14.1 Committees have considered their capital programmes for 2019/20 to 2021/22 and capital is reported in a separate report to this Committee. Any revenue costs or implications of funding the capital programme are included in the net budget requirement and the MTFs both of which are included within this report.

15. Major financial issues for future years

15.1 As part of the 2019/20 budget process, Committees were also asked to consider potential savings for 2019/20. This resulted in over £180,700 of savings being identified, with additional income from a mixture of efficiency savings, staff savings, income generation, fees and charges, contract savings and procurement savings. In order to balance future years' budgets, options for additional income generation and further savings will have to be explored to meet the budget requirement.

15.2 Whilst the 2019/20 Budget is balanced, the MTFs shows a forecast deficit for 2020/21 of £1.481m and a deficit for 2021/22 of £1.038m. A new Government funding formula will apply from 1 April 2020 and it is unclear at this stage how this will impact upon Council finances, it may reduce or increase this deficit and this Council like most, awaits the Government consultation on the Fair Funding proposals which is due later in 2019. If this level of deficit remains in the MTFs then savings and or use of Council reserves may be required in future financial years.

15.3 The implementation of the Customer First programme has played a key part in contributing to the savings delivery in 2019/20. Phase 2 goes live in February 2019 following Phase 1 which went live in July 2018. The revised structure is dependent upon bedding in new working practices and I.T. solutions. Continued monitoring of costs and implementation will be carried out throughout 2019/20 and vacant posts filled as appropriate in the structure to reduce temporary staff costs.

15.4 The Local Plan is now submitted and any further work required has been factored into Council budgets where possible. Cost and forecasts of spend to be monitored carefully and reported to Committees as appropriate in future financial years.

15.5 This report has been based upon the Provisional Local Government Finance Settlement. The position may change once the final settlement is received which is expected in mid-February 2019.

15.6 For 2019/20 there are no changes to the NHB baseline (this was suggested as a possibility in September 2018). The NHB payments may be reduced or terminated under any revised MHCLG formula funding regime.

- 15.7 In addition to the local government finance settlement two consultation papers are being published on the Fair Funding Review and Business Rates Retention. These proposals will significantly impact the future of local government funding and will form the basis for the new four-year funding settlement that will become effective from 1 April 2020.
16. Latest budgetary control position – summary update Period 9
- 16.1 Whilst this report focuses on the Council's Budget plans and priorities for 2019/20, a summary update of the latest 2018/19 revenue budgetary control position for the Council is included in this report for the Committees general update.
- 16.2 The latest forecast is at Period 9 – based upon December data for the General Fund.
- 16.3 In summary the net position shows a reduced overspend of £306k, down from £340k in the November reporting period. The main reasons for the change in variance are reduced staffing costs (vacancies) and also additional income generation – **Appendix H** (page 65) provides a detailed breakdown of all the variances for information.
- 16.4 The overall variance of £306k is reducing and represents 3% of the overall Council budget. The S151 Officer is not recommending any further remedial action at this stage as further income is expected and budgets are being carefully scrutinised in the final quarter of the 2018/19 financial year. A further report will be made to all Policy Committees in the March cycle with a revised budget monitoring update.

REVENUE BUDGET	Annual Budget 2018/19	Forecast Variance at year end (July)	Forecast Variance at year end (Sept)	Forecast Variance at year end (Nov)	Forecast Variance at year end (Dec)
Committee					
Resources and Support Services Total	1,996,680	218,791	33,220	(43,120)	(37,700)
Community Services Total	5,740,000	(3,200)	23,200	24,100	41,300
Housing General Fund Total	967,600	20,550	59,800	59,800	72,800
Planning Policy Total	2,065,720	29,582	320,407	345,777	275,700
Committee Total	10,770,000	265,723	436,627	386,557	352,100
Corporate Items / Reserves					
Investment Income	(847,600)	(123,100)	(116,800)	(123,100)	(123,100)
Interest Payable	84,100	0	0	76,900	76,900
Pension deficit payment		0	0	0	0
Use of Reserves	218,800	0	0	0	0
Depreciation reversal	(1,163,900)	0	0	0	0
Pensions adjustments	920,500	0	0	0	0
Corporate Items / Reserves Total	(788,100)	(123,100)	(116,800)	(46,200)	(46,200)
Funding					
Council Tax from Collection Fund	(7,964,900)	0	0	0	0
Collection Fund Tandridge Surplus	(28,000)	0	0	0	0
Business Rates Baseline Funding	(1,389,000)	0	0	0	0
Business Rates from Collection Fund	(600,000)	0	0	0	0
Funding Total	(9,981,900)	0	0	0	0
NET GENERAL FUND POSITION	0	142,623	319,827	340,357	305,900

Appendix H provides a full breakdown of all variances.

17. Local Council Tax support scheme

- 17.1 Under the Local Government Finance Act 2012, Councils are required to agree their Local Council Tax support scheme by 31 January each year (extended to February 2019) and make any changes as appropriate.
- 17.2 For 2019/20 it is proposed to make no changes to the existing scheme and this will continue based upon the existing Council Tax Reduction Scheme England Regulations 2012. Local Tax support will be calculated using 100% of the Council Tax liability for both working age and pension age claimants.
- 17.3 The current value of Local Council Tax support thus remains the same with a current year value of £4.2m.
- 17.4 The number of claimants receiving Council Tax support is currently 3,247 compared to 3,578 in 2017/18 (being the last full financial year of data).
- 17.5 There is a risk in future years that the cost of the scheme may increase due to changes in caseload as more people move to Universal Credit and also any increases in Council Tax rates. This will be monitored carefully.
- 17.6 The Council receives funding and adjusts through its Council Tax base for Council Tax Support and therefore costs are already accounted for this scheme.
- 17.7 Any further reforms or legislative changes to the scheme will be reported to future meetings of the Committee as appropriate.
- 17.8 Legislation is also awaited in respect of revised potential Council Tax charges for empty properties and this will be reported to Resources Committee for decision once the primary legislation (and Act) has passed through Parliament.

18. Legal Implications

- 18.1 The Monitoring Officer reports that the Council is under a duty to set a balanced budget and that the 'Section 151 Officer' (i.e. Acting Chief Finance Officer) has achieved this requirement.

19. Equality Impacts

- 19.1 It is considered that the proposals within this report do not have the potential to disadvantage or discriminate against different groups in the community.

20. Conclusion

- 20.1 Information has been provided in order to enable Members to recommend to Council the level of Council Tax to apply in 2019/20.
- 20.2 The statutory declaration for the setting of the budget and Council Tax will be completed and circulated once the Government's Final Financial Settlement and precepts have been received.

----- end of report -----

APPENDIX 'A'
to Agenda Item 8

APPENDIX 'A'
to Agenda Item 8

New Homes Bonus – Allocations up to 2019-20

	2011-12	2012-13	2013-14	2014-15	2015-15	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Allocation	234	234	234	234	234	234					
Allocation		296	296	296	296	296	0				
Allocation			396	396	396	396	396	0			
Allocation				316	316	316	316	0	0		
Allocation					326	326	326	326	0	0	
Allocation						278	278	278	278	0	0
Allocation							395	395	395	395	0
Allocation								26	26	26	26
Allocation									225	225	225
Total received in year	234	530	926	1,242	1,568	1,846	1,711	1,025	924	646	251
Total to GF budget	234	530	730	930	1,130	1,330	1,137	763	563	363	26
Change to MTFS figures								-374	-200	-200	-337

Note 1. The above table illustrates new and existing allocations up to 2019-20. Further allocations may be received in the years thereafter, however nothing is built into the plan for future years new allocations (only the legacy payments). This aspect will be reviewed and reported to committee as part of the Medium Term Financial Plan and budget process.

Note 2. For 2019/20 the total NHB figure of £924k is still provisional, pending the announcement of the final Local Government Settlement. It is anticipated that of this, £563k will be used to fund revenue, £136k will be used to fund capital and the new allocation of £225k will be transferred to the RCCO reserve.

Note 2. The zeros highlighted in the above table show where previous years legacy payments will no longer be received following the government's financial settlement (LGFS).

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Section 1 - Committees have put forward draft budgets for 2019/20 as follows:

Committee	Original Budget 2018/19	Projected Outturn 2018/19	Draft Budget 2019/20
	£	£	£
Housing General Fund	967,600	1,040,400	809,900
Planning Policy	2,065,720	2,341,420	2,049,270
Community Services	5,740,000	5,781,300	6,472,650
Finance/Strategy & Resources	1,208,530	1,124,630	1,110,150
Total Budget	9,981,850	10,287,750	10,441,970

Section 2 - The following shows the major movements between 2018/19 and 2019/20:

	£
Original Budget 2018/19	9,981,850
Technical growth:	
Inflation	383,470
Reduction in New Homes Bonus	200,000
Charges for capital – Minimum Revenue Provision and interest	544,578
Increase in provisions/reserves for voids and income equalisation	150,000
Net Policy Committee growth	958,050
Savings:	
Treasury investment	(88,000)
Changes in collection fund / grants	(145,088)
Customer First	(834,000)
Asset income	(708,890)
Draft Budget 2019/20	10,441,970

Section 3 – Future years position:

	2020/2021	2021/22
	£	£
MTFS shortfall	1,481,118	1,038,122

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Parish Councils	Parish Council precepts		
	2018/19 Parish precept £	2019/20 Parish precept £	2019/20 Parish liability for Band D households £
Bletchingley	38,500	38,500	28.46
Burstow	64,200	73,560	37.98
Caterham on The Hill	73,700	103,180	19.82
Caterham Valley	63,032	72,486	18.93
Chaldon Village	28,000	29,120	30.16
Chelsham & Farleigh	17,784	18,139	44.06
Crowhurst	13,500	14,850	85.55
Dormansland	55,000	55,000	32.56
Felbridge	16,800	17,000	14.66
Godstone	55,683	60,425	24.18
Horne	23,500	25,000	57.03
Limpsfield	32,470	32,470	15.84
Lingfield	55,000	55,000	28.25
Nutfield	52,363	60,769	50.02
Outwood	18,827	19,327	57.17
Oxted	50,000	50,000	9.81
Tandridge	12,000	12,000	35.63
Tatsfield	42,000	44,000	49.32
Titsey	0	0	0
Warlingham	67,035	72,962	18.44
Whyteleafe Village	37,250	38,713	21.55
Woldingham	44,080	44,080	37.28
	860,724	936,581	

RISK ASSESSMENT - MAJOR EXPENDITURE AND INCOME AREAS

The risks to the achievement of the budget 2019/20 are updated as follows:

Risk Area	2019/20	Notes
	£'000	
Major areas of fee income e.g. fees and charges, land charges and building control income	80 to 180	These are areas where external economic factors and consumer demand exhibit a significant influence and therefore there is a higher risk that income levels will fluctuate either higher or lower. Land charges and building control operate as trading accounts so there is limited impact upon the General Fund. Calculation based upon variation of 5% overall, with higher range for planning fees.
Investment income shortfall	70	Based on a 10% variation on interest receivable from the councils investments. Interest rates are considered reasonably stable, however the whole market awaits the potential for larger increases in Base Rates which could then trigger more frequent increases thereafter. Arguably there is a risk of interest rates declining.
Inflation	94	Based upon 2% higher inflation in areas of contractual spend. Wherever possible budgets would be cash limited irrespective of inflationary factors.
Increased housing benefit (HB) applications and increase use of bed and breakfast	734	Whilst the majority of HB cost falls to be met by the Government there is nevertheless some impact upon the Council and the potential also for an adverse impact upon cash flow. There is a possibility that the use of bed and breakfast type accommodation could also increase. Total benefit budget £24m.
General operational risks	500	Risk associated with unforeseen situations, including potential for any additional costs arising from the development of the Local Plan.
Reduced Government Grant or reduced income from business ratepayers	180	There remains the possibility that some specific grants from Government would be reduced during the year. The impact of reduced business rates is limited by safety net arrangements. There is a continuing risk associated with New Homes Bonus that it may cease after the current 4 year allocation.

Recruitment drag / turnover savings	500	Staff turnover savings are expected throughout the year and this been set at 5%. The budget relies upon this level of turnover being achieved. This drag factor has remained at circa 5% since 2015/16.
Agency Staff	511	Recruitment issues and cover for vacant posts – or for specific specialist projects such as the Local Plan may require additional vacancy cover and costs. Risk calculated at 5% of overall staff budget.
Reduced recycling income due to adverse price movements in the market or credits.	200	Volatile market - Declining or increasing values from sales. Risk that recycling credits will be withdrawn; they are already reducing, we currently receive between £600,000 and £700,000 per year.
Surrey County Council continued funding pressures	TBC	The outcome of the SCC budget process could have an impact on other funding streams in addition to recycling credits above.
Achievement of savings	19	Risk of not achieving savings built into the budget. Savings (net of growth) of £180,700 identified. Risk calculated at 10%.
Customer First Project	120	Whilst there are identified efficiencies from Customer First in 2018/19 and 2019/20 it is still important to consider this as a risk as the future years' budgets contain a number of efficiencies driven by this project. Assume 10% risk.
Parking Income	42	Risk of income from charging for parking not being achieved due to economic downturn.
Asset sales / redevelopment / property investment	71	Risk of anticipated income not being achieved, including through lack of suitable investment properties, insufficient sales and redevelopment opportunities. Also changes to MHCLG regulations (currently under consultation) to limit Councils' ability to invest in non-financial instruments. Assume 10% variation in budget.
Minimum Revenue Provision / borrowing cost unsupported	163	A high proportion of the annual MRP requirement is now covered by income from properties and rental income, it is thus supported. If tenants are lost then this could leave the Council vulnerable to unsupported borrowing costs. Assume 30% loss of rental income and cover required for MRP payments.

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ESTIMATED FINANCIAL RESERVES

Appendix E

	2017/18		2018/19		2019/20		2020/21	
	Opening Balance	Usage During Year	Opening Balance	Usage During Year	Opening Balance	Usage During Year	Opening Balance	Usage During Year
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Essential Reserves for Financial Prudency								
General Fund Working Balance	1,931	331	2,262	0	2,262	0	2,262	0
HRA Working Balance	750	-33	717	33	750	0	750	0
Sub Total - working balances	2,681	298	2,979	33	3,012	0	3,012	0
Reserves to Finance the Capital Programme								
Capital Receipts	438	-344	94	775	869	-775	94	55
RTB Receipts Reserve (to be spent within 3 yrs)	2,664	101	2,765	-1,632	1,133	-973	160	-12
Revenue Contribution to Capital Outlay	1,558	-1,089	469	-390	79	751	830	0
Govt Grants Unapplied	316	208	524	-70	454	-87	367	0
Community Infrastructure Reserve	1,073	882	1,955	0	1,955	0	1,955	0
HRA Major Repairs Reserve	0	0	0	0	0	0	0	0
HRA New Build Reserve	1,951	2,978	4,929	609	5,538	-1,368	4,170	-1,250
HRA Repairs Reserve	4,213	-4,103	110	540	650	0	650	-64
Sub Total	12,213	-1,367	10,846	-168	10,678	-2,452	8,226	-1,271
Earmarked reservs for specific GF uses								
GF Budget Reserve	2,233	0	2,233	-962	1,271	962	2,233	0
Development Reserve	1,250	-733	517	-347	170	0	170	0
Business Rate Equalisation	1,118	0	1,118	-295	823	857	1,680	611
Interest Equalisation	0	0	0	0	0	0	0	0
Building Control Reserve	186	-133	53	0	53	0	53	0
Local Land Charges	230	-116	114	-21	93	0	93	-10
TCS Reserve (vehicle replacements)	101	46	147	-40	107	-40	67	-40
S106	221	0	221	0	221	0	221	0
Homelessness Funding	140	-9	131	-5	126	-7	119	-9
Other Reserves	42	-10	32	0	32	0	32	0
Sub Total	5,521	-955	4,566	-1,670	2,896	1,772	4,668	552
Grand Total	20,415	-2,024	18,391	-1,805	16,586	-680	15,906	-719

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APPENDIX F

Medium Term Financial Strategy and Efficiency Plan - latest TDC position January 2019

	2017/18	2018/19	2019/20	2020/21	2021/22
		£	£	£	£
Net Council budget b/fwd		9,849,670	9,981,848	10,441,970	9,836,471
<i>Inflation allowances & pay increments</i>		381,060	429,500	458,819	468,004
<i>Inflation on fees and charges income</i>		0	-46,030	-47,180	-48,360
<i>Technical Funding Changes to base budget</i>					
Business Rate adjustment for the collection fund		621,764	-848,000	-250,000	-250,000
Revaluation of Pension Fund		0	0	0	0
Use of Reserves change (use of equalisation reserve for BR and Appeals)		-795,000	856,890	610,690	820,680
Asset / Net Investment Income - note before MRP - see MRP line below		-300,000	-708,890	139,014	-368,857
New Homes Bonus - change in allocation		374,000	200,000	199,350	337,900
Collection Fund and other grants adjustments		0	-153,976	-42,680	25,670
4 Year Settlement - Transitional Grant		131,900	0	0	0
Increase in provisions/reserves for voids and income equalisation		0	150,000	100,000	100,000
Treasury investment income from specified and non specified investments		-190,000	-88,000	0	0
Minimum Revenue Provision - amount set aside for loan repayment		88,754	544,578	15,056	15,193
<i>Committee Growth/Savings (see attached summary)</i>					
Resources/Support Services		-388,900	71,100	0	0
Community Services		1,600	632,750	304,750	12,000
Housing Services GF		18,500	-65,800	-42,000	0
Planning Services		336,500	320,000	-235,000	0
Corporate saving - Insurance		-148,000	0	0	0
<i>Customer First Project</i>					
Project Costs	1,416,199	1,994,513	-1,659,313	-335,200	0
Anticipated Staff Savings	0	-293,000	-876,200	0	0
	1,416,199	1,701,513	-2,535,513	-335,200	0
Application of Development reserve /Capital reserve	-326,000	-390,000	390,000	0	0
Application of General budget reserves	-1,090,199	-961,513	961,513	0	0
Project contingency funding allocation	0	-350,000	350,000	0	0
	0	0	-834,000	-335,200	0
Forecast Net Cost of Services	9,849,670	9,981,848	10,441,970	11,317,589	10,948,702
<i>Funding available to the Council</i>					
Council Tax surplus from Collection Fund	240,300	28,000	125,521	10,000	10,000
Business Rates/S31 Grant/refund levy	600,000	585,000	622,000	600,000	600,000
Business Rates baseline funding	1,361,670	1,404,000	1,436,000	1,416,000	1,200,000
Base income from existing Council Tax base	7,342,900	7,647,700	7,964,849	8,258,449	8,539,272
Annual increase on existing Council Tax base	184,848	228,732	238,136	247,012	255,288
Growth on new Council Tax base	119,953	88,416	55,464	33,811	34,822
Sub-total Council Tax	7,647,700	7,964,848	8,258,449	8,539,272	8,829,381
Tariff adj negative			0	-728,800	-728,800
Total core funding available to Council	9,849,670	9,981,848	10,441,970	9,836,471	9,910,580
Forecast budget shortfall / gap	0	0	0	1,481,118	1,038,122

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APPENDIX G

MTFS ASSUMPTIONS USED	BASE £'000	2019/20 Forecast	2020/21 Forecast	2021/22 Forecast
General Inflation - prices	3,925	2.5%	2.5%	2.5%
Pay bill growth	10,978	2.5%	2.5%	2.5%
Fees & Charges increased yield on discretionary charges	5,232	0-3%	0-3%	0-3%
Interest rate used – medium term investments		0.80%	0.80%	0.80%
Increase in Council Tax		2.99% increase on Band D	2.99% increase on Band D	2.99% increase on Band D
Band D equivalent Council Tax		215.98	222.44	229.09
Increase in Property Base	37,980	38,237	38,389	38,541
Previous year's budget base (at funding level)		9,981,848	10,441,970	9,836,471

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APPENDIX H

Period 9 – December Budgetary Control update

REVENUE BUDGET VARIANCES	NARRATIVE FOR KEY	Annual Budget 2018/19	Forecast Variance at year end (July)	Forecast Variance at year end (Sept)	Forecast Variance at year end (Nov)	Forecast Variance at year end (Dec)	Narrative
Resources and Support Services							
Salaries		4,031,280	22,691	(34,480)	(34,480)	(29,400)	Forecast underspend due to vacancies and Customer First transition
Additional New Homes Bonus		(999,200)	(26,000)	(26,000)	(26,000)	(26,000)	Additional NHB Allocated above budget
Regeneration of Caterham - Consultancy Fees		0	35,000	35,000	35,000	35,000	Required costs for Regen Caterham consultancy
HR Advertising Costs		8,500	26,500	26,500	26,500	26,500	Recruitment for lead specialists and over customer first posts
Legal Expenses		500	16,000	16,000	16,000	16,000	Leisure partnership agreement legal costs, will be offset by interest on loan
Council Tax Empty Home Review		4,700	0	26,000	26,000	26,000	Costs incurred on review of empty properties, Should result in additional council tax income in future years
Other net items		(1,049,100)	144,600	(9,800)	(86,140)	(85,824)	
Resources and Support Services Total		1,996,680	218,791	33,220	(43,120)	(37,724)	
Corporate Items/ Reserves							
Investment income		(847,600)	(123,100)	(116,800)	(123,100)	(123,100)	Investment income is greater then budget, this is primarily due to loans to the leisure partnership
Interest Payable		84,000			76,900	76,900	More interest costs incurred primarily due to borrowing for capital loan to the leisure partnership
Use of Reserves		218,800					
Depreciation reversal		(1,163,900)					
Pensions adjustments		920,500					
Corporate Items / Reserves Total		(788,200)	(123,100)	(116,800)	(46,200)	(46,200)	
Community Services							
Salaries		2,138,700	(22,300)	(23,000)	(23,000)	(50,400)	Mainly Operational Services (TCS) - vacant posts
De Staffords Lease		(33,000)		33,000	33,000	33,000	Due to the Freedom Leisure / TDC deal being completed in April18, part of the agreement was that TDC would no longer receive any lease income from De Staffords School
Parking Permit Income		(26,700)			(16,500)	(8,300)	The budget was based on 6 months but now based on 12 months
Car Parking Income		(129,200)			2,600	2,600	Income now forecast for the full year - still nearly on target
Food, Recycling and Waste Costs		2,483,000			(63,700)	(69,100)	Improved position reflecting the latest tonnages for recycling and waste
Income from clothes banks		(29,300)			(11,700)	(11,700)	E/tonne has increases since budget setting
Out of Hours		18,500			(18,500)	(18,500)	This expenditure is now accounted for within salaries
Unauthorised Encampments		0			20,000	20,000	Increase in prevention costs for travellers
TCS		(823,200)			68,000	68,000	Reduced work chargeable to the HRA
Other net items		2,141,200	19,100	13,200	33,900	75,700	
Community Services Total		5,740,000	(3,200)	23,200	24,100	41,300	
Housing General Fund							
Salaries		1,003,400	48,800	47,600	47,600	47,600	Staff vacancies in Housing GF filled by agency staff.
Other Government Grants		(123,500)		(12,500)	(12,500)	(12,500)	Additional grant received for Homelessness Reduction Act work
Use of Reserves		(14,000)		(15,000)	(15,000)	(15,000)	Additional post funded from homelessness reserve
Community Alarms Income		(229,000)				17,000	Reduced income reported to Committee in Nov P6
Douglas Brunton Centre - Repairs		7,500				12,500	Rewiring Electrical repairs re orted to Committee in Nov P6
Apetito Meals - Sales		(44,700)				10,000	Sales of meals down this year
Other net items		367,900	(28,250)	39,700	39,700	13,200	Community Alarms & DBC repairs previously in this figure but now separated out above
Housing General Fund Total		967,600	20,550	59,800	59,800	72,800	
Planning Policy							
Salaries		1,455,120	(13,386)	203,530	249,000	288,500	Staff vacancies in Planning & Enforcement filled by agency staff until customer first is completed.
Counsels Fees		26,100	23,900	23,900	0	(22,100)	Johnsdale Car Park judicial review - Recovery of Legal fees & general underspend in budget
Legal Expenses		100	12,900	12,900	16,900	10,900	Costs awarded against the Council for 10 Granville Rd plus costs for initial part of work done on the JR on the gas holder.
Consultancy Fees		2,800		57,200	57,200	57,200	Cost of Gypsy Site consultation and Terraquest outsourcing for validation
Planning Fees		(584,600)			0	(65,400)	New in Dec18 - Over recovery of income expected due to fees for Church Walk Caterham application.
Pre App Fees		(63,800)		15,800	15,800	23,800	Income target unlikely to be achieved
CL Receipts		(829,700)		5,000	0	0	
Counsels Fees - Enforcement		15,700				(15,700)	No spend expected on counsels fees for 18/19
Formal Member Presentations		(12,500)		12,500	12,500	12,500	Unlikley to achieve income target due to lack of developer requests
Other net items		2,041,500	6,168	(10,423)	(5,623)	(14,000)	
Planning Policy Total		2,050,720	29,582	320,407	345,777	275,700	
Local Plan		15,000		347,350	349,350	334,350	Local Plan temp staff and advertising costs
Funding from Reserves				(347,350)	(349,350)	(334,350)	
General Fund Total		9,981,800	142,623	319,827	340,357	305,876	Forecast Overspend / (Underspend)

REPORT TO THE STRATEGY & RESOURCES COMMITTEE – 5TH FEBRUARY 2019 AGENDA ITEM 9	
PAY POLICY STATEMENT 2019/20	
Report of:	Jackie King HR Lead Specialist - 01883 732875 jking@tandridge.gov.uk
Purpose of Report:	To enable the Committee to recommend a Pay Policy Statement for 2019/20.
Publication status:	Unrestricted
Recommendation:	That the Committee recommends to Council that the proposed Pay Policy Statement for 2019/20, attached at Appendix 'A', be approved.
Appendices	Appendix 'A' - proposed Pay Policy Statement for 2019/20 (page 68) Appendix 'B' – gender pay gap report 2018 (page 73)
Background papers	None (as defined by the Local Government (Access to Information) Act 1985)

1. Background

- 1.1 The Council has a statutory duty to publish an annual pay policy statement.
- 1.2 The proposed statement for 2019/20 (copy attached at **Appendix 'A'** on page 68) includes the following revision to the 2019/19 document:
 - Section 2.3: Clarification of the term 'lowest paid employee'.
 - Section 3: Clarification of the mobility allowance.
 - Section 9: Updated ratios between the mean / median average earnings and the Chief Executive's salary. Updated salary figures (and revised ratio) for the highest and lowest paid members of staff.
 - Section 14: A new section confirming that gender pay gap data is now published on the Council's website.
 - Section 15: A new section confirming our commitment to equality & diversity.

2. Legal and equality implications

- 2.1 The proposed pay policy statement would comply with sections 38 to 43 of the Localism Act 2011 which requires such statements to identify:
 - the remuneration of the Council's chief officers relative to that of its lowest paid employees; and
 - the Council's policies relating to the remuneration of its chief officers.
- 2.2 The Act also requires annual pay policy statements to be ratified by full Council prior to 31st March of each preceding year.

- 2.3 As referred to in Section 14 of the policy, gender pay gap data is now published on the Council's website and refreshed on an annual basis to reflect the position as at the 31st March each year. The latest report, reflecting the position at 31st March 2018, is attached at **Appendix 'B'** (page 73).

----- end of report -----

TANDRIDGE DISTRICT COUNCIL - PAY POLICY STATEMENT 2019/20

1. Introduction

Under the Localism Act 2011 (Section 38(1)) Tandridge District Council is required to publish an annual pay policy statement which has been approved by full Council. The information is set out under headings which have been prescribed by the Localism Act and relates to the 2016/17 financial year unless otherwise stated.

2. Definitions

For the purpose of this Policy the following definitions will apply: -

2.1 Pay

The term "Pay" in addition to salary includes, fees, allowances, benefits in kind, increases in or enhancements to pension entitlements and termination payments.

2.2. Chief Officers

For the purposes of this policy chief officers are defined as the:

Chief Executive
Strategic Directors of Place, People and Resources
Section 151 Officer
Monitoring Officer

2.3. Lowest paid employees

The lowest paid people employed under a contract of employment with the Council are employed on full time [37 hours] equivalent salaries in accordance with the minimum spinal column point currently in use within the Council's grading structure (TC2). With effect from 1st January 2019, this was £16,875 per annum.

The Council also employs apprentices and trainees who are not included within the definition of lowest paid employees as they are employed under the terms and conditions and pay rates applicable to the relevant career grade scheme. All salaries of these employees are set at or above the National Minimum Wage.

3. Level and elements of remuneration for Chief Officers

All staff are employed on a Tandridge District Council contract of employment and therefore subject to PAYE. Again, all staff are on local conditions and the pay and reward structure applies to all staff. The authority has a salary and grading structure (pay scales) for all staff which includes the grades and salaries applicable to chief officers. The grade allocated to a post is determined by the duties, level of responsibility and competencies required as outlined in the job description and person specification. The authority has a grading scheme which is used to evaluate the grade of posts.

In addition to basic pay all officers receive the following benefits:

- If the officer is a member of the Local Government Pension Scheme, the employer's contribution.
- A role specific mobility allowance which is paid in monthly instalments. The amount paid is subject to the amount of mileage done whilst carrying out the council's business and is reviewed annually on a three-year rolling basis. Employees pay tax and national insurance on this allowance.
- As was previously agreed, from April 2019, the number of officers this allowance is payable to has been reduced to those who incur a significant level of travel in the normal course of their duties (over 1000 miles per year) only. All other employees are entitled to claim a casual mileage allowance.
- Access to a Cashplan scheme. Employees are taxed on this.
- Access to an Employee Assistance Programme (EAP).
- Payment of an annual subscription to one professional institution where this has a clear benefit or is requisite to the job.

Our policy is to pay appropriately to attract competent and experienced senior staff to lead the organisation.

Our aim is to be close to the mid-point or median level of pay locally in the public sector.

4. Remuneration of Chief Officers on recruitment

Our policy is to appoint at the bottom of the salary scale, or near the bottom taking into account the relevant skills and experience of the person appointed. Progression through the grade is subject to the outcome of their annual appraisal.

As outlined in the council's constitution, chief officers (definition in 2.2 above refers) are appointed by the Chief Officer Sub-Committee which then reports its decision to Council. Appointments to the post of Chief Executive are made by the Council.

5. Increases and additions to remuneration for Chief Officers

Cost of living pay increases, for all staff, are considered annually and through negotiation with Staff Conference; the forum with which management negotiates and consults with on terms and conditions of employment and other staff related matters.

The Council operates a performance related pay scheme whereby chief officers and staff can be awarded a single increment on the salary scale. This is dependent on satisfactory performance throughout the year as assessed at their appraisal by the line manager. Once an employee reaches the top of their salary scale there is no opportunity to earn more.

Other salary increases can only be given as a result of change in duties and/or responsibilities and any other circumstances which, in the reasonable view of the Chief Executive, merit an increase.

Incremental and cost of living increases are normally paid with effect from the 1st April.

6. The use of performance related pay for Chief Officers

Increases in pay for chief officers are subject to the regime described in paragraph 5 above except that the Chief Executive's performance is assessed by the Leader, Deputy Leader and Chair of the Strategy & Resources Committee.

7. The approach to the payment of Chief Officers on their ceasing to hold office or to be employed by the authority

Our management of organisational change policy sets out a consistent method of calculating redundancy pay which is applied to all redundant employees. The level of redundancy pay is calculated using the statutory system with a multiplier of 1.5 and no cap on weekly earnings. The payment is intended to recompense employees for the loss of their livelihood and provide financial support whilst they seek alternative employment. The Council's retirement and management of organisational change policies allow enhanced payments to be made on a discretionary and exceptional basis.

Discretionary payments made to chief officers in addition to those to which they are contractually entitled must be authorised by the Strategy & Resources Committee.

Our management of organisational change and retirement policies set out how we will calculate any payments made to support early retirements in the efficiency of the service. Where it is proposed to grant early retirement with no actuarial reduction in the pension payable in respect of a person on a senior management grade, this must be authorised by the Strategy & Resources Committee.

8. The publication of and access to information relating to remuneration of Chief Officers

Our annual pay policy statement will be published on the website where it can be accessed. Information about chief officer remuneration has been published on the council's website since 2008/09 as part of the Final Statement of Accounts. The pay scales for all staff can also be found on the website.

9. Pay multiple (ratio) between bottom and top staff

We define our lowest paid employees as those on the second grade (TC2) of our pay scales. The lowest salary being paid to members of staff on the TC2 grade as at 1st January 2019 was £16,875.

The Chief Executive's salary grade is SM4 on the Tandridge pay scales.

The resulting ratios between the mean and median average earnings and the Chief Executive's salary, together with the ratio between the lowest and highest salary as at 1st January 2019 (with comparisons for the previous year) are:

	As at 1 st January 2018	As at 1 st January 2019
Mean Average	1 : 4.2	1 : 3.6
Median Average	1 : 4.1	1 : 4.1
Lowest / highest salary	1:8.8	1:7.5

The 'lowest : highest salary ratio of 1:7.5 is well within the maximum ratio of 1:20 identified as a maximum pay multiple in the Hutton Review of Public Sector Pay.

Details of the remuneration paid to all members of the Council Leadership Team can be found in the Council's annual statement of accounts.

10. Election fees

Fees for local elections vary according to the size of the electorate and number of postal voters and are calculated according to a scale of fees set on a Surrey wide basis for all eleven Districts and Boroughs. Payments for parliamentary elections and national referendums are set by central government and are not borne by the Council as the money is reclaimed. These payments are not included in the calculation referred to in paragraph 9 above.

11. Policy on employing someone who has left the Council's employment.

Employees who leave the Council voluntarily without a severance payment are free to apply for jobs that are advertised at their discretion. Employees who leave the Council with a redundancy payment and no enhancement and subsequently apply and are successful for a position within the Council must repay any redundancy payment, if the appointment is within a month of their termination date. If the appointment start date is longer than a month the employee can return to work in the position offered but in accordance with the Redundancy Modification Orders, will lose their contractual rights to have their continuous service recognised for all purposes.

Employees who leave the Council with an enhanced severance package will not normally be reemployed or engaged under a contract for services for a period of two years.

12. Policy on employing someone who is also drawing a pension

In line with our Retirement Policy we will consider requests from staff who wish to draw their pension but continue working in a reduced capacity. We would expect to see a reduction in salary through either reduced hours or responsibility which would generate at least £10,000 a year in savings.

Employees who leave the Council on ill-health retirement with the possibility of a return to work under the Local Government Pension Scheme Regulations or who are granted early retirement will be considered on a case by case basis depending upon the circumstances and having due regard to their termination package

13. Policy on lowest paid

With effect from the 1 April 2015 a commitment was made by Members that all staff, excluding apprentices and trainees, would be paid the UK National Living Wage and are therefore paid at or above the bottom point of the TC2 grade. All apprentices and trainees are paid at least the rate for 18-20 year olds under the National Minimum wage rates.

All jobs are evaluated against the Council's Grading Scheme Criteria to ensure that post holders are fairly paid for the duties they carry out.

14. Gender pay gap data

Such data is now published on the Council's website and refreshed on an annual basis to reflect the position as at the 31st March each year.

15. Equality and Diversity

The Council is committed to ensuring that no-one is discriminated against, disadvantaged or given preference, particularly based on age; disability; gender reassignment; race, religion or belief; sex; sexual orientation; marriage and civil partnership and pregnancy and maternity.

This policy will be applied equally to all employees irrespective of their background or membership of a particular group.

Gender Pay Gap Report 2018

Tandridge District Council is required by law to publish an annual gender pay gap report.

This is its report for the snapshot date of 31 March 2018.

- The mean gender pay gap for TDC is 2.7%.
- The median gender pay gap for TDC 11.03%.

TDC does not pay bonus's and therefore there is no gap on which to report

Pay quartiles by gender

Band	Males	Females	Description
A	50%	50%	Includes all employees whose standard hourly rate places them at or below the lower quartile
B	47.62%	52.38%	Includes all employees whose standard hourly rate places them above the lower quartile but at or below the median
C	43.75%	56.25%	Includes all employees whose standard hourly rate places them above the median but at or below the upper quartile
D	57.33%	42.67%	Includes all employees whose standard hourly rate places them above the upper quartile

The figures set out above have been calculated using the standard methodologies used in the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

What are the underlying causes of Tandridge District Council's gender pay gap?

Under the law, men and women must receive equal pay for:

- the same or broadly similar work;
- work rated as equivalent under a job evaluation scheme; or
- work of equal value.

Tandridge District Council is committed to the principle of equal opportunities and equal treatment for all employees, regardless of sex, race, religion or belief, age, marriage or civil partnership, pregnancy/maternity, sexual orientation, gender reassignment or disability. It has a clear policy of paying employees equally for the same or equivalent work, regardless of their sex (or any other characteristic set out above). Tandridge evaluates job roles and pay grades as necessary to ensure a fair structure.

Tandridge District Council is therefore confident that its gender pay gap does not stem from paying men and women differently for the same or equivalent work. Rather its gender pay gap is the result of the roles in which men and women work within the organisation and the salaries that these roles attract.

Across the UK economy as a whole, men are more likely than women to be in senior roles (especially very senior roles at the top of organisations), while women are more likely than men to be in front-line roles at the lower end of the organisation. In addition, men are more likely to be in technical and IT-related roles, which attract higher rates of pay than other roles at similar levels of seniority. Women are also more likely than men to have had breaks from work that have affected their career progression, for example to bring up children. They are also more likely to work part time, and many of the jobs that are available across the UK on a part-time basis are relatively low paid.

Tandridge District Council's workforce divided into four equal-sized groups based on hourly pay rates, with Band A including the lowest-paid 25% of employees (the lower quartile) and Band D covering the highest-paid 25% (the upper quartile). In order for there to be no gender pay gap, there would need to be an equal ratio of men to women in each Band, this is evident in the lower in Band A at TDC. The percentage of male employees fluctuates throughout the remaining Bands, from 47.62% in Band B to 43.75% in C and 57.33% in D.

How does Tandridge District Council's gender pay gap compare with that of other organisations?

The vast majority of organisations have a gender pay gap, and we are pleased to be able to say that Tandridge District Council's gap compares favourably with that of other organisations, including those within our sector and is an improvement on the position in 2017.

The mean gender pay gap for the whole economy (according to the October 2018 Office for National Statistics (ONS) Annual Survey of Hours and Earnings (ASHE) figures) is 17.1%, while in the Public sector it is 17.5%. At 2.7%, Tandridge District Council's mean gender pay gap is, therefore, significantly lower than both that for the whole economy and that for our sector.

The median gender pay gap for the whole economy (according to the October 2018 provisional ONS ASHE figures) is 17.9% (18.4%), while in the Public sector it is 19% (19.4%). At 11.03% (14.7%), Tandridge District Council's median gender pay gap follows the trend and continues to be significantly lower than both that for the whole economy and that for our sector.

Comparison with other organisations

	Tandridge District Council	2018 ONS ASHE whole sector (provisional)	2018 ONS ASHE Public sector (provisional)
Mean gender pay gap	2.69%	17.1%	17.5%
Median gender pay gap	11.03%	17.9%	19%

What is Tandridge District Council doing to address its gender pay gap?

While Tandridge District Council's gender pay gap compares favourably with that of organisations both across the whole UK economy and within the Public sector, this is not a subject about which Tandridge District Council is complacent, and it is committed to doing everything that it can to maintain and further reduce the gap.

- **Flexible Working policy:** Tandridge promotes flexible working which is available to all staff at all levels and grades.
- **Supporting parents:** Tandridge has a range of Family Friendly policies to promote a positive work/life balance.

REPORT TO THE STRATEGY & RESOURCES COMMITTEE – 5TH FEBRUARY 2019 AGENDA ITEM 10	
RESTRUCTURE OF THE CORPORATE MANAGEMENT TEAM	
Report of:	Louise Round – Chief Executive - lround@tandridge.gov.uk
Purpose of Report:	To seek agreement to a minor reorganisation of the Council's corporate management team so that the Head of Finance and Section 151 Officer becomes a full member of that team, reporting directly to the Chief Executive.
Publication status:	Unrestricted
Recommendations:	A. to agree that the Council's Head of Finance and Section 151 Officer becomes a member of the Corporate Management Team, reporting to the Chief Executive with immediate effect; and B. to agree the revised role specification and grade attached as appendix B
Appendices:	Appendix A – structure chart (page 79) Appendix B – role specification for Head of Finance and Section 151 Officer (page 83)
Background papers defined by the Local Government (Access to Information) Act 1985	None

1. Background

- 1.1 Members will recall that, as part of the Customer First programme, changes were made to the senior management structure of the Council and that, as a result, the Corporate Management Team ("CMT") currently comprises the Chief Executive and the Strategic Directors of People, Place and Resources. The Section 151 Officer role is performed by the Head of Finance and reports in to the Strategic Director of Resources. Although, as would be expected, the current postholder has open and frequent access to the Chief Executive and the rest of the CMT, he does not formally sit as a member of CMT. A copy of the overall structure of the Council, showing the respective responsibilities of the strategic directors, is attached as **Appendix A** and the role specification for the post is attached as **Appendix B**.

2. Proposal

- 2.1 As is normal following a significant structural change, there has been some time to reflect on whether the new structure serves its purpose. The functions which sit under the Strategic Director of Resources role were included in Phase One of the Customer First implementation programme which went live in July 2018. On the whole, the new delivery model has worked well and we are seeing an increased degree of resilience and flexibility in the way in which the Council's support services are operating. However, it is acknowledged that the span of responsibility of the Strategic Director of Resources is extremely wide, especially bearing in mind the fact that responsibility for the local plan (and hence, as described in a paper elsewhere on this agenda, the delivery of the garden community)) sits within that area.

- 2.2 In addition, even though the Council can set a balanced budget for the next financial year with no service reductions, it remains the case that the future financial landscape is uncertain, with the comprehensive spending review, business rates reset and a new funding formula all due in 19/20. This, combined with the need for a rigorous financial oversight over the Council's asset management activity, indicates a need for the specialist finance function to be given more focus and increased prominence within the Authority. Accordingly, it is proposed that, instead of reporting to the Strategic Director of Resources, the Section 151 Officer (who manages a team of six finance specialists) reports directly to the Chief Executive and becomes a full member of CMT.
- 2.3 The role specification for the job is attached as **Appendix B**. The current grade is SM2 which ranges from £80,464 to £92,100. Given the pay rates for similar jobs in comparative authorities, it is proposed to increase this to SM3, in line with the strategic director posts.
- 2.4 Members will be aware that the post is currently occupied on an interim basis. It will be in the interests of the Council to ensure permanency within the role and, therefore, it is intended to move to recruit a permanent replacement very quickly. The Local Authority (Standing Orders) Regulations 1993 do not require the role to be advertised if the intention is to appoint from among the Council's existing officers, including those engaged on an interim basis, so the intention is to advertise internally and for any candidates who meet the role specification to be put forward for interview by the Chief Officer Sub-Committee, which comprises the Leader, Deputy Leader, the leaders of the two largest minority groups and another member of the relevant committee, in this case either of the Strategy & Resources or Finance Committees.

3. Financial / risk Implications

- 3.1 The proposal increases the grade for the 151 officer post from SM2 (ranging from £80,464 to £92,100) to SM3 (£95,009 to £109,555) and this increase will be accommodated in the overall salaries budget for the Council. In practice, as the post is currently filled on an interim basis, there should be a small saving in real terms from moving to a permanent appointment.

4. Legal Implications

- 4.1 The proposals contained in this comply with the regulations governing the appointment of the statutory section 151 officer and with the Council's constitution.

5. Equality Impacts

- 5.1 Consideration of impacts under the Public Sector Equality Duty are as follows:

Questions	Answer
Do the proposals within this report have the potential to disadvantage or discriminate against different groups on the community?	yes
What steps can be taken to mitigate any potential negative impact referred to above?	By opening the role to all internal candidates who meet the role specification, the Council reduces the risk that suitably qualified employees will be discriminated against.

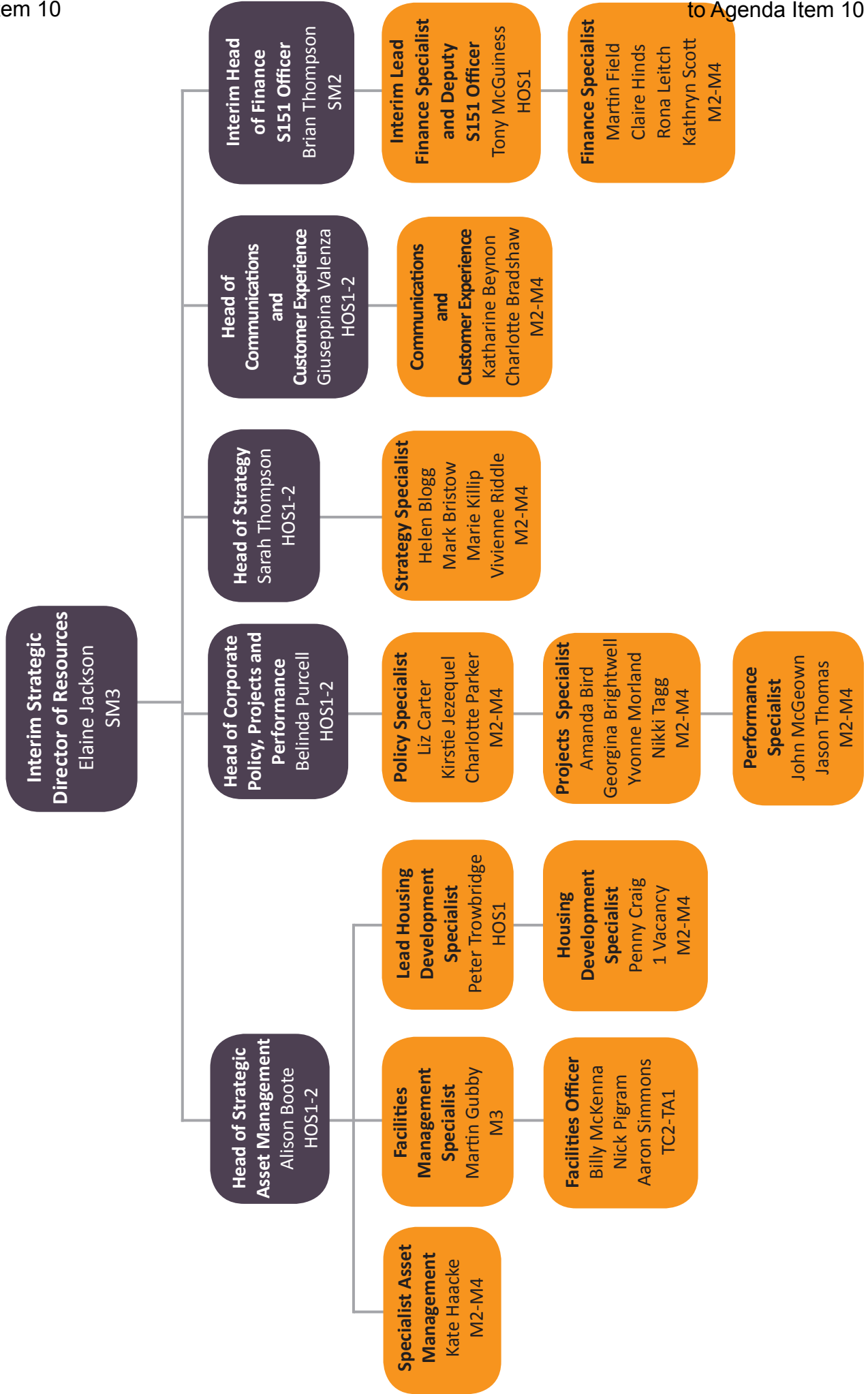
6. Data Protection Impacts

Following the completion of a Data Protection Impact Assessment, consideration of potential data protection implications arising from this report are as follows:

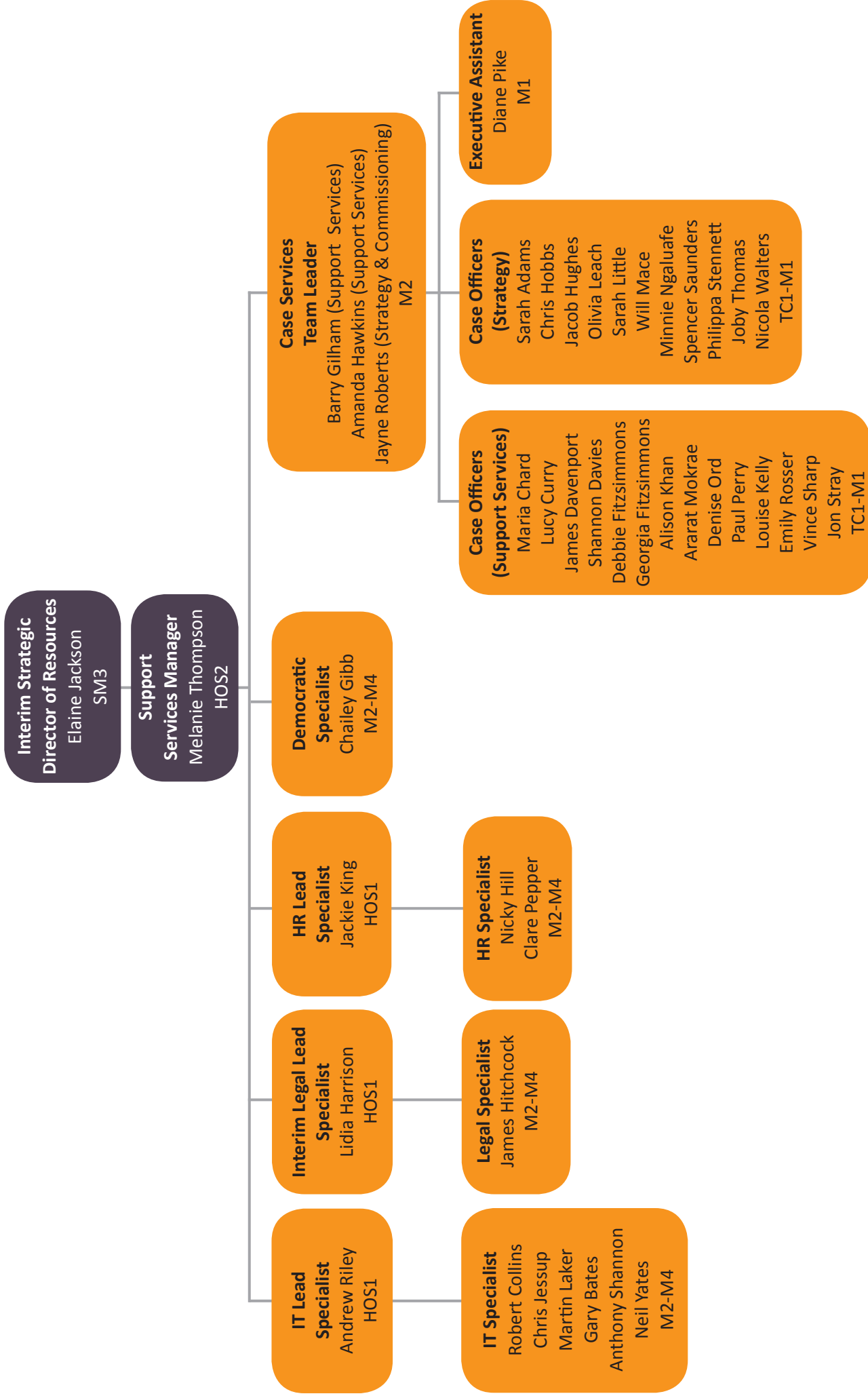
Questions	Answer
Do the proposals within this report have the potential to contravene the Council's Privacy Notice?	No
Is so, what steps will be taken to mitigate the risks referred to above?	N/A

----- end of report -----

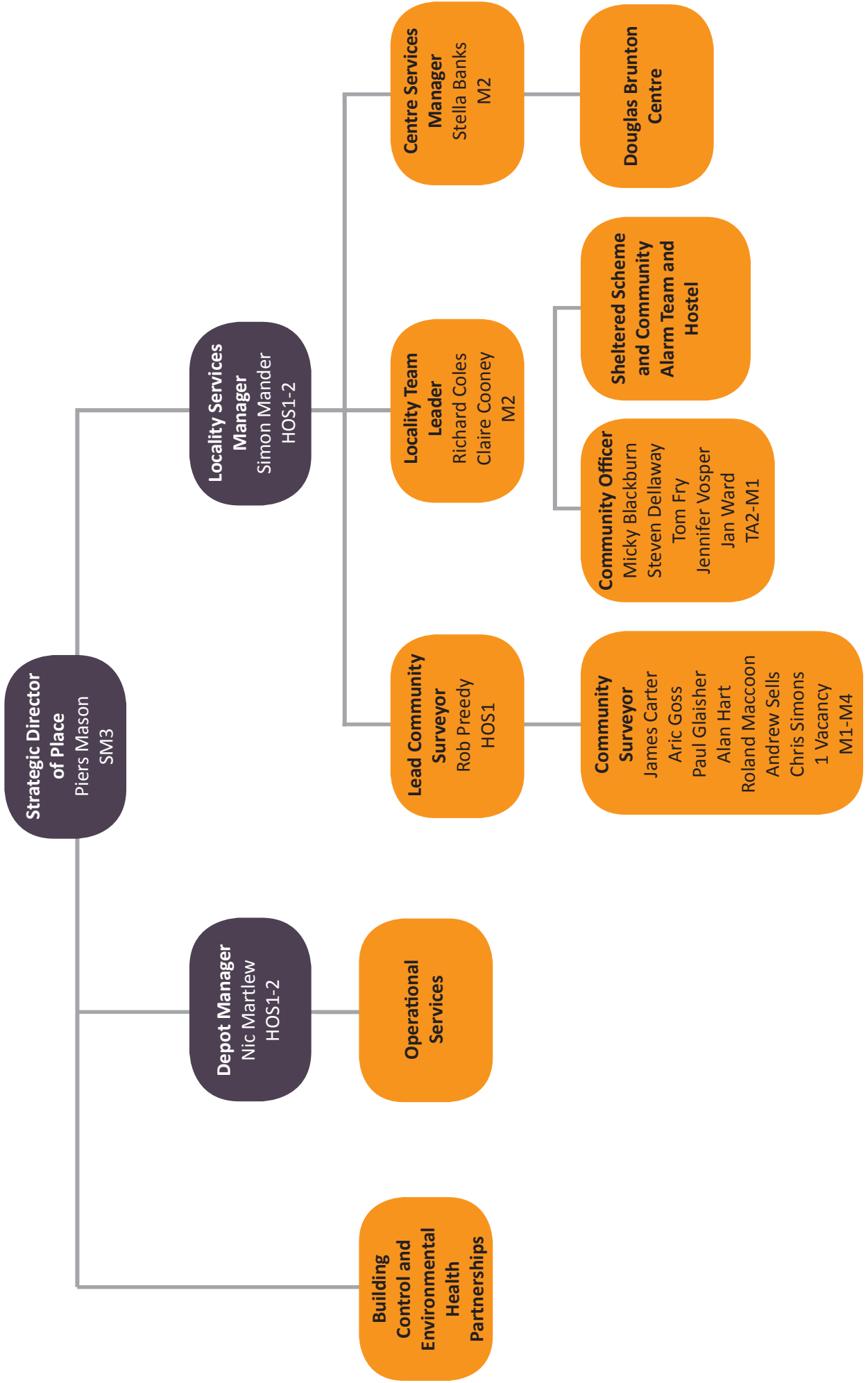
Resources



Resources



Structure - Place



Structure - People

Strategic Director of People
Jayne Godden Miller
SM3

Customer Services Manager
Julie Porter
HOS1-2

Customer Services Team Leader
Bradley Saffrey
Kerry Sargeant
M2

Customer Services Advisor
Angela Bonnell
Debbie Saxby
Hannah Meadows
Honor Ford
Katy Mindham
Lauren-Emily Louder
Louise Dodé
Lucy Banner
Stuart Rapson
3.5 Vacancies
TC2-TA2

Case Services Manager
Sally Bayliss
HOS1-2

Case Services Team Leader
Annabelle Gowers
Jamie-Leigh Gallagher
Alan Godfrey
Avril Bailey
M2

Case Officer
Rashid Ali
Jo Baldwin
Tracey Campbell
Rebecca Carmichael-Allum
Adiba Choudhury
Amber Cox
Anne Flury
Lydia Hemsley
Sally Le'Avy
Jill Mayne
Lauren Nevin
Andrew Robinson
Melissa Smith
Lesley Thomas
Matthew Viney
Tracey Williams
Dilek Zengin
Jonathan Allen
Paige Barlow
Allison Charman
Rebecca Carmichael-Allum
Jane Coffill
Chloe Finch
Christopher Golding
Vikki Hunt
Barbara Linscar
Hannah Middleton
Carolyn Purton
Angela Sharkie
Jacqui Sullivan
Damon Trott
Kim Waite
Leroy Woodman
7.5 Vacancies TC2-M1

Specialist Services Manager
James Devonshire
HOS1-2

Lead Specialist - Regulatory
Tom James
HOS1

Specialist
Alastair Durkin
3 Vacancies
M2-M4

Lead Specialist - Resident Support
David Gray
HOS1

Specialist
Jane Ellis
Sam Lawson
Sarah Martin
Lynne Patemen
David Wilcox
2 Vacancies
M2-M4

Lead Specialist - Business & Income
Julie Chester
HOS1

Specialist
Melanie Davis
Sarah Younger
Vacancy
M2-M4

Role Specification – Finance Lead Specialist and Statutory 151 Officer

Service Area	Strategic Management
Role Title	<ul style="list-style-type: none"> ● Finance Lead Specialist and S151 Officer
Role Family	<ul style="list-style-type: none"> ● Corporate Management Team (CMT)
Location	<ul style="list-style-type: none"> ● Oxted/Agile
Operational Reporting Line	<ul style="list-style-type: none"> ● Chief Executive
Functional Reporting Line	<ul style="list-style-type: none"> ● Chief Executive
Grade	<ul style="list-style-type: none"> ● SM3
Hours	<ul style="list-style-type: none"> ● 37 hours per week

Service Area Purpose

To provide corporate managerial leadership of the Council ensuring it delivers on its objectives and high standards of governance.

Specific Responsibilities

To support the Chief Executive in the effective financial management of the Council and advising the Corporate Management Team.

As a member of CMT, collaboratively manage and co-ordinate across the Council to ensure lawful discharge of the Council's functions, ensuring a robust system of financial governance so that the Council is statutorily compliant on all financial matters.

To be the principal advisor on all financial matters as the Chief Finance Officer under Section 151 of the Local Government Act.

To identify the medium and longer-term strategic financial needs of the authority and to provide advice and guidance in relation to future service delivery. To ensure appropriate plans, policies and resources are in place to respond to those needs including monitoring and evaluation arrangements.

To work closely with Members, CMT, Service Managers and other staff members to ensure robust financial planning and management in support of the delivery of the Council's objectives.

To build strong and positive relationships with Members providing the support, assistance and professional advice necessary to them in the performance of their functions, in the provision of services to the community.

To work closely with the Chairmen and Vice Chairmen of the Council's committees, providing advice and guidance upon strategic financial direction, financial planning and monitoring of budgets.

To support the Council in developing its income generating opportunities including through Council owned companies.

To liaise with the Council's internal and external auditors, maintaining good working relationships at all times and to perform a periodic renewal of the contract and corresponding review of strategic direction.

To ensure, within the policies agreed by the Council, a cost conscious approach to the use of resources, including financial and budgetary control, staffing levels and other support costs.

To ensure that the Finance team works effectively to achieve the Council's objectives and outcomes. Lead and engage the staff, acting as a role model.

Support cultural and organisational change and ensure commitment to continuous improvement and value for money.

Ensure effective performance management of all aspects of the Council's activities.

Roles reporting directly to this role:

- Finance Specialists

Person Specification

Qualifications / Education

Essential
<ul style="list-style-type: none"> • CIPFA qualified

Experience

Essential
<ul style="list-style-type: none"> ● Experience of leading a finance function for an organisation of comparable scope and complexity ● Experience of working at a senior level in a strategic role, influencing and providing guidance in finance to Corporate level stakeholders ● Very substantial experience in developing and implementing effective financial management processes in line with corporate vision and strategy ● Demonstrable experience of planning, preparing and advising the organisation on strategic priorities and their financial implications, including the preparation and presentation of reports and associated information to relevant stakeholders ● Experience of managing commercial projects or commercial activities including property and asset management within either the public or private sector

Key Skills and Knowledge

Essential	Desirable
<ul style="list-style-type: none"> ● Current knowledge of Local Government Finance including statutory and regulatory finance reporting and compliance procedures ● Able to monitor and advise on developments in legislation, best practice and public sector accounting and their implications for the organisation ● Able to assimilate complex as well as difficult/varied information and to exercise judgement and creative thinking in resolving difficult problems and developing solutions ● Able to interpret complex financial information and produce appropriate reports for key stakeholders ● Able to demonstrate political awareness ● Able to meet strict deadlines and managing conflicting priorities under pressure. ● Able to communicate effectively both verbally and in writing with a range and variety of audiences and work well with teams by building trust and rapport ● Good influencing skills with the ability to provide detailed advice and explain the Council's position on issues 	<ul style="list-style-type: none"> ● Commitment to continuous service improvement ● Flexible and adaptable to changing circumstances ● Able to motivate and act as a champion for change.

- | | |
|---|--|
| <ul style="list-style-type: none">• Understanding of data protection.• Commitment to equality and diversity. | |
|---|--|

This post is politically restricted under the Local Government and Housing Act 1989 and post holders are prohibited from seeking public election, holding political office, writing or speaking publicly on matters of political controversy.

REPORT TO THE STRATEGY & RESOURCES COMMITTEE - 5TH FEBRUARY 2019 AGENDA ITEM 11	
OXTED BUSINESS IMPROVEMENT DISTRICT – UPDATE ON PROGRESS	
Report of:	Louise Round – Chief Executive 01883 732999 – lround@tandridge.gov.uk
Purpose of Report:	To update Committee on the current position regarding the Oxted Business Improvement District.
Publication status:	Unrestricted
Recommendations:	To note progress by the board of the LoveOxted Business Improvement District and to agree that the Chief Executive should stand down as a director of the board with effect from 1 April 2019.
Appendices:	None
Background papers defined by the Local Government (Access to Information) Act	None

1. Background

- 1.1 Business Improvement Districts (BIDs) are a means whereby businesses come together and decide which improvements they wish to be made within a defined area; how the initiatives will be implemented and what they will cost. BIDs are financed and controlled by the businesses within the selected area. They last for a maximum of five years and must be able to demonstrate how they benefit the businesses that have funded them.
- 1.2 The Oxted BID (Love Oxted) was established in 2015 following a ballot involving non-domestic ratepayers in the area. As a non-domestic rate payer in the defined BID area, the Council voted in support of the establishment of the BID. This was in accordance with the Council's priority to work with local businesses to promote economic growth and employment. The ballot resulted in an 85% vote in favour of the establishment a BID, one the highest results in the country.
- 1.3 This Committee received a report at its meeting on 26 July 2018 setting out some of the difficulties then being faced by LoveOxted as a result of several directors, including the chair of the Board having resigned, along with the BID Manager who stood down in May. Members agreed to appoint the Chief Executive to the board for a temporary, albeit unspecified period, and asked that she report back to a later meeting on her findings. An update report was considered by members on 11 December which outlined the progress which had been made since July. A key aspect of this was the process of recruiting new directors to the Board. As a result of a refreshed recruitment process, 6 people had expressed an interest in being directors who would therefore stand for appointment at the AGM scheduled for 29 January. Committee agreed to receive a further report at this meeting, once the outcome of that election is known with a view to the Chief Executive resigning should the process have been successful.

2. Appointment of Directors

- 2.1 All six people who had expressed an interest were interviewed by the Board to ascertain their understanding of the role and willingness to abide by the expectations of a director. It was particularly important for candidates to appreciate the duty to act in the interests of LoveOxted (and thereby the whole BID area), rather than just their own business or sector. All candidates showed a clear understanding as well as having some good ideas about how the board could work in the future to refresh its business plan. At the time of writing, the plan remains for all six to be appointed at the AGM and a verbal update will be given at Committee confirming the position.
- 2.2 If all 6 are appointed, that will mean that 8 out of the 10 spaces for directors have been filled, as the existing 2 directors also intend to stand again, a decision which, for the sake of continuity, will be very welcome. As stated above, the view of committee has previously been that should that be the case, the Chief Executive should resign from the Board. However, the BID manager and the existing board members have indicated they would find it helpful for her to remain a director for a short time while the new board settles down. In those circumstances, it is proposed that she stay as a director for the rest of this financial year which in practice will mean attending 3 to 4 more meetings and then resign with effect from 1 April 2019. This will constitute a relatively low demand on her time and will ensure a smooth transition to the new board , as well as allowing time for a new chair to be elected.

3. Implications

There are no specific legal or financial implications arising from this report.

----- end of report -----

REPORT TO THE STRATEGY & RESOURCES COMMITTEE – 5 FEBRUARY 2019 AGENDA ITEM 12	
OPTIONS FOR SUPPORTING CHILDREN’S CENTRES	
Report of:	Louise Round – Chief Executive Officer – 01883 732999 lround@tandridge.gov.uk
Purpose of Report:	To update the Committee on Surrey County Council’s proposals for the future of Children’s Centres in Tandridge and to set out options for Tandridge District Council to provide support to families in light of those proposals.
Publication status:	Unrestricted
Recommendations:	That the Committee: A. notes the options for providing support to vulnerable families in Tandridge and asks officers to continue discussions with Surrey County Council with a view to bringing a further report to this Committee; B. resolves to ask Surrey County Council for an assurance that no centre in Tandridge will close before this Council has had an opportunity to make alternative proposals for the continuation of all, or part of the service.
Appendices:	‘A’ - leaflet setting out service provided by Hurst Green Children’s Centre (page 95)
Background papers defined by the Local Government (Access to Information) Act 1985	n/a

1.1 The consultation proposals covered the following five key areas:

- Family Resilience: Children’s Centres
- Concessionary bus travel
- Special Educational Needs and Disabilities (SEND)
- Libraries and Cultural Services
- Community Recycling Centres

1.2 During the debate at the last meeting of this Committee, there was considerable concern about the proposals to reduce the number of children’s centres in the district and members considered the possibility of providing financial support specifically to keep the centre at Hurst Green open. In the event, there was insufficient information available to allow a decision to be taken on that proposal and officers were asked to investigate the matter and report back. Given the limited amount of time since that meeting, and the intervening Christmas period, it has not been possible to come to any firm recommendations, so this paper sets out the discussions which have been had to date and the emerging options for providing support to the families who would be most affected should the current proposals be implemented. A meeting has been arranged with the Leader of the County on 23 January so it should be possible to provide a verbal update at committee.

2. Current provision of Children's Centres

- 2.1 Currently there are 58 children's centres across Surrey, predominantly supporting families with children 0-5 years of age. They provide several services, ranging from baby and toddler "play and stay" sessions to more structured sessions providing advice on breast feeding and clinic sessions with midwives and health visitors. Attached at appendix A is a leaflet showing the programme offered by the centre at Hurst Green, which is typical of other centres' provision in the district.
- 2.2 Surrey CC is proposing to remodel the services provided by these children's centres to be part of a wider family resilience model to ensure that families' difficulties can be identified and managed as soon as they emerge.
- 2.3 To enable this, the county council proposes that children's centres will focus on targeted support for the more vulnerable children and offer services to the whole family, particularly where families have children between 0-11 years.
- 2.4 It is proposed that in future, centres will be able to work more closely with other agencies and voluntary organisations and bring together other services including health visiting, midwifery, Citizen's Advice and support with housing and employment. This could either be through a local children's centre or through the satellite and outreach approaches.
- 2.5 To enable as much resource as possible to be focused on families most at need, the County Council is proposing to concentrate their children's centres in areas where there are higher numbers of children living in workless or low-income households. The services provided by each centre will include providing outreach support for vulnerable families who may not live near a centre. This will reduce the number of centres to 21 with at least one main centre within each district or borough. In addition, there will be smaller satellite centres which will offer fewer, less frequent, services. Surrey CC are also planning to withdraw their two mobile children's centres.
- 2.6 Tandridge has been highlighted by Surrey as a district where there are very few young people living in workless or low-income households. Currently, there are five centres (plus one in Merstham which some Tandridge families access) operating in the district at the following locations:

Name of children's centre	St Piers CC	Hurst Green CC	Caterham CC	Hamsey Green CC	Windmill	Red Oak
Location	Young Epilepsy Campus, Lingfield	Hurst Green Infant School	Marden Lodge Primary School and a satellite at the cricket pavilion, Caterham Barracks	Hamsey Green Primary School	Burstow Primary School	Furzefield primary School, Merstham (but serves families in Bletchingley and Nutfield)
Number of children 0 – 4 years in the reach area	701	1001	1540	858	1,033	910
Current revenue funding allocation	£96,077	£109,205	£210,665	£77,600	£78,200	£238,600

- 2.7 Data provided separately by the children's centres themselves indicates the number of children who use their services is higher than the number of children of the appropriate age within the catchment area. It may be that the figures include some double counting, some older children or some children who come from outside the areas but at present it is not possible to draw any firm conclusions from the available data. The County's view is that few of the families using the centre meet the criteria for support in that the level of their need is not high enough to warrant early intervention. Having said that, the County does recognise that the universal services they offer play a part in building strong and resilient communities. One of the difficulties in seeking to address this issue is that there does not appear to have been a real assessment of the families currently using the centres or those whom the County would wish to support but who are currently not accessing the centres.
- 2.8 The County is suggesting that in future only one permanent site remains in Tandridge– located in Caterham, and the other Tandridge centres will close, although they may be available for other services to be offered for local families and will be supplemented by a new outreach provision, which could mean that the more vulnerable families will receive support in their own homes. The Red Oak centre in Merstham is proposed to remain open. The County is currently in discussion with the providers of all the centres to develop a specification for the new delivery model. If it is not possible to agree this directly with the current providers, and it may not be, the current proposal is to put the work out to tender more widely. The initial consultation document proposes that the two mobile children's centres also be withdrawn from service, but this proposal has been dropped. It is not yet known the extent to which it may be deployed in Tandridge as part of the new service delivery model.
- 2.9 So far as the timing of any changes is concerned, officers have been informed that if the tender process described above is pursued, the new provision will be in place by August, whereas if it is possible to agree the new model with existing providers, the new model could be up and running by June. No formal steps have yet been taken to decommission the current children's centres so while there is clearly a need for an agreed solution to be arrived at with some pace and certainty, there is a time for a proper consideration of the possible options set out later in this report. Officers at County have confirmed that there is no intention to close any existing centre before the end of August.

3. Options Appraisal

Option A – provide funding to Surrey County Council to keep one or more of centres open

- 3.1 Tandridge could make an offer to the County to provide the necessary revenue funding to cover the costs of keeping all the centres running in their current form. Assuming that they would continue to fund the Caterham provision, this would cost in the region of £360k a year which would be a significant call on the Council's revenue budget, which, as can be seen from the paper on the Council's 19/20 budget considered elsewhere on this agenda, would cause some difficulty, particularly in years 2 and 3 where there remains a budget gap and uncertainty about the future of local government funding more generally.
- 3.2 In any event, during preliminary discussions with the County, their officers have made it quite clear this is unlikely to be an option. As well as the need to make financial savings, there is a policy imperative to change the model of service provision from one which effectively offers a universal drop-in service for families to one which focusses on more vulnerable parents and children. This is because without such support, those children might be at risk of neglect or abuse and in some cases, be subject to child protection procedures. The County is unlikely to agree to a model of delivery in Tandridge which is different from that operating across the rest of Surrey.

Option B – Enhance proposed new provision

- 3.3 The Council could consider contributing some revenue funding to the new provision to ensure it benefits a higher number of residents than would otherwise be the case. This could include retaining some physical presence at one or more of the remaining centres. In some senses it is difficult to judge what this would comprise or the cost of it, without knowing more about precisely how the new service is planned to operate.

Option C – Bid for contract for new provision

- 3.4 A variation on option B would be for the Council itself to bid for the new service contract when it is put out to tender with the possibility of using some of its own resources to enhance the nature of what is provided. Again, it is difficult to decide about this sub option without having seen the specification. However, it is likely that some of the services which will be included will be the same as, or similar to those already being provided by the Family Support Programme (FSP) which is run on behalf of the County jointly with Reigate and Banstead and Mole Valley Councils, with Reigate and Banstead being the lead authority. The FSP is funded mainly by central government, on a payment by results basis, although the Council contributes £40k from its own budget. The programme was due to end in March 2020 but recent announcements indicate that it will be continued beyond that date so there may be scope to combine these services.

Option D

- 3.5 A third option is that the County proceeds with its proposals but to ascertain whether it would be possible for the Council to fund, or even directly provide, some services to plug the gap between current levels of service provision and those delivered by the new model. It will be seen from appendix A that while some of the services are specialist in nature, others, such as the Sing and Sign sessions, the pram walks and the health and nutrition workshops could be provided by the voluntary sector for a relatively modest amount of funding or directly by the Council. Some of the services are charged for anyway so it would be helpful to understand the extent to which those services are or need to be subsidised. This option could be pursued in tandem with Option C. In other words, the Council could seek both to be the provider of the new service on the County's behalf and to coordinate the provision of a replacement for the more universal aspects of the current service.
- 3.6 Some of what is offered is already provided, albeit to a different client group, through our Wellbeing Prescription Service and another service which seems to be valued is money advice, which is also something the Council offers directly, as well as through its service level agreements with Citizen's Advice
- 3.7 Again, this option can only really be fully explored once more is known about the proposed new model but in developing it, a strong emphasis must be placed on having services delivered in an accessible location for struggling families. This could involve entering arrangements with the bodies who own the premises from which the centres are currently operated, using some of the Council's own premises or making use of other premises run by the voluntary sector or parish councils. Members will be aware that the Council has recently remodelled the community transport service and there may be some opportunities there to provide suitable and subsidised travel to families who need it to access provision.
- 3.8 It will also be important to liaise closely with colleagues in health, which should be made easier by the fact that the community health provider's 0-19 team is based in the Council offices. Some universal services, such as baby clinics, are run from children's centres and there is no reason, in theory, why this cannot be replicated in other premises. It is understood that any contract with new providers will require those providers to allow such provision to take place in any premises from which they are operating.

4. Co-operation with other councils and next steps

- 4.1 The Chief Executive has met the County's Executive Director of Children's Services together with the officer leading on the family resilience redesign and there is a clear commitment from them, subject to any decisions made the Cabinet on 29 January, to work with TDC to co-design any new service that may be developed if this Council indicates a wish to be involved. They are taking legal advice on whether, if the Council wished to be the provider of the new service (option C above) it would be necessary for the formal tender process described above to be undertaken or whether this could be achieved using the powers available to it under section 101 of the Local Government Act 1972. At the time of writing, the position has not been clarified.
- 4.2 If members are minded to pursue any option which will involve the Council in delivering services itself, it may be worth considering working with one or more other East Surrey Councils to ascertain whether there is any value in establishing a joint service. At a recent meeting between the leaders and chief executives it was agreed in principle to explore this option and to make a joint approach to the County to this effect. Once the outcome of the County's cabinet decision is known, the County will be invited to a joint meeting of the four authorities to discuss the matter further. Given that this Council, Reigate and Banstead and Mole Valley already jointly run the FSP, there is a proven track record of trust and co-operation, as well as some expertise, in this area of service provision.

5. Financial and Risk Implications

- 5.1 As stated above, it is not possible to ascertain what the cost of any of the options outlined above would be, except for option A and even that pre-supposes that the current providers would be prepared to continue the current levels of provision at the same cost. Those costs may also mask a level of subsidy arising from the fact that in some cases, the centres operate from schools maintained by the County.
- 5.2 Any agreement entered with the County would have to specify the level of funding to be paid and contain some level of guarantee that it would not be reduced in the next budget round and /or without proper notice and consultation.
- 5.3 If members agree to pursue an option which requires some involvement of this Council in the design and possible delivery of service provision, the work involved in determining the model of provision and implementing it will obviously have resource implications which are not currently budgeted for and which will have to be considered as part of the decision-making process at a later date.
- 5.4 If an option were to be pursued which involved the Council in the direct provision of services to families and children, it would obviously be essential to ensure that all staff involved were properly qualified and trained in all key issues, including in relation to safeguarding.

6. Legal Implications

- 6.1 The Council has the power to provide the kinds of services likely to be required by virtue of the general power of competence contained in section 1 of the Localism Act 2011. Depending on how the services are provided and from what building, the locations may still qualify as children's centres in which case they will still be regulated by OFSTED and if the Council is the direct provider, it will need to comply with all the requirements which flow from that designation.

7. Equality Impacts

7.1 Consideration of impacts under the Public-Sector Equality Duty are as follows:

Questions	Answer	
Do the proposals within this report have the potential to disadvantage or discriminate against different groups on the community?	Yes	Some of the proposals by Surrey County Council have the potential to disadvantage certain groups in the community.
What steps can be taken to mitigate any potential negative impact referred to above?	To ascertain the extent to which Tandridge District Council can ameliorate the impact of those proposals.	

8. Conclusion

8.1 This document outlines possible options for the Council to mitigate the impact of Surrey County Council's Transformation Programme on local residents, bearing in mind the limited resources available. A further paper will be brought to committee once more detail of those proposals is available.

----- end of report -----

Welcome to Hurst Green and Holland Sure Start Children's Centre. The centre covers a large area including Godstone, Oxted, Tandridge and Limpfield.

The Children's Centre staff make termly visits to Godstone Village School to see the Nursery children.

For our Godstone Families, we have a friendly **Drop-In and Play** session at the **White Hart Barn Godstone** from 9.00am — 11.30am on every 2nd Thursday of the month. Future dates in **2018** are 13th September, 11th October , 8th November and 13th December.

HENRY: HENRY stands for **Health Exercise and Nutrition** for the **Really Young** and is free to all parents who wish to do the course. The course helps families to establish lifelong positive healthy living habits and are informal and fun. If you would like to sign up to a course please contact us on 01883 723496 or text 07920145677 for further details

Sing and Sign Courses :We are currently running a course on Monday mornings from 1st October to 10th December 2018 with a break during half term week (22nd October). Ten sessions cost £60.00 and will need to be paid at the first session. Funding is available in certain circumstances so please contact us in confidence for further details. Places will be offered on a first come first served basis. If you are interested in joining us for future sessions please contact us on 01883 723496 or visit the Sing and Sign website.

Breastfeeding Support-Katherine Saunders or one of the breastfeeding support team are here on Wednesday mornings 9.30am-10.30am on non clinic days/9.30am-11.30am on clinic days. Katherine can be contacted at other times on 01883 723762 .

Your opinion matters to us. Please leave any comments in the comments book in the reception area. Also, please consider joining the Parents Forum where you can help shape services within the centre.

You can email the centre on ccadmin@hurst-green.surrey.sch.uk or childcentre@hurst-green.surrey.sch.uk. or follow us on Facebook.

Helen, Kelly, Vanessa and Hayleigh

The centre is committed to Safeguarding children.

All the centres policies are on display in the reception area for you to read. When you sign in at an activity you agree to abide by these policies. We look forward to meeting you,

Helen, Kelly, Vanessa and Hayleigh (Children's Centre Team)

We are open 50 weeks of the year but close for bank holidays. In the event of adverse weather conditions activities may be cancelled at short notice. Please watch the website for updates.

Hurst Green and Holland Sure Start Children's Centre, Wolfs Wood, RH8 0HJ. Tel no 01883 723496. Mobile 07920145677. www.hurstgreenchildrenscentre.co.uk Email at ccadmin@hurst-green.surrey.sch.uk



Opening Times

Autumn 2018

Monday 9am-12.30pm

Tuesday 9am-12.30pm

Wednesday 9am-12.30pm and 2pm-3pm

Thursday 9am-12.30pm

Friday Closed



Helen Acraman
Centre Manager



Kelly Andrews
Outreach Worker



Vanessa Lucy
Advice and Information



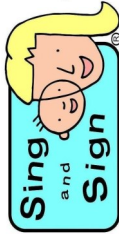
Hayleigh Russell

Monday

Midwife's Discharge

Clinic

9am –12noon by appointment only.



Booking is essential

Classes:

- 14 – 24 mos (9.30 –10.15 am)
- 07 – 14 mos (10.30 –11.15am)
- 0 – 7 mos (11.30 –12.15pm)



Baby Stay and Play will continue on Monday mornings during school holidays

Tuesday

Stay and Play

Term time only

9:30am–11:00am

For children 0—4 yrs



£1 per child towards the cost of refreshments and craft activities. Priority admission will be given to families living in our designated postcode area. **Please call the centre if you are unsure.**

Come and enjoy some quality 1:1 time with your 0-4 year old at stay and play. Experience their joy and wonder as you join in with them while they are exploring and learning new things while enjoying the activities at Stay and Play.

Wednesday

Child Health Drop-In

9:30am-11.30am (Last entry 11.15am) Sessions are fortnightly.

Clinic dates: Sept 5th and 19th, Oct 3, 17, 31. Nov 14, 28. Dec 12.

Breastfeeding Support

As above during child health clinics and also the alternate weeks 9.30am-10.30am at the centre

During all opening times we sell Healthy Start Children's

Vitamin drops
£2. Adult
vitamins £1.



Pram Walks

Start on the 5th September every Wednesday at 11.00am to 12.00pm during term time. The start point is at the Children's Centre and finish at St. Aggie's coffee shop.

Thursday

Godstone Families



White Hart Barn

Child Health Drop-in and Play session on the 2nd Thursday of the month 9.15-11.30am. Please see dates on the back of the programme

Postnatal Groups

12.45pm--2.45pm

For parents with babies aged 3-6 months

A 2 week course including Introducing Family Foods, (run by the Health team) and Paediatric First Aid (run by Oxted District Community Responders) Booking required 01883 723496

Friday



Please visit the website for up to date information www.hurstgreenchildrenscentre.co.uk

The Outreach Worker

can do home visits. Please let a member of staff know if you require a home visit.



We run regular Parenting Puzzle courses. Please ask staff if you are interested or call 01883 723496 for more information.

HENRY

Health Exercise Nutrition for the Really Young

Please see the back of our programme for further details.

**REPORT TO THE STRATEGY & RESOURCES COMMITTEE – 5TH FEBRUARY 2019
AGENDA ITEM 13**

UPDATE ON PARKING CAPACITY IN OXTED

Report of:	Piers Mason – Strategic Director of Place – 01883 732893 pmason@tandridge.gov.uk
Purpose of Report:	To update the Committee on the options for parking provision in the town.
Publication status:	Unrestricted
Recommendations:	<p>That the Committee:</p> <p>A. notes the content of the report and agrees that officers should continue to work on refining Option 1 by:</p> <ul style="list-style-type: none"> i) presenting a report at a future meeting examining the different approaches for additional capital funding for the project ii) submitting a planning application to amend/remove the split between shopper and permit spaces currently prescribed by condition 19 of the planning permission with a view to further increasing shopper parking provision; iii) continuing to collate carpark usage data to refine the modelling of space usage and turnover <p>B. agrees not to proceed further with Option 2 and Option 3</p> <p>C. agrees to increase the number of public car parking spaces in the town by:</p> <ul style="list-style-type: none"> (i) securing parking spaces at Oxted Interiors and Oxted Fire station for Council staff and moving 16 permit holders to the Council offices car park; (ii) increasing parking spaces at Ellice Road carpark by removing the recycling banks from Ellice Road carpark to Mill Lane carpark, thus creating an additional 8 spaces for shoppers there; and (iii) creating further permit parking at the Council car park by carrying out minor works and entering into discussions with tenants in the Council car park to relinquish some reserved spaces.
Appendices:	<p>Appendix A - Financial modelling output (page 105)</p> <p>Appendix B - Parking space types vs traffic movements (page 111)</p>
Background papers defined by the Local Government (Access to Information) Act 1985	None

1. Background

- 1.1 At the Strategy & Resources meeting on 11th December 2018, the committee agreed that redevelopment of Ellice Road car park be postponed by up to a year to reduce the impact on local businesses whilst the Oxted gasholder site is being redeveloped. The start of the gasholder development was delayed by a legal challenge meaning that the demolition process, which could take up to five months, started in January, rather than in October 2018 as originally envisaged.
- 1.2 It was agreed that starting the works at Ellice Road at the same time as the demolition of the gasholder could adversely affect local businesses and the risk of carrying out the two major projects simultaneously was deemed too high. The committee determined that the delay would also incorporate a review of the options for increasing parking capacity in the town.
- 1.3 A request was also made to review the available car park data from the ANPR system to reassess demand following the introduction of charging. This particularly relates to the split between shoppers and business permit parking.
- 1.4 Increasing parking capacity within Oxted is an important element of its ambitious regeneration initiative incorporating the following four projects:
 - gasholder site regeneration
 - Station Road East and West urban redesign
 - additional parking capacity
 - business incubation & growth hub
- 1.5 The Committee will recall that the Council introduced parking charges within the Ellice Road car park to enable the provision of the additional car parking capacity as well as to help facilitate better management of parking and support the delivery of the Regeneration Oxted programme (Resources Committee 23/3/17). It was not intended that the car park would generate significant income but that the new parking charges would cover the costs of maintaining the car park and assist in increasing parking provision and parking enforcement.

2. Considerations

- 2.1 The Council has planning permission for the implementation of a 2-deck car park on Ellice Road. In this report, the scheme which has permission is referred to as the “agreed position or scheme”. This will provide 297 spaces, 152 for shoppers and 145 for permit holders. The Council undertook public consultation in reaching the final design to reduce the impact on neighbouring properties. The redesign through the consultation process increased the cost of constructing the car park. The design was also amended to deal with construction risks whilst still providing a building of high quality. Subject to continued examination of the business case, based on careful modelling of up to date car park usage data and continued work on permit space needs analysis, this is a scheme that can be delivered.
- 2.2 However, as the decision has been taken to pause whilst the gasholder is dismantled, and the flats are constructed, there is an opportunity to look at enhancing the financial and parking model for the car park and to explore other options to increase capacity in the town.
- 2.3 At present, data captured from the Automated Number Plate Recognition (ANPR) system at Ellice Road car park, shows that during the week, the car park is operating between 80% and 90% capacity between 10am and 5pm. Officers are also aware that there is demand for further shopper spaces at the Waitrose car park and that usage of the Freedom Leisure car park appears to be increasing as a result of the improved leisure centre and cinema offers on Station Road West. At its recent meeting, the Community Services Committee agreed, subject to consent from Surrey County Council, to ask Sevenoaks District Council to take on parking enforcement in the district and it could reasonably be anticipated that with a more proactive enforcement approach, drivers are more likely to seek a legitimate place to park than to take chances on the street. Further, as previously discussed, account should be taken of the loss of permit spaces in Johnsdale and the introduction of resident only parking in Amy Road when

assessing the need for additional capacity in Oxted. All this argues for any permanent solution to provide a significant amount of additional off-street parking in the town.

- 2.4 This paper therefore gives headline consideration to several options, including changing the capital financing arrangements and/or changing the split of shopper and permit spaces within the agreed scheme, as well as reducing the number of decks on Ellice Road to one and providing additional capacity elsewhere. These options are explored below. **Table A** sets out the financial implications of the various permutations which have been explored.
- 2.5 The paper also proposes some short-term solutions to mitigate the impact of the works supporting the demolition of the gasholder and the introduction of parking restrictions elsewhere in the town.

3. Option 1 - Retain the current proposed design of two additional decks

Within this option, there are 3 potential scenarios:

3.1 *Scenario 1 Restructure the Financial Arrangements.*

3.1.1 The construction of the carpark is currently financed by the receipt from Johnsdale carpark, funding from the Local Enterprise Partnership (LEP) and borrowing from the Public Works Loan Board (PWLB). An alternative financing arrangement for the Council would be additional capital investment, which *could* come from Community Infrastructure Levy (CIL), reserves or the sum due to the Council from the business rates retention pilot. Each would provide a one-off, interest free, capital contribution to the scheme. In terms of CIL this would meet the legislative requirements for the use of CIL and would be in accordance with the Council's CIL priorities. The governance of CIL is in the remit of the CIL committee and therefore a bid would need to be made to that committee in the normal way. The use of reserves would be legitimate subject to the relevant committee agreement. The use of the funds available from business rate retention would also be a legitimate use of those funds in accordance with Government requirements. Making a direct capital contribution in one of these ways would decrease the amount of borrowing required and therefore reduce the total revenue required to service the loan.

3.1.2 Throughout the modelling an additional capital amount of £400,000 has been used. This is less than the amount that will be derived from the first tranche of CIL income from the redevelopment of gasholder (approximately £514,000) and the £500,000 share of the business rate retention pilot due to the Council. The model does not include any repayment to of these sums to reserves.

3.2 *Scenario 2 - Changing the ratio between shopper and permit parking*

3.2.1 The income stream could be restructured by altering the split between shopper and permit holder parking. Permit holder spaces generate less income but also less traffic. This would allow the Council to ensure the appropriate increase in shopper parking and respond flexibly to demand for permit spaces. Permits currently exist for 88 spaces of which 82 generate income, the rest being issued to the Citizens Advice Bureau at no charge. This is not to say that there is no demand for more permit spaces than we currently sell but to demonstrate that flexibility between the numbers of shopper and permit spaces has an impact on the financial outcome. This allows members to see the change in income by reducing permit spaces when compared against the agreed baseline position.

3.2.2 Currently the split is fixed by condition 19 of the planning permission. The split is in place because the traffic generation and therefore highway and traffic related amenity issues were considered based on the modelled split.

3.2.3 Increasing the number of shopper spaces by reducing permit spaces will lead to an increase in traffic. The agreed car park proposal generates 1280 vehicle movements per day. The graph in **Appendix B** shows the relationship between changes in the permit/non-permit split and total vehicle movements.

- 3.2.4 There are two basic considerations as to what might be acceptable in terms of any additional traffic generated by changing the split of parking types. The first is the impact of additional traffic on the access roads (Beatrice Road, Ellice Road, and Amy Road) in terms of amenity for the residents, and the second would be the impact on highway capacity. Highway capacity subdivides into a further two considerations, namely, capacity of the junctions of Amy Road and Beatrice Road with Station Road East to accommodate the additional turning movements, and secondly, the ability of these access routes to accommodate increases in two-way traffic flow given the constraints imposed by the on-street parking regime in the roads.
- 3.2.5 There are no hard and fast measures of what constitutes an acceptable increase in traffic flow with regards to residential amenity. However, the Institute of Environmental Management and Assessment published guidelines which indicate that, other than in especially sensitive areas, increases in traffic of less than 30% would not normally justify further environmental assessment because changes in measurable factors affecting amenity are hard to detect (without detailed measurements) at traffic flow increases below that threshold. Amy Road is the most heavily trafficked route as it is the route chosen for access to and from the car park by approximately 68% of existing users. A 30% increase in traffic in Amy Road over a day would occur if the number of shopper spaces is increased to 240, leaving 57 permit holder spaces. None of the modelled options increase shopper parking beyond 240 spaces.
- 3.2.6 It is recommended that the Committee authorise the preparation and submission of an application under section 73 of the Town and County Planning Act to remove or amend condition 19 of the planning permission for the car park to give greater flexibility to the number of shopper spaces subject to transport implications.
- 3.3 *Scenario 3 - Combination of Scenarios 1 and 2*
- 3.3.1 This would involve both a revision to the way in which the agreed scheme is financed and re-allocation of the split between permit and shopper parking and Table A shows the impact on yield in this scenario.
4. Option 2 - Reduction of the Ellice Road carpark to a single deck and provision of additional carparking at the Council Offices carpark
- 4.1 This option is considered unviable and should be discounted. Tentative early planning had placed the net gain in spaces on the Council site at between 58 and 20. There was also a concern about a number of risks including those associated with the electrical substation, bin storage areas, an easement across the land, the difficulty in ensuring acceptable light provision to adjacent buildings and maintenance of the boundary between the car park and the residential property to the south. Subsequently, it has not been possible to get a construction cost quote for an additional deck at the Council Offices car park. Two providers have declined to work on estimates because in their view it will not represent a viable solution. This is because of the confined space and the need for traditional foundations due to the existing block paved surface.
- 4.2 This option also provides fewer spaces than the agreed position if the minimum number of permit spaces is maintained. As stated below, the removal of a deck from the Ellice Road proposed design would require planning permission. It is therefore considered appropriate to cease any further work on this option. This is reflected in recommendation B. It will be noted that Table A does not include a figure for the yield in this option; this is because it has not been possible to obtain and estimate of the cost of putting a deck on the Council car park.
5. Option 3 – Reduction of the Ellice Road carpark to a single deck
- 5.1 Removing a deck from the approved design of the proposed carpark on Ellice Road would require some form of new planning application. The result would be a different building and whilst it would represent a reduction in scale full consideration by the Local Planning Authority would be necessary. The option could allow a consideration of a different construction type, moving from a concrete structure to a steel frame structure, although this would have a very different aesthetic outcome compared to that currently approved. At the time of writing, a quote for a steel frame construction is expected and further information about this will be available at

Committee. Clearly any change to the proposed design should be the subject of consultation with the local community. Unconfirmed and untested estimates are that maintaining the current design principles and simply removing the top deck would reduce the construction costs by a maximum of £810,000 and result in a provision of 229 spaces.

- 5.2 Moreover, one of the aspirations of increasing the overall parking capacity is to increase the spaces made available to businesses for their employees and to balance this against the need for shopper's parking. To maintain the latter close to the amount in the agreed position, it would be necessary to limit the number of permit spaces to the number in the existing car park (88). This is unlikely to be acceptable and still leads to a shortfall of 5 spaces against the agreed position.
- 5.3 As would be expected, a reduction in the overall cost of the scheme improves its yield and as Table A demonstrates, this is improved yet further with an additional capital contribution.
- 5.4 Notwithstanding the increase in yield over the agreed scheme, or the likely reduction in impact on the surroundings from both the structure and vehicles movements, the number of spaces provided is lower than in the agreed scheme and produces fewer permit spaces. As such it is recommended not to pursue this option, and this is set out in recommendation B.

6. Financial Analysis

- 6.1 The original financial modelling is being used as a baseline for the analysis. Inputs around numbers of spaces, split of space and alternative capital financing are the only inputs that are adjusted. The agreed scheme delivers a total of 297 spaces of which 152 are shopper, 105 permit and 40 premium permit.
- 6.2 In respect of the new modelling there has been limited testing of the assumptions, no full costing or detailed space planning of options 2 and 3 work have been undertaken in the time available and as noted above, it has not been possible even to obtain an estimate of the costs of adding a deck to the Council car park. Officers have not developed a schedule of risks that would highlight additional costs nor have officers been able to update or verify demand data for parking provision.
- 6.3 In summary, these are the outputs from the various options and summary modelling. The full model outputs are attached as **Appendix A**.

Table A

Option	Scenario	Additional Capital	Shopper	Permit	Premium Permit	Total spaces ^{*1}	Net gain ^{*2}	Yield
Agreed			152	105	40	297	75	4.48%
1	1	400k	152	105	50	297	75	6.20%
1	2	0	215	51	31	297	148	5.68%
1	3	400k	215	51	31	297	148	7.61%
2	4	400k	186	51	31	268	119	NA
2	5	0	186	51	31	268	119	NA
3	6	400k	147	51	31	229	80	7.96%
3	7	0	147	51	31	229	80	5.11%

*1 Please note all assessments incorporate the 6 permit spaces that are not charged for within the shopper parking estimates. This is to compare with the agreed model however it could be more accurate to reduce the yearly revenue by £6,354.

*2 This is the approximate net gain in town centre shopper spaces deducting the spaces lost on Amy (7), Ellice (7) and Granville (16) Roads and the transfer of 37 permits from Johnsdale to Ellice Road (i.e. 37 spaces on a Saturday available to shoppers). Total – 67

- 6.4 As can be seen from **Appendix A**, although options 1 and 3 modelled above do show a return on investment, the Council has already built an income target into its Community Services budget in respect of car park charges at Ellice Road. All the scenarios lead to a reduction in the surplus income received (compared to the existing income budget), once the costs of borrowing are considered. As the works have been paused, this will not be a significant challenge for the financial year 2019/20 but will have to be considered in the budget setting process for 2020/21 as a budget growth item.
- 7 Conclusion on options for the provision of additional parking capacity
- 7.1 There are significant variations that can be modelled into all these options, particularly around the split of permit and shopper parking and capital provision. The data available in terms of usage and future usage is insufficient to conclude whether the existing carpark occupancy plateaus are the limits of need. It is also difficult to model future carpark usage, particularly late in the 25-year period, given the rapidly changing approach to car ownership and usage.
- 7.2 Clearly increased capital finance improves viability. What is also clear is that increased numbers of non-permit spaces improve the yield. Option 2 should be dropped because of the poor benefits and difficulty in actually delivering it. Option 3 should also be dropped because it provides insufficient spaces to allow enhancement of parking provision in the town centre notwithstanding the improvement in yield. Further refinement of option 1 could provide a better number of shopper spaces and an increase in permit spaces whilst retaining a reasonable yield, particularly with the inclusion of additional capital into the scheme.
- 7.3 It is therefore recommended that Option 1 - the agreed scheme - should continue to be pursued and delivered. The pause in commencing construction allows the Council to amend planning condition 19 to allow flexibility in the split between shopper and non-shopper parking. There is also an opportunity to consider means of increasing capital
- 8 Increasing capacity during the Gasholder works
- 8.1 Increased capacity within the existing Ellice Road carpark site could be achieved by relining it. Specialist contractors have estimated an increase of 25 spaces through relining but have advised that this would require resurfacing the carpark as the relining process would be so extensive as to damage the surface. This has an estimated cost of £130k. There is already £30K in the existing car park capital programme to cover the cost of the ongoing maintenance work which would in any event be required but nevertheless this would still represent a capital outlay of £100k to provide a relatively small number of spaces for a short period of time. For that reason, officers are not recommending this option be pursued.
- 8.2 Aside from the decking option set out above officers have looked at increasing capacity at the Council car park. This could be used to move permit holders from Ellice Road carpark to the Council offices carpark to increase shopper capacity at Ellice Road. A specialist contractor assessed the Council car park and identified that through reconfiguration of planting beds an additional 5 spaces could be delivered at a minimal cost and funded from within the existing car park capital programme. Officers are also in discussion with our tenants at the Council Offices to fully understand their needs and assess whether the current allocation is appropriate or additional spaces could become available. This could potentially release a further 15 spaces. The increase in spaces by amending the planting beds is underway as are discussions with tenants, but these will take some time to complete and the outcome is not guaranteed. Officers recommend that any additional spaces provided at the Council car park are used to move permit holder from Ellice Road carpark to increase shopper spaces. This will help relieve pressure created by temporary parking suspensions on Johnsdale and Station Road East.
- 8.3 Several temporary parking contingencies had been planned for the construction period of Ellice Road carpark. Oxted Fire station and Oxted Interiors between them can provide 16 spaces. These can be used by Council staff, moving them out of the Council carpark and providing those spaces to permit holders from Ellice Road, thereby increasing the number of shopper spaces there. These are considered most viable for the interim period. Other parking options will remain available for the commencement of the Ellice Road carpark scheme and this

includes park and ride for council staff at the Grasshopper Inn of the A25 and temporary parking provision at Oxted School. Whilst these may still be viable for the construction period, for commercial and logistical reasons park and ride does not appear a practical interim solution. It is costly and unlikely to be attractive to permit holders. Parking at Oxted School is constrained by the safeguarding requirements, which mean those parking there need to be on an agreed list. Permanent planning permissions do not exist for parking at these sites.

- 8.4 What this demonstrates is that whilst the proposed short-term, temporary options will provide some alleviation during the demolition period of the Gasholder, the reality is there continues to be a requirement for longer-term provision that cannot be met through any of the short-term solutions.
- 8.5 Whilst the development of the Ellice Road car park is paused, Officers are taking the opportunity to review any new and emerging issues and review the Ellice Road ANPR data, which wasn't available when the original plans were developed to ensure the scheme continues to meet current and future requirements.

9 Financial / risk implications

- 9.1 This report is based on several financial and parking-usage assumptions that would need refinement to increase confidence. Risks within this modelling are; access to LEP funding, availability of additional capital either through CIL, reserves or business rates retention, maintenance of existing PWLB borrowing requirements and interest rate, modelling customer behaviour over a 25-year period, and increases in construction costs. In terms of additional capital finance, it is recommended that all the options are considered as part of a separate paper.
- 9.2 At present, identified costs include removal and relocation of the existing recycling banks at Ellice Road car park to Mill Lane car park in Hurst Green. This can be covered from within the existing car park capital programme. Providing an additional 5 spaces at the Council car park can also be funded from within the existing car park capital programme.
- 9.3 The cost of the use of Oxted Interiors is £2400 per year (6 spaces) and the Fire station £4000 per year (10) spaces. Whilst these costs were in the budget for the construction of Ellice Road carpark implementing now would incur these costs for an additional year.

10. Legal Implications

- 10.1 If recommendation A is adopted, agreement would be reached with the current contractor to extend the scheduled start date for the works. There are no specific legal implications for the options being considered. The provision of additional capital funding into the scheme would be subject to the Council's governance arrangements attributable to each funding type.

11. Equality Impacts

- 11.1 Consideration of impacts under the Public Sector Equality Duty are as follows:

Questions	Answer
Do the proposals within this report have the potential to disadvantage or discriminate against different groups on the community?	No
What steps can be taken to mitigate any potential negative impact referred to above?	Not applicable

12. Data Protection Impacts

12.1 Following the completion of a Data Protection Impact Assessment, consideration of potential data protection implications arising from this report are as follows:

Questions	Answer
Do the proposals within this report have the potential to contravene the Council's Privacy Notice?	No
Is so, what steps will be taken to mitigate the risks referred to above?	Not applicable

----- end of report -----

Baseline Model as Agreed

Ellice Road Car Park - Decked Model						Project Life
Stress Test - Medium in new Decked Model						
	Year 1	Year 2	Year 3	Year 4	Year 5	Years 1-25
Spaces	297	297	297	297	297	297
Income						
	£	£	£	£	£	£
Income *	264,258	270,865	277,636	284,577	291,691	9,026,465
Less management costs *	40,000	41,000	42,025	43,076	44,153	1,366,311
Less revised business rates - incremental costs *	49,100	50,328	51,586	52,875	54,197	1,670,754
Net income (before build costs and MRP)	175,158	179,537	184,025	188,626	193,342	5,989,401
Capital Build costs less contributions						
Planning costs (Incl legal costs)	151,000					151,000
Building Costs	4,114,000					4,114,000
Professional Fees **	38,000					38,000
Contingency	155,000					155,000
Johnsdale capital receipt	-775,524					-775,524
Reserve/CIL contribution	0					0
LEP contribution	-1,034,000					-1,034,000
Total anticipated capital build costs	2,648,476	0	0	0	0	2,648,476
Revenue Streams arising per year						
Net income per annum	175,158	179,537	184,025	188,626	193,342	5,989,401
Less Interest and MRP costs per annum (EIP)	150,153	145,636	143,378	141,120	138,862	3,022,178
Net income stream return per annum	25,005	33,901	40,647	47,506	54,480	2,967,223
Percentage return p.a.	0.94%	1.28%	1.53%	1.79%	2.06%	
				Yield/Ave Return		4.48%
Current Budget for Ellice Road Income(excl. Running Costs)*	110,900	113,673	116,514	119,427	122,413	3,788,096
Loss of income over current budget	-85,895	-79,772	-75,867	-71,921	-67,933	-820,873
Percentage return p.a.	-3.24%	-3.01%	-2.86%	-2.72%	-2.56%	-30.99%

Option 1 Scenario 1

Ellice Road Car Park - Decked Model						Project Life
Stress Test - Medium in new Decked Model						
	Year 1	Year 2	Year 3	Year 4	Year 5	Years 1-25
Spaces	297	297	297	297	297	297
Income						
	£	£	£	£	£	£
Income *	264,258	270,865	277,636	284,577	291,691	9,026,465
Less management costs *	40,000	41,000	42,025	43,076	44,153	1,366,311
Less revised business rates - incremental costs *	49,100	50,328	51,586	52,875	54,197	1,670,754
Net income (before build costs and MRP)	175,158	179,537	184,025	188,626	193,342	5,989,401
Capital Build costs less contributions						
Planning costs (Incl legal costs)	151,000					151,000
Building Costs	4,114,000					4,114,000
Professional Fees **	38,000					38,000
Contingency	155,000					155,000
Johnsdale capital receipt	-775,524					-775,524
Reserve/CIL contribution	-400,000					-400,000
LEP contribution	-1,034,000					-1,034,000
Total anticipated capital build costs	2,248,476	0	0	0	0	2,248,476
Revenue Streams arising per year						
Net income per annum	175,158	179,537	184,025	188,626	193,342	5,989,401
Less Interest and MRP costs per annum (EIP)	124,513	120,768	118,895	117,023	115,150	2,506,113
Net income stream return per annum	50,645	58,769	65,130	71,604	78,192	3,483,289
Percentage return p.a.	2.25%	2.61%	2.90%	3.18%	3.48%	6.20%
				Yield/Ave Return		
Current Budget for Ellice Road Income(excl. Running Costs)*	110,900	113,673	116,514	119,427	122,413	3,788,096
Loss of income over current budget	-60,255	-54,903	-51,384	-47,824	-44,221	-304,807
Percentage return p.a.	-2.68%	-2.44%	-2.29%	-2.13%	-1.97%	-13.56%

Option 1 Scenario 2

Ellice Road Car Park - Decked Model						Project Life
Stress Test - Medium in new Decked Model						
	Year 1	Year 2	Year 3	Year 4	Year 5	Years 1-25
Spaces	297	297	297	297	297	297
Income						
	£	£	£	£	£	£
Income *	287,531	294,719	302,087	309,639	317,380	9,821,406
Less management costs *	40,000	41,000	42,025	43,076	44,153	1,366,311
Less revised business rates - incremental costs *	49,100	50,328	51,586	52,875	54,197	1,670,754
Net income (before build costs and MRP)	198,431	203,391	208,476	213,688	219,030	6,784,342
Capital Build costs less contributions						
Planning costs (Incl legal costs)	151,000					151,000
Building Costs	4,114,000					4,114,000
Professional Fees **	38,000					38,000
Contingency	155,000					155,000
Johnsdale capital receipt	-775,524					-775,524
Reserve/CIL contribution	0					0
LEP contribution	-1,034,000					-1,034,000
Total anticipated capital build costs	2,648,476	0	0	0	0	2,648,476
Revenue Streams arising per year						
Net income per annum	198,431	203,391	208,476	213,688	219,030	6,784,342
Less Interest and MRP costs per annum (EIP)	150,153	145,636	143,378	141,120	138,862	3,022,178
Net income stream return per annum	48,278	57,755	65,098	72,568	80,168	3,762,163
Percentage return p.a.	1.82%	2.18%	2.46%	2.74%	3.03%	
				Yield/Ave Return		5.68%
Current Budget for Ellice Road Income(excl. Running Costs)*	110,900	113,673	116,514	119,427	122,413	3,788,096
Loss of income over current budget	-62,622	-55,917	-51,416	-46,859	-42,244	-25,933
Percentage return p.a.	-2.36%	-2.11%	-1.94%	-1.77%	-1.60%	-0.98%

Option 1 Scenario 3

Ellice Road Car Park - Decked Model						Project Life
Stress Test - Medium in new Decked Model						
	Year 1	Year 2	Year 3	Year 4	Year 5	Years 1-25
Spaces	297	297	297	297	297	297
Income						
	£	£	£	£	£	£
Income *	287,531	294,719	302,087	309,639	317,380	9,821,406
Less management costs *	40,000	41,000	42,025	43,076	44,153	1,366,311
Less revised business rates - incremental costs *	49,100	50,328	51,586	52,875	54,197	1,670,754
Net income (before build costs and MRP)	198,431	203,391	208,476	213,688	219,030	6,784,342
Capital Build costs less contributions						
Planning costs (Incl legal costs)	151,000					151,000
Building Costs	4,114,000					4,114,000
Professional Fees **	38,000					38,000
Contingency	155,000					155,000
Johnsdale capital receipt	-775,524					-775,524
Reserve/CIL contribution	-400,000					-400,000
LEP contribution	-1,034,000					-1,034,000
Total anticipated capital build costs	2,248,476	0	0	0	0	2,248,476
Revenue Streams arising per year						
Net income per annum	198,431	203,391	208,476	213,688	219,030	6,784,342
Less Interest and MRP costs per annum (EIP)	124,513	120,768	118,895	117,023	115,150	2,506,113
Net income stream return per annum	73,918	82,624	89,581	96,666	103,880	4,278,229
Percentage return p.a.	3.29%	3.67%	3.98%	4.30%	4.62%	
				Yield/Ave Return		7.61%
Current Budget for Ellice Road Income(excl. Running Costs)*	110,900	113,673	116,514	119,427	122,413	3,788,096
Loss of income over current budget	-36,982	-31,049	-26,933	-22,762	-18,532	490,133
Percentage return p.a.	-1.64%	-1.38%	-1.20%	-1.01%	-0.82%	21.80%

Option 3 Scenario 6

Ellice Road Car Park - Decked Model						Project Life
Stress Test - Medium in new Decked Model						
	Year 1	Year 2	Year 3	Year 4	Year 5	Years 1-25
Spaces	297	297	297	297	297	297
Income						
	£	£	£	£	£	£
Income *	215,501	220,888	226,410	232,071	237,873	7,361,024
Less management costs *	40,000	41,000	42,025	43,076	44,153	1,366,311
Less revised business rates - incremental costs *	49,100	50,328	51,586	52,875	54,197	1,670,754
Net income (before build costs and MRP)	126,401	129,561	132,800	136,120	139,523	4,323,960
Capital Build costs less contributions						
Planning costs (Incl legal costs)	151,000					151,000
Building Costs	3,304,000					3,304,000
Professional Fees **	38,000					38,000
Contingency	155,000					155,000
Johnsdale capital receipt	-775,524					-775,524
Additional capital	-400,000					-400,000
LEP contribution	-1,034,000					-1,034,000
Total anticipated capital build costs	1,438,476	0	0	0	0	1,438,476
Revenue Streams arising per year						
Net income per annum	126,401	129,561	132,800	136,120	139,523	4,323,960
Less Interest and MRP costs per annum (EIP)	72,592	70,408	69,317	68,225	67,133	1,461,080
Net income stream return per annum	53,809	59,152	63,483	67,895	72,390	2,862,880
Percentage return p.a.	3.74%	4.11%	4.41%	4.72%	5.03%	7.96%
				Yield/Ave Return		7.96%
Current Budget for Ellice Road Income(excl. Running Costs)*	110,900	113,673	116,514	119,427	122,413	3,788,096
Loss of income over current budget	-57,091	-54,520	-53,031	-51,532	-50,023	-925,216
Percentage return p.a.	-3.97%	-3.79%	-3.69%	-3.58%	-3.48%	-64.32%

Option 3 Scenario 7

Ellice Road Car Park - Decked Model						Project Life
Stress Test - Medium in new Decked Model						
	Year 1	Year 2	Year 3	Year 4	Year 5	Years 1-25
Spaces	297	297	297	297	297	297
Income						
	£	£	£	£	£	£
Income *	215,501	220,888	226,410	232,071	237,873	7,361,024
Less management costs *	40,000	41,000	42,025	43,076	44,153	1,366,311
Less revised business rates - incremental costs *	49,100	50,328	51,586	52,875	54,197	1,670,754
Net income (before build costs and MRP)	126,401	129,561	132,800	136,120	139,523	4,323,960
Capital Build costs less contributions						
Planning costs (Incl legal costs)	151,000					151,000
Building Costs	3,304,000					3,304,000
Professional Fees **	38,000					38,000
Contingency	155,000					155,000
Johnsdale capital receipt	-775,524					-775,524
Additional capital	0					0
LEP contribution	-1,034,000					-1,034,000
Total anticipated capital build costs	1,838,476	0	0	0	0	1,838,476
Revenue Streams arising per year						
Net income per annum	126,401	129,561	132,800	136,120	139,523	4,323,960
Less Interest and MRP costs per annum (EIP)	98,232	95,277	93,800	92,322	90,845	1,977,145
Net income stream return per annum	28,169	34,284	39,000	43,797	48,678	2,346,815
Percentage return p.a.	1.53%	1.86%	2.12%	2.38%	2.65%	5.11%
				Yield/Ave Return		
Current Budget for Ellice Road Income(excl. Running Costs)*	110,900	113,673	116,514	119,427	122,413	3,788,096
Loss of income over current budget	-82,731	-79,389	-77,514	-75,630	-73,735	-1,441,281
Percentage return p.a.	-4.50%	-4.32%	-4.22%	-4.11%	-4.01%	-78.40%

Traffic Generation

